

# Best Practices In Loan Processing: Suggested Best Practices and Reminders

September 2020

## Customer Education

Brought to you by: Genworth Customer Development and Process Consulting



**YOU-CENTRIC SOLUTIONS THAT MATTER**

# Agenda

**Objective for today is to provide basic file review before passing a file off to underwriting.**

- COVID-19 Overview
- 1003 or URLA (Uniform Residential Loan Application) Review
- Purchase and Sale Agreement Review
- Liability and Credit Report Review
- Income Review
- Assets review
- Credit review
- AUS Loan Product Advisor® Feedback and DU® Findings Review

# Fannie Mae COVID-19 Resources

Fannie Mae Updates, FAQs, Fannie Mae's COVID 19 webpage



<https://singlefamily.fanniemae.com/>

# Fannie Mae COVID-19 Resources

## Fannie Mae Updates, FAQs, Fannie Mae's COVID 19 webpage

**Originating & Underwriting**  
Innovation starts here

Policy information for originators on the impact of COVID-19  
Solutions that help meet tomorrow's mortgage needs today.

With industry leading mortgage technologies, we enable lenders to successfully originate and underwrite loans with speed and efficiency. Our products are designed to:

- Help grow your business and support your borrower's needs.
- Deliver speedy and efficient underwriting recommendations intuitively aligned to your process and loan origination systems.
- Provide comprehensive credit risk assessment with fewer touchpoints and corresponding financial and operational impacts.

Lenders also can receive freedom from certain representations and warranties and help reduce manual processes and cycle times through **Day 1 Certainty**®.

If you are not yet a Fannie Mae Seller, click here to learn more about the process to become one.

**Impact of COVID-19 on Originating & Underwriting**  
These resources provide policy information for originators related to COVID-19. Updated August 12, 2020.

- **Lender Letter LL-2020-03, Impact of COVID-19 on Originations** (updated August 12, 2020) provides temporary flexibility to support mortgage originations.
- **Lender Letter LL-2020-04, Impact of COVID-19 on Appraisals** (updated August 12, 2020) provides temporary flexibility to support appraisal requirements.
- **Lender Letter LL-2020-06, Selling Loans in Forbearance Due to COVID-19** (updated August 12, 2020) provides liquidity options for certain loans in forbearance after loan closing.
- **Scenario: Loans in Forbearance Due to COVID-19 and Representations and Warranties** (updated August 12, 2020) to help lenders understand and implement the temporary flexibilities described in Lender Letters LL-2020-03 and LL-2020-04.
- **FAQs** (updated August 12, 2020)
- **Remote Ink-Signed Notarization Job Aid**
- **Appraisal flexibilities resources**
- **Loan Delivery Information for Loans in Forbearance Due to COVID-19**
- **View Fannie Mae's COVID-19 update page** for additional information.

**Originating & Underwriting**  
**Appraisers**

To help make prudent underwriting decisions, mortgage lenders rely on appraisers to provide thorough, accurate, and objective appraisal reports for reliable opinions of value.

The appraisal is used to judge the property's acceptability for the mortgage loan relative to its value and marketability.

**Impact of COVID-19 on Appraisals**  
We have issued temporary guidance on appraisal requirements, including allowing desktop and exterior-only appraisals on many mortgage transactions. The guidance is being updated as needed.

- **Temporary guidance** (Lender Letter LL-2020-04)
- **FAQs**
- Modified Set of Instructions, Scope of Work, Statement of Assumptions and Limiting Conditions, and Certification for **Desktop Appraisals**
- Modified Set of Instructions, Scope of Work, Statement of Assumptions and Limiting Conditions, and Certification for **Appraisals with Exterior-only Inspection**
- **Appraisal Report Instructions for COVID-19 Flexibilities - View video**
- **Six Tips for Appraisers on Using COVID-19 Flexibilities - View video**
- **View Fannie Mae's COVID-19 update page** for additional information

**Fannie Mae**

**COVID-19 Frequently Asked Questions - Selling**  
Updated: Sep. 02, 2020

In response to the COVID-19 national emergency, Fannie Mae and Freddie Mac have provided temporary guidance to lenders on several policy areas to support mortgage originations. These FAQs provide additional information on the temporary policies. We will be adding more FAQs, therefore we encourage you to check in frequently for updates – refer to the “NEW” or “UPDATED” notations after the question.

**Contents**

Resources

FAQs

- General
- Underwriting
  - Income - General
  - Income - Self-Employed
  - Income - Variable
  - Employment
  - Assets
  - Documentation
- Desktop Underwriter® (DU®) Validation Service
- Temporary Purchase and Refinance Eligibility
- Appraisals
  - Power of Attorney (POA)
  - Notarization
  - Closing and Title
  - Quality Control
  - Selling Loans in Forbearance

**Resources**  
As a reminder, we have published **Selling, Appraisal, and Servicing** Lender Letters, **delivery-related guidance** (including FAQs) and helpful information regarding policies related to COVID-19. Other resources are available on our [corporate site](#).

**FAQs**

**General**

Q1. Do Fannie Mae's existing disaster policies in the Selling Guide apply to the COVID-19 pandemic?

No, Fannie Mae's existing policies related to disasters do not apply to loans impacted by COVID-19. Instead, lenders can follow the guidance in Lender Letters [LL-2020-03, Impact of COVID-19 on Originations](#) and [LL-2020-06](#).

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<https://singlefamily.fanniemae.com/originating-underwriting#selling-promo>



# COVID-19 Updates!!

**Freddie Mac released Selling Updates and Appraisal Flexibilities in Bulletin 2020-05 on 3/23/20 and Bulletin 2020-08 on 3/31/20 & Bulletin 2020-11 on 4/14/2020 and Bulletin 2020-23 on 6/11/2020, Bulletin 2020-27 on 7/9/2020 and Bulletin 2020-35 on 8/27/2020**

[https://guide.freddiemac.com/app/guide/content/a\\_id/1003723](https://guide.freddiemac.com/app/guide/content/a_id/1003723)

<https://guide.freddiemac.com/app/guide/bulletin/2020-8>

<https://guide.freddiemac.com/app/guide/bulletin/2020-11>

<https://guide.freddiemac.com/app/guide/bulletin/2020-23>

<https://guide.freddiemac.com/app/guide/bulletin/2020-27>

<https://guide.freddiemac.com/app/guide/bulletin/2020-35>



# New URLA

To be completed by the Lender:  
Lender Loan No./Universal Loan Identifier \_\_\_\_\_ Agency Case No. \_\_\_\_\_

## Uniform Residential Loan Application

Verify and complete the information on this application. If you are applying for this loan with others, each additional Borrower must provide information as directed by your Lender.

**Section 1: Borrower Information.** This section asks about your personal information and your income from employment and other sources, such as retirement, that you want considered to qualify for this loan.

### 1a. Personal Information

Name (First, Middle, Last, Suffix) \_\_\_\_\_  
Social Security Number (or Individual Taxpayer Identification Number) \_\_\_\_\_  
Date of Birth (mm/dd/yyyy) \_\_\_\_\_ Citizenship \_\_\_\_\_  
Alternate Names - List any names by which you are known or any names under which credit was previously received (First, Middle, Last, Suffix) \_\_\_\_\_  
U.S. Citizen \_\_\_\_\_  
Permanent Resident Alien \_\_\_\_\_  
Non-Permanent Resident Alien \_\_\_\_\_

Type of Credit \_\_\_\_\_  
List Name(s) of Other Borrower(s) Applying for this Loan (First, Middle, Last, Suffix) - Use a separator between names \_\_\_\_\_  
I am applying for individual credit. \_\_\_\_\_  
I am applying for joint credit. Total Number of Borrowers: \_\_\_\_\_  
Each Borrower intends to apply for joint credit. Your initials: \_\_\_\_\_

Marital Status \_\_\_\_\_ Dependents (not listed by another Borrower) \_\_\_\_\_  
Number \_\_\_\_\_  
Ages \_\_\_\_\_  
I am married \_\_\_\_\_  
I am separated \_\_\_\_\_  
I am unmarried \_\_\_\_\_  
(Single, Divorced, Widowed, Civil Union, Domestic Partnership, Registered Reciprocal Beneficiary Relationship)

Current Address \_\_\_\_\_  
Street \_\_\_\_\_ Unit # \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_ Country \_\_\_\_\_  
How Long at Current Address? \_\_\_\_\_ Years \_\_\_\_\_ Months \_\_\_\_\_ Housing \_\_\_\_\_  
No primary housing expense \_\_\_\_\_ Own \_\_\_\_\_ Rent \$ \_\_\_\_\_/month

If at Current Address for LESS than 2 years, list Former Address \_\_\_\_\_  
Does not apply \_\_\_\_\_  
Street \_\_\_\_\_ Unit # \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_ Country \_\_\_\_\_  
How Long at Former Address? \_\_\_\_\_ Years \_\_\_\_\_ Months \_\_\_\_\_ Housing \_\_\_\_\_  
No primary housing expense \_\_\_\_\_ Own \_\_\_\_\_ Rent \$ \_\_\_\_\_/month

Mailing Address - if different from Current Address \_\_\_\_\_  
Does not apply \_\_\_\_\_  
Street \_\_\_\_\_ Unit # \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_ Country \_\_\_\_\_

### 1b. Current Employment/Self-Employment and Income

Employer or Business Name \_\_\_\_\_ Phone (\_\_\_\_\_) \_\_\_\_\_  
Street \_\_\_\_\_ Unit # \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_ Country \_\_\_\_\_  
Position or Title \_\_\_\_\_  
Start Date \_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_ (mm/dd/yyyy)  
How long in this line of work? \_\_\_\_\_ Years \_\_\_\_\_ Months \_\_\_\_\_  
Check if this statement applies: \_\_\_\_\_  
I am employed by a family member, property seller, real estate agent, or other party to the transaction. \_\_\_\_\_  
Check if you are the Business Owner or Self-Employed \_\_\_\_\_  
I have an ownership share of less than 25%. \_\_\_\_\_  
I have an ownership share of 25% or more. \_\_\_\_\_  
Gross Monthly Income \_\_\_\_\_  
Base \$ \_\_\_\_\_/month  
Overtime \$ \_\_\_\_\_/month  
Bonus \$ \_\_\_\_\_/month  
Commission \$ \_\_\_\_\_/month  
Military \$ \_\_\_\_\_/month  
Freight/Travel \$ \_\_\_\_\_/month  
Other \$ \_\_\_\_\_/month  
TOTAL \$ \_\_\_\_\_/month

Uniform Residential Loan Application  
Freddie Mac Form 65 - Fannie Mae Form 1003  
Effective Date TBD

To be completed by the Lender:  
Lender Loan No./Universal Loan Identifier \_\_\_\_\_

Agency Case No. \_\_\_\_\_

## Uniform Residential Loan Application — Additional Borrower

Verify and complete the information on this application as directed by your Lender.

### Section 1: Borrower Information

employment and other sources, such as

#### 1a. Personal Information

Name (First, Middle, Last, Suffix) \_\_\_\_\_

Alternate Names - List any names by which under which credit was previously received (First, Middle, Last, Suffix) \_\_\_\_\_

Type of Credit \_\_\_\_\_  
I am applying for individual credit. \_\_\_\_\_  
I am applying for joint credit. Total Number of Borrowers: \_\_\_\_\_  
Each Borrower intends to apply for joint credit. Your initials: \_\_\_\_\_

Marital Status \_\_\_\_\_ Dependents (not listed by another Borrower) \_\_\_\_\_  
Number \_\_\_\_\_  
Ages \_\_\_\_\_  
I am married \_\_\_\_\_  
I am separated \_\_\_\_\_  
I am unmarried \_\_\_\_\_  
(Single, Divorced, Widowed, Civil Union, Domestic Partnership, Registered Reciprocal Beneficiary Relationship)

Current Address \_\_\_\_\_  
Street \_\_\_\_\_  
City \_\_\_\_\_  
How Long at Current Address? \_\_\_\_\_ Years \_\_\_\_\_ Months \_\_\_\_\_

If at Current Address for LESS than 2 years, list Former Address \_\_\_\_\_  
Does not apply \_\_\_\_\_  
Street \_\_\_\_\_ Unit # \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_ Country \_\_\_\_\_  
How Long at Former Address? \_\_\_\_\_ Years \_\_\_\_\_ Months \_\_\_\_\_

Mailing Address - if different from Current Address \_\_\_\_\_  
Does not apply \_\_\_\_\_  
Street \_\_\_\_\_ Unit # \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_ Country \_\_\_\_\_

#### 1b. Current Employment/Self-Employment

Employer or Business Name \_\_\_\_\_  
Street \_\_\_\_\_  
City \_\_\_\_\_

Position or Title \_\_\_\_\_  
Start Date \_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_ (mm/dd/yyyy)  
How long in this line of work? \_\_\_\_\_ Years \_\_\_\_\_ Months \_\_\_\_\_

Check if you are the Business Owner or Self-Employed \_\_\_\_\_  
I have an ownership share of less than 25%. \_\_\_\_\_  
I have an ownership share of 25% or more. \_\_\_\_\_

Uniform Residential Loan Application — Additional Borrower  
Freddie Mac Form 65 - Fannie Mae Form 1003  
Effective Date TBD

To be completed by the Lender:  
Lender Loan No./Universal Loan Identifier \_\_\_\_\_

Agency Case No. \_\_\_\_\_

## Uniform Residential Loan Application — Lender Loan Information

This section is completed by your Lender.

### L1. Property and Loan Information

Community Property State \_\_\_\_\_  
At least one borrower lives in a community property state. \_\_\_\_\_  
The property is in a community property state. \_\_\_\_\_  
Transaction Detail \_\_\_\_\_  
Conversion of Contract for Deed or Land Contract \_\_\_\_\_  
Renovation \_\_\_\_\_  
Construction/Conversion/Construction to Permanent \_\_\_\_\_  
Single-Closing \_\_\_\_\_ Two-Closing \_\_\_\_\_  
Construction/Improvement Costs \$ \_\_\_\_\_  
Lot Acquired Date \_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_ (mm/dd/yyyy)  
Original Cost of Lot \$ \_\_\_\_\_  
Refinance Type \_\_\_\_\_  
No Cash Out \_\_\_\_\_  
Limited Cash Out \_\_\_\_\_  
Cash Out \_\_\_\_\_  
Refinance Program \_\_\_\_\_  
Full Documentation \_\_\_\_\_  
Interest Rate Reduction \_\_\_\_\_  
Streamlined without Appraisal \_\_\_\_\_  
Other \_\_\_\_\_  
Energy Improvement \_\_\_\_\_  
Mortgage loan will finance energy-related improvements. \_\_\_\_\_  
Property is currently subject to a lien that could take priority over the first mortgage lien, such as a clean energy lien paid through property taxes (e.g., the Property Assessed Clean Energy program). \_\_\_\_\_

Project Type \_\_\_\_\_  
Condominium \_\_\_\_\_ Cooperative \_\_\_\_\_ Planned Unit Development (PUD) \_\_\_\_\_  
Property is not located in a project \_\_\_\_\_

### L2. Title Information

Title to the Property WILL be held in What Name(s): \_\_\_\_\_  
For Refinance: Title to the Property is Currently held in What Name(s): \_\_\_\_\_  
Estate Will be Held in \_\_\_\_\_  
Fee Simple \_\_\_\_\_  
Leasehold Expiration Date \_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_ (mm/dd/yyyy)  
Manner in Which Title Will be Held \_\_\_\_\_  
Sole Ownership \_\_\_\_\_ Joint Tenancy with Right of Survivorship \_\_\_\_\_  
Life Estate \_\_\_\_\_ Tenancy by the Entirety \_\_\_\_\_  
Tenancy in Common \_\_\_\_\_ Other \_\_\_\_\_  
Trust Information \_\_\_\_\_  
Title Will be held by an Inter Vivos (Living) Trust \_\_\_\_\_  
Title Will be held by a Land Trust \_\_\_\_\_  
Indian Country Land Tenure \_\_\_\_\_  
Fee Simple On a Reservation \_\_\_\_\_  
Individual Trust Land (Allotted/Restricted) \_\_\_\_\_  
Tribal Trust Land On a Reservation \_\_\_\_\_  
Tribal Trust Land Off Reservation \_\_\_\_\_  
Alaska Native Corporation Land \_\_\_\_\_

### L3. Mortgage Loan Information

Mortgage Type Applied For \_\_\_\_\_  
Conventional \_\_\_\_\_ USDA-RD \_\_\_\_\_  
FHA \_\_\_\_\_ VA \_\_\_\_\_ Other \_\_\_\_\_  
Terms of Loan \_\_\_\_\_  
Note Rate \_\_\_\_\_%  
Loan Term \_\_\_\_\_(months)  
Mortgage Lien Type \_\_\_\_\_  
First Lien \_\_\_\_\_  
Subordinate Lien \_\_\_\_\_  
Amortization Type \_\_\_\_\_  
Fixed Rate \_\_\_\_\_ Other (explain): \_\_\_\_\_  
Adjustable Rate \_\_\_\_\_  
If Adjustable Rate: \_\_\_\_\_  
Initial Period Prior to First Adjustment \_\_\_\_\_(months)  
Subsequent Adjustment Period \_\_\_\_\_(months)  
Loan Features \_\_\_\_\_  
Balloon / Balloon Term \_\_\_\_\_(months)  
Interest Only / Interest Only Term \_\_\_\_\_(months)  
Negative Amortization \_\_\_\_\_  
Prepayment Penalty / Prepayment Penalty Term \_\_\_\_\_(months)  
Temporary Interest Rate Buydown / Initial Buydown Rate \_\_\_\_\_%  
Other (explain): \_\_\_\_\_  
Proposed Monthly Payment for Property \_\_\_\_\_  
First Mortgage (P#1) \$ \_\_\_\_\_  
Subordinate Lien(s) (P#2) \$ \_\_\_\_\_  
Homeowner's Insurance \$ \_\_\_\_\_  
Supplemental Property Insurance \$ \_\_\_\_\_  
Property Taxes \$ \_\_\_\_\_  
Mortgage Insurance \$ \_\_\_\_\_  
Association/Project Fees (Condo Co-ops, PUDs) \$ \_\_\_\_\_  
Other \$ \_\_\_\_\_  
TOTAL \$ \_\_\_\_\_

Borrower Name(s): \_\_\_\_\_  
Uniform Residential Loan Application — Lender Loan Information  
Freddie Mac Form 65 - Fannie Mae Form 1003  
Effective Date TBD

Use Of The New Uniform Residential Loan Application Or URLA Is Mandatory  
March 1, 2021

# URLA

## Review Entire URLA

- Property address in USPS format
- Is property a manufactured home? Do you do manufactured homes? Possible it is modular? Verify
- Purpose of refinance
- Ask the source of down payment? List on cover letter or notes to file
- Complete two year residence and employment history completed?
- Address information consistent to other documents in the file (i.e. paystub, bank statements?)
- The URLA should be used to support and cross reference to other documents in the file

**Section 4: Loan and Property Information.** This section asks about the loan's purpose and the property you want to purchase or refinance.

**4a. Loan and Property Information**

Loan Amount: \$ \_\_\_\_\_ Loan Purpose: ☐ Purchase ☐ Refinance ☐ Other specify: \_\_\_\_\_

Property Address: Street \_\_\_\_\_ Unit # \_\_\_\_\_  
 City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_  
 County \_\_\_\_\_ Number of Units \_\_\_\_\_ Property Value: \$ \_\_\_\_\_  
 Occupancy: ☐ Primary Residence ☐ Second Home ☐ Investment Property ☐ FHA Secondary Residence

1. Mixed-Use Property. If you will occupy the property, will you net lease space within the property to operate your own business? (e.g., daycare facility, medical office, beauty/barber shop) ☐ NO ☐ YES

2. Manufactured Home. Is the property a manufactured home? (e.g., a factory built dwelling built on a permanent chassis) ☐ NO ☐ YES

### 4b. Other New Mortgage Loans on the Property You are Buying or Refinancing

☐ Does not apply

Current Address	Loan Amount	Credit Limit
Street _____ Unit # _____ City _____ State _____ ZIP _____ Country _____ How Long at Current Address? _____ Years _____ Months Housing <input type="checkbox"/> No primary housing expense <input type="checkbox"/> Own <input type="checkbox"/> Rent (\$ _____/month)		
If at Current Address for LESS than 2 years, list Former Address <input type="checkbox"/> Does not apply		
Street _____ Unit # _____ City _____ State _____ ZIP _____ Country _____ How Long at Former Address? _____ Years _____ Months Housing <input type="checkbox"/> No primary housing expense <input type="checkbox"/> Own <input type="checkbox"/> Rent (\$ _____/month)		

**Section 5: Declarations.** This section asks you specific questions about the property, your funding, and your past financial history.

### 5a. About this Property and Your Money for this Loan

A. Will you occupy the property as your primary residence? If YES, have you had an ownership interest in another property in the last three years? If YES, complete (1) and (2) below: (1) What type of property did you own: primary residence (PR), FHA secondary residence (SR), second home (SH), or investment property (IP)? (2) How did you hold title to the property: by yourself (S), jointly with your spouse (SP), or jointly with another person (JP)?	<input type="checkbox"/> NO <input type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> YES
B. If this is a Purchase Transaction: Do you have a family relationship or business affiliation with the seller of the property?	<input type="checkbox"/> NO <input type="checkbox"/> YES
C. Are you borrowing any money for this real estate transaction (e.g., money for your closing costs or down payment) or obtaining any money from another party, such as the seller or realtor, that you have not disclosed on this loan application? If YES, what is the amount of this money?	<input type="checkbox"/> NO <input type="checkbox"/> YES \$ _____
D. 1. Have you or will you be applying for a mortgage loan on another property (not the property securing this loan) on or before closing this transaction that is not disclosed on this loan application? 2. Have you or will you be applying for any new credit (e.g., installment loan, credit card, etc.) on or before closing this loan that is not disclosed on this application?	<input type="checkbox"/> NO <input type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> YES
E. Will this property be subject to a lien that could take priority over the first mortgage lien, such as a clean energy lien paid through your property taxes (e.g., the Property Assessed Clean Energy Program)?	<input type="checkbox"/> NO <input type="checkbox"/> YES

### 5b. About Your Finances

F. Are you a co-signer or guarantor on any debt or loan that is not disclosed on this application?	<input type="checkbox"/> NO <input type="checkbox"/> YES
G. Are there any outstanding judgments against you?	<input type="checkbox"/> NO <input type="checkbox"/> YES
H. Are you currently delinquent or in default on a federal debt?	<input type="checkbox"/> NO <input type="checkbox"/> YES
I. Are you a party to a lawsuit in which you potentially have any personal financial liability?	<input type="checkbox"/> NO <input type="checkbox"/> YES
J. Have you conveyed title to any property in lieu of foreclosure in the past 7 years?	<input type="checkbox"/> NO <input type="checkbox"/> YES
K. Within the past 7 years, have you completed a pre-foreclosure sale or short sale, whereby the property was sold to a third party and the Lender agreed to accept less than the outstanding mortgage balance due?	<input type="checkbox"/> NO <input type="checkbox"/> YES
L. Have you had property foreclosed upon in the last 7 years?	<input type="checkbox"/> NO <input type="checkbox"/> YES
M. Have you declared bankruptcy within the past 7 years?	<input type="checkbox"/> NO <input type="checkbox"/> YES

**Review Your Final URLA And Last AUS Submission Details Match**

## Declarations and signatures

- Permanent resident alien marked?  
Proper documentation in file?
- *Note: The New URLA citizenship is found on the first page under personal information*
- Question a - make sure this section is correct. If a refi, clearly there has been ownership before
- Occupancy - take a look, does it make sense? If not, look for explanation or obtain one.
- Taking out additional loans?
- Party to a lawsuit?
- Short Sale, pre-foreclosure, foreclosure, BKP? Do you have supporting documents? Waiting period met?

<b>1a. Personal Information</b>	
Name (First, Middle, Last, Suffix)	Social Security Number _____ (or Individual Taxpayer Identification Number)
Alternate Names – List any names by which you are known or any names under which credit was previously received (First, Middle, Last, Suffix)	Date of Birth (mm/dd/yyyy) _____ Citizenship <input type="radio"/> U.S. Citizen <input type="radio"/> Permanent Resident Alien <input type="radio"/> Non-Permanent Resident Alien

**Section 5: Declarations.** This section asks you specific questions about the property, your funding, and your past financial history.

**5a. About this Property and Your Money for this Loan**

A. Will you occupy the property as your primary residence? If YES, have you had an ownership interest in another property in the last three years? If YES, complete (1) and (2) below: (1) What type of property did you own: primary residence (PR), FHA secondary residence (SR), second home (SH), or investment property (IP)? (2) How did you hold title to the property: by yourself (S), jointly with your spouse (SP), or jointly with another person (O)?	<input type="radio"/> NO <input type="radio"/> YES _____ _____
B. If this is a Purchase Transaction: Do you have a family relationship or business affiliation with the seller of the property?	<input type="radio"/> NO <input type="radio"/> YES
C. Are you borrowing any money for this real estate transaction (e.g., money for your closing costs or down payment) or obtaining any money from another party, such as the seller or realtor, that you have not disclosed on this loan application? If YES, what is the amount of this money?	<input type="radio"/> NO <input type="radio"/> YES \$ _____
D. 1. Have you or will you be applying for a mortgage loan on another property (not the property securing this loan) on or before closing this transaction that is not disclosed on this loan application? 2. Have you or will you be applying for any new credit (e.g., installment loan, credit card, etc.) on or before closing this loan that is not disclosed on this application?	<input type="radio"/> NO <input type="radio"/> YES <input type="radio"/> NO <input type="radio"/> YES
E. Will this property be subject to a lien that could take priority over the first mortgage lien, such as a clean energy lien paid through your property taxes (e.g., the Property Assessed Clean Energy Program)?	<input type="radio"/> NO <input type="radio"/> YES

**5b. About Your Finances**

F. Are you a co-signer or guarantor on any debt or loan that is not disclosed on this application?	<input type="radio"/> NO <input type="radio"/> YES
G. Are there any outstanding judgments against you?	<input type="radio"/> NO <input type="radio"/> YES
H. Are you currently delinquent or in default on a federal debt?	<input type="radio"/> NO <input type="radio"/> YES
I. Are you a party to a lawsuit in which you potentially have any personal financial liability?	<input type="radio"/> NO <input type="radio"/> YES
J. Have you conveyed title to any property in lieu of foreclosure in the past 7 years?	<input type="radio"/> NO <input type="radio"/> YES
K. Within the past 7 years, have you completed a pre-foreclosure sale or short sale, whereby the property was sold to a third party and the Lender agreed to accept less than the outstanding mortgage balance due?	<input type="radio"/> NO <input type="radio"/> YES
L. Have you had property foreclosed upon in the last 7 years?	<input type="radio"/> NO <input type="radio"/> YES
M. Have you declared bankruptcy within the past 7 years? If YES, identify the type(s) of bankruptcy: <input type="checkbox"/> Chapter 7 <input type="checkbox"/> Chapter 11 <input type="checkbox"/> Chapter 12 <input type="checkbox"/> Chapter 13	<input type="radio"/> NO <input type="radio"/> YES

**Review the Declarations section carefully**



# Purchase Agreement

## Carefully Review Purchase Agreement for:

- Sales Price, verify correct in LOS/ Feedback Results
- Stay on top of the loan commit date and estimated closing date! Prioritize.

**PURCHASE PRICE AND CLOSING**

2. **PURCHASE PRICE (U.S. currency):**..... \$ 200,000.00  
(a) Initial deposit to be held in escrow in the amount of (checks subject to COLLECTION)..... \$ 2,000  
The initial deposit made payable and delivered to "Escrow Agent" named below  
(CHECK ONE): (i) ☒ accompanies offer or (ii) ☐ is to be made within \_\_\_\_\_ (if left blank,  
then 3) days after Effective Date. IF NEITHER BOX IS CHECKED, THEN OPTION (ii)  
SHALL BE DEEMED SELECTED.  
Escrow Agent Information: Name: Clarence Louise  
Address: 599 Parent Rd, Anytown, MO  
Phone: 417 555-1680 E-mail: ClarenceL@yahoo.com Fax: 417 555-1860  
(b) Additional deposit to be delivered to Escrow Agent within n/a (if left blank, then 10)  
days after Effective Date..... \$ \_\_\_\_\_  
(All deposits paid or agreed to be paid, are collectively referred to as the "Deposit")  
(c) Financing: Express as a dollar amount or percentage ("Loan Amount") see Paragraph 8..... 80%  
(d) Other:..... \$ \_\_\_\_\_  
(e) Balance to close (not including Buyer's closing costs, prepaids and prorations) by wire  
transfer or other COLLECTED funds..... \$ 18,000  
NOTE: For the definition of "COLLECTION" or "COLLECTED" see STANDARD S.

3. **TIME FOR ACCEPTANCE OF OFFER AND COUNTER-OFFERS; EFFECTIVE DATE:**  
(a) If not signed by Buyer and Seller, and an executed copy delivered to all parties on or before May 15, 2015  
\_\_\_\_\_, this offer shall be deemed withdrawn and the Deposit, if any, shall be returned to  
Buyer. Unless otherwise stated, time for acceptance of any counter-offers shall be within 2 days after the day the  
counter-offer is delivered.  
(b) The effective date of this Contract shall be the date when the last one of the Buyer and Seller has signed or initialed  
and delivered this offer or final counter-offer ("Effective Date").

4. **CLOSING DATE:** Unless modified by other provisions of this Contract, the closing of this transaction shall occur and  
the closing documents required to be furnished by each party pursuant to this Contract shall be delivered ("Closing") on  
August 1, 2015 ("Closing Date"), at the time established by the Closing Agent.

5. **EXTENSION OF CLOSING DATE:**  
(a) If Closing funds from Buyer's lender(s) are not available at time of Closing due to Truth In Lending Act (TILA) notice  
requirements, Closing shall be extended for such period necessary to satisfy TILA notice requirements, not to  
exceed 7 days.

# Purchase Agreement

## Carefully Review Purchase Agreement for:

- All pages, exhibits, attachment addendums and signed by all parties
- Look for anything “to be repaired”
- Condition issues that affect safety, soundness and habitability
- Any HOA or condo dues listed in agreement? Include in housing ratios
- Any seller paid fees? Do they exceed what is allowed? Were they entered in the LOS?
- When can the purchaser take possession? Within 60 days for owner occupied transactions.

### PURCHASE PRICE AND CLOSING

2. **PURCHASE PRICE** (U.S. currency):.....\$ 200,000.00
- (a) Initial deposit to be held in escrow in the amount of **(checks subject to COLLECTION)** .....\$ 2,000
- The initial deposit made payable and delivered to “Escrow Agent” named below  
**(CHECK ONE):** (i) ☒ accompanies offer or (ii) ☐ is to be made within \_\_\_\_\_ (if left blank, then 3) days after Effective Date. IF NEITHER BOX IS CHECKED, THEN OPTION (ii) SHALL BE DEEMED SELECTED.
- Escrow Agent Information: Name: Clarence Louise  
Address: 599 Parent Rd, Anytown, MO  
Phone: 417 555-1680 E-mail: ClarenceL@yahoo.com Fax: 417 555-1860
- (b) Additional deposit to be delivered to Escrow Agent within n/a (if left blank, then 10) days after Effective Date..... \$ \_\_\_\_\_
- (All deposits paid or agreed to be paid, are collectively referred to as the “Deposit”)

# Purchase Agreement

## Earnest Money and the Purchase Agreement:

- Earnest money, does it match the LE? Was it drawn from an account listed on the 1003?
- Did the borrower explain it was a gift? If so, gift documentation applies.
- Does the check amount match the contract amount?
- Has the earnest money check cleared? If not, be sure to NOT double count it by listing in the details of transaction.
- If your policy is to list in details of transaction when not cleared, then subtract the amount from balance in asset account to not double count the funds and add comment in “notes” in your LOS.

### PURCHASE PRICE AND CLOSING

2. **PURCHASE PRICE** (U.S. currency):.....\$ 200,000.00
- (a) Initial deposit to be held in escrow in the amount of **(checks subject to COLLECTION)** .....\$ 2,000
- The initial deposit made payable and delivered to “Escrow Agent” named below  
**(CHECK ONE):** (i) ☒ accompanies offer or (ii) ☐ is to be made within \_\_\_\_\_ (if left blank, then 3) days after Effective Date. IF NEITHER BOX IS CHECKED, THEN OPTION (ii) SHALL BE DEEMED SELECTED.
- Escrow Agent Information: Name: Clarence Louise  
Address: 599 Parent Rd, Anytown, MO  
Phone: 417 555-1680 E-mail: ClarenceL@yahoo.com Fax: 417 555-1860
- (b) Additional deposit to be delivered to Escrow Agent within n/a (if left blank, then 10) days after Effective Date..... \$ \_\_\_\_\_
- (All deposits paid or agreed to be paid, are collectively referred to as the “Deposit”)

# Liabilities

## Best Practices for Review



# Fannie Mae LL-2020-03 Effective June 2, 2020 And Remains Effective Until Further Notice

## Updated Policy for new Purchase and refinance transactions

- Lenders must review borrower's credit report to determine the status of all mortgage loans. In addition, lenders must apply due diligence for each mortgage loan on which the borrower is obligated, including co-signed mortgage loans and mortgage loans not related to the subject transaction to determine whether the payments are current as of the note date of the new transaction. For purposes of these requirements, "current" means the borrower has made all the mortgage payments due in the month prior to the note date of the new loan transaction by no later than the last business day of that month. Examples of acceptable additional due diligence methods to document the loan file include:
  - A loan payment history from the servicer or third-party verification service
  - A payoff statement (for mortgages being refinanced)
  - The latest mortgage account statement from the borrower, and
  - A verification of mortgage
- A borrower who is not current and has missed payments on any mortgage loan is eligible for a new mortgage loan if those missed payments were resolved in accordance with the requirements in the table in LL-2020-03

# Bulletin 2020-17

## TEMPORARY PURCHASE AND REFINANCE ELIGIBILITY REQUIREMENTS FOR BORROWERS WITH EXISTING MORTGAGES

*These temporary requirements are effective for Mortgages with Application Received on and after June 2, 2020 and until further notice. It is encouraged to implement these requirements to loans in process.*

In addition to reviewing the Borrower's credit report, Sellers must exercise additional due diligence to verify whether or not each Mortgage is current (as defined above), has been reinstated after the Application Received Dates, or is in a repayment plan, loan modification Trial Period Plan, Payment Deferral or is subject to another loss mitigation program, as well as whether the additional requirements in the table are met, if applicable.

**The Seller must include any related documentation in the Mortgage file. Examples of ways the Seller may confirm compliance with the above requirements include:**

- Reviewing the payment history provided by the servicer(s) for each existing Mortgage
- Reviewing the Borrower-provided Mortgage statements or electronic Mortgage history for each existing Mortgage
- Using a third-party verification service to confirm Mortgage payment history
- For Mortgages being refinanced, reviewing the pay-off statement

# Documentation Matrix – Freddie Mac

- Documentation Matrix- August 2020
- Assists with processing and documenting loan files
- Be mindful of Product Overlays

Table of Contents
<a href="#">Income and Employment Documentation</a>
• <a href="#">General Requirements</a>
• <a href="#">General Requirements for Documentation Used to Verify Employment and Income</a>
• <a href="#">Employed Income</a>
o <a href="#">Primary Employment</a>
o <a href="#">Secondary Employment</a>
o <a href="#">Additional Employed Income</a>
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o <a href="#">Income Commencing After the Note Date</a>
• <a href="#">Self-Employed Income</a>
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<a href="#">Asset Documentation</a>
<a href="#">Credit and Liabilities</a>
<a href="#">General Underwriting Requirements</a>
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<b>Additional Resources:</b>
<a href="#">Reminders for Loan Product Advisor Resubmissions after the Note Date</a>
<a href="#">AIM for Assets with Loan Product Advisor Job Aid</a>
<a href="#">AIM for Income with Loan Product Advisor Job Aid</a>
<a href="#">AIM for Self Employed with Loan Product Advisor Job Aid</a>
<a href="#">Collateral Representation and Warranty Relief with an Appraisal Job Aid</a>

Loan Product Advisor® Documentation Matrix
Freddie Mac
Single-Family

**COVID-19 Response Notice:**

Visit our [COVID-19 Resources](#) web page for temporary guidance related to credit underwriting and property valuations.

Use the following information as a reference for documenting your Loan Product Advisor loans. For complete documentation information and specific program eligibility requirements, refer to the [Freddie Mac Single-Family Seller/Service Guide \(Guide\)](#). We recommend bookmarking the Guide link (<https://guide.freddiemac.com/app/guide/>) for easy access.\*

**What Has Changed in this Reference?**

This reference is updated to coincide with new and significant changes to documentation requirements announced in Guide Bulletins. Recent changes include:

Topic	Change	Effective Date	Bulletin Announcement
Self-Employment Income	Setting guidance related to COVID-19: Temporary additional documentation requirements when using self-employed income for qualifying. This information will not be added to the Documentation Matrix but is an important bulletin announcement.	As of June 11, 2020, but can implement immediately	<a href="#">Bulletin 2020-19</a>
Monthly Obligations	Include in monthly debt payment any rental housing payment for Borrowers who do not own, but rent their principal domicile.	As of November 5, 2020, but can implement immediately	<a href="#">Bulletin 2020-31</a>
Documentation of Liabilities	Updated documentation requirements, including omitting liabilities.	As of November 5, 2020, but can implement immediately	<a href="#">Bulletin 2020-31</a>

**Note:** Vertical revision bars "\*" in the margin of this reference to highlight these new requirements and significant changes.

[The Guide on AIRays](#) is the official electronic version of the Single-Family Seller/Service Guide.

August 2020
Freddie Mac Learning

<https://sf.freddiemac.com/content/assets/resources/pdf/update/docmatrix.pdf>

# Liabilities and the Credit Report

## Best Practices:

- Review the 1003 section, don't assume it was completed properly
- Review credit report, ensure all liabilities populated correctly (i.e. leases, mortgages)
- Any judgements or tax liens
- Review pay stubs for additional debt (undisclosed debt)
- Review bank statements for automatic loans being paid, alimony or child support
- VODs may report additional loans
- Review credit report inquiries – do you have an explanation in the file or the new debt verified? *Common Error: Debts omitted without proper documentation*

**2c. Liabilities – Credit Cards, Other Debts, and Leases that You Owe** ☐ Does not apply

List all liabilities below (except real estate) and include deferred payments. Under Account Type, choose from the types listed here:  
 • Revolving (e.g., credit card) • Installment (e.g., car, student, personal loan) • Open 30-Day (balance paid monthly) • Lease (not real estate) • Other

Account Type – use list above	Company Name	Account Number	Unpaid Balance	To be paid off at or before closing <input type="checkbox"/>	Monthly Payment
			\$	<input type="checkbox"/>	\$
			\$	<input type="checkbox"/>	\$
			\$	<input type="checkbox"/>	\$
			\$	<input type="checkbox"/>	\$
			\$	<input type="checkbox"/>	\$

**2d. Other Liabilities and Expenses** ☐ Does not apply


Include all other liabilities and expenses below. Choose from the types listed here:  
 • Alimony • Child Support • Separate Maintenance • Job Related Expenses • Other

	Monthly Payment
	\$
	\$
	\$

Credit report inquiries within previous 90 days (Guide Sections 5201.1(e) and 5202.6)	Determine if additional credit was granted. If additional credit was granted, verification of the debt must be obtained and the debt must be considered when qualifying the borrower.
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# Debts Included in the DTI - Freddie Mac

Topic	Documentation Requirements
<p>Monthly debt payment (Guide Sections <a href="#">5401.1</a> and <a href="#">5401.2</a>)</p> 	<p><b>Must</b> include all the following, if applicable:</p> <ul style="list-style-type: none"> <li>▪ Monthly housing expense</li> <li>▪ If applicable, monthly rental housing payment for Borrowers who do not own, but rent their principal domicile, (for Second home, Investment property, non-occupying borrower) effective for Mortgages with Settlement Dates on and after November 5, 2020.</li> <li>▪ Payments on installment debts with more than 10 months remaining, including debts that are in a period of deferment or forbearance. <ul style="list-style-type: none"> <li>– For student loans (see Student Loans in this table)</li> <li>– Payments on installment debts secured by financial assets made by a financial institution may be excluded for qualifying purposes; however, the payments must be included on the loan application.</li> </ul> </li> <li>▪ Child support payments with more than 10 months remaining</li> <li>▪ Monthly payments on revolving or open-end accounts, regardless of the balance. In the absence of a stated payment on the credit report, and if there is no documentation in the mortgage file indicating the monthly payment amount, 5% of the outstanding balance will be considered to be the required monthly payment amount. Monthly payments on open-end accounts (accounts which require the balance to be paid in full monthly) are not required to be included in the monthly debt payment if the borrower has sufficient verified funds to pay off the outstanding account balance. The funds must be in addition to any funds used to qualify the borrower for the mortgage transaction.</li> <li>▪ Monthly lease payments, regardless of number of payments remaining</li> <li>▪ Aggregate net rental loss from all investment properties owned</li> <li>▪ Monthly payment amounts for other properties, including principal and interest on the First Lien and any secondary financing, bridge loan payment, real estate taxes, property hazard insurance premiums and, when applicable, mortgage insurance premiums, leasehold payments, homeowner's association dues (excluding unit utility charges).</li> </ul> <p>This additional resource is available: <a href="#">Understanding Loan Product Advisor's Determination of Total Monthly Debt for Conventional Loans</a></p>

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**Did You Verify Taxes, Insurance And HOA For Properties Owned? Even For Properties Owned Free And Clear, They Should Be Included**

## Understanding Loan Product Advisor® (version 4.8.01 or lower) Determination of Total Monthly Debt for Conventional Loans



Update for Loan Product Advisor version 5.0.06 or higher coming soon.

As indicated in Freddie Mac's *Single-Family Seller/Service Guide* (Guide) Section 5401.2, the borrower's liabilities must be reflected on the mortgage application and considered when qualifying the borrower. For Loan Product Advisor® to accurately assess the mortgage and determine the total monthly debt-to-income (DTI) ratio, all the borrower's debts incurred through the Note Date must be reflected in the data submitted. This includes debts from your review of the mortgage application, credit report, borrower's paystubs (if provided) and other file documentation in accordance with Guide requirements.

The accuracy of the DTI ratio calculated by Loan Product Advisor is dependent upon the accuracy of the data entered. This reference provides information to help you understand how the liability data entered in Loan Product Advisor is processed so you can ensure the completeness of the liability information being entered and reconcile any differences between Loan Product Advisor's DTI ratio and your DTI ratio for **conventional loans**.

### Which Liabilities are Included in Loan Product Advisor's Total Monthly Debt?

Loan Product Advisor uses the information you provide to determine whether to include a liability in the Total Monthly Debt. All liabilities listed on the mortgage application and other file documentation should be entered in Loan Product Advisor; however, certain liabilities may be excluded from Loan Product Advisor's Total Monthly Debt based on the liability type and how many payments remain, as described in Guide Section 5401.2. The table below lists each type of liability, its definition, and the number of months left to pay for Loan Product Advisor to include it in the Total Monthly Debt.

Loan Product Advisor Liability Type	Loan Product Advisor Definition	Included in Total Monthly Debt when Months Left to Pay is:
<b>Child Support</b>	Periodic amount paid to provide for children after divorce or separation.	More than 10
<b>Home Equity Line of Credit (HELOC)</b>	Monthly amount paid for financing that consists of a revolving line of credit secured by a lien.	Any
<b>Installment</b>	Periodic amount paid for borrowed money that is repaid in several successive payments, usually at regular intervals, for a specific amount and specified term (includes debts that are in a period of either deferment or forbearance; for example, a deferred student loan). Refer to Guide Section 5401.2(a) for options on determining the monthly payment amount for student loans.	More than 10

December 2019

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Loan Product Advisor Liability Type	Loan Product Advisor Definition	Included in Total Monthly Debt when Months Left to Pay is:
<b>Lease Payment</b>	Periodic amount paid under the terms of lease agreement (for example, an auto lease).	Any
<b>Collections, Judgments and Liens</b>	Periodic amount paid for a lien upon the property of a debtor resulting from a decree of the court.	Any
<b>Mortgage</b>	Monthly amount paid for a loan secured by a lien on real estate held in fee simple or on an acceptable leasehold estate (includes principal, interest, taxes and insurance and, when applicable, leasehold payments, homeowner association dues, bridge loans, etc.).	Any
<b>Open (end) / 30-Day Charge Account</b>	Periodic amount paid for borrowed money that is to be repaid in 30-day intervals (for example, an American Express account).	Any
<b>Other Liability</b>	A general category to disclose detail of other borrower liabilities.	Any
<b>Revolving Charge</b>	Periodic amount paid on a line of credit that is subject to variable payments in accordance with the balance (for example, a credit card).	Any
<b>Taxes</b>	Periodic amount of local, state or federal taxes that are due.	Any
<b>Separate Maintenance Expense*</b>	Periodic amount paid under terms of separation agreement.	More than 10*
<b>Alimony*</b>	Periodic amount paid under terms of divorce decree/separation agreement.	More than 10*

\*Alimony and Separate Maintenance Expenses with more than 10 remaining payments are to be deducted from qualifying income and no longer included in the Total Monthly Debt. These payments should be entered as a negative amount in the Alimony/Child Support field of Loan Product Advisor. If the borrower is obligated to pay Alimony and/or Separate Maintenance but also receives Child Support income, subtract the Alimony and/or Separate Maintenance expense from the Child Support income and enter the result in the Alimony/Child Support field.

Loan Product Advisor also accepts the following liability types; however, they are not included in the Total Monthly Debt for conventional loans:

- **Child Care** - the periodic costs of providing care for the borrower's dependents.

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Page 2

[https://sf.freddiemac.com/content/assets/resources/pdf/fact-sheet/conv\\_lp\\_liabilities.pdf](https://sf.freddiemac.com/content/assets/resources/pdf/fact-sheet/conv_lp_liabilities.pdf)

# Freddie Mac and Student Loans

Student Loans (Guide Section <a href="#">5401.2</a> )	
Debt Type	Eligibility and Documentation Requirements
In repayment, forbearance or deferment	<ul style="list-style-type: none"> <li>▪ If the monthly payment amount is greater than zero, use the monthly payment amount reported on the credit report or other file documentation, or</li> <li>▪ If the monthly payment amount reported on the credit report is zero, use 0.5% of the outstanding balance, as reported on the credit report.</li> </ul>
In loan forgiveness, cancellation, discharge and employment-contingent repayment programs	<p>The monthly payment amount may be excluded from the monthly DTI ratio provided the mortgage file contains documentation that indicates the following:</p> <ul style="list-style-type: none"> <li>▪ The student loan has 10 or less monthly payments remaining until the full balance of the student loan is forgiven, canceled, discharged or paid, or</li> <li>▪ The monthly payment on a student loan is deferred or is in forbearance and the full balance of the student loan will be forgiven, cancelled, discharged or paid at the end of the deferment or forbearance period</li> </ul> <p><b>AND</b></p> <ul style="list-style-type: none"> <li>▪ The borrower is eligible or approved for the student loan forgiveness, cancellation, discharge or employment-contingent repayment program. Evidence of eligibility or approval must come from the student loan program or the employer, as applicable.</li> </ul>

[https://sf.freddiemac.com/content/\\_assets/resources/pdf/update/docmatrix.pdf](https://sf.freddiemac.com/content/_assets/resources/pdf/update/docmatrix.pdf)

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# Debts Included in the DTI – Fannie Mae

## The total monthly obligation is the sum of the following:

- Monthly housing expense (PITIA)
- Monthly payments on installment debts and other mortgage debts that extend beyond ten months (including deferred installment loans);
- Monthly payments on revolving debts (unless evidence paid off)
  - If debt (all types) verified paid by someone else for at least 12 months, the payment may be excluded; policy includes all types of debts, including mortgages
  - Payment history must have no history of delinquencies in the most recent 12-month period

- When a borrower is obligated on a mortgage debt - but is not the party who is actually repaying the debt - the lender may exclude the full monthly housing expense (PITIA) from the borrower's recurring monthly obligations if

- the party making the payments is obligated on the mortgage debt,
- there are no delinquencies in the most recent 12 months, and
- the borrower is not using rental income from the applicable property to qualify.

**B3-6-05**

In order to exclude non-mortgage or mortgage debts from the borrower's DTI ratio, the lender must obtain the most recent 12 months' canceled checks (or bank statements) from the other party making the payments that document a 12-month payment history with no delinquent payments.

When a borrower is obligated on a mortgage debt, regardless of whether or not the other party is making the monthly mortgage payments, the referenced property must be included in the count of financed properties (if applicable per [B2-2-03. Multiple Financed Properties for the Same Borrower](#)).

- IRS tax payment plans (if eligible per Fannie Mae guidelines)
- *Continued on next slide.....*



# Debts Included in the DTI – Fannie Mae

## The total monthly obligation....*cont.* (B3-6-05)

- 30 Day charge accounts - monthly balance will not be calculated in the DTI, but included as reserves in the “required funds to be verified”
- Do not omit or mark paid by close
  - Verify MOP is “O” on credit report and mapped correctly into DU

**26** The balances of the following 30-day accounts listed on the loan application were included in the amount of reserves required to be verified. However, on transactions where reserves are not required to be verified, the 30-day account amount required to be verified will be reduced by any cash-out that the borrower will receive through the transaction. If the funds needed to payoff the account are not available due to the borrower paying off the 30-day account prior to loan closing, the lender must provide documentation that the account was paid in full, and omit the account from the online loan application in order for the balance to be excluded from the amount of reserves required to be verified. If the funds are not available and the account has not yet been paid off prior to closing, the lender must document that the borrower has sufficient assets from eligible sources to payoff the account.

Borrower	Creditor	Account Number	Balance
John Homeowner	Thirty Day Account		200.00

- Monthly payments on lease agreements, regardless of expiration date of lease
- Any net rental loss from a rental property
- Properties owned free and clear still have tax and insurance that must be documented and included and student loans if applicable, see next slide

# Fannie Mae Student Loan Policy

## Student Loans – Is it Deferred or in Repayment? **B3-6-05**

### Student Loans

If a monthly student loan payment is provided on the credit report, the lender may use that amount for qualifying purposes. If the credit report does not reflect the correct monthly payment, the lender may use the monthly payment that is on the student loan documentation (the most recent student loan statement) to qualify the borrower.

If the credit report does not provide a monthly payment for the student loan, or if the credit report shows \$0 as the monthly payment, the lender must determine the qualifying monthly payment using one of the options below.

- If the borrower is on an income-driven payment plan, the lender may obtain student loan documentation to verify the actual monthly payment is \$0. The lender may then qualify the borrower with a \$0 payment.
- For deferred loans or loans in forbearance, the lender may calculate
  - a payment equal to 1% of the outstanding student loan balance (even if this amount is lower than the actual fully amortizing payment), or
  - a fully amortizing payment using the documented loan repayment terms.

# Employment and Income

## Best Practices for Review

# COVID Updates: Lender Letter 2020-03

## Continuity of Income:

### – Ask questions

- Any furlough or layoff this year?
- Pay reduction?
- Hours reduced?
- Will OT, bonus continue? And at what level



**Fannie Mae**  
**Lender Letter (LL-2020-03)**

Updated: Aug. 27, 2020  
Jul. 9, 2020  
Jun. 11, 2020  
May 28, 2020  
May 19, 2020  
May 5, 2020  
Mar. 31, 2020

**To: All Fannie Mae Single-Family Sellers**  
**Impact of COVID-19 on Originations**

We are actively monitoring the spread of COVID-19 (coronavirus) in the United States and understand there are concerns about its potential impact on borrowers, businesses, and loan originations. Our ability to continue to serve our customers is a top priority.

The purpose of this Lender Letter is to address a number of questions and concerns that industry partners have raised to us. We are working closely with Freddie Mac under the guidance of FHFA to offer temporary measures to help ensure lenders have the clarity and flexibility to continue to lend in a prudent and responsible manner.

We are releasing information to our customers as quickly as possible and will update and republish this Lender Letter as new guidance becomes available.

Updates to Lender Letter on: Jun. 11, 2020; Jul. 9, 2020; Aug. 27, 2020.

## Continuity of income

Given the current economic climate associated with COVID-19 and its impact on employment and income, we recommend that lenders practice additional due diligence to ensure the most recent information is obtained. Lenders are strongly encouraged to help ensure any disruption to borrowers' employment (or self-employment) and/or income due to COVID-19 is not expected to negatively impact their ability to repay the loan. During these uncertain times, it is our goal to partner with you to help ensure sustainable homeownership for the borrower.

- Unemployment benefits as qualifying income: reminding lenders that unemployment benefits can only be used as qualifying income if it is associated with seasonal employment
- Furloughed borrowers: clarifying that the income of a furloughed borrower is not eligible under our temporary leave income policy
- Employment validation through DU validation service: temporarily suspending representation and warranty relief for employment validation through the DU validation service **UPDATED Jun. 11, 2020 and Jul. 9, 2020** with new effective date **UPDATED Aug. 27, 2020** to extend the effective date until further notice

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<https://singlefamily.fanniemae.com/media/22316/display>



# COVID Updates: Lender Letter 2020-03

## **Continuity of Income Policies extended to September 30, 2020:**

### – Verbal VOE

- Lenders may obtain a written VOE confirming the borrower's current employment status within the same timeframe as the verbal VOE requirements. An email directly from the employer's work email address that identifies the name and title of the verifier and the borrower's name and current employment status may be used in lieu of a verbal VOE. In addition, the lender may obtain the VOE after loan closing, up to the time of loan delivery
- Pay: Lenders may obtain a year-to-date paystub from the pay period that immediately precedes the note date.
- Bank Statements: The lender can provide bank statements (or other alternative documentation as permitted by the Selling Guide (B3-4.2-01) evidencing the payroll deposit from the pay period that immediately precedes the note date.

# Fannie Mae LL-2020-03

## **Effective for applications taken April 14, 2020 until further notice:**

### – Age of Documents

- For most income and asset documents, age requirements is reduced from four months to two months or 60 days from the note date. If an asset statement is issued quarterly, lenders must obtain the most recent quarterly statement.
- Employment and income verification received directly from a third-party verification vendor, the information in the vendor's database cannot be more than 60 days old as of the note date.
- No change to age of documentation requirements for Military income using an LES, Social Security, retirement income, long-term disability, MCC, public assistance, foster care or royalty payments.
- CTP Single Close transactions require income and asset documentation to be dated within 60 days of the original closing

# Fannie Mae LL-2020-03

## Reminders and Suspension of Employment Validation Service

- Reminder that unemployment may only be used if it clearly is associated with seasonal employment reported on the signed federal tax returns and lenders verified the income by following B3-3.1-09 of the *Selling Guide*.
  - The CARES Act allows for unemployment for furloughed and unemployed individuals, but it is considered short-term income in nature and not a reliable and predictable source of income
- Furloughed borrowers are workers who are suspended from active employment and do not typically have a guarantee of when they will return to work; therefore use of this income is “ineligible” under Fannie Mae’s Temporary Leave Income Policy B3-3.1-09
- New Casefiles created May 4, 2020 and until further notice, Fannie Mae is suspending Rep and Warrant Relief for employment validation with the DU validation service. Lenders must perform a Verbal Verification of Employment current Fannie Mae policies per the Selling Guide or applicable Lender Letter

# Fannie Mae LL-2020-03

**Effective for applications taken April 14, 2020 until further notice:**

– Self-Employment

- Lenders must confirm that the borrower's business is open and operating within 20 business days of the note date (or after closing but prior to delivery). See LL 2020-03 for examples to confirm the business open and operating.

# Fannie Mae LL-2020-03 Effective June 11, 2020 And Remains Effective Until Further Notice

**Due to the pandemic's continuing impact on businesses throughout the country, lenders are now required to obtain the following additional documentation to support the decision that the self-employed income meets Fannie's requirements:**

- An audited year-to-date profit and loss statement reporting business revenue, expenses, and net income up to and including the most recent month preceding the loan application date; or
- An unaudited year-to-date profit and loss statement signed by the borrower reporting business revenue, expenses, and net income up to and including the most recent month preceding the loan application date, and two business depository account(s) statements no older than the latest two months represented on the year-to-date profit and loss statement. Lenders must review the two most recent depository account statements to support and/or not conflict with the information presented in the current year-to-date profit and loss statement. Otherwise, the lender must obtain additional statements or other documentation to support the information from the current P & L.

Note: The year-to-date profit and loss statement must be no older than 60 days as of the note date consistent with current Age of Documentation requirements in LL-2020-03



# COVID Updates: Bulletin 2020-5 & 2020-35

## Guidance Related to Covid-19

-Bulletin 2020-35 extends some flexibilities to September 30, 2020 or for other policies until further notice



[https://guide.freddiemac.com/app/guide/content/a\\_id/1003723](https://guide.freddiemac.com/app/guide/content/a_id/1003723)

<https://guide.freddiemac.com/app/guide/bulletin/2020-35>

# COVID Updates: Bulletin 2020-5 & 2020-35

## **Credit Underwriting, Policies extended to September 30, 2020:**

- Employed Income – 10 day pre-closing verification (PCV), Sellers may obtain one of the following in lieu of the 10 day PCV:
  - An email directly from the employer's work email address that identifies the name and title of the verifier and the Borrower's name and current employment status or
  - Year-to-date (YTD) paystub from the pay period that immediately precedes the Note date or
  - An asset account statement evidencing the payroll deposit from the pay period that immediately precedes the Note date
- Continuance of Income
  - Freddie Mac recommends that Sellers practice additional due diligence to ensure that accurate Borrower information is obtained and that the Borrower's ability to repay the Mortgage is not negatively impacted.

# Bulletin 2020-8

*The temporary credit underwriting requirements below are effective for Mortgages with Application Received Dates on or after April 14, 2020, and remain in place until further notice:*

## Credit Underwriting:

### – Self-employed Borrowers: Verification of the current existence of the business- business open and operating

- Confirm that the Borrower's business is open and operating within 20 Business Days prior to the Note Date.

Below are examples of methods the Seller may use to confirm the Borrower's business is currently operating:

- Evidence of current work (e.g., executed contracts or signed invoices that indicate the business is operating on the day the Seller verifies self-employment)
- Evidence of current business receipts within 20 Business Days of the Note Date (e.g., payment for services performed)
- The Seller certification the business is open and operating (e.g., the Seller confirmed through a phone call or other means)
- Business website demonstrating activity supporting current business operations (e.g., timely appointments for estimates or service can be scheduled)

# Bulletin 2020-8

*The temporary credit underwriting requirements below are effective for Mortgages with Application Received Dates on or after April 14, 2020, and remain in place until further notice:*

## **Credit Underwriting:**

- All Income and Asset documentation must be dated no more than 60 days prior to the Note Date, except**
  - Electronic income verifications obtained from 3<sup>rd</sup> party verification service provider must have information from the electronic data base dated no more than 60 days prior to the Note Date

# Bulletin 2020-14

## GUIDANCE AND REMINDERS

### Furloughs and layoffs

Freddie Mac provides requirements for income while on temporary leave in [Section 5303.5](#). These requirements do not extend to employer-initiated actions such as furloughs and layoffs, regardless of whether there is a projected “return to work” date.

5303.5 < Prev Next >

### Income while on temporary leave

Effective 07/10/2019

[Guide Home](#) > [Selling](#) > [Series 5000 : Origination and Underwriting](#) > [Topic 5300 : Stable Monthly Income and Asset Qualification Sources](#) > [Chapter 5303 : Employed Income](#)



# Bulletin 2020-14

## Unemployment compensation

While we recognize that many individuals have become eligible for assistance and compensation available through the Unemployment Insurance Provisions provided in the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), the assistance and compensation are temporary in nature and therefore do not represent a stable or continuous source of income.

As such, unemployment compensation continues to be eligible for use in qualifying only when it is associated with seasonal employment and all other requirements in [Section 5303.3](#) are met.

5303.3 < Prev Next >

## Additional employed income

Effective 02/05/2020

[Guide Home](#) > [Selling](#) > [Series 5000 : Origination and Underwriting](#) > [Topic 5300 : Stable Monthly Income and Asset Qualification Sources](#) > [Chapter 5303 : Employed Income](#)

# Bulletin 2020-14

## **Automated income assessment with Loan Product Advisor® using tax return data**

To align with the IRS federal tax filing extension, we are revising our requirements applicable to automated income assessment with Loan Product Advisor® using tax return data (i.e., AIM for self-employed). For Mortgages with Loan Product Advisor initial submission dates on or after August 1, 2020, the Borrower's most recent tax returns filed with the IRS must be the 2019 tax return. This is an extension of the May 1, 2020 deadline.

# Bulletin 2020-19

*These temporary requirements are effective for Mortgages with Application Received on and after June 11, 2020 and until further notice. It is encouraged to implement these requirements to loans in process.*

## **Due to the pandemic's continuing impact on businesses throughout the country, lenders are now required to obtain the following additional documentation:**

- An unaudited YTD profit and loss statement (P & L) reporting business revenue, expenses, and net income up to and including the most recent month preceding the loan application date and be dated no more than 60 days prior to the Note Date. It must be signed by the borrower. And
  - Two months business account statements no older than the latest two months represented on the YTD P & L statement. Or
- An **audited** YTD P & L reporting business revenue, expenses, and net income up to and including the most recent month preceding the loan application date and be dated no more than 60 days prior to the Note Date.

***Additional documentation may be needed to supplement the minimum required documentation in order to effectively assess the impact of the pandemic on the business.***

<https://guide.freddiemac.com/app/guide/bulletin/2020-19>

# Documenting Employment and Income

## Two Year History is Required on the URLA for All Applicants

1b. Current Employment/Self-Employment and Income		<input type="checkbox"/> Does not apply
<b>Employer or Business Name</b> _____ <b>Phone</b> (____) ____ - ____ <b>Street</b> _____ <b>City</b> _____ <b>State</b> _____ <b>ZIP</b> _____		<b>Gross Monthly Income</b> Base \$ _____ /month Overtime \$ _____ /month Bonus \$ _____ /month Commission \$ _____ /month Military Entitlements \$ _____ /month Other \$ _____ /month <b>TOTAL</b> \$ _____ /month
<b>Position or Title</b> _____ <b>Start Date</b> ____ / ____ (mm/yyyy) <b>How long in this line of work?</b> ____ Years ____ Months	<b>Check if this statement applies:</b> <input type="checkbox"/> I am employed by a family member, property seller, real estate agent, or other party to the transaction.	
<input type="checkbox"/> <b>Check if you are the Business Owner or Self-Employed</b>	<input type="radio"/> I have an ownership share of less than 25%. <input type="radio"/> I have an ownership share of 25% or more.	<b>Monthly Income (or Loss)</b> \$ _____

- Returning to the workforce after a period of extended absence, for any reason, documentation is provided to support a stable employment history that directly preceded the extended absence
- New to the workforce, provide documentation supporting the borrower's recent attendance at school or in a training program prior to their current employment
- Who experienced recent employment gaps (e.g., 30 days), although a letter of explanation is not required, the Seller remains responsible for establishing the employment is stable, which may require analysis of recent employment gaps.

Refer to Guide Section 5303.2(a)(i) for complete requirements and guidance.

Freddie Mac Documentation Matrix

**Borrowers Who Experienced Recent Employment Gaps (e.g. 30 Days), A Letter Of Explanation Is Not Required, But The Seller Remains Responsible For Establishing The Employment Is Stable, Which May Require Analysis Of Recent Employment Gaps**

# Documenting Employment and Income

**1b. Current Employment/Self-Employment** ☐ Does not apply

Employer or Business Name \_\_\_\_\_ Phone (\_\_\_\_) \_\_\_\_ - \_\_\_\_\_

Street \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_

Position or Title \_\_\_\_\_

Start Date \_\_\_\_ / \_\_\_\_ / \_\_\_\_ (mm/yyyy)

How long in this line of work? \_\_\_\_ Years \_\_\_\_ Months

☐ Check if this statement applies:  
☐ I am employed by a family member, property seller, real estate agent, or other party to the transaction.

☐ Check if you are the Business Owner or Self-Employed ☐ I have an ownership share of less than 25%. ☐ I have an ownership share of 25% or more.

**Monthly Income (or Loss)**  
 \$ \_\_\_\_\_

**Gross Monthly Income**

Base \$ \_\_\_\_\_ /month

Overtime \$ \_\_\_\_\_ /month

Bonus \$ \_\_\_\_\_ /month

Commission \$ \_\_\_\_\_ /month

Military Entitlements \$ \_\_\_\_\_ /month

Other \$ \_\_\_\_\_ /month

**TOTAL** \$ \_\_\_\_\_ /month

Is Your  
borrower  
self  
employed?

**1e. Income from Other Sources** ☐ Does not apply

**Include income from other sources below. Under Income Source, choose from the sources listed here:**

- Alimony
- Automobile Allowance
- Boarder Income
- Capital Gains
- Child Support
- Disability
- Foster Care
- Housing or Parsonage
- Interest and Dividends
- Mortgage Credit Certificate
- Mortgage Differential Payments
- Notes Receivable
- Public Assistance
- Retirement (e.g., Pension, IRA)
- Royalty Payments
- Separate Maintenance
- Social Security
- Trust
- Unemployment Benefits
- VA Compensation
- Other

**NOTE:** Reveal alimony, child support, separate maintenance, or other income ONLY IF you want it considered in determining your qualification for this loan.

Income Source – use list above	Monthly Income
	\$
	\$
	\$
<b>Provide TOTAL Amount Here</b>	<b>\$</b>

**Do Not Lump Income Types Together  
Break Out Income Type For Proper AUS Results**



# Pay Stubs

## YTD paystubs with less than the required information

When the YTD paystub does not contain the required information (e.g., paystubs that are handwritten or typed by the employer and do not contain YTD earnings), the Seller must verify the required information by obtaining additional documentation (e.g., written VOE, a review of payroll deposits on bank statements).

## Reminders:

- The borrower's name and SSN# must be consistent with the application (Spelling, middle initial or a JR or III).
- Computer generated?
- If paid hourly, the number of hours must be noted on the paystub
- Dated within 30 days of application; if stale dated, obtain a more recent stub
- YTD income must be provided and should be consistent with monthly income
- Note any commission, overtime, or bonus *income*
- Review for possible liabilities that may need to be included in your debt ratio (child support, alimony, IRS garnishment or a new loan take out)
- If automatically deposited, cross reference the income to the bank statement
- We are calculating income but also validating the document, does employer match back to application? To the W-2?

# Review Pay Stub W-2 Any Problems?

Paid  
twice a  
month  
or 24  
times  
per  
year

## Earnings Statement

ANDY AMERICA

Pay Date: 04/29/2020 Company: 02523 - ISDT SERVICES INC Emp #: A0AK  
Period Start: 04/16/2020 109877 CEDAR SPRINGS DRIVE Dept: 607200 - BCR Support  
Period End: 04/30/2020 KINGWOOD, TX 75035 (281) 344-2000 Pay Basis: Salary

Earnings	Rate	Hours/Units	Current Period	Year to Date
Regular			2,854.16	8,562.48
<b>Gross Pay</b>			2,854.16	8,562.48

## W/H Taxes

(H/1) Federal W/H	471.72	1,415.16
Medicare	41.39	124.17
Social Security	176.96	530.88

## Deductions

None	0.00	0.00
<b>Net Pay</b>	2,164.09	6,492.27

Voucher No.: 24437855DD

## Net Pay Distribution

Direct Deposit Net Check	2,164.09	6,492.27 A/C:4152
--------------------------	----------	-------------------

## Employee Benefits

	YTD Taken	Available
Sick Hours	1.67	5.01
Vacation Hours	3.34	10.02

<b>a</b> Employee's SSN 999-60-3333		<b>b</b> Employer ID No. (EIN) 76-0689359		OMB No. 1545-0008
<b>c</b> Employer's name, address, and ZIP code ISDT SERVICES INC. 109877 CEDAR SPRINGS DRIVE KINGWOOD TX 77339		<b>1</b> Wgs, tips, other comp 63598.81	<b>2</b> Fed inc tax withheld 12748.87	<b>3</b> Social security wages 64528.83
		<b>4</b> SS tax withheld 4000.73	<b>5</b> Medicare wages & tips 64528.83	<b>6</b> Medicare tax withheld 935.65
		<b>7</b> Social security tips	<b>8</b> Allocated tips	<b>9</b>
<b>d</b> Control No.		<b>10</b> Depndt care benefits	<b>11</b> Nonqualified plans	<b>12a</b> D   930.02
<b>e</b> Employee's name, address, and ZIP code ANDY AMERICA 12302 BRUNSWICK DRIVE FRISCO TX 75035		<b>13</b> Statutory employee <input type="checkbox"/> Retirement plan <input checked="" type="checkbox"/> Third-party sick pay <input type="checkbox"/>	<b>14</b> Other	<b>12b</b> DD   4173.16 <b>12c</b> <b>12d</b>

Form **W-2**  
Wage and  
Tax  
Statement  
**2019**

Copy B To Be Filed with  
Employee's FEDERAL  
Tax Return  
This information is being  
furnished to the Internal  
Revenue Service.

# Any Problem With This Paystub?

43154

HOURS		RATE	EARNINGS		BASIS	OTHER PAY		DESCRIPTION
REGULAR	OVERTIME		REGULAR	OVERTIME		RATE	AMOUNT	
35.00		19.00	665.00		5.00	19.00	95.00	PERS

PAY PERIOD  
5-03-09 to  
5-09-09

No. 43154

TOTAL PAY  
760.00

DEDUCTIONS THIS PERIOD					
FWH	87.08	MED	11.02	BOG	47.12
PHL-R	29.87	401K	38.00	LST	1.00
				PASWH	23.33

TOTAL DEDUCTIONS  
237.88

EMPLOYEE INFORMATION		YEAR-TO-DATE TOTALS			
Julie Jewell 999-44-4545		GROSS	14440.00	FICA	1104.66
		FWH	1736.52	SWH	443.27
		LOC	567.53	UN DED	.00

**NET PAY**  
522.12

PLEASE DETACH THIS PORTION AND RETAIN FOR YOUR RECORDS.

# Examining W-2s

## W-2 Review Reminders:

- Name and SSN# must match the application and also the paystub
- Applicant's address should also match the 1003 and bank statement mailing address
- W-2s should be the most recent one or two (if required) – read the AUS feedback
- Is the yearly income /12 consistent with current monthly income? If not, obtain explanation.
- Employer addresses match application
- Employer ID# must be valid (XX-XXXXXX) is the proper format
- FICA and Medicare withholding based on wages can be checked
- You generally should NOT have the employer's copy or the Social Security Administration copy
- Review with 4506T tax transcripts if provided

# Review the W-2 - Any Problems Here?

<b>a</b> Employee's SSN XXX-XX-XXXX		<b>b</b> Employer ID No. (EIN) 22-7654321		OMB No. 1545-0008	
<b>c</b> Employer's name, address, and ZIP code WELLNESS WORLD, INC.  56722 HOSPITAL BLVD HURST TX 73301		<b>1</b> Wgs, tips, other compn 110071.42	<b>2</b> Fed inc tax withheld 22731.62	<b>3</b> Social security wages 110171.42	
		<b>4</b> SS tax withheld 6830.63	<b>5</b> Medicare wages & tips 110071.42	<b>6</b> Medicare tax withheld 1597.49	
		<b>7</b> Social security tips	<b>8</b> Allocated tips	<b>9</b> Verification code 338FD3BB77C567C4	
<b>d</b> Control No.		<b>10</b> Depdnt care benefits	<b>11</b> Nonqualified plans	<b>12a</b>	
<b>e</b> Employee's name, address, and ZIP code JOHN HOMEOWNER 7 GALLOPING HILL ROAD DALLAS TX 75432		<b>13</b> Statutory employee- <input type="checkbox"/>  Retirement plan . . <input type="checkbox"/>  Third-party sick pay <input type="checkbox"/>	<b>14</b> Other	<b>12b</b>	
				<b>12c</b>	
				<b>12d</b>	
<b>15</b> State	Employer's state ID number	<b>16</b> State wages, tips, etc	<b>17</b> State income tax	<b>18</b> Local wages, tips, etc	<b>19</b> Local income tax
					<b>20</b> Locality name

**Form W-2**  
**Wage and**  
**Tax**  
**Statement**  
**2018**

Copy B To Be Filed with  
Employee's FEDERAL  
Tax Return  
This information is being  
furnished to the Internal  
Revenue Service.

<b>a</b> Employee's SSN XXX-XX-XXXX		<b>b</b> Employer ID No. (EIN) 22-1234567		OMB No. 1545-0008	
<b>c</b> Employer's name, address, and ZIP code DAVINCI RESIDENTIAL PAINTING INC.  1200 SISTINE CHAPEL DRIVE WACO TX 76701		<b>1</b> Wgs, tips, other compn 172579.15	<b>2</b> Fed inc tax withheld 17642.61	<b>3</b> Social security wages 132900.00	
		<b>4</b> SS tax withheld 8239.80	<b>5</b> Medicare wages & tips 183709.41	<b>6</b> Medicare tax withheld 2663.79	
		<b>7</b> Social security tips	<b>8</b> Allocated tips	<b>9</b>	
<b>d</b> Control No.		<b>10</b> Depdnt care benefits	<b>11</b> Nonqualified plans	<b>12a</b> D 24500.00	
<b>e</b> Employee's name, address, and ZIP code JOHN HOMEOWNER 7 GALLOPING HILL ROAD DALLAS TX 75432		<b>13</b> Statutory employee- <input type="checkbox"/>  Retirement plan . . <input checked="" type="checkbox"/>  Third-party sick pay <input type="checkbox"/>	<b>14</b> Other personal use 2756.79  s/h health 13369.74	<b>12b</b>	
				<b>12c</b>	
				<b>12d</b>	
<b>15</b> State	Employer's state ID number	<b>16</b> State wages, tips, etc	<b>17</b> State income tax	<b>18</b> Local wages, tips, etc	<b>19</b> Local income tax
					<b>20</b> Locality name

**Form W-2**  
**Wage and**  
**Tax**  
**Statement**  
**2019**

Copy B To Be Filed with  
Employee's FEDERAL  
Tax Return  
This information is being  
furnished to the Internal  
Revenue Service.



# Written Verification of Employment

## Review the VOE When It Comes Back In:

- Forms should be signed, dated with signature and printed name of employer
- If faxed, note the origin of the faxed document - Is it coming from the employer?
- Income consistent with application?
- Is bonus or overtime likely to continue? Probability of continued employment?
- Review for different handwriting styles, cross outs, white out or cutting and pasting
- Should it be handwritten?
- Verify time on job and position title matches to 1003
- Verify document does not expire prior to note date (Typically documents valid for four months)
- **REMEMBER TO OBTAIN THE VERBAL VERIFICATIONS WHEN REQUIRED AS WELL**

**You Must Review The Actual Document For Completeness. Does It Support The Transaction? If Not, Get Additional Information Before Submitting To Underwriting.**

# Request for Verification of Employment

**Privacy Act Notice:** This information is to be used by the agency collecting it or its assignees in determining whether you qualify as a prospective mortgagee under its program. It will not be disclosed outside the agency except as required and permitted by law. You do not have to provide this information, but if you do not your application for approval as a prospective mortgagee or borrower may be delayed or rejected. The information requested in this form is authorized by Title 38, USC, Chapter 37 (if VA); by 12 USC, Section 1701 et. seq. (if HUD/FHA); by 42 USC, Section 1462b (if HUD/CPD); and Title 42 USC, 1471 et. seq., or 7 USC, 1921 et. seq. (if USDA/FmHA).

**Instructions:** Lender — Complete items 1 through 7. Have applicant complete item 8. Forward directly to employer named in item 1.  
Employer — Please complete either Part II or Part III as applicable. Complete Part IV and return directly to lender named in item 2.  
The form is to be transmitted directly to the lender and is not to be transmitted through the applicant or any other party.

## Part I — Request

1. To (Name and address of employer) Easy Rider 5000 California Ave Salt Lake City, UT 84104	2. From (Name and address of lender) USA Lending 6601 Six Forks Road Raleigh, NC 27615
---	---

I certify that this verification has been sent directly to the employer and has not passed through the hands of the applicant or any other interested party.

3. Signature of Lender <i>Patty Processor</i>	4. Title Patty Processor	5. Date 02/16/2017	6. Lender's Number (Optional)
--	-----------------------------	-----------------------	-------------------------------

I have applied for a mortgage loan and stated that I am now or was formerly employed by you. My signature below authorizes verification of this information.

7. Name and Address of Applicant (include employee or badge number) John Homeowner 424 W 850 S Bountiful, UT 84010	8. Signature of Applicant See Attached Borrower Authorization
--	--

## Part II — Verification of Present Employment

9. Applicant's Date of Employment 3/1/2007	10. Present Position General Manager	11. Probability of Continued Employment 100%
---	---	---

12A. Current Gross Base Pay (Enter Amount and Check Period) \$ 45,400 <input checked="" type="checkbox"/> Annual <input type="checkbox"/> Monthly <input type="checkbox"/> Other (Specify) <input type="checkbox"/> Weekly	13. For Military Personnel Only Pay Grade Type Monthly Amount Base Pay \$ Flight or Hazard \$ Clothing \$ Quarters \$ Pro Pay \$ Overseas or Combat \$ Variable Housing Allowance \$	14. If Overtime or Bonus is Applicable, Is Its Continuance Likely? Overtime Bonus <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No 15. If paid hourly — average hours per week
---	---	---

12B. Gross Earnings			
Type	Year To Date	Past Year 2016	Past Year 2015
Base Pay	Thru 2017	\$ 35,000	\$ 35,000
Overtime	\$	\$	\$
Commissions	\$	\$	\$
Bonus	\$	\$ 10,000	\$ 9,000
Total	\$ 0.00	\$ 45,000	\$ 44,000

20. Remarks (If employee was off work for any length of time, please indicate time period and reason)  
Seasonal business - John works March - October  
2017 start date 4/1/2017 to 10/30/17

## Part III — Verification of Previous Employment

21. Date Hired	23. Salary/Wage at Termination Per (Year) (Month) (Week) Base Overtime Commissions Bonus
22. Date Terminated	24. Reason for Leaving
25. Position Held	

**Part IV — Authorized Signature** - Federal statutes provide severe penalties for any fraud, intentional misrepresentation, or criminal connivance or conspiracy purposed to influence the issuance of any guaranty or insurance by the VA Secretary, the U.S.D.A., FmHA/FHA Commissioner, or the HUD/CPD Assistant Secretary.

26. Signature of Employer <i>Wayne Dupree</i>	27. Title (Please print or type) Owner	28. Date 2/16/2017
29. Print or type name of lender Wayne Dupree	30. Phone No. 801-433-2000	

Fannie Mae  
Form 1005 July 96

# Freddie Mac Long Term Rental Income

**One-year management history or ownership of a primary home income (Section 5306.19c)(ii) The borrower must own a Primary Residence to use rental income to qualify when purchasing a new rental property in the current calendar year; and**

- Whether purchasing a new rental property or converting a Primary Residence to a rental property, if the Borrower does not have a minimum of one-year investment property management experience
  - The rental income can only offset the PITIA of the rental property; and
  - Rental income exceeding the PITIA cannot be added to the Borrower's gross monthly income to qualify

Maximum eligible amount of net rental income	<ul style="list-style-type: none"><li>▪ The borrower must currently own a primary residence to use rental income to qualify when purchasing a new rental property in the current calendar year. In such instances, net rental income can only offset the principal, interest, taxes and insurance (PITI) and when applicable, mortgage insurance premiums, leasehold payments, homeowner's association dues (excluding unit utility charges) and payments on secondary financing (full monthly payment) of the new rental property.</li><li>▪ If the borrower's current primary residence is being converted to a rental property, net rental income can only offset the full monthly payment of that primary residence.</li><li>▪ If the net rental income exceeds the full monthly payment of the new rental property or the converted primary residence, as applicable, the excess rental income cannot be added to the borrower's gross monthly income to qualify unless the file documentation demonstrates the borrower has a minimum of one-year investment property management experience.</li></ul>
--	--

# Fannie Mae Selling Announcement SEL-2019-08



To determine the amount of rental income from the subject property that can be used for qualifying purposes when the borrower is purchasing a two- to four-unit principal residence or one- to four-unit investment property, the lender must consider the following:

If the borrower...	Then for qualifying purposes...
<ul style="list-style-type: none"><li>currently owns a principal residence (or has a current housing expense), and</li><li>has at least a one-year history of receiving rental income or documented property management experience</li></ul>	there is no restriction on the amount of rental income that can be used.
<ul style="list-style-type: none"><li>currently owns a principal residence (or has a current housing expense), and</li><li>has less than one-year history of receiving rental income or documented property management experience</li></ul>	<ul style="list-style-type: none"><li>for a principal residence, rental income in an amount not exceeding the PITIA of the subject property can be added to the borrower's gross income, or</li><li>for an investment property, rental income can only be used to offset the PITIA of the subject property.</li></ul>
<ul style="list-style-type: none"><li>does not own a principal residence, and</li><li>does not have a current housing expense</li></ul>	rental income from the subject property cannot be used.

**Note:** This policy does not apply to HomeReady loans with rental income from an accessory unit.

## Effective Date

The updated requirements will apply to all loan casefiles submitted to DU on or after the weekend of December 7, 2019, and for manually underwritten

## Rental income correction

To align with the policy changes announced in [SEL-2019-08](#) for determining the amount of rental income from the subject property that can be used for qualifying purposes, we have updated the applicable Guide text to apply to refinance transactions in addition to purchases.

**Effective:** This update will be effective with new loan casefiles submitted on or after Apr. 1, 2020, and for manually underwritten loans with application dates on or after Apr. 1, 2020.

ent SEL-2019-08

October 2, 2019

se to the following:

topics for each policy change are listed on the Attachment. The s. The updated topics are dated October 2, 2019.

[Quality Matrix](#) for the following:

on for construction-to-permanent transactions to align with a

d (detached are permitted); and

Footnote (1) with respect to allowable LTV and CLTV ratio

bits

gain essential knowledge to prepare for sustainable homeownership education requirements. Currently, our policy requires in prior to closing n nontraditional credit to qualify, or

homebuyer education for the following transactions:

n nontraditional credit to qualify, regardless of the loan product or ers (no change to current requirement);

occupying borrowers are first-time homebuyers, regardless of the

LTV ratios greater than 95% when all borrowers are first-time

beginning October 23, 2019, we will waive the fee for the e for lenders, removing the cost burden for borrowers. Additional

# Fannie Mae Selling Guide

B3-3.1-08, Rental Income (06/03/2020)

The lender must establish a history of property management experience by obtaining one of the following:

- The borrower's most recent signed federal income tax return, including Schedules 1 and E. Schedule E should reflect rental income received for any property and Fair Rental Days of 365;
- If the property has been owned for at least one year, but there are less than 365 Fair Rental Days on Schedule E, a current signed lease agreement may be used to supplement the federal income tax return; or
- A current signed lease may be used to supplement a federal income tax return if the property was out of service for any time period in the prior year. Schedule E must support this by reflecting a reduced number of days in use and related repair costs. Form 1007 or Form 1025 must support the income reflected on the lease.

The lender must document the borrower has at least a one-year history of receiving rental income in accordance with *Documenting Rental Income From Property Other Than the Subject Property* above.

**Note:** This policy does not apply to HomeReady loans with rental income from an accessory unit.

<https://selling-guide.fanniemae.com/Selling-Guide/Origination-thru-Closing/Subpart-B3-Underwriting-Borrowers/Chapter-B3-3-Income-Assessment/#General.20Requirements.20for.20Documenting.20Rental.20Income>



# Fannie Mae Selling Guide



## General Requirements for Documenting Rental Income

If a borrower has a history of renting the subject or another property, generally the rental income will be reported on IRS Form 1040, Schedule E of the borrower's personal tax returns or on Rental Real Estate Income and Expenses of a Partnership or an S Corporation form (IRS Form 8825) of a business tax return. If the borrower does not have a history of renting the subject property or if, in certain cases, the tax returns do not accurately reflect the ongoing income and expenses of the property, the lender may be justified in using a fully executed current lease agreement. Examples of scenarios that justify the use of a lease agreement are

- purchase transactions;
- refinance transactions in which the borrower purchased the rental property during or subsequent to the last tax return filing; or
- refinance transactions of a property that experienced significant rental interruptions such that income is not reported on the recent tax return (for example, major renovation to a property occurred in the prior year that affected rental income).

When the subject property will generate rental income and it is used for qualifying purposes, one of the following Fannie Mae forms must be used to support the income-earning potential of the property:

- For one-unit properties: *Single-Family Comparable Rent Schedule* ([Form 1007](#)) (provided in conjunction with the applicable appraisal report), or
- For two- to four-unit properties: *Small Residential Income Property Appraisal Report* ([Form 1025](#)).

<https://selling-guide.fanniemae.com/Selling-Guide/Origination-thru-Closing/Subpart-B3-Underwriting-Borrowers/#Documenting.20Rental.20Income.20from.20Subject.20Property>

\*Lenders must meet all Fannie Mae requirements for use of rental income such as history of owning and managing other rental properties as well as but not limited to having a primary housing expense

# Assets and Reserves

## Asset Documentation Reminders and Best Practices

# Fannie Mae LL-2020-03

**Effective for applications taken April 14, 2020 and until further notice:**

## **Market-based assets**

- When using stocks, stock options or mutual funds for down payment or closing costs, evidence of the borrower's actual receipt of funds from the sale or liquidation must be documented in all cases
- When used for reserves, only 70% of the value of the asset must be considered
- For most income and asset documents, age requirements is reduced from four months to two months or 60 days from the note date. If an asset statement is issued quarterly, lenders must obtain the most recent quarterly statement.

# Bulletin 2020-8 & 2020-35

*The temporary credit underwriting requirements below are effective for Mortgages with Application Received Dates on or after April 14, 2020, and remain in place until further notice:*

## **Credit Underwriting:**

- **All Income and Asset documentation must be dated no more than 60 days prior to the Note Date, except**
  - If an asset account is reported on a quarterly basis, the most recent quarterly statement must be obtained.
  - Electronic income verifications obtained from 3<sup>rd</sup> party verification service provider must have information from the electronic data base dated no more than 60 days prior to the Note Date

# Asset Documentation

## Review the URLA

- Review total assets listed/disclosed on URLA with total funds to be verified per AUS
- Did you verify sufficient funds?
- If not, contact borrower for source of additional funds. Where will they come from...gift?

**Section 2: Financial Information — Assets and Liabilities.** This section asks about things you own that are worth money and that you want considered to qualify for this loan. It then asks about your liabilities (or debts) that you pay each month, such as credit cards, alimony, or other expenses.

### 2a. Assets – Bank Accounts, Retirement, and Other Accounts You Have

Include all accounts below. Under Account Type, choose from the types listed here:

- Checking
- Savings
- Money Market
- Certificate of Deposit
- Mutual Fund
- Stocks
- Stock Options
- Bonds
- Retirement (e.g., 401k, IRA)
- Bridge Loan Proceeds
- Individual Development Account
- Trust Account
- Cash Value of Life Insurance (used for the transaction)

### 4d. Gifts or Grants You Have Been Given or Will Receive for this Loan

☐ Does not apply

Include all gifts and grants below. Under Source, choose from the sources listed here:

- Community Nonprofit
- Federal Agency
- Relative
- State Agency
- Lender
- Employer
- Local Agency
- Religious Nonprofit
- Unmarried Partner
- Other

Asset Type: Cash Gift, Gift of Equity, Grant

### 2b. Other Assets and Credits You Have

☐ Does not apply

Include all other assets and credits below. Under Asset or Credit Type, choose from the types listed here:

Assets

- Proceeds from Real Estate Property to be sold on or before closing
- Proceeds from Sale of Non-Real Estate Asset
- Secured Borrowed Funds
- Unsecured Borrowed Funds
- Other

Credits

- Earnest Money
- Employer Assistance
- Lot Equity
- Relocation Funds
- Rent Credit
- Sweat Equity
- Trade Equity

Asset or Credit Type – use list above

Cash or Market Value

\$

# Assets and Reserves

**If reserves are required, document that the borrower has sufficient reserves from acceptable sources.**

- Reserves are dependent on:
  - Risk of the loan file and how many properties the borrower owns
  - Property and occupancy type
  - Product and underwriting type

**Always verify your applicant disclosed all assets, as they can reduce risk**

- Findings report will indicate if you must verify them

## **General Levels of Documentation:**

**– Read, Read, Read!!!**

- Read your Loan Product Advisor Feedback report for documentation requirements
  - One **or** two months – document to the Feedback requirements
- Be sure to read how much you need to verify
- Did you obtain ALL pages to the asset statement?
- Are gift funds being used? Is it properly documented?
- Assets documentation valid for four months\*, for both existing and new construction

\*Follow Fannie Mae and Freddie Mac Age of Document policies for COVID-19



Asset Information

1	TOTAL ELIGIBLE ASSETS	\$43,000.00
2	TOTAL FUNDS TO BE VERIFIED	\$45,600.00



Total Funds to be Verified	\$165,000.00
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# New URLA

## Gifts and the URLA

- Separate section for gifts and grants
- Be sure to always enter gifts separately so AUS can do proper eligibility check

### 4d. Gifts or Grants You Have Been Given or Will Receive for this Loan

☐ Does not apply

Include all gifts and grants below. Under Source, choose from the sources listed here:

- Community Nonprofit
- Federal Agency
- Relative
- State Agency
- Lender
- Employer
- Local Agency
- Religious Nonprofit
- Unmarried Partner
- Other

Asset Type: Cash Gift, Gift of Equity, Grant	Deposited/Not Deposited	Source – use list above	Cash or Market Value
	<input type="radio"/> Deposited <input type="radio"/> Not Deposited		\$
	<input type="radio"/> Deposited <input type="radio"/> Not Deposited		\$

# Gift Funds - Documentation Requirement

## **A gift can be provided by:**

- a relative, defined as the borrower's spouse, child, or other dependent, or by any other individual who is related to the borrower by blood, marriage, adoption, or legal guardianship; or
- a fiancé, fiancée, or domestic partner.

**The donor may not be, or have any affiliation with, the builder, the developer, the real estate agent, or any other interested party to the transaction.**

## **Gifts must be evidenced by a letter signed by the donor, called a gift letter. The gift letter must:**

- specify the dollar amount of the gift;
- specify the date the funds were transferred;
- include the donor's statement that no repayment is expected; and
- indicate the donor's name, address, telephone number, and relationship to the borrower.

# Gift Funds - Availability & Transfer of Funds

**The lender must verify that sufficient funds to cover the gift are either in the donor's account or have been transferred to the borrower's account. Acceptable documentation includes the following:**



- a copy of the donor's check and the borrower's deposit slip,
- a copy of the donor's withdrawal slip and the borrower's deposit slip,
- a copy of the donor's check to the closing agent, or
- a settlement statement showing receipt of the donor's check (Fannie Mae Only)

**Fannie Mae and Freddie Mac: When the funds are not transferred prior to settlement, the lender must document that the donor gave the closing agent the gift funds in the form of a certified check, a cashier's check, or other official check with remitter as the donor.**

**In What Loan Situation Can A Gift NEVER Be Used?**

**INVESTMENT PROPERTY**

# Gifts – Freddie Mac

 Topic	Documentation Requirements
<p>Gift funds or a gift of equity (Guide Section <a href="#">55</a> <a href="#">01.3(c)</a>)</p> 	<p>Provide the following:</p> <ul style="list-style-type: none"> <li>▪ A gift letter signed by the donor. Information provided in the gift letter must:             <ul style="list-style-type: none"> <li>▪ State the donor's name and the funds are given by a related person</li> <li>▪ Include the donor's mailing address and telephone number</li> <li>▪ State the amount of the gift funds or gift of equity</li> <li>▪ Establish the gift funds or gift of equity are a gift that does not have to be repaid</li> </ul> </li> <li>▪ Evidence of one of the following:             <ul style="list-style-type: none"> <li>▪ Transfer of funds from the donor's account in a financial institution to the Borrower's account. For example, copies of bank statements from both the donor and the Borrower's accounts, a copy of a canceled gift check or a copy of a donor's withdrawal slip and the Borrower's deposit slip, or</li> <li>Transfer of the funds from the donor's account in a financial institution to the settlement or closing agent. For example, a copy of a cashier's check or wire transfer confirmation.</li> <li>Funds transferred using a third-party money transfer application or service are acceptable only when the documentation included in the Mortgage file evidences that the funds were transferred using the application or service directly from the donor's bank account to the borrower's bank account or to the settlement or closing agent.</li> </ul> </li> </ul> <p>Gift of equity: A gift of equity must be reflected on the Settlement/Closing Disclosure Statement.</p> <p><b>Note:</b></p> <ul style="list-style-type: none"> <li>▪ Investment Property Mortgages: Gift funds or gift of equity are not an eligible source of funds</li> <li>▪ Second Home Mortgages with LTV/TLTV/HTLTV ratios greater than 80%: Minimum contribution from borrower personal funds must be 5% of value when gift funds or grants are used for the transaction.</li> </ul>

# Large Deposits and Recently Opened Accounts

**The lender must investigate any indication of borrowed funds. These must be identified differently, based upon how the asset account was verified...**

- A large deposit is any single deposit that is 50% or more of the total income being used to qualify
- If using the funds, lenders must obtain borrower's written explanation and documentation of the source of large deposits that are reflected on bank statements
- Lenders must investigate accounts opened within 90 days of the application date and account balances that are considerably greater than the average balance reflected on the *Verification of Deposit Form 1006*
- Lenders should request an updated statement for asset statements that are older than 45 days from application

**Fannie Mae Selling Guide Chapter B3-4.2-02 Depository Accounts (12/06/2016)**

# Guidance on Large Deposits

- **Scenario 1:** Borrower has monthly income of \$4,000 and an account at ABC Bank with a balance of \$20,000. A deposit of \$3,000 is identified, but \$2,500 of that deposit is documented as coming from the borrower's federal income tax refund.

Only the unsourced \$500 [the deposit of \$3,000 minus the documented \$2,500] must be considered in calculating whether it meets the large deposit definition.

The unsourced \$500 is 12.5% of the borrower's \$4,000 monthly income, falling short of the 50% definition of a large deposit.

Therefore, it is not considered a large deposit and the entire \$20,000 balance in the ABC Bank account can be used for underwriting purposes.

- **Scenario 2:** Using the same borrower example, a deposit of \$3,000 is identified, but only \$500 is documented as coming from the borrower's federal income tax refund, leaving \$2,500 unsourced.

In this instance, the unsourced \$2,500 is 63% of the borrower's \$4,000 monthly income, which does meet the definition of a large deposit.

Therefore, the unsourced \$2,500 must be subtracted from the account balance of \$20,000 and only the remaining \$17,500 may be used for underwriting purposes.

<https://selling-guide.fanniemae.com/Selling-Guide/Origination-thru-Closing/Subpart-B3-Underwriting-Borrowers/Chapter-B3-4-Asset-Assessment/>

**Fannie Mae Selling Guide Chapter B3-4.2-02 Depository Accounts (12/06/2016)**



# Additional Guidance on Large Deposits

- If funds from a large deposit are needed to complete the purchase transaction (that is, are used for the down payment, closing costs, or financial reserves), the lender must document that those funds are from an acceptable source. Occasionally, a borrower may not have all of the documentation required to confirm the source of a deposit. In those instances, the lender must use reasonable judgment based on the available documentation as well as the borrower's debt-to-income ratio and overall income and credit profile. Examples of acceptable documentation include the borrower's written explanation, proof of ownership of an asset that was sold, or a copy of a wedding invitation to support receipt of gift funds. The lender must place in the loan file written documentation of the rationale for using the funds.
- Verified funds must be reduced by the amount (or portion) of the undocumented large deposit (as defined above), and the lender must confirm that the remaining funds are sufficient for the down payment, closing costs, and financial reserves. When the lender uses a reduced asset amount, net of the unsourced amount of a large deposit, that reduced amount must be used for underwriting purposes (whether the mortgage loan is underwritten manually or through DU).

**Note:** When a deposit has both sourced and unsourced portions, only the unsourced portion must be used to calculate whether or not it must be considered a large deposit.

<https://selling-guide.fanniemae.com/Selling-Guide/Origination-thru-Closing/Subpart-B3-Underwriting-Borrowers/Chapter-B3-4-Asset-Assessment/>

**Fannie Mae Selling Guide Chapter B3-4.2-02 Depository Accounts (12/06/2016)**

# Large Deposits & Recently Opened Accounts

Topic	Documentation Requirements
<p><b>Required funds</b> (Guide Section <a href="#">5103.1</a> and Guide Section <a href="#">5501.1</a>, <a href="#">5501.3</a>)</p>	<p>All funds used to qualify the borrower for the mortgage transaction (i.e., any funds required to be paid by the borrower and borrower reserves) must come from eligible sources described in the next section (from Guide Section 5501.3).</p> <ul style="list-style-type: none"> <li>For purchases, document the borrower has sufficient funds verified and from eligible sources to qualify for the mortgage transaction.</li> <li>For refinances, verification of funds is required.</li> <li>For non-occupant co-borrower transactions, funds may come from the occupant and/or non-occupant borrower.</li> </ul> <p>Asset documentation must be maintained in the mortgage file and must also meet the general requirements for verifying documents (5102.3), age of documentation (5102.4) and asset eligibility and documentation requirements (5501.3). In addition:</p> <ul style="list-style-type: none"> <li>For purchase transactions, document the source of funds for any large deposit when the deposit is needed to qualify the borrower for the mortgage transaction. A large deposit is any single deposit that exceeds 50% of the sum of: <ul style="list-style-type: none"> <li>The total monthly qualifying income for the mortgage.</li> <li>The amount derived from the asset calculation for establishing the DTI ratio in accordance with the requirements of Guide Section 5307.1, if applicable.</li> </ul> </li> <li>When a large deposit is not verified and is not needed to qualify the borrower for the mortgage transaction: <ul style="list-style-type: none"> <li>Reduce the funds used for qualifying purposes by the amount of the unverified deposit.</li> <li>For Loan Product Advisor mortgages, enter the reduced amount of the asset into Loan Product Advisor.</li> </ul> </li> <li>When a single deposit consists of both verified and unverified funds, use just the unverified amount when determining whether the deposit is a large deposit.</li> <li>When the source of funds can clearly be identified (e.g., direct payroll deposits or tax refund), additional documentation is not required.</li> <li>If an account was opened within 90 days of a direct verification (i.e., VOD) and/or reflects a current balance significantly greater than the average balance, document the source of funds.</li> <li>You must consider any liabilities resulting from all borrowed funds.</li> </ul> <p>Additional resources available are <a href="#">Understanding Loan Product Advisor's Determination of Total Funds to Be Verified</a> and <a href="#">Understanding Loan Product Advisor's Determination of Reserve Requirements</a></p>

# Asset Documentation Review

## When Reviewing Bank Statements, Look for the Following:

- The bank statement: is the borrower's name, account #, and address consistent with 1003?
- Verify statement includes an account number (it can be truncated to four digits)
- Did the applicant provide the most recent one or two months statements?
  - They should be dated within 45 days of the loan application – REVIEW!
  - If two months required, they should be consecutive months
- Are all large deposits explained and sourced if using those funds? If not, are they backed out of Loan Product Advisor or DU?
- Support bank statements with VODs or vice versa
- Review also for:
  - Regular payroll deposits should be verified against pay statements
  - Automatic loan payment withdrawals
  - If a purchase transaction, review to see if the earnest money check has cleared
  - Alterations, cutting and pasting, white-out, deletions or cross-outs
  - ALL pages of the statement have been provided
  - Does the time period in the statement cover 30 days worth of transactions?
  - Are there overdrafts or insufficient funds?

# Review the VOD

## If Using a VOD, Review.....

- Who completed it; Name, Title, Date...can you read it?
- Current balance vs. average balance? Large increase? Did you check?
  - If large increases, that large increase must be addressed or sourced
- The date the account was opened:
  - If opened in the last 90 days, verify the source of the deposited funds
- Average balance
  - If not shown, you must review the bank statements or return the VOD to the bank for completion
- Any loans listed? Include in DTI if guidelines require.
- Any difference in names or co-owners?
- Have you heard of the financial institution?

**You Must Review The Actual Document For Completeness - Does It Support The Transaction; If Not, Get Additional Information Before Submitting To Underwriting**

# VOD Review

## UA Credit Union

### VERIFICATION OF DEPOSIT

Account Number: 8022223 / 8022224

**SAMPLE**

Account Holders: Michael J Gomez

Jr Share ID	Description	Open Date	Current Balance	60-Day Avg Balance
2224	REGULAR SHARES	02/06/2008	21,828.89	19,359.67
2223	PRIORITY CHECKING	08/09/2010	3,000.00	3,471.56

Loan ID	Description	Current Balance	Current Payment	Open Date
0001	USED AUTO/TRUCKNAN	0.00	328.41	
0002	2008 CHEVROLET SUBURBAN-VB UTI	6,282.39	09/04/2008 380.88 07/15/2013	

X Nevan Smith Dated 02/20/2018

Nevan Smith  
Loan Officer

Federally insured by NCUA

1000 Carter Blvd, Fort Worth, TX 76155 PHONE: (888) 533-1111  
UAC red it u n ion.or

# Reserves

## Guide Impacts: 5501.2(b)

- Max number of financed properties is 10 when subject is second home or investment property
- 720 Credit score required when 7-10 financed properties and loan must be submitted to Loan Product Advisor with Accept/Eligible Recommendation
- Loan Product Advisor will calculate reserve requirements

### (b) Minimum required reserves

For Loan Product Advisor® Mortgages, the Seller must verify all reserves required by Loan Product Advisor, as stated on the Feedback Certificate.

For Manually Underwritten Mortgages, the verified reserves must equal or exceed the following reserves requirements:

Subject property	Required reserves
Primary Residence - 1-unit	None
Primary Residence - 2- to 4-unit	Six months for the subject property
Second home	Two months for the subject property
Investment Property	Six months for the subject property

Mortgages secured by second homes and Investment Properties require the following additional reserves:

Number of financed properties	Additional required reserves for second home or Investment Property Mortgages	
	Loan Product Advisor Mortgages	Manually Underwritten Mortgages
When each Borrower individually, and all Borrowers collectively, are obligated on one to six financed properties, including the subject property and the Borrower's Primary Residence	Two months of the monthly payment amount (as described in <a href="#">Section 5501.2(a)</a> ) on each additional second home and/or 1- to 4-unit Investment Property that is financed and on which the Borrower is obligated.	
When each Borrower individually, and all Borrowers collectively, are obligated on seven to 10 financed properties, including the subject property and the Borrower's Primary Residence	Eight months of the monthly payment amount (as described in <a href="#">Section 5501.2(a)</a> ) on each additional second home and/or 1- to 4-unit Investment Property that is financed and on which the Borrower is obligated	Not permitted

For Loan Product Advisor Mortgages, the additional required reserves stated in the chart above are included in the amount of reserves required to be verified on the Feedback Certificate.

[https://guide.freddiemac.com/app/guide/content/a\\_id/1000665](https://guide.freddiemac.com/app/guide/content/a_id/1000665)



# Multiple Financed Property Reserve Policy

**Maximum number of financed properties is 10 when the subject is a second home or investment- 7-10 required eight months reserves**

Topic	Rental Income is from...		
	Subject Property: 2- to 4-unit Primary Residence	Subject Property: 1- to 4-unit Investment Property	Non-subject Investment Property Owned by the Borrower
Reserves – Guide Section 5501.2	<p>Loan Product Advisor® Mortgages: Verify all reserves required by Loan Product Advisor as stated on the Feedback Certificate.</p> <p>Manually underwritten mortgages: Verified reserves must equal or exceed six months reserves*, regardless of whether rental income is used in qualifying the borrower.</p> <p>* Reserves are measured by the number of months of the monthly payment amount.</p> <p>Investment property mortgages where the borrower** is obligated on:</p> <ul style="list-style-type: none"> <li>1-6 financed properties including the subject property and the borrower's primary residence: Two months of reserves (as described in Section 5501.2(a)) for each additional second home and/or 1- to 4-unit investment property that is financed and on which the borrower is obligated, regardless of whether rental income is used in qualifying the borrower for both Loan Product Advisor mortgages and manually underwritten mortgages.</li> <li>7-10 financed properties including the subject property and the borrower's primary residence: Eight months' reserves for each additional second home and/or 1- to 4-unit investment property that is financed and on which the borrower is obligated, regardless of whether rental income is used in qualifying the borrower for Loan Product Advisor mortgages only. Manually underwritten mortgages not permitted.</li> </ul> <p>** Each borrower individually and all borrowers collectively.</p>		

<https://sf.freddiemac.com/content/assets/resources/pdf/update/rental.pdf>

Freddie Rental Income Matrix Page 5

# Borrowers with Multiple Financed Properties

## – Fannie Mae Reserve Requirements

**DU determines the reserves required for the other residential financed properties**

### Calculation of Reserves for Multiple Financed Properties

If the borrower owns other financed properties (determined in accordance with [B2-2-03, Multiple Financed Properties for the Same Borrower](#)), additional reserves must be calculated and documented for financed properties other than the subject property and the borrower's principal residence. The other financed properties reserves amount must be determined by applying a specific percentage to the aggregate of the outstanding unpaid principal balance (UPB) for mortgages and HELOCs on these other financed properties. The percentages are based on the number of financed properties:

- 2% of the aggregate UPB if the borrower has one to four financed properties,
- 4% of the aggregate UPB if the borrower has five to six financed properties, or
- 6% of the aggregate UPB if the borrower has seven to ten financed properties (DU only).

The aggregate UPB calculation does not include the mortgages and HELOCs that are on

- the subject property,
- the borrower's principal residence,
- properties that are sold or pending sale, and
- accounts that will be paid by closing (or omitted in DU on the online loan application).

<https://selling-guide.fanniemae.com/Selling-Guide/Origination-thru-Closing/Subpart-B3-Underwriting-Borrowers/Chapter-B3-4-Asset-Assessment/#Determining.20Required.20Minimum.20Reserves>

# AUS Findings and Feedback Review

## Best Practices for Review, 1008/1003/DU/LPA Messages

# Loan Product Advisor Feedback Certificate

## Review:

- Recommendation
- Eligibility
- Documentation level
  - Standard
  - Streamlined
- Appraisal requirement
- Expiration date
- Read ALL messages on the Feedback results

The screenshot displays the 'Loan Product Advisor Full Feedback Certificate' interface. It is divided into three main sections: 'Evaluation Summary', 'Loan Data', and 'Results'. Red arrows point to specific status indicators: 'ELIGIBLE' under 'PURCHASE ELIGIBILITY', 'ACCEPT' under 'RISK CLASS', 'Streamlined Accept' under 'DOCUMENTATION LEVEL', and 'Form 465' under 'APPRAISAL TYPE'.

Loan Product Advisor Full Feedback Certificate		
<b>Evaluation Summary</b>		
PURCHASE ELIGIBILITY ✓ ELIGIBLE	RISK CLASS ✓ ACCEPT	COLLATERAL R&W* RELIEF UNAVAILABLE
ASSET R&W* RELIEF UNAVAILABLE		
<b>Loan Data</b>		
BORROWER NAME	CO-BORROWER NAME(S)	CO-BORROWER NAME(S)
APPAISAL IDENTIFIER	LP AUS KEY	LOAN APPLICATION NUMBER
PROPERTY ADDRESS MYRTLE BCH, SC 29582	MORTGAGE TYPE Conventional	DOCUMENTATION LEVEL Streamlined Accept
<b>Results</b>		
AUS STATUS Complete	APPRAISAL TYPE Form 465	LOAN PROCESSING STAGE Underwriting
ASSESSMENT TYPE Credit Only	LPA VERSION 54.8.00	LPA ASSESSMENT EXP. DATE 09/30/2020

**Review The Feedback Certificate**

# Loan Product Advisor Feedback Certificate

## Displays:

- Mortgage details

Mortgage Information		
PRODUCT TYPE	AMORTIZATION TYPE	AMORTIZATION MONTHS
30 Year Fixed Rate	Fixed	360
INTEREST RATE	PURPOSE OF LOAN	PURCHASE PRICE
3.9900%	Purchase	\$355,000.00
LOAN AMOUNT	ESTIMATED VALUE OF PROPERTY	APPRAISED VALUE OF PROPERTY
\$337,250.00	N/A	\$580,000.00
PROPERTY TYPE	INTENDED USE OF PROPERTY	NUMBER OF UNITS
Condominium	Primary Residence	1
AFFORDABLE PRODUCT TYPE	CASH OUT AMOUNT	TEMPORARY SUBSIDY BUYDOWN
N/A	N/A	No
OFFERING IDENTIFIER	SUBORDINATE AMOUNT	SALES CONCESSIONS
N/A	N/A	N/A
NEW CONSTRUCTION	PURPOSE OF REFINANCE	LENDER SUBMITTED RESERVES
N/A	N/A	\$0.00
ARM Related Details:		
	ARM QUALIFYING RATE	ARM QUALIFYING PITI
	N/A	N/A

Review The Feedback Certificate

# Loan Product Advisor Feedback Certificate

## Displays:

- Current address
- Proposed payment
- Ratios
  - Housing
  - DTI
- Total monthly income submitted
- Total monthly debt
- LTV

### Borrower Information

Present Address: CHARLOTTE, NC 28278		
PROPOSED HOUSING (PITI)	PRESENT HOUSING EXPENSE	HOUSING RATIO
\$2,394.77	\$2,827.00	20%
DEBT RATIO	OCCUPANT HOUSING RATIO	OCCUPANT DEBT RATIO
40%	18%	31%

MAX MORTGAGE LIMIT	TOTAL MONTHLY INCOME	TOTAL MONTHLY DEBT
N/A	\$18,493.00	\$7,476.77

### Calculated Values

LTV  
95.00%

TLTV  
95.00%

HTLTV  
95.00%



# Easy To Read Funds To Verify

– Assets: Do you know how much to verify?

 TOTAL ELIGIBLE ASSETS		TOTAL FUNDS TO BE VERIFIED		THIRD PARTY ASSET VALIDATION	
1	\$23,239.00	2	\$15,262.44		\$3,263.32
REQUIRED BORROWER FUNDS		+ REQUIRED RESERVES		+ PAID DOWN DEBTS	
3	\$15,262.44	4	\$0.00		5 \$0.00

Asset Information Section Results		
#	Field	Brief Description
1	<a href="#">Total Eligible Assets</a>	The total amount of assets that are eligible sources of borrower funds and Reserves.
2	<a href="#">Total Funds to be Verified</a>	The minimum amount of eligible assets that must be verified.
3	<a href="#">Required Borrower Funds (Cash-to-Close)</a>	The amount of funds that are paid by the borrower in connection with the transaction. (Note: If this value is negative, \$0.00 displays. This occurs, for example, when the borrower is receiving cash out from the transaction.)
4	<a href="#">Required Reserves</a>	The minimum amount of remaining eligible assets required after closing. (Note: The Assets and Reserves section in the feedback messages will reflect any additional required reserves.)
5	<a href="#">Paid Off Debts</a>	This field <b>displays only on purchase transactions</b> and includes liabilities with a <i>Paid Off</i> indicator of "Yes". It does not include mortgages on properties indicated as pending sale or sold on the Schedule of Real Estate Owned.

# Income/Employment Messages

## Read Each Message, does it apply to the transaction?

Note: Many messages say “if”, so they apply only “if”....

Code	Messages
1K	Signed IRS Form 4506-T: Any borrower, whose income is used to qualify, is required to sign IRS Form 4506-T no later than the Note Date.
CZ	A 10-day pre-closing verification (10-day PCV) for _____ is required for each source of employment income used to qualify. The 10-day PCV must be dated no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery Date.
CZ	A 10-day pre-closing verification (10-day PCV) for _____ is required for each source of employment income used to qualify. The 10-day PCV must be dated no more than 10 Business Days prior to the Note Date or after the Note Date but prior to the Delivery Date.
I7	Department of Veterans Affairs(VA) benefits for _____ must be documented in accordance with the Freddie Mac-Single-Family Seller/Servicer Guide Chapter Section 5305.2.
OK	For existing and established VA benefits: Document income type, source, payment frequency, pre-determined payment amount and current receipt with one or more of the following, as needed: benefit verification letter, award letter, pay statement, 1099, bank statement(s) or equivalent. Age of documents must be met for evidence of current receipt; OR
M7	For newly established VA benefits: Document finalized terms, including source, type, effective date of income commencement, payment frequency and pre-determined payment amount with benefit verification letter, notice of award letter or equivalent document from payor that establishes terms. Income must commence prior to or on first Mortgage payment due date. Age of documentation requirements must be met. Verification of current receipt not required.
2V	If rental income is being used to qualify, document the loan file in accordance with Chapter 5306 of the Freddie Mac Single-Family Seller/Servicer Guide.

# Loan Product Advisor Feedback Certificate

## Assets & Reserves

Code	Messages
DW	Seller must investigate and resolve any inconsistent or contradictory information contained in the asset verification report and in the mortgage file.
DX	Reissue ID/Report ID CMBTAWY and Account Number 8008 for borrower(s) does not match account owner(s) on the asset verification report. Verify the account is owned by at least one borrower and the borrower has access to the funds.
DX	Reissue ID/Report ID CMBTAWY and Account Number 3193 for borrower(s) does not match account owner(s) on the asset verification report. Verify the account is owned by at least one borrower and the borrower has access to the funds.
E3	For account number 8008, Withdrawal amount of \$3,500.00 on 07/22/2020 with the description of CHECK 1530 matches the Cash Deposit on Sales Contract in the Other Credit section on the loan application. If this is the EMD, the asset verification report is acceptable evidence the EMD cleared. Verify and document the source of the EMD is an eligible asset type if the EMD is needed to meet minimum Borrower contribution from Borrower personal funds.

[Review All Feedback Certificate Messages](#)



# Loan Product Advisor Feedback Certificate

E9	Third Party Asset Validation has been calculated as \$3,263.32. This includes eligible asset types of Checking, Savings and Money Market and excludes large deposits.
GO	1 deposit(s) exceeds 50% of the total monthly qualifying income of \$18493.00.
GO	Chase Bank; CheckingAccount 8008; 07/29/2020; \$25,048.41; Description: BOOK TRANSFER CREDIT B/O: PNC BA.
F2	We are unable to evaluate this loan for asset representation & warranty relief at this time. Please resubmit and if you continue to receive this message, contact Customer Support at (800-FREDDIE) for assistance.
GF	The total funds to be verified are no less than \$15,262.44. This amount includes required Borrower Funds (\$15,262.44), required reserves (\$0.00), any debts to be paid off at or before closing (\$0.00) and any debts to be paid down at or before closing (\$0.00).
IT	The following asset(s) total \$23,239.00 and are eligible sources of funds: Savings: \$6,007; Gifts: \$6,000; Checking: \$4,572; Earnest Money Deposit: \$3,500; Checking: \$2,250; Checking: \$910.
GS	Required Borrower Funds are calculated as \$15,262.44 based on information submitted: purchase price (\$355,000.00) + alterations, improvements and repairs (\$0.00) - loan amount (\$337,250.00) + transaction costs (\$-2,487.56) - proceeds from subordinate financing (\$0.00).
HO	The Seller must verify sufficient assets from eligible sources of funds required to close the Mortgage transaction.
GP	Lender credit may only be used towards the Borrower's Closing Costs. In the event the lender credit exceeds Closing Costs, the lender credit must be reduced or the amount exceeding the Closing Costs must be applied as a principal curtailment to the new Mortgage.
QE	No reserves are required.
ZM	Owner-Occupied or Second Home Property: Financing concessions cannot exceed three percent of value.
G0	This loan was submitted with \$13,739.00 in depository accounts (checking, savings and/or money market).
CN	Depository accounts: For each account (checking, savings, money market, CDs, and other depository accounts) used to qualify the borrower, obtain an account statement covering a 1-month period or a direct verification.

## General Messages

Code	Messages
TV	Loan Product Advisor Assessment Expiration Date for 09/30/2020. is
TW	Loan Product Advisor Assessment Expiration Date for 09/30/2020. is
TX	Loan Product Advisor Assessment Expiration Date for 09/30/2020. is
WJ	Loan Product Advisor feedback messages were not updated to align with the temporary COVID-19 requirements currently in place. Please reference Single-Family Seller/Service Guide Bulletins and FAQs related to COVID-19. Sellers must comply with COVID-19 requirements regardless of any conflicting Loan Product Advisor feedback messages.

## Mortgage Insurance & Fees

Code	Messages
3I	This loan is eligible for 16% Custom MI coverage.
4G	This loan requires 30% Standard MI coverage.

## Credit & Liabilities

Code	Messages
5M	Credit report for reflects at least 1 creditor inquiry within the previous 90 days. If additional credit was granted, obtain verification of debt and include the payment in the monthly debt ratio.
YQ	Credit report for reflects at least 1 creditor inquiry within the previous 90 days. If additional credit was granted, obtain verification of the payment in the monthly debt ratio.

for reflects at least 1 creditor inquiry within 90 days. If additional credit was granted, obtain verification of debt the payment in the monthly debt ratio.

an Product Advisor Indicator Score from TRW (Experian) for

## Appraisal

the maximum loan limit allowed for a 1-unit property located in y, SC

red matched to: N MYRTLE BCH SC 29582, Y. Please confirm accuracy.

accuracy: The property address unit designator (e.g., Unit, Apt, etc.) number could not be found for the street address provided.

L3 Individual Condominium Unit Appraisal Report (Form 465) is required.

# Desktop Underwriter Findings

## Best Practices for Review



# DU Findings Report

## Risk/Eligibility

- Why NOT eligible
- How underwritten (specific product/program)
- Potential inaccuracies

### Risk / Eligibility

- 1 The **risk profile** of this loan casefile appears to meet Fannie Mae's guidelines. (MSG ID 0008)
- 2 This loan casefile **appears to meet Fannie Mae's eligibility requirements**. (MSG ID 0009)

## Potential Red Flag Messages:

- Social Security alerts
- Valuation concerns

- 4 According to the Social Security Administration (SSA), the Social Security number (SSN) for John Homeowner either has not been issued, or was recently issued. The SSN accuracy must be confirmed, and if incorrect, the SSN must be updated and the loan casefile resubmitted to DU. If the SSN is determined to be correct, it must be validated directly with the SSA (direct validation by a third party is acceptable), and the loan must be delivered with SFC 162. If the SSN cannot be validated with the SSA, the loan is not eligible for delivery to Fannie Mae. (MSG ID 0011)

### Summary of Findings

Casefile ID  
1386638226

Borrower 1 John Homeowner

Borrower 2 Mary Homeowner

Lender Loan Number JJ1

DU Version 10.2

Recommendation  
Approve/Eligible

Submission Number 9

Submission Date 01/03/2019 11:18AM

First Submission Date 10/09/2018 10:03AM

Submitted By a0837jna

### Mortgage Information

Note Rate 4.250%

Loan Type Conventional

Loan Term 360

Amortization Type Fixed Rate

Loan Purpose Purchase

Refi Purpose

Sales Price \$300,000.00

Actual/Estimated Appraised Value \$300,000.00

Months Reserves 6

### Property Information

Number of Units 1

Occupancy Status Secondary Residence

# Sample DU Findings Report

## MI Message Verify Premium Amount Included in DTI For DU or Loan Product Advisor for that matter

–Genworth Rate Quote in file to support MI premium used?

### 11 Mortgage insurance is required.

- The lender may either obtain mortgage insurance coverage of at least 16% with an MI loan-level price adjustment or obtain mortgage insurance coverage of 30%. Refer to the Loan-level Price Adjustment Matrix on [fanniemae.com](http://fanniemae.com).
- Verify the mortgage insurance premium is accurately reflected in the loan application.

(MSG ID 2477)

# DU Findings Report

## Verification Messages Broken Out By Topic:

### –Credit and Liabilities

- Bankruptcy, foreclosures, charge offs, omitted **accounts-do you have proper documentation**
- What accounts were indicated as “to be paid off”
- Mortgage that need additional attention/verification

#### Credit and Liabilities

- 13 Include **evidence of payoff** of the following debts (other than 30 day accounts) in the loan file: (MSG ID 0225)

BORROWER	CREDITOR	ACCOUNT NUMBER	BALANCE
John Homeowner	SALLIE MAE	950254520	\$5,000.00

- 14 The following **accounts** listed on the loan application **were omitted** from the underwriting calculations.

- For each liability that belongs to the borrower, provide documentation that supports the omission.
- If any of these accounts will be paid prior to or at closing, those accounts must be marked paid by closing (not omitted) and the loan casefile must be resubmitted to DU.

(MSG ID 0248)

BORROWER	CREDITOR	ACCOUNT NUMBER	BALANCE
John Homeowner	SALLIE MAE	950752340	\$1,100.00

- 15 The payment history for the following **mortgage(s)** **cannot be verified** because they are either:

- Not listed on the credit report,
- On the credit report, but not matched to the mortgage account on the 1003, or
- Shown on the credit report as having an outstanding balance, but the payment history has not been reported in the last 6 months.

Verify the payment history for the mortgage(s). If the mortgage is currently 60 days or more past due, or has been 60 days or more past due in the last 12 months, the loan casefile is ineligible for delivery

BORROWER	CREDITOR	PAYMENT	BALANCE
John Homeowner	Investment Mortgage	\$1,500.00	\$150,000.00
John Homeowner	Mortgage	\$1,000.00	\$100,000.00

# DU Findings Report

## Read Funds Section and Verify No Additional Funds are Needed

- Submit only statements that needed for the transaction; It takes time for underwriters to review documents that are not needed.

39 The following assets were counted towards available funds. With the exception of cash on hand, all available funds greater than the amount required to close have been added to cash reserves. (MSG ID 0059)

BORROWER	ASSET TYPE	INSTITUTION NAME	AMOUNT
John Homeowner	Stock		\$5,000.00
John Homeowner	Mutual fund		\$10,000.00
John Homeowner	Checking Account		\$10,000.00
Mary Homeowner	Gift funds		\$100,000.00
Mary Homeowner	Retirement		\$40,000.00

### Funds

Total Available Assets	\$185,000.00	Net Cash Back	\$0.00
Funds Required to Close	\$156,613.00	Excess Available Assets, not required to be verified by DU	\$0.00
Reserves Required to be Verified	\$8,387.00	Months Reserves	6
Total Funds to be Verified	\$185,000.00		
Cash Back	\$0.00		

# Fannie Mae Website



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## Originating & Underwriting

Innovation starts here

Solutions that help meet tomorrow's mortgage needs today.

With industry leading mortgage technologies, we enable lenders to successfully originate and underwrite loans with speed and efficiency. Our products are designed to:

- Help grow your business and support your borrower's needs
- Deliver speedy and efficient underwriting recommendations intuitively aligned to your process and loan origination systems
- Provide comprehensive credit risk assessment with fewer touchpoints and corresponding financial and operational impacts

Lenders also can receive freedom from certain representations and warranties and help reduce manual processes and cycle times through [Day 1 Certainty®](#).

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<https://singlefamily.fanniemae.com/originating-underwriting>

# Fannie Mae Job Aids/FAQs

## Explore training and resources

### General Underwriting & Selling Guide

#### Job Aids & Guides

- Selling Guide Up
- URLA/Form 1003
- URLA/Form 1003
- Getting Started v

#### Online Learning

- Borrower Income Verification Policies
- Rural Appraisal Challenges
- Assessing Income from Self-Employment
- Condo Project Standards Trainings
- Implementing Day 1 Certainty
- Form 1003 | Implementing the New DU Spec MISMO v3.4 – Section 1a
- Qualifying the Borrower Video Series
- Asset Validation for a Better Borrower Experience (DVS)
- Validating Borrower Employment and Income with DU (DVS)

#### Frequently Asked Questions

- Appraisal and Pr
- Appraisal Waiver
- Appraiser Indepe
- Project Insurance
- Project Standard
- Uniform Apprais
- Uniform Closing
- UCD Collection S
- Uniform Collater
- Uniform Mortgage Data Program® (UMDP®)
- Uniform Residential Loan Application (URLA/Form 1003)
- Top Lender Questions

#### Other Resources

- Selling Guide
- Selling & Servicing Guide Forms
- Selling & Servicing Guide Communications
- Mortgage Products
- AllRegs.com (pop-ups must be enabled in order to see page)
- HUD Review Approval Process (HRAP)

<https://singlefamily.fanniemae.com/learning-center/originating-and-underwriting>



# Fannie Mae Top Trending Questions

[Home](#) / [FAQ: Top Trending Selling FAQs](#)

## FAQ: Top Trending Selling FAQs

**Get answers to frequently asked questions, updated quarterly**

These are the top trending underwriting and eligibility questions customers have asked us. Visit Ask Poli® to see trending content, find more answers, filter content by topic, and view recently added questions.

FAQs updated June 22, 2020

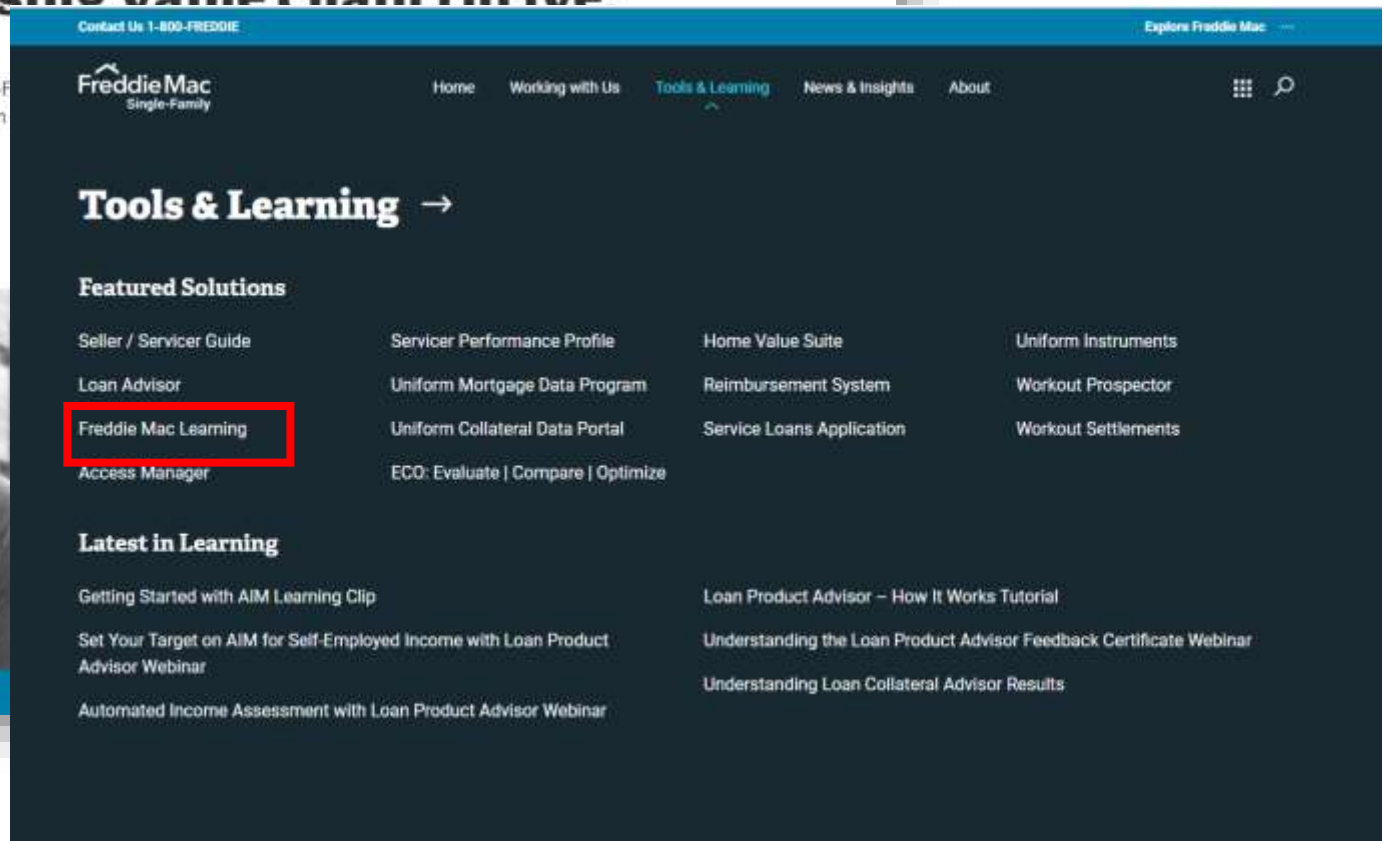
**Topics**

- [Asset Assessment > General](#)
- [Income Assessment > Employment](#)
- [Income Assessment > Other Sources](#)
- [Income Assessment > Self-Employment](#)
- [Liability Assessment > Monthly Debt Obligations](#)
- [Loan Application > Documentation](#)

**Have questions?**  
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<https://singlefamily.fanniemae.com/faq-top-trending-selling-faqs>



<https://sf.freddiemac.com/>

## New Customer Training Resources



This document lists resources useful to Sellers/Serviceers new to doing business with Freddie Mac. Use this key to identify the different resources listed:



Live Webinar



User Guide




Tutorial




Reference Tool


### Getting Started

[Getting Started with Freddie Mac Access Manager](#). This tutorial provides an overview of Freddie Mac Access Manager, and includes information, hands-on activities and simulations that demonstrate how to complete Access Manager provisioning tasks. 


[Navigating the Guide with AllRegs](#). This recorded session will provide strategies for searching the Freddie Mac Single-Family Seller/Serviceer Guide. 

[AllRegs User Guide](#). Step-by-step information on using AllRegs to access the Guide. 

[AllRegs: See It and Try It](#). This learning clip will use AllRegs to show you how to navigate, search and locate information in the Single-Family Seller Serviceer Guide. 


[Loan Advisor Overview](#). This tutorial provides a quick introduction to give you a better understanding of all the Loan Advisor tools that are available. 


### Underwriting


[Loan Product Advisor – How it Works](#). An introduction to Loan Product Advisor, Freddie Mac's automated underwriting service. 


[Entering and Submitting Data to Loan Product Advisor](#). A comprehensive look at Loan Product Advisor including how to enter data in it. 

[Understanding the Loan Product Advisor Feedback Certificate](#). A look at the different types of Loan Product Advisor results, how to validate the data Loan Product Advisor uses in its assessment, and what these results mean to you. 

[Underwriting Income and Employment](#). A summary of requirements, guidelines, policy changes for employment and income calculations, and documentation to help ensure that borrowers have the ability to repay obligations. 

[Reviewing the Uniform Residential Appraisal Report](#). A summary of requirements and guidelines for determining the acceptability of an appraisal report, including a review of the field-specific standardization requirements of the Uniform Appraisal Dataset (UAD). 

[Assets and Acceptable Sources of Funds](#). A review of requirements, guidelines, and policy changes for asset calculation and documentation to help ensure that borrowers have acceptable and sufficient funds. 

[Loan Product Advisor Documentation Matrix](#). Information to help streamline the document-gathering process for your borrowers, including helpful underwriting reminders. 

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[Freddie Mac Learning](#)

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[https://sf.freddiemac.com/content/\\_assets/resources/pdf/other/nc\\_resources.pdf](https://sf.freddiemac.com/content/_assets/resources/pdf/other/nc_resources.pdf)



## Loan Product Advisor® (version 4.8.01 or lower) Training Resources

Freddie Mac  
Single-Family

Update for Loan Product Advisor version 5.0.06 or higher coming soon.

The resources below support the Loan Product Advisor v4.8.01 or lower. For resources to support Loan Product Advisor v5.0.06 or higher refer to training resources document [here](#).

Access the following resources by clicking their titles below. The following icons identify the type of help provided:



### Tools

#### Asset and Income Modeler (AIM)

[Getting Started with AIM](#). Introduction to a Loan Product Advisor capability for capacity rep and warranty relief, Asset and Income Modeler, and how to get started.

[AIM for Assets reference](#). Assists you with using our automated asset assessment offering.

[AIM webinar](#). Learn more about how you can automate a manual process to more efficiently assess borrower income and assets and get the borrower qualified faster.

[AIM for Income reference](#). Assists you with using our automated income assessment (employer data) offering.

[AIM for Self-Employed reference](#). Assists you with using our automated assessment offering using Tax Return data for the self-employed.

[AIM for Self-Employed Helping to Underwrite Self-Employed Income webinar](#). Learn more about how you can use AIM for Self-Employed to help you underwrite self-employed borrowers and about our latest enhancement to the offering on business and income analysis rep and warranty relief eligibility.

#### Collateral

[Automated Collateral Evaluation clip](#). An overview of Loan Product Advisor's automated collateral evaluation (ACE).

[Appraisals and Appraisal Waivers: Optimizing Your Process with Collateral Representation & Warranty Relief](#). Freddie Mac's Collateral Representation and Warranty Relief can help you reduce time and increase confidence in your evaluation of the collateral.

### Overview

[Loan Product Advisor – How it Works](#). Basic information to begin using Loan Product Advisor.

[Loan Product Advisor Documentation Matrix](#). Specifies the documentation requirements for borrowers, including helpful underwriting reminders.

[The 3 Cs of Underwriting Factors Used in Freddie Mac's Automated Underwriting Assessment](#). Quick information about credit, capacity, and collateral, and how they factor in the overall Loan Product Advisor assessment.

[Loan Product Advisor Feedback Messages \(Cause and Resolution\)](#). Information to help resolve issues that result in Loan Product Advisor processing errors.

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## Loan Product Advisor Training Resources

### FHA/VA Mortgages

[Loan Product Advisor FHA TOTAL Mortgage Scorecard Documentation Matrix](#). Information to assist in determining the minimum documentation requirements for FHA (Federal Housing Administration) loans.

[Loan Product Advisor VA Documentation Matrix](#). Information to assist in determining the minimum documentation requirements for VA (Veterans Administration) loans.

[Processing FHA TOTAL Mortgages](#). Information on assessing FHA loans through Loan Product Advisor.

[Processing VA Mortgages](#). Information on assessing VA loans through Loan Product Advisor.

[Understanding Loan Product Advisor's Determination of Total Monthly Debt for FHA/VA Loans](#). Information about how the liability data entered in Loan Product Advisor is processed and the debt-to-income ratio is determined for FHA/VA loans.

For an easy monthly view of Freddie Mac Learning webinars, visit our calendar found at <https://sf.freddiemac.com/content/assets/resources/pdf/other/fml-webinar-cldr.pdf>.

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Page 3

income ratio is determined for conventional loans.

[Reminders for Loan Product Advisor Resubmissions after the Note Date](#). Reminders for resubmitting a mortgage to Loan Product Advisor after the Note Date.

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[https://sf.freddiemac.com/content/assets/resources/pdf/fact-sheet/lpa\\_resources.pdf](https://sf.freddiemac.com/content/assets/resources/pdf/fact-sheet/lpa_resources.pdf)

# Documentation and Rental Income Matrix

- Documentation Matrix Updated August 2020
- Rental Income Matrix Updated July 2020

## Loan Product Advisor® Documentation Matrix

**COVID-19 Response Notice:**  
Visit our [COVID-19 Resources](#) web page for property valuations.

Use the following information as a reference for documentation information and specific program requirements. [Refer to the Guide \(Guide\)](#). We recommend easy access.

**What Has Changed in this Reference?**

This reference is updated to coincide with new Guide Bulletins. Recent changes include:

Topic	Changes
Self-Employment Income	Setting guidance for temporary additional requirements when income for qualification is added to the D an important bullet
Monthly Obligations	Include in monthly housing payment, own, but rent the
Documentation of Liabilities	Updated documentation including omitted

**Note:** Vertical revision bars " | " are also used to highlight significant changes.

[The Guide on AllRegs](#) is the official electronic

August 2020

## Rental Income Matrix

Rental income may be used in qualifying the borrower(s) provided the requirements of Guide Section 5306.1 and the documentation requirements contained in Guide Sections 5102.3 and 5102.4 and Chapter 5302 are met. If rental income is not used to qualify the borrower, the requirements of Chapter 5306.1 do not apply.

**Notes:** A vertical revision bar " | " is used in the margin of this quick reference to highlight new requirements and significant changes. Effective for mortgages with Freddie Mac settlement dates on and after July 1, 2020.

Topic	Rental Income is from...		
	Subject Property: 2- to 4-unit Primary Residence	Subject Property: 1- to 4-unit Investment Property	Non-subject Investment Property Owned by the Borrower
Documentation, history and analysis - property owned in the prior calendar year	<p>If the borrower's monthly debt payment-to-income ratio (as described in Section 5401.2) includes the full monthly payment amount for the subject investment property and/or non-subject investment property, no further evaluation is required.</p> <p>If rental income from the subject investment property and/or non-subject investment property is to be considered in qualifying the borrower, the following requirements apply:</p> <ul style="list-style-type: none"> <li>The Seller must obtain the borrower's complete federal income tax returns (Internal Revenue Service (IRS) Form 1040) including Schedule E for the most recent year. Except as set forth below when use of a signed lease may be permitted, if the subject property has been owned for at least one year and income from the subject property is reported on the borrower's federal income tax returns, the Seller must use Schedule E to determine the net rental income or loss.</li> <li>If the subject property has been owned for at least one year and is reported on Schedule E of the borrower's prior year federal income tax return, use the income or loss as reported.</li> <li>A signed lease may be used: <ul style="list-style-type: none"> <li>If the property was out of service for any time period in the prior year and the mortgage file contains a documented event such as a renovation and Schedule E supports this by a reduced number of days in use and reflects repair costs; or</li> <li>The property was purchased later in the calendar year and Schedule E supports this by a reduced number of days in use; and</li> <li>Additional documentation provided, as follows: <ul style="list-style-type: none"> <li>Forms 72, <a href="#">Small Residential Income Property Appraisal Report</a>, or 1000, <a href="#">Single-Family Comparative Rent Schedule</a>, supporting the income reflected on the lease; or</li> <li>Documentation (e.g., bank statements evidencing deposit or electronic transfer of rental payments, canceled rent checks) to support two months of receipt of rental income. <b>Note:</b> A Form 72 or 1000 is always required for the subject property as described in Guide Section 5306.1(c)(ii).</li> </ul> </li> </ul> </li> </ul> <p>Unless the above requirements are met, a signed lease may not be used and the rental income or loss from Schedule E must be used and annualized for qualifying purposes.</p>		
Streamlined and Standard Documentation Levels	<ul style="list-style-type: none"> <li>The Seller must obtain the borrower's complete federal income tax returns (Internal Revenue Service (IRS) Form 1040) including Schedule E for the most recent year. Except as set forth below when use of a signed lease may be permitted, if the subject property has been owned for at least one year and income from the subject property is reported on the borrower's federal income tax returns, the Seller must use Schedule E to determine the net rental income or loss.</li> <li>If the subject property has been owned for at least one year and is reported on Schedule E of the borrower's prior year federal income tax return, use the income or loss as reported.</li> <li>A signed lease may be used: <ul style="list-style-type: none"> <li>If the property was out of service for any time period in the prior year and the mortgage file contains a documented event such as a renovation and Schedule E supports this by a reduced number of days in use and reflects repair costs; or</li> <li>The property was purchased later in the calendar year and Schedule E supports this by a reduced number of days in use; and</li> <li>Additional documentation provided, as follows: <ul style="list-style-type: none"> <li>Forms 72, <a href="#">Small Residential Income Property Appraisal Report</a>, or 1000, <a href="#">Single-Family Comparative Rent Schedule</a>, supporting the income reflected on the lease; or</li> <li>Documentation (e.g., bank statements evidencing deposit or electronic transfer of rental payments, canceled rent checks) to support two months of receipt of rental income. <b>Note:</b> A Form 72 or 1000 is always required for the subject property as described in Guide Section 5306.1(c)(ii).</li> </ul> </li> </ul> </li> </ul> <p>Unless the above requirements are met, a signed lease may not be used and the rental income or loss from Schedule E must be used and annualized for qualifying purposes.</p>		

July 2020

Freddie Mac Learning

[https://sf.freddie.mac.com/content/\\_assets/resources/pdf/update/rental.pdf](https://sf.freddie.mac.com/content/_assets/resources/pdf/update/rental.pdf)

# Genworth Underwriting Guidelines



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Genworth Mortgage Insurance

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# Genworth MI Top Decision Errors



## MI Decision Tips

2nd Quarter 2020

Genworth's Risk Quality Assurance team creates this report to help underwriters to submit quality originations. Each quarter, you can use this report to discover the most frequently made MI decision errors and learn how to avoid them. You'll find excerpts from the associated underwriting guidelines along with corrective actions for each – including relevant examples when appropriate. Loans requiring an exception to Genworth published guidelines must be sent in for a Genworth underwrite.

Assets – Analyzing the Borrower's Assets		
Decision Error	Underwriting Guideline	Corrective Action
Assets Not Documented as Required by Program or AUS Guidelines	<b>Genworth Section 6.2.1 DU Underwriting Findings Report and Loan Product Advisor Feedback Certificate (08/05/19)</b> While the minimum level of documentation for the loan is described in the Findings/Feedback report, it may not be adequate for the loan's particular circumstances. Additional documentation may be warranted to substantiate the loan decision.	Underwriter must ensure Genworth, AUS and investor documentation requirements have been met for verification and documentation of assets. AUS assumes any assets required will be verified and documented in file.
Source of Funds not Adequately or Properly Documented for Large Deposits	<b>Genworth Standard Guidelines Section 7.1 Standard Guidelines Documentation Requirements (07/01/19)</b> Our policy for manual underwriting is to follow Fannie, Freddie or Freddie, otherwise least restrictive.	<b>Example 1:</b> Missing documentation to evidence source of a large deposit in the amount of \$6,500.00. <b>Example 2:</b> Missing all pages to bank statements or missing second month statement if required.
Insufficient Assets to Close or for Required Reserves		<b>Example 3:</b> Insufficient verified liquid funds for closing. Cash to close per Closing Disclosure was \$30,866 and verified liquid funds in file are \$23,404; funds are short by \$7,462.

**For More Information**  
Contact us at [action.center@genworth.com](mailto:action.center@genworth.com) or 800.444.5664 for questions or to give us feedback.

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<https://new-content.mortgageinsurance.genworth.com/2020-08/MI%20Decision%20Tips%20Q%202020.pdf>

## Assets – Analyzing the Borrower's Assets

Decision Error	Underwriting Guideline	Corrective Action
<p><b>Assets Not Documented as Required by Program or AUS Guidelines</b></p> <p><b>Source of Funds not Adequately or Properly Documented for Large Deposits</b></p> <p><b>Insufficient Assets to Close or for Required Reserves</b></p> <p><b>Missing Gift Documentation</b></p>	<p><b>Genworth Section 6.2.1 DU Underwriting Findings Report and Loan Product Advisor Feedback Certificate (08/05/19)</b></p> <p>While the minimum level of documentation for the loan is described in the Findings/Feedback report, it may not be adequate for the loan's particular circumstances. Additional documentation may be warranted to substantiate the loan decision.</p> <p><b>Genworth Standard Guidelines Section 7.1 Standard Guidelines Documentation Requirements (07/01/19)</b></p> <p>Our policy for manual underwriting is to follow Fannie if Fannie, Freddie if Freddie, otherwise least restrictive.</p>	<p>Underwriter must ensure Genworth, AUS and Investor documentation requirements have been met for verification and documentation of assets. AUS assumes any assets required will be verified and documented in file.</p> <p><b>Example 1:</b> Missing documentation to evidence source of a large deposit in the amount of \$6,500.00.</p> <p><b>Example 2:</b> Missing all pages to bank statements or missing second month statement if required.</p> <p><b>Example 3:</b> Insufficient verified liquid funds for closing. Cash to close per Closing Disclosure was \$30,866 and verified liquid funds in file are \$23,404; funds are short by \$7,462.</p>

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## Assets – Analyzing the Borrower's Assets

Decision Error	Underwriting Guideline	Corrective Action														
Excessive Seller Contributions	<p><b>Section 5.30 Builder/Seller Contributions</b> Follow GSE standard guidelines for treatment of builder/seller contributions, subject to these maximum contributions amounts:</p> <table border="1"> <thead> <tr> <th>Occupancy</th><th>LTV</th><th>Max Contribution</th></tr> </thead> <tbody> <tr> <td rowspan="2">Primary Residence</td><td>90.01 – 97%</td><td>3%</td></tr> <tr> <td>90%</td><td>6%</td></tr> <tr> <td>Second Homes</td><td>90%</td><td>6%</td></tr> <tr> <td>Investment Property</td><td>85%</td><td>2%</td></tr> </tbody> </table> <p>Loans with payment abatements are ineligible. Payment abatements are funds provided by an interested party used to offset or fully fund a borrower's monthly payments.</p> <p><i>Note: The payment of HOA fees is not considered an abatement unless the payment of the fee extends for more than 12 months. The payment of HOA fees for 12 months or less is considered an interested party contribution.</i></p> <p>For HomePath® properties, we allow up to 6% Interested Party Contribution (IPC) for primary residence transactions with LTV/CLTV &gt; 90%. All other requirements related to interested party contributions continue to apply. As DU will not be able to identify the subject property as a HomePath property, it is the lender's responsibility to verify and ensure that the property is a HomePath property and document the Loan File accordingly.</p>	Occupancy	LTV	Max Contribution	Primary Residence	90.01 – 97%	3%	90%	6%	Second Homes	90%	6%	Investment Property	85%	2%	Underwriter must ensure that AUS, Genworth and Investor guidelines have been met.
Occupancy	LTV	Max Contribution														
Primary Residence	90.01 – 97%	3%														
	90%	6%														
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Investment Property	85%	2%														

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Credit – Analyzing the Borrower's Credit		
Decision Error	Genworth Underwriting Guideline	Corrective Action
<p><b>Missing Documentation for Credit Concerns Not Recognized by AUS</b></p> <p><b>Missing Documentation as Required by AUS</b></p>	<p><b>Genworth Section 6.2.1 DU Underwriting Findings Report and Loan Product Advisor Feedback Certificate (08/05/19)</b></p> <p>While the minimum level of documentation for the loan is described in the Findings/Feedback report, it may not be adequate for the loan's particular circumstances. Additional documentation may be warranted to substantiate the loan decision.</p> <p><b>Genworth Standard Guidelines Section 7.1 Standard Guidelines Documentation Requirements (07/01/19)</b></p> <p>Our policy for manual underwriting is to follow Fannie if Fannie, Freddie if Freddie, otherwise least restrictive.</p>	<p>Underwriter must ensure Genworth, AUS and Investor documentation requirements have been met.</p> <p><b>Example 1:</b> Missing Closing Disclosure from sale of current property and reflecting mortgage of \$227,387 is paid off. If debt is included, DTI changes from 32% to 46%.</p> <p><b>Example 2:</b> Missing documentation for the total monthly housing (P&amp;I, taxes, insurance and/or HOA) payment of property listed on REO was not documented</p> <p><b>Example 3:</b> A mortgage and/or debt was not counted in the Lender's ratios. Missing documentation to support the omission.</p> <p><b>Example 4:</b> Missing verification of Borrowers social security number and/or non-permanent/permanent resident documentation as required by AUS.</p>

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**Genworth MI Decision Tips Updated Every Quarter**



## Income – Analyzing the Borrower's Income

Decision Error	Underwriting Guideline	Corrective Action
<p><b>Verbal VOE Missing, Incomplete or Incorrect</b></p> <p><b>Income Not Documented as Required by Program and/or AUS Findings Recommendation</b></p>	<p><b>Genworth Section 6.2.1 DU Underwriting Findings Report and Loan Product Advisor Feedback Certificate (08/05/19)</b> Follow Verbal VOE requirements by DU and Loan Product Advisor.</p> <p><b>Genworth Standard Guidelines Documentation Section 7.11.11</b> Verbal VOE is required to be dated within 30 calendar days prior to the note date for both salaried and self-employed borrowers</p> <p><b>Genworth Section 6.2.1 DU Underwriting Findings Report and Loan Product Advisor Feedback Certificate (08/05/19)</b> While the minimum level of documentation for the loan is described in the Findings/Feedback report, it may not be adequate for the loan's particular circumstances. Additional documentation may be warranted to substantiate the loan decision</p> <p><b>Genworth Standard Guidelines Section 7.1 Standard Guidelines Documentation Requirements (07/01/19)</b> Our policy for manual underwriting is to follow Fannie if Fannie, Freddie if Freddie, otherwise least restrictive.</p>	<p>Underwriter must ensure that AUS, Genworth and Investor documentation requirements have been met.</p> <p><b>Example 1:</b> Missing current paystub and W-2 from the prior year or a standard VOE as required by DU.</p> <p><b>Example 2:</b> Expired income documents. Most recent paystub provided for borrower is dated 08/01/16. Loan closed 12/15/16 (over 120 days old).</p> <p><b>Example 3:</b> Current paystub is missing YTD income.</p> <p><b>Example 4:</b> Borrower has a 2 year job history per 1003 but started a new job mid-year. A lender is required to obtain documentation from the previous employer. The loan file needs to reflect all YTD income and address any employment gaps. There should be evidence of continuity of income.</p>

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# Contract Underwriting Submission Tips



## Underwriting Tips for Contract Underwritten Loans

Genworth's Contract Underwriting team wants to help you get your loan to closing as fast as possible. We have prepared this **tip sheet with top 3 areas of focus** to help minimize Prior-to-Closing Conditions.

### Missing or Incomplete Documentation as Required by Program or AUS Guidelines

#### SCENARIOS

Documentation required by Program/AUS Guidelines weren't provided or Incomplete

#### HELPFUL TIPS

1. Make sure to refer to AUS or Program Guideline(s) documentation requirements
  - # of months of asset statements or VOD required
  - Paystub(s), # of years W2s or Tax Returns
  - Documentation on Large Deposit(s)

### Agency Guideline References for Agency Documentation Requirements:

- **Fannie Mae:** Section B3-2-04, DU\* Documentation Requirements, Section B3-3, Income Assessment, Section B3-4, Asset Assessment, Section B3-5, Credit Assessment, Section B3-6, Liability Assessment, Section B4-1, Appraisal Requirements
- **Freddie Mac:** Section 5101.4, Documentation requirements when using Loan Product Advisor\*, Section 5200, Credit Assessment, Section 5300, Stable Monthly Income and Asset Qualification Sources, Section 5400, Evaluation of Monthly Obligations, Section 5500, Assets, Section 5600, Property Eligibility and Appraisal Requirements

**\*\*NOTE:** Investor Guidelines/Overlays may differ from Agency requirements. The above Agency Guideline References do not include validation/automated service documentation requirements.

### Earnest Money Deposit (EMD) Not Documented as Required by Program or AUS Guidelines

#### SCENARIOS

Copy of EMD check provided dated 3.29, however, most recent bank statement for the account the EMD was written from was dated 3.15

#### HELPFUL TIPS

1. Provide updated bank statement or transaction history reflecting the EMD check dated 3.29 has cleared
2. Update 1003/1008/AUS findings with the updated bank account balance per statement/history after the date the EMD checked cleared

Copy of EMD check for \$5,000 dated 3.29, however, most recent bank statement for the account the EMD was written from was dated 3.15 and balance was \$129.04

1. Provide updated bank statement or transaction history reflecting the EMD check dated 3.29 has cleared the account
2. Document the source of any/all large deposit(s) (as defined by Fannie Mae/Freddie Mac or Investor guidelines) that may have been used for funds to make the EMD
3. Update 1003/1008/AUS findings with the updated bank balance per statement/history after the EMD check cleared the account

continued on back

EMD was listed as an "Other credit" in the Details of Transaction of 1003, but the file contained no documentation verifying the EMD and/or source

1. Provide copy of EMD check
2. Provide copy of bank statement(s) or VOD for time period that covers up to & including the date the EMD cleared the borrower's account

### Agency Guideline References for EMD(s):

- **Fannie Mae Selling Guide:** Section B3-4.3-09, Earnest Money Deposit & Section B3-4.4-02, Documentation Requirements
- **Freddie Mac Selling Guide:** Section 5501.3, Asset eligibility & documentation requirements > (b)(iii) – Earnest Money Deposit (EMD)

**\*\*NOTE:** Investor Guidelines/Overlays may differ from Fannie Mae/Freddie Mac requirements

### Gift Not Documented as Required by Program or AUS Guidelines

#### SCENARIOS

Borrower(s) EMD of \$7,500 came from gift funds

#### HELPFUL TIPS

1. Provide fully executed gift letter for gift funds of \$7,500 for the EMD funds
2. Verify the donor's availability of funds and their transfer of funds for the EMD
3. Ensure the 1003/1008/AUS reflect the source of EMD for \$7,500 was from a gift

A source of borrower(s) funds to close is coming from a gift

1. Provide fully executed gift letter
2. Verify the donor's availability of funds and document transfer of gift funds to borrower(s)
- \*\* For gift funds not transferred until closing, please ensure either the gift letter reflects – OR – provide other indication of this in the file**
3. Ensure the 1003/1008/AUS reflect the gift amount as source of funds to close

Borrower(s) savings account has a balance of \$10,000, but recently had a large deposit of \$10,000. It was determined the source of this deposit was from a gift

1. Provide fully executed gift letter for gift funds of \$10,000
2. Provide evidence the large deposit borrower received, came from the gift donor & donor's availability of funds
3. Update 1003/AUS findings as follows
  - Reduce the qualifying balance in savings account to \$2,000
  - Add a separate gift asset of \$10,000
  - Re-run AUS findings with the updated asset information

### Agency Guideline References for Gift(s):

- **Fannie Mae Selling Guide:** Section B3-4.3-04, Personal Gifts; Section B3-4.3-05, Gifts of Equity; Section B3-4.3-06, Donations from Entities, & Section B3-4.4-02, Documentation Requirements
- **Freddie Mac Selling Guide:** Section 5501.3, Asset eligibility & documentation requirements > (c)(1,2,3) – Special Requirements for other eligible source of funds

**\*\*NOTE:** Investor Guidelines/Overlays may differ from Fannie Mae/Freddie Mac requirements

If you have questions, contact your Genworth Regional Underwriter or visit our website at [mi.genworth.com](http://mi.genworth.com). Visit [mi.genworth.com/investor-underwriting](http://mi.genworth.com/investor-underwriting) for State licensing information for Genworth Financial Services, Inc.

For any additional training from Genworth on these topics and more please visit our Training/Webinar catalog for loan processors at [new.mi.genworth.com/course-catalog](http://new.mi.genworth.com/course-catalog).

### YOU-CENTRIC SOLUTIONS THAT MATTER

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Due to various internet browser versions, please download and save PDF before entering data. Please note, calculators are updated periodically.

 <p><b>Fannie Mae Form 1084 Calculator (2018-2019)</b> Calculate and analyze cash flow to help you complete Fannie Mae Form 1084. <small>UPDATED</small></p>	 <p><b>Fannie Mae Form 1084 Calculator XLS (2018-2019)</b> Calculate and analyze cash flow to help you complete Fannie Mae Form 1084. <small>UPDATED</small></p>	 <p><b>Freddie Mac Form 91 Calculator (2018-2019)</b> Quick reference guide and income analysis for Freddie Mac Form 91. <small>UPDATED</small></p>
 <p><b>Freddie Mac Form 92 Calculator (2018-2019)</b> Form 92 Real Rental Income Calculators – Schedule E. <small>UPDATED</small></p>	 <p><b>Schedule Analysis Method (SAM) Calculator (2018-2019)</b> Calculate qualifying income from tax returns. <small>UPDATED</small></p>	 <p><b>Rental Income Calculator (2018-2019)</b> Assists in calculating rental income from IRS Form 1042 Schedule E. <small>UPDATED</small></p>
 <p><b>Current Ratio – Liquidity Calculator (2018-2019)</b> Calculate working capital liquidity against current liabilities. <small>UPDATED</small></p>	 <p><b>Quick Ratio – Liquidity Calculator (2018-2019)</b> Calculate an organization's liquidity against current liabilities. <small>UPDATED</small></p>	 <p><b>Fannie Mae Rental Guide (Calculator 1037)</b> Use this worksheet to calculate qualifying rental income for Fannie Mae Form 1037 (Principal Residence, 2- to 4-unit Property). <small>UPDATED</small></p>
 <p><b>Fannie Mae Rental Guide Calculator (1038)</b> <small>UPDATED</small></p>	 <p><b>Fannie Mae Rental Guide (Calculator 1039)</b> Calculate qualifying rental income for Fannie Mae Form 1039 (Business Rental Income from Investment Property). <small>UPDATED</small></p>	 <p><b>Fannie Mae Form 1088 Cheat Sheet (2017-2018)</b> Use this quick reference guide for Fannie Mae's Comparative Analysis Form (Form 1088). <small>UPDATED</small></p>
 <p><b>Fannie Mae Comparative Analysis Form 1088 (2017-2018)</b> Calculate increases/decreases in gross income, expenses and taxable income. <small>UPDATED</small></p>	 <p><b>Income Calculation Worksheet</b> Use this form to calculate income. <small>UPDATED</small></p>	 <p><b>P&amp;L Calculator (2020)</b> Created as result of changes made by the SBA to adapt to the COVID-19 pandemic. <small>UPDATED</small></p>
 <p><b>Business Stability and Income Worksheet (2020)</b> Created as result of changes made by the SBA to adapt to the COVID-19 pandemic. <small>UPDATED</small></p>		

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- April Training

### It's a YOU year!

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## Self-Employed Borrower Tools

Valuable income calculation tools and reference guides for calculating self-employed borrower income.



Schedule Analysis Method (SAM) Calculator (2018-2019)



Rental Income Calculator (2018-2019)



Fannie Mae Form 1084 Calculator (2018-2019)



Freddie Mac Form 91 Calculator (2018-2019)



Freddie Mac Form 91 Calculator (2018-2019)

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