



**URBAN FINANCIAL OF AMERICA**

Experts in Reverse Mortgage Financing

Wholesale  
Financial Assessment  
Workbook

## WHAT'S INSIDE

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- ✓ New Submission HECM Traditional Checklist
- ✓ New Submission HECM Purchase Checklist
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- ✓ Prequalification Form – Full Review
- ✓ FAQs
- ✓ Credit Job Aid
- ✓ Income Job Aid
- ✓ Example FA Worksheet (From ReverseVision)
- ✓ Example 1009 Addendum (From ReverseVision)

UFA Partner takes borrower's application and pulls credit.

UFA Partner submits for Lite or Full Pre-Qualification review of the borrower's credit and income history.

UFA performs review and returns results.

Partner and Borrower decide whether to proceed with the loan process.

Partner submits the loan to UFA!

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## SUBMISSION CHECKLISTS



## HECM Wholesale Submission Checklist

Borrowers: \_\_\_\_\_ Loan #: \_\_\_\_\_

State: \_\_\_\_\_ County: \_\_\_\_\_

HECM to HECM refinance?  Yes  No

Purchase?  Yes  No

Repair set-aside?  Yes  No

Condominium?  Yes  No

**Urban Financial of America, LLC (UFA)**  
**8909 S. Yale Ave.**  
**Tulsa, OK 74137**

### State-Specific Counseling Requirements:

- Telephone counseling restrictions: CA
  - State-specific disclosures: MA, SC, NC, RI
  - Face-to-face counseling required: VT
  - Counseling required before application: TN, VT
  - Counseling agency restrictions: VT, MA, NC
- See Counseling topic in the Underwriting manual for details.

**ALL DOCUMENTS MUST BE FULLY COMPLETED AND LEGIBLE**

### Disclosures

- Origination Compensation Confirmation – [required for TPO fixed rates only.](#)
- Valid Changed Circumstance Worksheet – [required if value has increased, or product has changed](#)
- Initial Application Fannie Mae 1009 and addendum
- Initial Application Addendum (HUD/VA addendum)
- Good Faith Estimate
- Estimate of Closing Costs
- Safe Harbor Reg Z Broker Document (loan options disclosure), if applicable
- Borrower's Acknowledgement of Disclosures
- Acknowledgement of Receipt of Good Faith Estimate
- Settlement Service Providers List
- Required Providers Disclosure
- Total Annual Loan Cost Rate
- Amortization Schedule
- Reverse Mortgage Comparison
- HECM Consumer Protection Against Excessive Fees Disclosure
- Annuity Disclosure
- HECM TIL – Important Terms Disclosure
- Borrowers Certification and Authorization
- Borrower Notification
- Tax & Insurance Disclosure / General Authorization / Joint Application / Bankruptcy Statement
- Servicing Transfer Disclosure Statement [required at application for Principal Agents / required only upon re-disclosure for TPOs](#)
- Equal Credit / Fair Credit / Government Loans / USA Patriot Act
- Privacy Policy
- Housing Discrimination of 1977 Disclosure
- Affiliated Business Arrangement Disclosure Statement
- State Specific Disclosures, if applicable
- Borrower Certification of Appraisal Delivery
- Alternate Contact and Information Release Authorization
- Interthinx Authorization, if no SSN available
- Customer Identification, Patriot Act
- Reverse Mortgage Repair Acknowledgement
- Occupancy Certification
- Lead Based Paint Certification
- Funds Disbursement Disclosure
- Counseling Disclosure
- List of HUD Approved Counselors
- FHA-Insured HECM Loan Application Disclosure
- Applicant Compliance Agreement
- Certificate Regarding Hotel and Transient Use – if property is 2-4 units
- Ownership Interest Certification – if non-borrowing spouse, or if removing any party from title



- Fund Transfer Information
- Borrower's Appraisal Request or Waiver Form

**HECM to HECM Documents/Disclosures**

- HECM Anti-Churning Disclosure
- HECM Refinance Acknowledgement Disclosure
- HECM Payoff (from current servicer)
- HECM Refinance Worksheet (from current servicer)

**Financial Assessment Documentation**

**Any file submitted with all bolded items, below, is eligible for a rush submission to Underwriting**

- File will NOT be submitted to UW without the items in **bold** if the case number is assigned 4/27/15 or after.
- Insurance Binder
- Flood Certificate to Urban Financial of America, LLC
- Flood Insurance, if applicable
- Fully completed 1009 addendum**
- 4506T Authorization, unless tax returns provided (must show borrower's names in the order they file taxes and with the appropriate address)**
- Credit Report, Tri-merge**
- Income documentation – see attached Income Cheat Sheet for individual income requirements**
- Tax Returns – NOT required for every income type; however will ensure a smoother underwriting process
- Funds to Close (gift letter, Verification of Deposit (VOD), bank statements), if applicable
- Payoffs and Invoices

**Other Documentation**

- FHA Connection: Case number assignment printout to Urban Financial of America, LLC
- LO and Company Licenses
- Counseling Certificate
- Limited Denial of Participation (LDP) Printouts
- GSA Printouts
- CAIVRS Printouts
- Legible Social Security Number (SSN) verification
- Legible Date of Birth Verification
- Death Certificate / Marriage License, if applicable
- Attorney Opinion Letter and Copy of Trust Agreement (all pages and amendments), if property is closing in a trust
- Guardianship, Conservatorship, Power of Attorney, if applicable
- Preliminary Title Report
- Last Recorded Vesting Deed
- CPL / Wiring Instructions
- Settlement Statement
- Survey, if applicable
- Repair Inspections and bids, if applicable
- Condominium Documentation, if applicable: FHA Approval, Approved Condo Questionnaire, Budget, Master Policy, and so forth
- Appraisal – Upload a PDF copy of the color appraisal to the ReverseVision Processing Tasks screen

**Notes:** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Company: \_\_\_\_\_ Branch: \_\_\_\_\_

Processor: \_\_\_\_\_ Processor Email Address: \_\_\_\_\_

Submit questions to [urbansubmissions@ufareverse.com](mailto:urbansubmissions@ufareverse.com)



## Income Cheat Sheet

### Social Security Income

Obtain a copy of the last Notice of Award letter, which states the SSA's determination on the borrower's eligibility for SSA income and ONE of the following:

ONE of the following:

- Copy of the borrower's Social Security benefit statement (SSA-1099/104S)
- Federal tax returns
- Most recent bank statement reflecting income from the Social Security Administration
- A proof of income letter (Budget or Benefit Letter) that indicates income from the Social Security Administration

### Self-Employment Income

- 2 Years Tax Returns with all Schedules, including Schedule C, C-EZ, or E, OR 4506T Authorization
- Schedule K-1
- Year to Date Profit and Loss Statement (an audited profit and loss statement if the income used in residual income exceeds the two-year average).
- Business Credit Report (if incorporated)

### Employment Income

- Most recent pay stub covering 30 consecutive days that shows YTD earnings
- Verification of Employment covering 2 years (to be obtained by UFA)

OR

- Most recent pay stub covering 30 consecutive days that shows YTD earnings
- Copies of the original IRS W-2 forms for prior 2 years
- Verification of Employment covering 2 years (to be obtained by UFA)

### 401k/IRA Income

- Most recent statement **AND** one of the following:
  - 2 Years Tax Returns
  - Most recent bank statement showing receipt of income

### Pension Income

- Most recent statement **AND** one of the following:
  - Federal tax returns (reported on line 16a).
  - The most recent bank statement showing receipt of income from the former employer.
  - A copy of the borrower's pension/retirement letter from the former employer.

### Annuity Income

- Legal agreement establishing the annuity and guaranteeing continuance for 3 years
- Bank statement or transaction history from the bank evidencing receipt of the annuity

### Rental Income (other properties)

- 2 Years Tax Returns with all Schedules, including Schedule E

### Other Income

There are numerous other acceptable types of income. For individual income requirements, reference the HECM Financial Assessment and Property Charge Guide:

<http://portal.hud.gov/hudportal/documents/huddoc?id=14-22ml-atc2.pdf>



## HECM Purchase Submission Checklist

Borrower(s): \_\_\_\_\_ Loan #: \_\_\_\_\_

State: \_\_\_\_\_ County: \_\_\_\_\_

Condominium?  Yes  No

Compensation, borrower or lender?  Yes  No

**ALL DOCUMENTS MUST BE FULLY COMPLETED AND LEGIBLE**

### Disclosures

- Origination Compensation Confirmation – **required for TPOs, fixed rate only**
- Valid Changed Circumstance Worksheet – **required if value has increased, or product has changed**
- Right to Inspections
- Initial Application Fannie Mae 1009 and addendum
- Initial Application Addendum (HUD/VA addendum)
- Good Faith Estimate
- Estimate of Closing Costs
- Safe Harbor Reg Z Broker Document (loan options disclosure), if applicable
- Borrower's Acknowledgement of Disclosures
- Settlement Service Providers List
- Required Providers Disclosure
- Total Annual Loan Cost Rate
- Amortization Schedule
- Reverse Mortgage Comparison
- HECM Consumer Protection Against Excessive Fees Disclosure
- Annuity Disclosure
- HECM TIL – Important Terms Disclosure
- Borrowers Certification and Authorization
- Borrower Notification
- Tax & Insurance Disclosure / General Authorization / Joint Application / Bankruptcy Statement
- Servicing Transfer Disclosure Statement – **required at application for Principal Agents / upon re-disclosure for TPOs**
- Equal Credit / Fair Credit / Government Loans / USA Patriot Act
- Privacy Policy
- Housing Discrimination of 1977 Disclosure
- Affiliated Business Arrangement Disclosure Statement
- State Specific Disclosures, if applicable
- Notice of Availability of Appraisal
- Alternate Contact and Information Release Authorization
- nterthinx Authorization, if no SSN available
- Customer Identification, Patriot Act
- Reverse Mortgage Repair Acknowledgement
- Occupancy Certification
- Lead Based Paint Certification
- Funds Disbursement Disclosure
- Counseling Disclosure
- List of HUD Approved Counselors
- Certificate Regarding Hotel and Transient Use - if 2-4 unit

### State-Specific Counseling Requirements:

- Telephone counseling restrictions:
  - California
- State-specific disclosures required:
  - Massachusetts
  - South Carolina
  - Rhode Island
- Face-to-face counseling required:
  - Vermont
  - North Carolina
- Counseling required before application:
  - Tennessee
  - Vermont
- Counseling agency restrictions:
  - Vermont
  - Massachusetts

[See Counseling in the Underwriting Manual for details.](#)

### Financial Assessment Documentation

**Any file submitted with all bolded items, below, is eligible for a rush submission to Underwriting**

- Hazard Insurance
- Flood Certificate to Urban Financial of America
- Flood Insurance
- Fully completed 1009 addendum**
- 4506T Authorization, unless tax returns provided**
- Credit Report, tri-merge (if scores provided)**
- Credit Report, non-traditional (if scores not provided)**
- Funds to Close**
- Income documentation – see attached Income Cheat Sheet**
- Tax Returns – NOT required for every income type
- Payoffs and Invoices





**Other Documentation**

- FHA Connection: Case number assignment printout to Urban Financial of America
- LO and Company Licenses
- Counseling Certificate
- Limited Denial of Participation (LDP) Printouts
- GSA Printouts
- CAIVRS Printouts
- Social Security Number (SSN) verification
- Date of Birth Verification
- Death Certificate / Marriage License, if applicable
- Attorney Opinion Letter and Copy of Trust Agreement (all pages and amendments), if property is a trust
- Non-borrowing Spouse Certification / Ownership Interest Certification – **if NBS, or if removing anyone from title**
- Preliminary Title Report
- Last Recorded Vesting Deed
- CPL / Wiring Instructions
- Condominium Documentation, if applicable: FHA Approval, Approved Condo Questionnaire, Budget, Master Policy, and so forth
- Appraisal – Upload a PDF copy of the color appraisal to the ReverseVision Processing Tasks screen

**Purchase Documents**

- Sales contract and all addendums (these must be arms-length, where the buyer and seller are uninterested parties)
- Amendatory / Escape Clause
- Real Estate Certification
- Sellers Property Condition Disclosure
- Lead Based Paint Sellers Disclosure Form
- For Your Protection – Get a Home Inspection Disclosure
- Important Notice to Homebuyers (92900B)
- HECM for Purchase Occupancy Affidavit
- Identity of Interest Statement
- Certification from borrower(s) on names to be shown on vesting
- Certification from borrower(s) regarding other real estate owned
- Outstanding Mortgages Requests, including any co-signed loans
- Copy of cancelled earnest money checks, of 2% or greater than the sales price
- Home Inspection – mandatory if required by state regulations, the contract, or the appraiser
- Pest Inspection, mandatory if required by state regulations, the contract, or the appraiser
- Survey, or a signed and dated letter from the borrower asking to waive the survey – mandatory there is a discrepancy in the legal, lot size, or ingress/egress, if encroachments are present, the appraiser calls for it, or septic distances are questioned

Submit questions to [urbansubmissions@ufareverse.com](mailto:urbansubmissions@ufareverse.com)

Notes:

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**Company:** \_\_\_\_\_

**Branch:** \_\_\_\_\_

**Processor:** \_\_\_\_\_

**Processor Email Address:** \_\_\_\_\_

**Processor Phone Number:** \_\_\_\_\_



## Income Cheat Sheet

### Social Security Income

Obtain a copy of the last Notice of Award letter, which states the SSA's determination on the borrower's eligibility for SSA income and ONE of the following:

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### Self-Employment Income

- 2 Years Tax Returns with all Schedules, including Schedule C, C-EZ, or E, OR 4506T Authorization
- Schedule K-1
- Year to Date Profit and Loss Statement (an audited profit and loss statement if the income used in residual income exceeds the two-year average).
- Business Credit Report (if incorporated)

### Employment Income

- Most recent pay stub covering 30 consecutive days that shows YTD earnings
- Verification of Employment covering 2 years (to be obtained by UFA)

**OR**

- Most recent pay stub covering 30 consecutive days that shows YTD earnings
- Copies of the original IRS W-2 forms for prior 2 years
- Verification of Employment covering 2 years (to be obtained by UFA)

### 401k/IRA Income

- Most recent statement **AND** one of the following:
  - 2 Years Tax Returns
  - Most recent bank statement showing receipt of income

### Pension Income

- Most recent statement **AND** one of the following:
  - Federal tax returns (reported on line 16a).
  - The most recent bank statement showing receipt of income from the former employer.
  - A copy of the borrower's pension/retirement letter from the former employer.

### Annuity Income

- Legal agreement establishing the annuity and guaranteeing continuance for 3 years
- Bank statement or transaction history from the bank evidencing receipt of the annuity

### Rental Income (other properties)

- 2 Years Tax Returns with all Schedules, including Schedule E

### Other Income

There are numerous other acceptable types of income. For individual income requirements, reference the HECM Financial Assessment and Property Charge Guide:

<http://portal.hud.gov/hudportal/documents/huddoc?id=14-22ml-atrch2.pdf>

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## PREQUALIFICATION FORMS



## Financial Assessment Pre-Qualification Lite

To pre-review your borrower's credit and income situation, upload all of the documents on this checklist to ReverseVision loan file. When everything is ready for review, send this completed form by email to [UWscenarios@ufareverse.com](mailto:UWscenarios@ufareverse.com).

Please note that pre-qualification is NOT loan approval, or commitment to lend. This preapproval is based solely on the information at hand, and should be used as a tool to communicate with your borrower. We cannot make a final decision until we review the complete file.

Loan Number: \_\_\_\_\_

Borrower: \_\_\_\_\_ Co-borrower: \_\_\_\_\_

Property Address (if available): \_\_\_\_\_

- Completed application and addendum (signed or unsigned)
- Completed Financial Assessment Worksheet

### FOR INTERNAL USE ONLY

#### Expenses

#### Subject Property:

Taxes: \$ \_\_\_\_\_  
 Hazard Insurance: \$ \_\_\_\_\_  
 Flood Insurance: \$ \_\_\_\_\_  
 HOA/PUD Dues: \$ \_\_\_\_\_  
 Other Assessments: \$ \_\_\_\_\_

#### Other Residences:

Taxes: \$ \_\_\_\_\_  
 Hazard Insurance: \$ \_\_\_\_\_  
 Flood Insurance: \$ \_\_\_\_\_  
 HOA/PUD Dues: \$ \_\_\_\_\_  
 Other Assessments: \$ \_\_\_\_\_  
 Mortgage: \$ \_\_\_\_\_

Income Taxes: \$ \_\_\_\_\_

Credit Obligations: \$ \_\_\_\_\_

Other: \$ \_\_\_\_\_

Income \$ \_\_\_\_\_

Residual Income \$ \_\_\_\_\_

Residual Income Passed?  Yes  No

Satisfactory Credit?  Yes  No

Potential Set-Aside Requirement  No Set-Aside  Partial Set-Aside  Full Set-Aside

Borrower Likely to Qualify?  Yes  No

#### Underwriter

Signature: \_\_\_\_\_

Lite Pre-qualifications are estimates of whether a borrower is likely to pass or fail Financial Assessment. If we indicate the borrower is not likely to qualify, this is not a loan denial, only an opinion of the reviewer. If you would like more information, submit for a full prequalification.



## Financial Assessment Pre-Qualification - Full

To pre-review your borrower's credit and income situation, upload all of the documents on this checklist to ReverseVision loan file. When everything is ready for review, send this completed form by email to [UWscenarios@ufareverse.com](mailto:UWscenarios@ufareverse.com).

**Please note that pre-qualification is NOT loan approval, or commitment to lend. This preapproval is based solely on the information at hand, and should be used as a tool to communicate with your borrower. We cannot make a final decision until we review the complete file.**

Loan Number: \_\_\_\_\_

Borrower: \_\_\_\_\_

Co-borrower: \_\_\_\_\_

Property Address (if available): \_\_\_\_\_

- Completed application (signed or unsigned)
- Evidence of amounts for tax, insurance, HOA/PUD dues, and any other property charges for the subject property AND any other property the borrower owns.
- Evidence of payment history for all property charges:
  - 24-month tax history
  - 90-day insurance history
  - 24-month HOA/PUD dues
- Credit report

### Evidence of income sources, as applicable

**Note:** Once the borrower qualifies, we do not require additional income sources. If the borrower qualifies with only one source, that is sufficient.

- Tax returns for the previous two years, with all W2s, if applicable

All Schedules, as applicable:

- Yes  N/A: Schedule K1 for "S" Corporations or partnerships reported on Schedule E.

**Note:** Provide a Schedule K1 for ALL ENTITIES listed on the Schedule E.

- Yes  N/A: Year-to-date profit and loss statement and balance sheet for borrowers with 25% or greater ownership in the corporation.

**Note:** This requirement is waived if less than one calendar year has elapsed since the last filed return.

- Yes  N/A: Business credit report for all corporations or "S" corporations.
- Paystubs for W2 employees, including year-to-date earnings
  - A copy of the current award letter for applicants receiving Social Security Income (SSI) or disability.
  - Pension letter from pension provider confirming amount, if it's a lifetime benefit, or will continue for at least three years.
  - Most recent IRA or investment statements to confirm that balance is sufficient for distributions to continue for three years at the current amount, or to be used as dissipated assets.
  - Evidence of assets, if needed to qualify (401K, IRA, pension, savings/checking account statements)



**FOR INTERNAL USE ONLY**

**Expenses**

**Subject Property:**

Taxes: \$ \_\_\_\_\_

Hazard Insurance: \$ \_\_\_\_\_

Flood Insurance: \$ \_\_\_\_\_

HOA/PUD Dues: \$ \_\_\_\_\_

Other Assessments: \$ \_\_\_\_\_

**Other Residences:**

Taxes: \$ \_\_\_\_\_

Hazard Insurance: \$ \_\_\_\_\_

Flood Insurance: \$ \_\_\_\_\_

HOA/PUD Dues: \$ \_\_\_\_\_

Other Assessments: \$ \_\_\_\_\_

Mortgage: \$ \_\_\_\_\_

**Income Taxes:** \$ \_\_\_\_\_

**Credit Obligations:** \$ \_\_\_\_\_

**Other:** \$ \_\_\_\_\_

**Income**

\$ \_\_\_\_\_

**Residual Income**

\$ \_\_\_\_\_

**Residual Income Passed?**

Yes  No

**Satisfactory Credit?**

Yes  No

**Set-Aside Required?**

No Set-Aside  Partial Set-Aside  Full Set-Aside

**Borrower Qualifies?**

Yes  No

**Underwriter**

Signature: \_\_\_\_\_

If the borrower does NOT qualify, the reviewer issues a Notice of Denial to the wholesale account and loan account manager to provide to the borrower.

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FAQs



## Financial Assessment FAQs

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## Credit

### Topics

### Answers

#### Credit Score

Does Financial Assessment require a minimum credit score?

No. Mortgagee letter 2014-22, and its attachment, "HECM Financial Assessment and Property Charge Guide" do not specify a specific credit score.

#### Credit Report Charges

When can lenders charge the borrower for credit reports?

HUD will allow lenders to order a credit report prior to counseling to determine the borrower's credit-worthiness, and to collect the fee at closing. However, if the borrower does NOT close, lenders CANNOT collect the fee. See Mortgagee letter 2014-21, Page 15.

#### Credit History

How far back must we go for Financial Assessment?

It depends on the type of credit debt. Underwriters look at the past 24 months of housing and installment debt, but look at the past 12 months for revolving credit. See Mortgagee letter 2014-22, Section 2.15.

#### Derogatory Credit

Is a rolling 30 day or 60 day late payment viewed as "one" late payment? Or is it "12" late payments?

Each late payment is counted as "one." Major derogatory credit on revolving accounts includes:

- One or more payments more than 90 days overdue,
- Or,
- Three or more payments more than 60 days overdue.

#### Mortgage Late Payments

How many late mortgage payments result in derogatory credit?

Derogatory credit on mortgage loans is:

- One late payment in the past 12 months,
- Or,
- Two or more late payments within the past 24 months.

#### Co-Signed Credit

Can a borrower still get a HECM if he or she co-signed a loan for someone who defaulted?

The underwriter looks at the credit report and property charge history as a whole to determine if the borrower meets credit requirements. Underwriters must consider many factors when the defaulted loan was a mortgage, installment debt, or revolving debt. If it is a mortgage, is it a government mortgage? Are there extenuating circumstances? How is credit otherwise? How did the borrower pay property charges?

#### Failed Credit Test

What documents do we require if a borrower fails the credit test?

Borrowers who initially fail the credit test can provide a Letter of Explanation and documentation that supports extenuating circumstances. See Mortgagee letter 2014-22, Section 4.1.



Topics

Answers

**Failed Willingness Test**

How do we handle borrowers who fail the Willingness Test, and who do not have enough funds for a LESA after paying off the mortgage?

Borrowers who fail the willingness test require a Life Expectancy Set-Aside (LESA) as a mandatory obligation. Borrowers who require a LESA but who don't qualify for sufficient HECM proceeds and cannot bring the money to the table are not eligible because they do not have enough funds for their mandatory obligations. See Mortgagee letter 2014-22, Sections 2.16, 5.4, and 5.9.

**Bankruptcy**

Does Financial Assessment change the way we handle bankruptcy?

No. Mortgagee letter 2014-22 and Attachment 2 only address bankruptcy related to HECM purchase transactions. See Mortgagee letter 2014-22, Section 2.24, and UFA bankruptcy guidelines.

**Chapter 13 Bankruptcy**

If the court approves a HECM, can a Chapter 13 bankruptcy claimant close on the HECM under Financial Assessment?

On a traditional HECM, treat bankruptcy as you would a pre-Financial Assessment. Trustee approval or payoff is required.

Mortgagee letter 2014-22 and Attachment 2 only address bankruptcy related to HECM purchase transactions. See Mortgagee letter 2014-22, Section 2.24, and UFA bankruptcy guidelines.

**Post-Bankruptcy Credit**

Does the borrower require a LESA even when post-bankruptcy credit is satisfactory?

No. Borrowers are eligible if they:

- Made all housing payments and installment payments on time for the past 12 months.
- Have no more than two 30-day late payments during the previous 24 months.
- Have no major derogatory credit on revolving accounts within the past 12 months.

**Federal Debts**

Does federal debt automatically disqualify borrowers?

Yes. Borrowers with delinquent federal non-tax debt are ineligible for a HECM until the debt is satisfied. See Mortgagee letter 2014-22, Sections 2.21 and 2.22.

**Counseling**

Is counseling required before we pull the credit report?

If you obtain authorization from the borrower, non-borrowing spouse or other non-borrower, you can pull credit prior to counseling. See Mortgagee letter 2014-22, Section 1.7.



## Property Charges

### Topics

### Answers

#### Insurance Documents

What documents do we require to prove insurance was in effect for the past 24 months?

We require an insurance declaration page that displays the agency contact information. See Mortgagee letter 2014-22, Section 2.28.

#### Flood Insurance

Must flood insurance always be in effect before closing in flood zones? Or are there any exceptions?

Borrowers who require flood insurance must obtain and pay for insurance covering one year beyond the closing date. They can use HECM proceeds to pay the insurance premium.

#### Purchasing Insurance

Can a borrower with no home insurance, but who owns the property free and clear, qualify for the HECM if he or she obtains insurance before closing?

Yes. They can use HECM proceeds to pay for insurance premiums for one year. See Mortgagee letter 2014-22, Section 2.27.

#### Free and Clear

How does a borrower verify property charges on a home that is free and clear?

You can verify property charges from:

- Title report
- Homeowner's insurance or flood insurance
- Property tax statements
- Homeowner's Association (HOA) statements

#### Mortgage Escrow

If property taxes and insurance are current because they are paid from an escrow account, how do we verify the borrower's willingness to pay them in the future?

The underwriter reviews other items, including mortgage payments, installment debt and revolving debt to determine if credit is satisfactory, and the borrower's overall ability to handle obligations. Borrowers who have no experience managing taxes and insurance, and who have other risk factors, might require a LESA. See Mortgagee letter 2014-22, Sections 2.15, 2.16 and 2.27.



## HECM for Purchase

### Topics

### Answers

#### Non-traditional Credit

Can we consider non-traditional credit only on HECM purchase transactions? Or can we also consider it for refinances?

Non-traditional credit is only permissible on HECM for Purchase transactions if traditional credit is not available. The borrower must follow specific guidelines to develop non-traditional credit, according to Mortgagee letter 2014-22, Attachment 2, HECM Financial Assessment and Property Charge Guide, and Mortgagee letter 2014-22, Section 2.9.

#### Chapter 13 Bankruptcy

Does the one-year requirement for a HECM purchase mean the borrower qualifies after paying into the payment plan for one year? Or that he or she qualifies one year AFTER making the LAST PAYMENT?

One year must have passed since the borrower made the LAST PAYMENT into the bankruptcy payment plan and the bankruptcy was officially discharged. For example, if a borrower makes all payments and the bankruptcy is discharged May 1, 2014, the borrower is eligible for the HECM for Purchase on May 1, 2015. See UFA Underwriting guidelines.



## Extenuating Circumstances

### Topics

### Answers

#### Job Loss

Can a borrower use a job loss to document extenuating circumstances when there is derogatory credit?

Yes, if that job loss directly affected his or her ability to pay documented obligations. The borrower must provide supporting documentation showing satisfactory credit before unemployment, and must be employed again or receiving an alternate source of income, along with other requirements. See Mortgagee letter 2014-22, Section 4.1.

#### Job Loss

Do we decline a loan if the borrower takes on additional credit after a job loss?

No, not necessarily. It depends on many variables, such as the amount of additional credit the borrower took on, how he or she managed that credit, and what documentation the borrower provides. If the borrower does not pass the Willingness test, and cannot document extenuating circumstances, we might require a fully-funded LESA.

#### Great Recession

Do we consider an unprecedented global economic crises and related housing collapse an “extenuating circumstance?”

We might, if the borrower can document specific situations that might be extenuating circumstances and directly caused the weak or derogatory credit. We require supporting documentation to verify. See Mortgagee letter 2014-22, Section 4.1.



## Income

### Topics

### Answers

#### Rental

Can a borrower use rental income for Financial Assessment purposes?

Yes, we can view rental income as “effective” income with proper documentation. See Mortgagee letter 2014-22, Section 5.53.

#### Mattress Money

How long must cash at home be seasoned? How do we verify it?

There is no seasoning of cash on hand. However, the borrower must provide satisfactory evidence that he or she was able to accumulate those savings, and the money must be verified, whether deposited in a financial institution, or held by the escrow or title company. We require a letter of explanation (LOE) from the borrower describing how he or she saved the money, and the length of time it took to save it. See Mortgagee letter 2014-22, Section 3.72.

#### Income Documentation

Must we collect ALL documentation from ALL borrowers? Or only enough documentation to pass the Residual Income test?

Originators must only collect income documentation that is sufficient to allow the borrower to pass the Residual Income test. See Mortgagee letter 2014-22, Section 3.3.

#### Self-Employment

Can a borrower use self-employment income in the Residual Income calculation?

Yes. We require tax returns for the two most recent years, with all schedules. If the borrower owns a business, we also require a Schedule K-1. See Mortgagee letter 2014-22, Sections 3.25, 3.26, 3.27.

#### Cash from Child Support

Can the borrower count as income cash he or she receives regularly from child support?

Yes, we can use the current monthly amount the borrower receives from child support, provided the borrower received those payments within the previous six months. The person must have sent the money consistently, and the payments must be voluntary. See Mortgagee letter 2014-22, Section 3.38.

#### Imputed Income

What is the calculation to convert the adjusted discounted value of an asset into income?

Depending on the asset, we calculate it at either 85% or 100%. We can also use the borrower’s actual tax rate, if it is lower than 15%, or no discount, if the borrower has no federal tax obligation. See Mortgagee letter 2014-22, Section 3.69, and the table in Section 3.70.





## Topics

## Answers

### Adjusted Discounted Value

What is the adjusted discounted value?

The Adjusted Discounted Value (ADV) is the amount of funds the borrower can access from funds such as IRA and 401K accounts. The calculation is:

$$\text{(Total Discounted Value)} - \text{(Funds to Close)} = \text{ADV}$$

### Jointly Held Accounts

What documents verify that the borrower has unrestricted access to a joint account?

You might find this information on the asset's terms disclosures. In addition, we can accept a written statement from the other account holder indicating that the borrower has unrestricted access to the account for at least the next two years. See Mortgagee letter 2014-22, Sections 3.69 and 3.70.

### Income Verification

How do we verify income for borrowers who are not required to file tax returns?

Verify income from pay stubs, account statements, divorce decrees, letters of explanation, or a Verification of Employment. See Mortgagee letter 2014-22, Section 3.10.

### Missing Documentation

How do we determine the tax bracket if we do not have ALL the income documentation?

Lenders can use the borrower's actual tax rate from federal tax returns for the previous tax years. If the borrower has no tax obligation, there is no discount. See Mortgagee letter 2014-22, Section 3.69.

### Tax Documentation

Must we verify two years of tax statements on ALL borrowers?

No, tax returns are required to validate some types of income, but not all. We must obtain a signed and dated 4506T authorization allowing the lender to pull the tax returns on all borrowers.

### Tax Returns and 4506T

Are tax returns for two years, or a 4506T authorization, sufficient without additional documentation?

Tax returns only provide income information. They do not verify credit, property charge payments or expenses. They also do not address extenuating circumstances or compensating factors. So we still require documentation to support non-income related items.



## Non-Borrowing Spouse/Other Non-Borrower

### Topics

### Answers

#### Income Continuance

When the borrower uses the income of a non-borrower to qualify, must the non-borrowers sign documentation stating they will continue to live in the property and contribute income for a specified period of time?

No. Mortgagee letter 2014-22 does not require this information from a non-borrowing spouse or other non-borrowing household member.

#### Liability 1

Is a non-borrowing spouse liable for the loan as “co-borrower” if the borrower uses the non-borrower’s income to qualify?

No. The non-borrowing spouse is not a borrower so there is no liability, even if his or her income is used as a compensating factor, or to reduce the family size of the household by one.

#### Liability 2

When an eligible non-borrowing spouse’s income is a compensating factor, or is used to reduce the family size by one, is that non-borrowing spouse still eligible on the HECM?

An eligible non-borrowing spouse is eligible to be “listed” as a non-borrowing spouse on the loan. This could protect their interests in staying in the property, should the borrower die first.

#### Counseling

Must a non-borrowing spouse or other non-borrower get HECM counseling?

Yes, it is important that all interested parties in the HECM transaction receive counseling to understand the loan, and to understand their responsibilities and rights.

#### Non-Borrower Credit

When do we require and review the non-borrowing spouse’s credit history?

Under Financial Assessment we do not require a non-borrowing spouse to provide an authorization to pull credit. In some cases, the non-borrowing spouse can voluntarily authorize the lender to pull his or her credit as a compensating factor for Residual Income calculations when the borrower’s income is weak, or to reduce family size by one. However, we only use the information to verify expense amounts, and do not review the credit report.



**Topics**

**Loan Maturity**

Can an eligible non-borrowing spouse remain in the property without paying off the HECM, or must he or she sell or refinance the property?

**Answers**

An eligible non-borrowing spouse can stay in the subject property without having to sell it if he or she performs the necessary steps within 90 days of the borrower's death.

**Expenses**

**Topics**

**Answers**

**Medical Debt**

Does medical debt count toward debt?

No, Mortgagee letter 2014-22 does not mention or indicate that we should count medical debt toward expenses.

**Delinquent Federal Debt**

Can the borrower pay off delinquent federal debt with HECM proceeds?

It depends on the kind of federal debt. If the borrower has federal NON-TAX debt, he or she must resolve the debt or be ineligible. Borrowers might be eligible if the debt is a delinquent FHA-insured mortgage on the principal residence, and the HECM can satisfy it. Borrowers with delinquent federal tax debt are ineligible, unless the borrower entered into a valid repayment agreement, and also made timely payments for three months. Borrowers with delinquent federal non-tax credit are ineligible until the debt is resolved.

**Canceled Debt**

Can the borrower pay revolving debt or installment debt from HECM proceeds?

No, not on the HUD-1 Settlement Sheet. The borrower must only pay mandatory obligations at closing, including closing costs, any items on the Title, repair set-asides, LESA and other mandatory obligations. The borrower can pay other debts with HECM proceeds after receiving a lump sum payment.

**Contingent Liability**

Can we remove contingent liability from expenses if we have proof that the other party is making the payments?

Yes, if the other party made regular on-time payments during the previous 12 months, and does not have a history of delinquent payments on the loan. The lender wants verification that there is no possibility that the debt holder will pursue debt collection with the borrower, if the other party defaults. See Mortgagee letter 2014-22, Section 3.89.



## Residual Income

### Topics

### Answers

#### Monthly Expenses

Do debts with 10 or fewer remaining payments count as an expense in the Residual Income calculation?

No, if the debt will be paid off in 10 months, is close-ended, and the cumulative payments are less than or equal to 5% of gross monthly income. See Mortgagee letter 2014-22, Section 3.78.

#### Debt to Income

Does Financial Assessment consider debt to income? Or only residual income?

Financial Assessment only considers residual income. See Mortgagee letter 2014-22, Section 3.1 and 3.99.

#### Current Mortgage Payment

Do we include the borrower's mortgage payment in the residual income calculation when the HECM proceeds will pay off the balance?

No, if the HECM proceeds will satisfy the mortgage, we do not include it. See Mortgagee letter 2014-22, Section 3.77.



## Compensating Factors

### Topics

### Answers

#### Paying Off Debt

When a borrower wants to use the HECM to pay off high credit card debt, are the HECM proceeds that eliminate the debt a compensating factor?

Yes, they might be a compensating factor if necessary for weak residual income. See Mortgagee letter 2014-22, Section 4.2.

#### Subjective

Are compensating factors subjective, and up to each lender?

There is a specific list lenders can use in the Financial Assessment mortgagee letter. See Mortgagee letter 2014-22, Section 4.2.

#### Existing Mortgage Payoff

Can we use the payoff of the existing mortgage as a compensating factor when we try to meet or exceed the residual income requirement?

Payoff of the mortgage is not a compensating factor. However, the mortgage payment is NOT listed as an expense when we calculate residual income. See Mortgagee letter 2014-22, Sections 3.77 and 4.2.

## Life Expectancy Set-Aside (LESA)

### Topics

### Answers

#### Growth

Will LESA funds grow the way line of credit funds grow?

Yes, it is the same rate calculation that we use for the HECM loan balance and the Line of Credit growth rate: (expected rate) + (MIP).

#### Higher Initial MIP

If LESA puts mandatory obligations above 60%, does the borrower now pay higher MIP?

Yes, because the first 12 months of LESA is a mandatory obligation. The borrower can bring funds to closing to pay down to the 60% threshold for lower MIP

**Note:** This does not include the whole set-aside, just the amount for the first year.

See Mortgagee letter 2014-22, Page 9.

#### LESA Discontinuation

Can a LESA can be stopped?

No. Once it is in place, it cannot be canceled.



## Topics

## Answers

### Leftover LESA Funds

What happens to property charges when a borrower dies and there are still funds in the LESA?

The money is frozen, and is not accessible by the heirs or non-borrowing spouse. It is part of the unused home equity. See Mortgagee letter 2014-21, Pages 19, 20 and 24.

### LESA Calculation

If the borrower pays property taxes, but NOT homeowners insurance, do LESA calculations apply to both?

Yes, the LESA calculations apply to both property taxes and homeowner's insurance, and also include flood insurance, if applicable. See Mortgagee letter 2014-21, Page 17.

### Life Expectancy Table

What life expectancy table do we use to calculate LESA?

We use the US Decennial Life Tables for 1979 – 1981. Find females at Title 12, Appendix L. See Mortgagee letter 2014-22, Section 5.8.

### Borrower Qualification

If a borrower doesn't meet Willingness or Capacity, with or without extenuating circumstances or compensating factors, can they still obtain a HECM with a LESA?

They might, if

- The proceeds can pay all mandatory obligations, including the fully-funded LESA
- The borrower meets all other HECM criteria
- The HECM is a long term solution for the borrower.

See Mortgagee letter 2014-22, Section 1.1, 2.1, 3.2, 5.1 5.9.

### Partially-funded LESA

Is the partially-funded LESA available for both adjustable and fixed HECMs?

No, the partially-funded LESA is only available for adjustable rate HECMs. See Mortgagee letter 2014-21, Page 17.



## Documentation/HUD/Underwriting/Miscellaneous

### Topics

### Answers

#### Lien Seasoning

How does lien seasoning apply if the borrower doesn't own the property yet?

This applies to any liens secured by a property that HECM proceeds must pay off and satisfy. This only pertains to a HECM refinance. See Mortgagee letter 2014-21, Page 4.

#### Service Level Agreement

Will UFA be ready to process all the additional documentation, and close loans in a timely manner?

Yes. We have extensively trained all personnel and departments, and have had more than six months to prepare for Financial Assessment implementation, so we are ready to handle it.

#### Preliminary UW Decision

Will Underwriting make a preliminary decision on every submitted file?

We created a prequalification process you can follow to obtain a preliminary decision on a loan. It is available, but not required.

#### Verification of Deposit

Do we accept a Verification of Deposit (VOD) in lieu of a bank statement?

We require a verification of deposit, and the most recent statement. See Mortgagee letter 2014-22, Section 3.71.

#### Overlays

Are any of the Financial Assessment guidelines UFA overlays?

No, all Financial Assessment guidelines come from Mortgagee letters 2014-21 and 2014-22 with Attachment 1 and Attachment 2, HECM Financial Assessment and Property Charge Guide.

#### ReverseVision

Will ReverseVision provide a copy of the 4506T Authorization in the application package?

Yes. The form is loaded into ReverseVision in anticipation of Financial Assessment implementation on April 27, 2015.

#### Foreclosure

Can borrowers facing foreclosure use the HECM to avoid foreclosure under Financial Assessment?

Yes, if the borrower qualifies for a HECM, there are enough HECM proceeds to satisfy the outstanding mortgage, fund a fully-funded LESA, and pay other mandatory obligations.



**Topics**

**Answers**

**FA Worksheet**

Will UFA provide our wholesale partners with a Financial Assessment worksheet to help input and access a borrower's status before application?

ReverseVision will calculate the numbers you input, and print a Financial Assessment Worksheet, so you can screen a borrower and determine if he or she qualifies for a HECM, and under what terms.

**Lien Seasoning**

What liens can the HECM proceeds satisfy?

HECM proceeds can satisfy any non-HECM liens on the subject property. Mortgagee letter 2014-21 states that liens 12 months old or older, or from which the borrower received \$500 or less at closing or afterward. See Mortgagee letter 2014-21, Page 4.

**Realtors**

Will we provide any Financial Assessment training to realtors?

None is planned at this time.

**Counseling**

Will HUD update the counseling protocol to include information on Financial Assessment?

Yes, according to HUD Financial Assessment protocols are complete, and they have implemented specific training for HUD counselors.

**Title and Credit Report**

Will HUD allow the title and credit report to be pulled before counseling?

HUD allows lenders to pull credit before counseling, but NOT the Title because the borrower might have not yet received the signed and dated HECM counseling certificate. See Mortgagee letter 2014-21, Page 15.



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CREDIT JOB AID



## Job Aid Credit Report Analysis

Review each credit report to confirm that it identifies all three repositories, TransUnion, Experian, and Equifax. Then type the credit report order date and expiration date (order date+90 days) and customer credit scores into the ReverseVision Borrowers' Credit screen.

**Note:** All three repositories must be pulled. However, only two must report full data on the borrower.

Merge(3)				Page 1 of 6
		<b>URBAN FINANCIAL OF AMERICA, LLC</b> 8909 S Yale Ave Tulsa, OK 74137		Report ID <b>31446081</b> Customer Code <b>TU05887</b> Requested By <b>ecaensmith</b>
6200 Oak Tree Bv., Suite 140 Independence, OH 44131 800-362-7255 Fax: 800-804-4058 Consumer Inquiry: 866-871-0390				
Ordered <b>01/16/2015</b>	Released <b>01/16/2015</b>	Reissued	Price <b>\$11.48</b>	Repositories Requested <b>TransUnion, Experian, Equifax</b>

### Borrowers' Credit Screen

**Credit Services**

Service Provider:

Report Type:  Order Credit

Consumer Reporting Agency:

Credit Ordered By:

Credit Ordered:

Credit Report Received:

Credit Report Expiration Date:

---

**Borrower Credit: Test MTest**

Order Credit

New Inquiries Past 90 Days:

Delinquent Federal Tax Debt?

Non-Traditional History Required

**FICO Scores:** Experian  Equifax  Transunion  Overall Credit Score:

Delinquencies Past 12 Months (Includes Joint Accounts): 30  60  90

Delinquencies Past 24 Months (Includes Joint Accounts): 30  60  90

---

**Bankruptcies**

Bankruptcy Exists

**CAIVRS Screening**

Authorization Code:

Case Number:

FHA Insurance Claim Found

Delinquent Federal Non-Tax Debt Found

**Other Names Found**

### Verify Customer Information

Compare the customer information on the credit report to file documentation:

- Name
- Current address
- Social Security Number (SSN)
- Date of birth (DOB)

If any of the information does not match, pull an updated credit report.

### Verify Repositories

Confirm that the report reflects all three repositories, and that the SSN is correct for each.

Repository Files			
Name	Social Security Number	Repository	Score(s)
		TransUnion	808
		Experian	815
		Equifax	809

Type the credit scores into the ReverseVision Credit Analysis screen.



### Credit History

View the Summary for an overview of the customer's total liability and delinquencies.

Credit History							
Summary							
Number of Accounts	Number of Open Accounts	Number of Delinquent Accounts	Credit Limit	High Credit	Past Due	Payment	Balance
14	3	0	\$352,500	\$2348135	\$0	\$57	\$1,097

Review the sections in red to determine the customer's current liability and payment history for the length of time he or she had the account. **Payment Pattern** displays a digit for each monthly payment within the number of months indicated in **Months Reviewed**. A "1" means the payment was on time. A higher number indicates a late payment.

#### Example Good Credit

<b>AMEX</b> P O Box 981537 El Paso, TX 79998 888-258-3741 Account Number [REDACTED]	ECOA <b>Individual</b>	Opened <b>10/2000</b>	Last Activity	Closed	Reported <b>01/2015A</b>	Credit Limit <b>\$23,000</b>	High Credit <b>\$2,021</b>	Past Due <b>\$0</b>	Payment (Est.) <b>\$32</b>	Balance <b>\$642</b>
	Account Type <b>Revolving</b>	Collateral <b>Credit Card</b>	Terms	Reported On <b>TUC-A1, EXP-A1, EOX-A1</b>	Manner of Payment <b>Current (R01)</b>					
	Months Reviewed <b>48</b>	30-59 Days Late <b>0 Times</b>	60-89 Days Late <b>0 Times</b>	90+ Days Late <b>0 Times</b>						
	Payment Pattern Start Date <b>12/2014</b>	Payment Pattern <b>111111111111-111111111111-111111111111-111111111111</b>								

#### Example Bad Credit

<b>CHASE</b> Agency <b>BANK ONE</b> 800-955-9900 Account Number <b>XXXXXXXX2556</b>	ECOA <b>Individual</b>	Opened <b>11/2005</b>	Last Activity <b>01/2010</b>	Closed <b>01/2010</b>	Reported <b>10/2013A</b>	Credit Limit <b>\$32,556</b>	High Credit	Past Due <b>\$29,406</b>	Payment	Balance <b>\$29,406</b>
	Account Type <b>Revolving</b>	Collateral	Terms	Reported On <b>EOX-A1, TUC-A1, EXP-A1</b>	Maximum Delinquency <b>09/2013, 120-149 Days Late</b>	Manner of Payment <b>Charged Off (R09)</b>				
	Months Reviewed <b>25</b>	30-59 Days Late <b>0 Times</b>	60-89 Days Late <b>0 Times</b>	90+ Days Late <b>25 Times</b>	<b>09/2013, 08/2013, 07/2013, 06/2013, 05/2013, 04/2013, 03/2013, 02/2013, 01/2013, 12/2012, 11/2012, 10/2012, 09/2012, 08/2012, 07/2012, 06/2012, 05/2012, 04/2012, 03/2012, 02/2012, 01/2012, 12/2011, 11/2011, 10/2011</b>					
	Payment Pattern Start Date <b>09/2013</b>	Payment Pattern <b>555555555555-555555555555</b>								
Comment <b>CHARGED OFF ACCOUNT / ACCOUNT CLOSED BY CREDIT GRANTOR</b>										

### Public Records

Review the Public Records section. If it does NOT contain any information, you can proceed.

If there IS a public record, refer to current Policies and Procedures for specific instructions.

Public Records						
THE REPORTING BUREAU CERTIFIES THAT: public records have been checked for judgments, foreclosures, bankruptcies, tax liens, and other public records. If the repository used, or by direct searches, or a public records search firm other than the repository, or by all methods with the following PUBLIC RECORDS LEARNED: SEE BELOW						
Subscriber Code <b>2 5123950</b>	Reported On <b>TUC-A1, EXP-A1, EOX-A1</b>	Court Type <b>FE</b>	ECOA <b>Individual</b>	Type <b>7X</b>	Filed <b>11/2011</b>	Reported
<b>Bankruptcy</b> 1801 Broadway San Antonio, TX 78215 800-886-9008		Plaintiff	Attorney <b>David B Ebert</b>		Defendant	
Description <b>CHAPTER 7 BANKRUPTCY DISCHARGED</b>		Comment				
Docket <b>1446644</b>						



### Inquiries

This section lists creditors who made credit inquiries on the customer within the past 90 days. These can indicate new credit lines that do not appear on the credit report. We require that the customer explain each of them.

Inquiries		
Date	Name	Subscriber Code
**12/29/2014	SHOPHO 6740 Shady Oak Road Eden Prairie, MN 55344	613DZ16101
**12/02/2014	T-MOBILE 12920 Se 38th Stre Bellevue, WA 98006 800-318-9270	U 3747126
**10/13/2014	DIRECTV 2230 East Imperial Highway El Segundo, CA 90245 866-383-9386	990UZ84682

\*\*Inquiry less than 120 days old

### Fraud Messages

This section indicates that there was a query on all borrowers with the Office of Foreign Assets Control (OFAC). If there is a fraud alert the underwriter calls the customer to confirm their identity before approving the loan.

Fraud Messages		
OFAC Statement: In compliance with section 326 of the Patriot Act, your credit provider has checked the applicant(s) name(s) supplied by the borrower against the Office of Foreign Asset Control (OFAC) data base maintained by the Department of the Treasury. Any messages returned by your credit provider are located in this section of this credit report.		
Date	Reported On	Comment
01/16/2015	Applicant	OFAC clear. SDN list published on 01/16/2015.
01/16/2015	TUC-A1	HIGH RISK FRAUD ALERT: INPUT SSN ISSUED: 1958 - 1961; STATE: PA; (EST. AGE OBTAINED: 23 TO 27)

### Repository Files Returned

Review this section to identify any additional borrower AKAs, to verify the DOB and SSN matches the file exhibits, and to confirm that the property address matches the subject property address.

Repository Files Returned		
File ID TransUnion / TUC-A1	Name [REDACTED]	Current Address Reported: 03/08/2007 [REDACTED]
Pulled 01/16/2015	Social Security Number [REDACTED]	Former Address Reported: 12/01/1995 [REDACTED]
Infle Date 01/01/1984	Age / DOB 05/25/1934	Second Former Address [REDACTED]

### File Summary

This contains the borrower's current credit history. Use it to double-check that we properly documented the file and accounted for all credit liabilities.

File Summary										
Account Type	Number of Accounts	Open Accounts	Accounts Currently Past Due	Past Due	Payment	Balance	Historical Late Payments			
							Accounts	30 Days	60 Days	90+ Days
Mortgage	1	0	0	\$0	\$0	\$0	0	0	0	0
Installment	4	0	0	\$0	\$0	\$0	0	0	0	0
Revolving/Credit Line	9	3	0	\$0	\$57	\$1,097	0	0	0	0
<b>Totals</b>	<b>14</b>	<b>3</b>	<b>0</b>	<b>\$0</b>	<b>\$57</b>	<b>\$1,097</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Number of Public Records:		0		Available Credit:		\$68,903				
Number of Collections/Charge-offs:		0		Revolving/Credit Line Used:		2%				
Bankruptcy:		No		Number of Inquiries:		1				
				Number of Authorized User Accounts:		2				

### Invoice

This shows the final fee for the credit report. It can increase if we require credit supplements, so input it correctly into ReverseVision.

Invoice		
Date	Description	Price
01-16-2015	Merge Ind (TU/EXP/EOX)	\$9.00
01-16-2015	Legislative Cost Recovery Fee	\$0.33
01-16-2015	Secondary Use Surcharge	\$0.90
01-16-2015	Red Flags	\$1.00
01-16-2015	OFAC	\$0.25
<b>Total Charges:</b>		<b>\$11.48</b>
<b>*Total Tax:</b>		<b>\$0.00</b>
<b>Total Credits:</b>		<b>\$0.00</b>
<b>Total:</b>		<b>\$11.48</b>
Total Charges:		\$11.48
*Total Tax:		\$0.00
Total Credits:		\$0.00
<b>Total:</b>		<b>\$11.48</b>

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INCOME JOB AID



## Job Aid: Income Type

- We require documentation on all income sources indicating the income is likely to continue for three years.
- If a borrower meets residual income requirements before all income sources are considered, we do not require documentation for any income above the qualifying amount.
- A non-borrowing spouse or non-borrower can ONLY be used to reduce family size. Non-borrowing spouse income can also be used as a compensating factor.

Income Type	Tips	Required Documentation
<b>Alimony, Child Support and Maintenance</b>	Do not include alimony, child support, or maintenance that the borrower pays monthly as an income source. Designate it as a liability.	Obtain a copy of the final divorce decree, legal separation agreement, court order or voluntary payment agreement, and evidence of payments for the past 12 months (cancelled checks, deposit slips, tax returns or court records)
<b>Annuities</b>	Apply an annuity account to either income or assets, but NOT BOTH.	Obtain a copy of the legal agreement establishing the annuity and the most recent bank statement or transaction history showing receipt of annuity funds.
<b>Capital Gains and Losses</b>	This is typically a one-time gain or loss reflected on the Schedule D of the 1040 return. Inquire to determine if the gain or loss is likely to continue. If it is continuing, deduct it from the gross income calculation.	Obtain the tax returns for the last two years, with a Schedule D. Determine from a review of Schedule D if you require additional documentation, such as business tax returns.
<b>Commission</b>	Count income as “commission income” if commissions comprise more than 25% of the borrower’s income. Compute the average of this income over the previous two years. If income decreased, the borrower must document a significant compensating factor.	Obtain tax returns for the previous two years, and the most recent pay stub.
<b>Disability Benefits</b>	The borrower might receive this from Social Security Administration (SSA), Department of Veterans Affairs (VA), or a private disability insurance provider. DO NOT ask why the borrower is disabled. Ask only if disability income will continue for at least three years.	Obtain one of the most recent Notice of Award letter confirming the borrower’s eligibility for the disability; Verification of VA Benefits Form 26-8937’ Equivalent documentation confirming the amount of benefits and when they expire.  SSA benefits require documents listed under Social Security Income.



Income Type	Tips	Required Documentation
<b>Employer Housing Subsidy</b>	Consider this as part of the borrower’s gross income.	Obtain documentation (a letter or current paystubs) from the borrower’s employer that they are paying this, and the most recent bank statement or transaction history showing the housing subsidy.
<b>Employment</b>	Review the paystub to calculate income correctly by hourly, weekly, etc.	Obtain the most recent paystub covering 30 consecutive days, and which reflects year-to-date information and a VOE for two years, OR W-2 forms for the past two years, the most recent paystubs covering 30 consecutive days, and which reflect year-to-date information, and a written verification of employment, or electronic verification acceptable to FHA.
<b>Employment: Family-Owned Business</b>	Do not consider this as employment income if the borrower is an owner. If the borrower is a part owner, refer to Self-Employment guidelines.	Obtain one of the following: <ul style="list-style-type: none"> <li>• Most recent business tax returns.</li> <li>• Corporate resolution or other organizational documents.</li> <li>• The most recent K-1 for the business.</li> </ul> <b>Note:</b> Refer to documentation requirements under “Employment” for additional items.
<b>Employment: Overtime and Bonuses</b>	Apply overtime and bonuses to income if the borrower received it for the past two years, and it is likely to continue. Consider it a compensating factor if the borrower received it for less than two years, but at least six months.	Refer to the documentation requirements under “Employment.”
<b>Employment: Part-time and Seasonal</b>	Part-time income is from employment that supplements the borrower’s regular employment. It does NOT refer to working less than 40 hours per week. If the borrower has part-time income for less than two years, but more than six months, use it as a compensating factor.	Refer to the documentation requirements under “Employment.”



Income Type	Tips	Required Documentation
<b>Expected Income</b>	Expected income takes into account cost of living adjustments, performance raises, a new job, or retirement income that is not accessible now, but will be within 60 days of mortgage closing.	Obtain the most recent pension statement written confirmation from the borrower's employer that indicates the amount of the increased income, and confirms it will begin within 60 days of closing. If the funds are retirement income, obtain an awards letter or similar document verifying the amount, and confirming it begins within 60 days of closing.
<b>Government Assistance and Case Benefits</b>	If the borrower will not receive this for at least three years, consider it a compensating factor.	Obtain a copy of the award letter confirming the benefits do not have a termination date, and that a HECM loan will not jeopardize eligibility.
<b>Investment Interest and Dividends</b>	This includes income from certificates of deposit, mutual funds, stocks, bonds, money market and savings and checking accounts. Use these accounts for either income or assets, but not both.	Obtain tax returns for the previous two years, and the most recent account statement.
<b>IRA and 401K</b>	Use these accounts for either income or assets, but not both.	Obtain the most recent IRA/401K statement, and either a federal tax return reporting it as income on Line 12b, or the most recent bank statement showing the deposits.
<b>Military</b>	This includes any income for active enlistment in the military, the Reserves, or the National Guard. The borrower's Leave and Earning statement must indicate that the Expiration Term of Service date is within the first 12 months of the loan. The borrower must also indicate an intention to continue military service.	Obtain a current Leave and Earnings Statement (LES).
<b>Notes Receivable</b>	If the borrower is not on the original Note as the payee or mortgagor, we require an assignment of mortgage that indicates the lien was assigned to our borrower.	Obtain a copy of the note, and evidence in the form of deposit slips, cancelled checks, or tax returns, that the borrower consistently received payments for the past 12 months.





Income Type	Tips	Required Documentation
<b>Pension</b>	This is income the borrower receives from a former employer.	Obtain the most recent pension statement and at least one of the following: Federal tax returns reporting the income on line 16a, the most recent bank statements showing the deposits from the former employer, or a copy of the pension/retirement letter from the former employer.
<b>Rental and Other Real Estate Holdings</b>	If the borrower receives income for two years, FHA considers the income history to be sufficient. There are different requirements for borrowers with no history of rental income.	Obtain tax returns with a Schedule E for the last two years. If the borrower has not received this income for two years, refer to the Guide For additional requirements.
<b>Self-employment</b>	There are four types of business structures: Sole Proprietorship, Corporation, Limited Liability or "S" Corporations, and Partnerships. The borrower must be self-employed for two years to use this income. If the borrower has been self-employed for between one and two years, we consider it as income only if the borrower was in the same line of work, or a related occupation, for at least two years.	Obtain the following: <ul style="list-style-type: none"><li>• Year-to-date Profit and Loss Statement (this is not required for Schedule C income) if more than a calendar quarter elapsed since the borrower filed the most recent year-end or fiscal year-end tax return.</li><li>• Audited profit and loss statement, or signed quarterly tax return from the IRS, if income used exceeds the two-year average.</li><li>• Personal tax returns for the previous two years, with all schedules OR 4506T results.</li><li>• Corporate credit report for corporations and "S" corporations.</li></ul>



Income Type	Tips	Required Documentation
<b>Social Security Retirement</b>	We cannot “gross up” this income because we are calculating residual income. We must proceed with the non-taxable income only, on Line 20A of the tax returns.	Obtain the most recent award letter that states SSA’s determination on the borrower’s eligibility for SSA income and ONE of the following: <ul style="list-style-type: none"><li>• A copy of the borrower’s Social Security Benefit Statement (SSA-1099/1045).</li><li>• Federal tax returns.</li><li>• The most recent bank statement showing deposits from SSA.</li><li>• A Proof of Income letter from the SSA showing income.</li></ul>
<b>Trust Accounts</b>	Use this account for income or assets, but not both.	Obtain a current Trust Agreement, and bank statements for the past 12 months confirming frequency, duration and amount of payments.

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FA WORKSHEET



# HECM Financial Analysis Worksheet

<b>HECM FINANCIAL ASSESSMENT WORKSHEET</b>	<b>FHA CASE NO.</b> <input style="width:80px;" type="text"/>
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**MORTGAGOR NAME(S):**

**PROPERTY ADDRESS:**

**SECTION A: PROPERTY CHARGE PAYMENT HISTORY**

PROPERTY CHARGE	CURRENT	DELINQUENT IN LAST 24 MONTHS
REAL ESTATE TAXES	<input type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> YES <input type="checkbox"/> NO
OTHER ASSESSMENTS	<input type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> YES <input type="checkbox"/> NO
HOA/PUD/CONDO FEES	<input type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> YES <input type="checkbox"/> NO
		<b>IN PLACE FOR LAST 12 MONTHS</b>
HAZARD/HOMEOWNERS INSURANCE		<input type="checkbox"/> YES <input type="checkbox"/> NO
FLOOD INSURANCE		<input type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> N/A

**SECTION B: CREDIT HISTORY**

CREDIT ACCOUNT	NUMBER OF DELINQUENT PAYMENTS LAST 24 MONTHS		
	30 DAY	60 DAY	90 DAY

**SECTION C: ASSETS**

ASSET ACCOUNT	<i>minus</i>	MORTGAGOR FUNDS NEEDED TO CLOSE	NET VALUE

**SECTION D: CALCULATION OF IMPUTED INCOME FROM ASSET DISSIPATION**

ASSET ACCOUNT	NET VALUE		% VALUE		DISCOUNTED VALUE
		X		=	\$
		X		=	\$
		X		=	\$
		X		=	\$
		X		=	\$
<b>TOTAL DISCOUNTED VALUE OF ASSETS</b>					\$
<i>divided by</i> LIFE EXPECTANCY OF YOUNGEST MORTGAGOR IN MONTHS (LIFE EXPECTANCY X 12)					
<i>equals</i> TOTAL IMPUTED MONTHLY INCOME FROM ASSETS					\$

**SECTION E: CALCULATION OF MAINTENANCE AND UTILITY EXPENSES**

SQUARE FOOTAGE OF PROPERTY		_____	SQUARE FEET
multiplied by	\$0.14	X	<u>0.14</u>
equals	MONTHLY MAINTENANCE AND UTILITY EXPENSES	\$	_____

**SECTION F: MONTHLY EFFECTIVE INCOME**

MONTHLY INCOME SOURCE	AMOUNT	MONTHLY INCOME SOURCE	AMOUNT
EMPLOYMENT	\$	ASSET DISSIPATION	\$
PENSION/RETIREMENT	\$	OTHER (describe)	\$
SOCIAL SECURITY	\$	OTHER (describe)	\$
RENTAL INCOME	\$	OTHER (describe)	\$

**TOTAL MONTHLY EFFECTIVE INCOME FROM ALL SOURCES:**

**SECTION G: MONTHLY PROPERTY CHARGES**

PROPERTY CHARGE	ANNUAL AMOUNT	DIVIDED BY	EQUALS	MONTHLY AMOUNT
REAL ESTATE TAXES		12	=	\$
HAZARD/HOMEOWNERS INSURANCE		12	=	\$
FLOOD INSURANCE		12	=	\$
HOA/PUD/CONDO FEES		12	=	\$
OTHER (describe)		12	=	\$
OTHER (describe)		12	=	\$

TOTAL MONTHLY PROPERTY CHARGES:

**SECTION H: OTHER MONTHLY EXPENSES**

MONTHLY EXPENSE SOURCE	OUTSTANDING BALANCE	MONTHLY PAYMENT	MONTHLY EXPENSE SOURCE	OUTSTANDING BALANCE	MONTHLY PAYMENT
INCOME TAXES	N/A		JUDGMENT PAYMENTS	N/A	
FICA	N/A		BANKRUPTCY PAYMENTS	N/A	
INSTALLMENT ACCOUNTS			MAINTENANCE AND UTILITIES	N/A	
REVOLVING ACCOUNTS			OTHER (describe)		
ALIMONY AND CHILD SUPPORT	N/A		OTHER (describe)		
MAINTENANCE AND UTILITIES	N/A		OTHER (describe)		

TOTAL OTHER MONTHLY EXPENSES:

**SECTION I: RESIDUAL INCOME**

	TOTAL MONTHLY EFFECTIVE INCOME FROM ALL SOURCES	\$
<i>minus</i>	TOTAL MONTHLY PROPERTY CHARGES	\$
<i>minus</i>	TOTAL OTHER MONTHLY EXPENSES	\$
<i>equals</i>	MONTHLY RESIDUAL INCOME	\$



**SECTION J: MONTHLY PROPERTY CHARGES AS % OF MONTHLY INCOME**

	TOTAL MONTHLY PROPERTY TAXES	\$ _____
<i>divided by</i>	TOTAL MONTHLY EFFECTIVE INCOME FROM ALL SOURCES	\$ _____
<b>equals</b>		_____ %

**SECTION K: EXTENUATING CIRCUMSTANCES**

**SECTION L: COMPENSATING FACTORS**

**RESULTS OF FINANCIAL ASSESSMENT**

PROPERTY CHARGE PAYMENT HISTORY	ACCEPTABLE	<input type="checkbox"/>	YES	<input type="checkbox"/>	NO
CREDIT HISTORY	ACCEPTABLE	<input type="checkbox"/>	YES	<input type="checkbox"/>	NO
RESIDUAL INCOME	ACCEPTABLE	<input type="checkbox"/>	YES	<input type="checkbox"/>	NO
DE UNDEWRITER CHUMS ID	DE UNDERWRITER SIGNATURE			DATE	

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1009 ADDENDUM





## Addendum to Residential Loan Application Fannie Mae Form 1009

### I. Primary Residence Additional Property Information

\_\_\_\_ Number of individuals that will occupy the subject property.

### II. Monthly Income and Combined Property Expense Information

Gross Monthly Income	Borrower	Co-Borrower	Total	Combined Monthly Expenses	Total
Base Employment Income*	\$	\$	\$	Real Estate Taxes	\$
Overtime	\$	\$	\$	Hazard Insurance	\$
Bonuses	\$	\$	\$	Flood Insurance	\$
Commissions	\$	\$	\$	HOA, PUD, Condo Fees	\$
Social Security	\$	\$	\$	Other Property Fees	\$
Pension/Retirement Benefits	\$	\$	\$		\$
Rental Income	\$	\$	\$	Alimony/Child Support**	\$
Disability Benefits	\$	\$	\$	Job-Related	\$
Annuity Income	\$	\$	\$	Other Non-Property Fees	\$
Other Income	\$	\$	\$		\$
<b>Total</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>Total</b>	<b>\$</b>

\*Self-employed borrowers may be required to provide additional documentation, such as tax returns and financial statements.

\*\*Alimony, child support, or separate maintenance income need not be revealed if the borrower or co-borrower does not choose to have it considered as a source of income.

Describe Other Income	Monthly Amount	Borrower	Co-Borrower
	\$	<input type="checkbox"/>	<input type="checkbox"/>
	\$	<input type="checkbox"/>	<input type="checkbox"/>
	\$	<input type="checkbox"/>	<input type="checkbox"/>
	\$	<input type="checkbox"/>	<input type="checkbox"/>



### III. Employment Information

Borrowers must provide two (2) years of employment history if currently employed and using employment as a source of income. Please attach a continuation sheet, if necessary.

<b>Name &amp; Address of Employer</b> <small>(check if self-employed)</small>	<b>Self-employed</b>	<b>Business Phone</b> <small>(include area code)</small>	<b>Start Date</b>	<b>Part-time</b>	<b>End Date</b>	<b>Current Job</b>	<b>Monthly Income</b>	<b>Borrower</b>	<b>Co-Borrower</b>
	<input type="checkbox"/>			<input type="checkbox"/>		<input type="checkbox"/>	\$	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>			<input type="checkbox"/>		<input type="checkbox"/>	\$	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>			<input type="checkbox"/>		<input type="checkbox"/>	\$	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>			<input type="checkbox"/>		<input type="checkbox"/>	\$	<input type="checkbox"/>	<input type="checkbox"/>



**IV. Liabilities and Assets**

This Statement and any applicable supporting schedules may be completed jointly by both married and unmarried Co-Borrowers if their assets and liabilities are sufficiently joined so that the Statement can be meaningfully and fairly presented on a combined basis. Otherwise, separate Statements and schedules are required. If the Co-Borrower section was completed for a non-borrowing spouse or other person, this statement and supporting schedules must also be completed for that spouse or other person also.

**Liabilities**

List the creditor's name, address, and account number for all outstanding debts, including liens against the subject property. Include automobile loans, revolving charge accounts, real estate loans, alimony, child support, stock pledges, etc. Use a continuation sheet, if necessary.

Name and Address of Creditor (check if lien on subject property)	Lien	Account Number and Type	Unpaid Balance	Monthly Payment
1.	<input type="checkbox"/>	# Type:	\$	\$
2.	<input type="checkbox"/>	# Type:	\$	\$
3.	<input type="checkbox"/>	# Type:	\$	\$
4.	<input type="checkbox"/>	# Type:	\$	\$
5.	<input type="checkbox"/>	# Type:	\$	\$
6.	<input type="checkbox"/>	# Type:	\$	\$
7.	<input type="checkbox"/>	# Type:	\$	\$
8.	<input type="checkbox"/>	# Type:	\$	\$
9.	<input type="checkbox"/>	# Type:	\$	\$
10.	<input type="checkbox"/>	# Type:	\$	\$
<b>Total Monthly Payments</b>				<b>\$</b>



**Assets**

List checking and savings accounts, certificates of deposit, retirement accounts, stocks and bonds, cash on hand, private savings clubs, and any other asset. For each asset, indicate if withdrawals from that account are or would be taxed. Use a continuation sheet, if necessary.

Name and Address of Institution	Account Number and Type	Cash or Market Value	Taxable
1.	# Type:	\$	<input type="checkbox"/>
2.	# Type:	\$	<input type="checkbox"/>
3.	# Type:	\$	<input type="checkbox"/>
4.	# Type:	\$	<input type="checkbox"/>
5.	# Type:	\$	<input type="checkbox"/>
6.	# Type:	\$	<input type="checkbox"/>
7.	# Type:	\$	<input type="checkbox"/>
8.	# Type:	\$	<input type="checkbox"/>
9.	# Type:	\$	<input type="checkbox"/>
10.	# Type:	\$	<input type="checkbox"/>
<b>Total Assets</b>		<b>\$</b>	



**V. Acknowledgment and Agreement**

Each of the undersigned specifically represents to Lender and Lender’s actual or potential agents, brokers, processors, attorneys, insurers, servicers, successors, and assigns and agrees and acknowledges that: (1) the information provided in this application is true and correct as of the date set forth opposite my signature and that any intentional or negligent misrepresentation of this information contained in this application may result in civil liability, including monetary damages, to any person who may suffer any loss due to reliance upon any misrepresentation that I have made on this application, and/or in criminal penalties including, but not limited to, fine or imprisonment or both under the provisions of Title 18, United States Code, sec. 1001, et seq.; (2) the loan requested pursuant to this application (the “Loan”) will be secured by a mortgage or deed of trust on the property described in this application; (3) the property will not be used for any illegal or prohibited purpose or use; (4) all statements made in this application are made for the purpose of obtaining a residential mortgage loan; (5) the property will be occupied as indicated in this application; (6) the Lender, its servicers, successors, or assigns may retain the original and/or an electronic record of this application, whether or not the Loan is approved; (7) the Lender and its agents, brokers, insurers, servicers, successors, and assigns may continuously rely on the information contained in the application, and I am obligated to amend and/or supplement the information provided in this application if any of the material facts that I have represented in this application should change prior to closing the Loan; (8) ownership of the Loan and/or administration of the Loan account may be transferred with such notice as may be required by law; and (9) neither Lender nor its agents, brokers, insurers, servicers, successors, or assigns has made any representation or warranty, express or implied, to me regarding the property or the condition or value of the property.

Acknowledgment: Each of the undersigned hereby acknowledges that any owner of the Loan, its servicers, successors, and assigns, may verify or reverify any information contained in this application or obtain any information or data relating to the Loan, for any legitimate business purpose through any source, including a source named in this application or a consumer reporting agency.

Certification: I/We certify that the information provided in this application is true and correct as of the date set forth opposite my/our signature(s) on this application and acknowledge my/our understanding that any intentional or negligent misrepresentation(s) of the information contained in this application may result in civil liability and/or criminal penalties including, but not limited to, fine or imprisonment or both under the provisions of Title 18, United State Code, Section 1001, et seq. and liability for monetary damages to the Lender, its agents, successors and assigns, insurers, and any other person who may suffer any loss due to reliance upon any misrepresentation which I/we have made on this application.

Borrower’s Signature	Date	Co-Borrower’s Signature	Date



**Continuation Section/Residential Loan Application Addendum**

Use this continuation section if you need more space to complete the Residential Loan Application. Mark <b>B</b> for Borrower or <b>C</b> for Co-Borrower.	Borrower:	Agency Case Number:
	Co-Borrower:	Lender Case Number:

I/We fully understand that it is a federal crime punishable by fine or imprisonment, or both, to knowingly make any false statements concerning any of the above facts as applicable under the provisions of Title 18, United States Code, Section 1001, et seq.			
Borrower's Signature	Date	Co-Borrower's Signature	Date