



AGENDA DAY 1 – THURSDAY – SEPTEMBER 21, 2023

YOUR PRESENTERS

9 a.m.	BREAKFAST & REGISTRATION	
10 a.m.	Opening Remarks, Staff/Sponsor Intro & Year in Review	Jamie York
10:30 a.m.	Sponsor – Michigan Trusted Title Agency	Rebecca Curtis
10:35 a.m.	BREAK & NETWORKING	
10:45 a.m.	Origination / System Admin – Part 1	Cathy Nihranz & Kayte Bullock
11:15 a.m.	BREAK & NETWORKING	
11:30 a.m.	Origination / System Admin – Part 1	Cathy Nihranz & Kayte Bullock
12:00 p.m.	Sponsor – MGIC	Brian Karaszewski & Dan Gallagher
12:05 p.m.	Processing	Katelyn Collins & Team Members
12:20 p.m.	LUNCH	
1:30 p.m.	Underwriting Panel - Parts 1 & 2 (Short Break included)	Kristy Rahn & Underwriting Team
2:45 p.m.	Closings	Stephanie Austin & Closing Team
3 p.m.	Sponsor – Butler Rowse-Oberle	John Butler & Karen Rowse-Oberle
3:05 p.m.	Servicing & Loss Mitigation	Kelly Rutherford, Diane Hubbard & Teams
3:25 p.m.	BREAK & NETWORKING	
3:40 p.m.	QC & Audit	Jean Denton
4 p.m.	Closing Remarks for the Day	Jamie York
4:05 p.m.	Break / Open Time Until Meet & Greet Event	
5:15 p.m.	Meet & Greet Event - Casino Night!	

YOUR CONFERENCE SPONSORS:





AGENDA DAY 2 – FRIDAY – SEPTEMBER 22, 2023 YOUR PRESENTERS

9 a.m.	BREAKFAST & NETWORKING	
10 a.m.	Opening Remarks	Jamie York
10:05 a.m.	Game Time!	NMS Team Members
10:45 a.m.	Sponsor – Enact	Sandra Rhadigan
10:50 a.m.	BREAK & NETWORKING	
11 a.m.	Sales Tips & Efficiencies	Brian James
11:45 a.m.	Sponsor – Strategic Income Solutions	Melinda Spada
11:50 a.m.	BREAK & NETWORKING	
12 p.m.	Underwriting Panel – Part 3	Kristy Rahn & Underwriting Team
12:30 p.m.	NMS Panel Q&A	NMS Team Members
1 p.m.	Closing Remarks	Jamie York

YOUR NMS LEADERSHIP TEAM & PRESENTERS



Jamie York
Chief Executive Officer



Kristy Rahn
Chief Operations Officer



Brian James
Sales & Member Dev. Officer



Sheana Rodammer
VP of Support Services



Kelly Rutherford
Servicing Manager



Kellen Bickel
Marketing Director



Bruce Eccleton
Controller



Stephanie Austin
Closing Team Leader



Kayte Bullock
System Administrator



Katelyn Collins
Processing Team Leader



Jean Denton
QC Team Leader



Anne Foster
Efficiency Specialist



Diane Hubbard
Loss Mitigation Supervisor



Cathy Nihranz
System Administrator

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Neighborhood

PERKS



trusted solutions. credit union values.

Our **Neighborhood PERKS** program is an opportunity for you, our valued partner, to refer a fellow Credit Union to NMS and in turn qualify for some exciting perks!

Since you're a valued partner of Neighborhood Mortgage Solutions, we're proud to share more with you than just yield spread premium and servicing fee income. After all, we're partners in business together.

What qualifies as a referral? Talk to a peer Credit Union about your successful partnership with Neighborhood Mortgage Solutions. If they agree to contact us, hear more about our partnership with you and sign an official agreement to join NMS – **you'll qualify for 1 of 3 Exciting Perks:**

\$2000 of customized marketing material!

You qualify when the new CU partner signs contract and closes & funds 10 loans through NMS.

3 months Mortgage Cadence fees paid!

You qualify when the new CU partner signs contract and closes & funds 8 loans through NMS.

Cash Reward of \$500!

You qualify when the new CU partner referred to us signs a contract with NMS.

These are some superior perks for simply extending an invite to fellow Credit Unions and telling them about the partnership you enjoy with us. After all, the Credit Union philosophy is **"People Helping People."**

BONUS

A GRAND PRIZE DRAWING will be held each year at the annual NMS User Conference. Your Credit Union can receive one drawing entry for each qualifying CU referred to us.

Contact **Jamie York** today and we'll do the rest to add partners to our Neighborhood!



Jamie York, CEO

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BUTLER ROWSE-OBERLE

Butler Rowse-Oberle PLLC is a creditors' rights and bankruptcy law firm with a long history of exemplary service and experience. The firm and its predecessors have represented the same clients for nearly 70 years. We have helped financial institutions, bankruptcy trustees, community associations, and other secured and unsecured lenders protect their rights and their assets.

www.brolawpllc.com



MICHIGAN TRUSTED
Title Agency

As a Credit Union Service Organization (CUSO), we were established by Credit Unions to service Credit Unions. We believe credit unions should control more of their members' lending journey and experience, supported by a credit-union centric business partner.

www.michigantrustedtitle.com



MGIC

We provide a critical component of our country's residential mortgage finance system by protecting mortgage investors from credit losses. The mortgage insurance we provide also benefits consumers by helping them achieve homeownership sooner with low-down-payment loans.


www.mgic.com



EnactSM

There's no place like home. That's why we bring our deep expertise, insightful offerings and extra mile service to work every day to help lenders bring the dream of homeownership to more people.

www.enactmi.com



Strategic Income Solutions

Strategic Income Solutions (SIS) has the knowledge and expertise to help you create long-lasting relationships with your account holders. As a Credit Union Service Organization (CUSO) we will provide unique opportunities to increase value for members and non-interest fee income for credit unions.

www.gosis.org





Jamie York
Chief Executive
Officer



Kristy Rahn
Chief Operations
Officer



Brian James
Sales & Member
Development Officer



Sheana Rodammer
VP of Support
Services



Kelly Rutherford
Servicing
Manager



Kellen Bickel
Marketing
Director



Bruce Eccleton
Controller



Stephanie Austin
Closing Team
Leader



Andrew Bilek
Underwriter



Kayte Bullock
System
Administrator



Wendy Chapman
Servicing
Agent



Miranda Charles
Accounting
Clerk



Katelyn Collins
Processing
Team Leader



Katelyn Cunningham
Underwriting
Assistant



Sabrina Delgado
Underwriter



Jean Denton
QC
Team Leader



Anne Foster
Efficiency
Specialist



Brynna Foster
Servicing
Agent



Tiffany Francis
Servicing
Agent



Amanda Hecht
Processor



Elizabeth Hecht
Servicing
Coordinator



Tabitha Hecht
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Diane Hubbard
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Supervisor



Nicole Jaynes
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Trista Jeske-Yax
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Denise Johnson
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Rob Kennedy
Loan Originator
(NMS Retail Division)



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Chad Krainbrink
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Coordinator



Kathy Lange
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Jamie Lawrence
Audit
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Glenda Martin
Underwriter



Linda McNeill
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Cathy Nihraz
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Administrator



Lisa Price
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Admin	admin@gonms.org	If you're unsure who to contact, please send it here.				
Audit	audit@gonms.org	Questions regarding monthly QC audits or compliance.				
Closings	closings@gonms.org	To schedule closings or questions regarding your closing.				
FICS Admin	FICSadmin@gonms.org	Unlocking/Resetting Mortgage Teller accounts and questions or concerns regarding FICS.				
Help Desk	helpdesk@gonms.org	MC loan screens, loan structuring, password resets & loan origination inquiries.				
Intuvo	intuvo@gonms.org	If you are a current partner with us for Intuvo or would like to learn more, email our group here.				
Loss Mitigation	lossmit@gonms.org	Over 30 day delinquency, foreclosure, deed in lieu, bankruptcy, short sale, loan mods & forbearance.				
Post Closing	postclosing@gonms.org	Any questions on VLF storage & archiving.				
Processing	processing@gonms.org	NMS processes and closes your loans; please send <u>all</u> questions and documents related to the file.				
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Servicing	servicing@gonms.org	Escrow issues w/property taxes and HOI, discharges, payoffs, escrow analysis & general servicing issues.				
System Admin	systemadmin@gonms.org	Mortgage Cadence system changes, password resets, errors & document packages.				
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This information is for use by Neighborhood Mortgage Solutions and its partner credit unions. Please do not share outside of your organization.

Glossary of Mortgage Terms

Adjustable-Rate Mortgage (ARM)

A term for any mortgage in which the interest rate and, generally, the payments change over the life of the loan. The interest rate is adjusted to match the rise or fall of a preselected interest rate index (the LIBOR index or the Treasury index, for example). A borrower's regular payments will increase or decrease accordingly. Different types of adjustable-rate mortgages (ARMs) have different frequencies for these adjustments. Also known as a variable-rate loan.

Back-End Ratio, Or Debt-To-Income (DTI) Ratio

A ratio that compares the total of all monthly debt payments (mortgage, real estate taxes and insurance, car loans, and other consumer loans) to gross monthly income.

Closing Disclosure (CD)

Itemizes all closing costs, including commissions, loan fees, points, and escrow amounts. Must be given to the borrower three days prior to the scheduled closing and the final loan terms.

Conventional Loan

A mortgage loan not insured by the Federal Housing Administration (FHA) or guaranteed by the Veterans Administration (VA) or Farmers Home Administration (FmHA). No governmental agency approval is required of the lender, borrower or property. It is called "conventional" because it conforms to accepted standards, modified within legal bounds by mutual consent of the borrower and the lender. Also called conventional residential mortgage.

Debt-To-Income (DTI) Ratio

A ratio that compares the total of all monthly debt payments (mortgage, real estate taxes and insurance, car loans, and other consumer loans) to gross monthly income.

Earnest Money

A deposit made by a buyer of real estate towards the down payment to evidence good faith. This money is typically held by the real estate brokers or the escrow company.

Escrow Account

An account held by the lending institution to which the borrower pays monthly installments for property taxes, insurance and special assessments, and from which the lender disburses these sums as they become due.

Federal Home Loan Mortgage Corporation (Freddie Mac)

A federally chartered corporation that purchases and sells conventional and residential mortgages and converts them into securities for sale to investors; in doing so, Freddie Mac helps supply funds that lenders use to make additional loans to potential homebuyers. Also known as a Government Sponsored Enterprise (GSE). Freddie Mac maintains a nationwide secondary market primarily for conventional loans originated by banks, thrift institutions and other HUD-approved lenders. Freddie Mac finances most of its operations through the sale of Mortgage Participation Certificates.

Federal Housing Administration - FHA

An agency within the U.S. Department of Housing and Urban Development (HUD). FHA offers mortgage insurance programs to protect the lender in the event of default. Because lenders are insured against loss, they can make affordable financing available to borrowers who would not otherwise qualify.

Government National Mortgage Association (Ginnie Mae)

A government corporation within the Department of Housing and Urban Development (HUD) that provides assistance for the purchase of certain Federal Housing Administration (FHA) and Veterans Administration (VA) mortgages and guarantees securities backed by pools of mortgage loans.

Home Equity Line Of Credit (HELOC)

A mortgage set up as a line of credit against which a borrower can draw up to a maximum amount, as opposed to a loan for a fixed dollar amount. For example, using a standard mortgage you might borrow \$150,000, which would be paid out in its entirety at closing. Using a HELOC instead, you receive the lender's promise to advance you up to \$150,000, in an amount and at a time of your choosing.

Monthly Housing Expense Ratio

The amount of the monthly income as a percentage of the amount the borrower will owe each month in principal, interest, real estate tax and insurance on a mortgage.

PITI

The total mortgage payment which includes principal, interest, taxes and insurance. The payment of taxes and insurance with the monthly mortgage payment is not always required.

Points

Fees paid to lenders. 1 point = 1 percent of the loan amount. On a \$100,000 loan 1 point is \$1000. Points may be further classified into origination points or discount points.

Pre-Approval

A fixed loan amount that a lender commits to lend to a borrower based on a completed loan application, credit reports, debt, savings and has been reviewed by an underwriter. This does not guaranty a loan until the property has passed inspections and meets underwriting guidelines.

Private Mortgage Insurance (PMI)

Insurance written by an independent mortgage guaranty insurance company that protects the mortgage lender against loss incurred by a mortgage default, thus enabling the lender to lend a higher percentage of the sales price. Private companies, such as MGIC, offer this insurance. The federal government writes this form of insurance through the Federal Housing Administration (FHA). Mortgage insurance benefits consumers by helping them achieve homeownership sooner with low-down-payment loans.

Real Estate Settlement Procedure Act

Real Estate Settlement Procedures Act; a law requiring lenders to disclose all settlement costs, practices and relationships.

Total Expense Ratio

A ratio that compares the total of all monthly debt payments (mortgage, real estate taxes and insurance, car loans, and other consumer loans) to gross monthly income.

VA Mortgage

A mortgage guaranteed by the Department of Veterans Affairs (VA).



Mortgage Industry Terms & Acronyms

Full Mortgage Term or Phrase	Acronym
Ability To Repay	ATR
Adjusted Gross Income	AGI
Adjustable-Rate Mortgage	ARM
Affiliated Business Disclosure	ABD
Annual Percentage Rate	APR
Appraisal Management Companies	AMC
Area Median Incomes	AMI
Automated Clearing House	ACH
Automated Underwriting System	AUS
Automated Valuation Model	AVM
Average Prime Offer Rate	APOR
Bankruptcy	BK
Basis Points	BPS
Broker Price Opinion	BPO
Closing Disclosure	CD
Collateral Underwriter	CU
Combined Loan to Value	CLTV
Constant Maturity Treasury (ARMs)	CMT
Construction to Permanent Mortgage Loan	C to P
Cost of Funds Index (ARMs)	COFI
Debt to Income Ratio	DTI
Department of Housing and Urban Development	HUD
Desktop Originator	DO
Desktop Underwriter	DU
Earnest Money Deposit	EMD
Equal Credit Opportunity Agency	ECOA
Federal Deposit Insurance Corporation	FDIC
Federal Emergency Management Agency	FEMA
Federal Housing Administration	FHA
Federal Housing Finance Agency	FHFA
Federal Trade Commission	FTC
Fixed Rate Mortgage	FRM
For Sale by Owner	FSBO
Good Faith Estimate (HELOC only)	GFE
Government-Sponsored Enterprise	GSE
High Priced Mortgage Loan	HPML

Full Mortgage Term or Phrase	Acronym
Home Equity Combined Loan to Value	HCLTV
Home Equity Line of Credit	HELOC
Home Ownership and Equity Protection Act of 1994	HOEPA
Homeowners Association	HOA
Homeowners Insurance	HOI
Last Paid Installment	LPI
Lender Paid Mortgage Insurance	LPMI
Loan Estimate	LE
Loan Level Price Adjustment	LLPA
Loan Origination System	LOS
Loan Product Advisor	LPA
Loan To Value	LTV
Metropolitan Statistical Area	MSA
Mortgage Industry Standards Maintenance Organization	MISMO
Mortgage Insurance	MI
National Credit Union Administration	NCUA
Planned Unit Development	PUD
Principal and Interest	P&I
Principal, interest, taxes and insurance	PITI
Principal, interest, taxes, insurance and other assessments	PITIA
Qualified Mortgage	QM
Real Estate Owned	REO
Real Estate Settlement Procedures Act	RESPA
Rural Development	RD
To Be Determined	TBD
TILA RESPA Integrated Disclosure	TRID
Truth in Lending Act	TILA
U.S. Department of Veterans Affairs	VA
Uniform Underwriting and Transmittal Summary	1008
Uniform Closing Dataset	UCD
Uniform Collateral Data Portal	UCDP
Uniform Electronic Transactions Act	UETA
Uniform Loan Delivery Dataset	ULDD
Uniform Residential Loan Application (Also referred to as 1003)	URLA
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Up-Front Mortgage Insurance Premium	UFMIP

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Mortgage Cadence Updates

1. Social Security Administration - SSA-89 form (04-2023) edition.

New Version of SSA-89 has a required use date of 9.30.2023. These changes were migrated to Production on May 25, 2023.

SSA-89 - Authorization for the SSA to Release SSN Verification
 Doc Code – 7953
 Impacting FORWARD and REVERSE Customers

The Social Security Administration's ("SSA") form SSA-89 was recently updated, and we have updated our copy of this form accordingly.

We do note that the last two paragraphs of the form have been merged and believe that it was not the SSA's original intent to do so, based on the form they provided for approval through the Office of Management and Budget's website.

However, the SSA may have merged the paragraphs in their final model form to keep it to one page. We have followed suit with our copy.

Form **SSA-89** (04-2023)
 Discontinue Prior Editions
 Social Security Administration OMB No.0960-0760

**Authorization for the Social Security Administration (SSA)
 To Release Social Security Number (SSN) Verification**

Printed Name: _____ Date of Birth: _____ Social Security Number: _____

2. MFA Reset Button Added

To support borrowers whose accounts were locked due to too many invalid MFA attempts during the login process, the Consumer Login page in the LOW displays a new **Reset MFA** button.

Consumer Login For Loan ID 9017

A login already exists for this loan.

Username: 060823tz1
 Borrower Email Address: suzibuilder@mc.com

Lock Account
Reset Password
Reset MFA
Back

Mortgage Cadence Updates

1. Social Security Administration - SSA-89 form (04-2023) edition.

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Impacting FORWARD and REVERSE Customers

The Social Security Administration's ("SSA") form SSA-89 was recently updated, and we have updated our copy of this form accordingly.

We do note that the last two paragraphs of the form have been merged and believe that it was not the SSA's original intent to do so, based on the form they provided for approval through the Office of Management and Budget's website.

However, the SSA may have merged the paragraphs in their final model form to keep it to one page. We have followed suit with our copy.

Form **SSA-89** (04-2023)
 Discontinue Prior Editions
 Social Security Administration OMB No.0960-0760

**Authorization for the Social Security Administration (SSA)
 To Release Social Security Number (SSN) Verification**

Printed Name: _____ Date of Birth: _____ Social Security Number: _____

2. MFA Reset Button Added

To support borrowers whose accounts were locked due to too many invalid MFA attempts during the login process, the Consumer Login page in the LOW displays a new **Reset MFA** button.

Consumer Login For Loan ID 9017

A login already exists for this loan.

Username: 060823tz1

Borrower Email Address: suzibuilder@mc.com

Lock Account
Reset Password
Reset MFA
Back

3. Closing Disclosure Update: Addendum to Closing Disclosure

Mortgage Cadence Closing Disclosure Update – August 2023

Mortgage Cadence has modified the Closing Disclosure and Addendum to Closing Disclosure when there is insufficient room for listing the name of a payee within a fee line on page 2, causing the payee's name to wrap to an additional line. First, the caption "See addendum" will appear in lieu of the payee's name on the Closing Disclosure, and, second, a duplicate of the line will appear in the Addendum to Closing Disclosure, with the fee name and the full payee's name, as shown below. Previously, the payee's name was being truncated, but was still wrapping to a second line in some scenarios, pushing page 2 of the Closing Disclosure to an additional page.

This change is based upon the provisions of 12 C.F.R. §§ 1026.37(f)(3) & 1026.38(t)(5)(ix) and informal, non-authoritative guidance provided by the CFPB in their "Outlook Live Webinar" dated October 1, 2014 which permit the inclusion of mandatory disclosures on an addendum when there is insufficient room in the area designated for such information on the model form.

Example:

B. Services Borrower Did Not Shop For 01 Appraisal Fee	to See addendum	\$8,375.00 \$500.00		
Addendum to Closing Disclosure <i>This is a continuation of your statement of final loan terms and closing costs.</i>				
Closing Cost Payee Details				
B.01 Appraisal Fee	to Long Appraisal Company Name for Testing CD Addendum			

****Please Note:** For any service paid to Neighborhood Mortgage Solutions, you can abbreviate that to "NMS, LLC" in the Closing Cost Details edit screen**

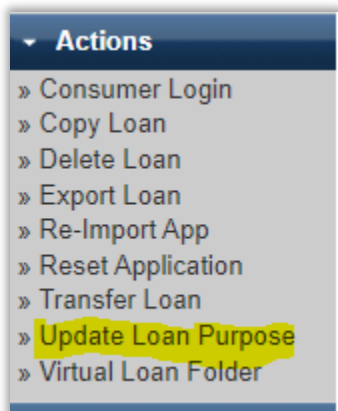
4. The Work Number Employment Status Removed from Order Screen

Equifax rolled out their new Mortgage VOE and VOI solutions which provides up to 36 months of income and/or employment information (current and prior), as it is available. Mortgage Cadence removed the Employee Status from the Employer Details section of The Work Number order page.

Before Update	After Update
<p>John Homeowner</p> <p><input checked="" type="checkbox"/> Search by SSN <input type="checkbox"/> Test</p> <p>Mary Homeowner</p> <p><input type="checkbox"/> Search by SSN <input type="checkbox"/> Test Mary</p> <p><input type="checkbox"/> Manual Verification</p> <p>Tax Preparer Details</p> <p>This section can only be edited for a self-employed borrower</p> <p>Employer Details</p> <p>Employee Status <input type="text" value="-- Select a Status --"/></p> <p>Alternate ID <input type="text"/></p> <p>Employer Code <input type="text"/></p> <p>Salary Key <input type="text"/></p>	<p>John Homeowner</p> <p><input type="checkbox"/> Search by SSN <input checked="" type="checkbox"/> Test USA</p> <p>Mary Homeowner</p> <p><input type="checkbox"/> Search by SSN <input type="checkbox"/> Test USA</p> <p><input type="checkbox"/> Manual Verification</p> <p>Tax Preparer Details</p> <p>This section can only be edited for a self-employed borrower</p> <p>Employer Details</p> <p>Alternate ID <input type="text"/></p> <p>Employer Code <input type="text"/></p> <p>Salary Key <input type="text"/></p> <p><small>is an Alternate ID or Salary Key required for this employer?</small></p>

5. Update Loan Purpose

From the Loan Summary page – left navigation menu – under Actions – Update Loan Purpose. You have the ability to change the Loan Purpose **PRIOR** to the Loan Estimate being ordered. Once the Loan Estimate is ordered, you will NOT be able to change the Loan Purpose.



Prior to ordering the Loan Estimate, you will see the Override Loan Purpose field. Options available in the drop down will be what your Credit Union currently offers, Purchase, Refinance, Home Equity & Construction.

A screenshot of the 'Update Loan Purpose' form. At the top, there is a yellow warning box with the text: 'After updating the loan purpose, review the loan to confirm loan data is accurate.' Below this, the form displays several fields:

- Borrowers:** Steven J Housebuyer, Teresa L Housebuyer
- Loan Id:** 7377
- Current Loan Purpose:** Refinance
- Current Refinance Type:** Cash Out Other
- Override Loan Purpose:** A dropdown menu currently showing 'Purchase'.

At the bottom right of the form, there are two buttons: 'Back' and 'Update'.

Once the Loan Estimate has been ordered, you cannot update the loan purpose. You will see the message that the Loan Purpose cannot be changed:

Update Loan Purpose

A Loan Estimate has been issued for this loan. The Loan Purpose cannot be changed.

Borrower	Alice Firstimer
Loan Id	7376
Current Loan Purpose	Purchase

[Back](#)

6. **eConsent Warning Message** – A message was added to the Initial Disclosures page in Order Services if the borrower has not consented or declined to electronic disclosures. This is not a hard stop and is just providing an alert to you that the disclosures may need to be mailed to comply with the 3-day disclosure requirement.

Doc Center Initial Disclosures Order Screen

Borrower has not yet Consented or Declined to receive Electronic Disclosures.
Disclosures may need to be mailed to comply with the 3 day disclosure requirement.

7. **Value For LTV Calculations:** Loan Summary reflects what Loan to Value is being used for the LTV. Good example would be when the Estimated Value or Appraised Value is less than the Purchase Price:

Loan Amount:	\$150,000.00
Value For LTV Calculations:	\$180,000.00
LTV:	83.33%
CLTV:	83.33%
HCLTV:	83.33%
Interest Rate:	2.500%
APR:	<u>2.968%</u>
Purchase Price:	\$200,000.00
Estimated Prepaid Items:	\$1,478.42
Estimated Closing Costs:	\$5,787.92
Total Costs:	\$207,266.34
Subordinate Financing:	\$0.00
Cash From Borrower:	\$57,266.34

8. DU Order Page Reminder

When a user places an order for DU and the prior order errored out, users forget to enter the credit reference number when the report is re-ordered. As a reminder, this message was added to the order page “Remember to add the Credit Reference Number before re-ordering.”

The screenshot shows the 'Fannie Mae Submission Screen' with a red-bordered reminder box at the top stating: "Remember to add the Credit Reference Number before re-ordering." Below this, the screen contains several input fields and options:

- Casefile Id: 2006503013
- Total Mortgaged Properties Count (Calculated): 2
- Total Mortgaged Properties Count (Override): [empty]
- Options: Delete Casefile Id, Exclude Total Mortgaged Properties Count
- Borrower: Housebuyer, Steven
- Co-Borrower: Housebuyer, Teresa
- Report Type: Joint
- Borrower Credit Reference Number: [empty]
- Co-borrower Credit Reference Number: [empty]
- Radio buttons: Obtain New Credit Report, Reissue Credit Report, Use Existing Credit Report
- Credit Vendor: Test Credit Agency (200)
- Account Number: fnma
- Password/PIN: ***
- Buttons: Cancel, Submit

9. USA Patriot Act Disclosure was added to the Initial Disclosure package.

Due to ongoing audit issues, NMS has decided to move the USA Patriot Act disclosure to the “Initial Disclosure Package”. We have confirmed this allowable, and it has been recommended to avoid further audit issues for this reason.

With this change, the lender is required to complete two forms of unexpired identification from each individual applying for the loan. The lender must also complete and sign the bottom portion of this form. This process should be more streamline as the borrower is providing forms of identification at the time of application. The borrower must always have at least one primary form of ID, that can consist of Driver’s license, State ID, Passport, etc. A secondary form of identification is required as well. This could be a debit card, tax bill, bank statement etc. Please review the disclosure for full details of acceptable documentation.

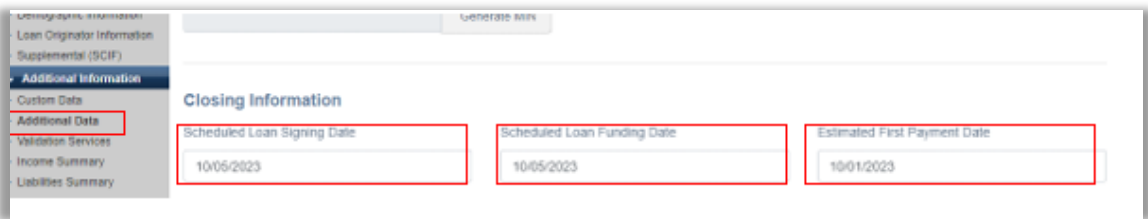
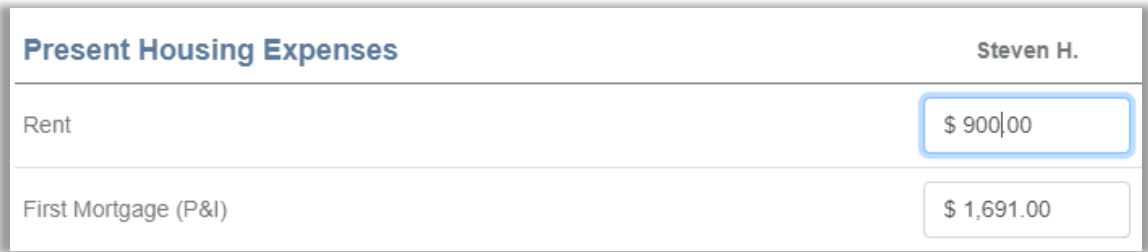
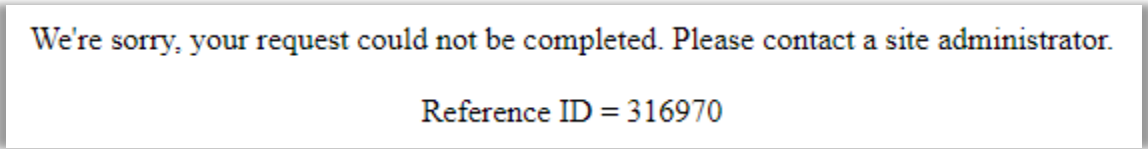
This disclosure will be updated, and reflected in the initial application disclosures on Monday, June 19, 2023. The Patriot Act disclosure will remain in the closing package until further notice, to accommodate the current loans that have already been originated and disclosed. Lenders are only required to verify one USA Patriot Act disclosure is completed and uploaded.

Tips and Tricks for Mortgage Cadence

- ❖ I am receiving a system error when trying to access the Consumer App or the Loan Summary screen, what do I do?

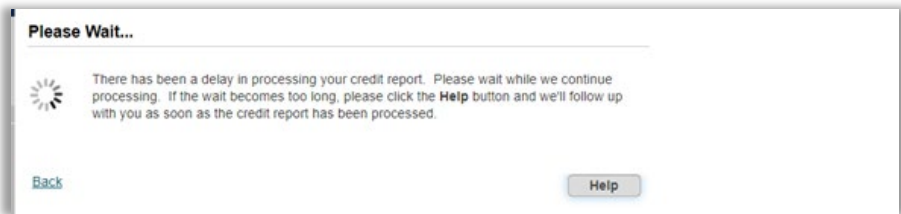
Solutions:

- If you cannot access the Consumer App, check the Present Housing Expenses in the Mortgage Loan Information in the URLA. If both a rent and mortgage payment are filled in, this will cause an error.
- If you cannot access the Loan Summary screen, click on the URLA tab>Additional Data and make sure your first payment date is after your funding date.
- Also, special characters being inputted in a field in the URLA or in the Path can cause a system error like this.



- ❖ The member is trying to complete the application online or I am trying to complete the application in the Consumer Application, but I am getting an error that there has been a delay in processing the credit report.

Solution: This is typically due to a special character in the borrower’s name or current address. This is most commonly an accent that is overtop a letter. Remove any special characters and you should be able to process the credit report within the Consumer Application.



❖ **How do I know what AUS engine the loan should be ran through?**

Solution: On the Loan Summary screen, it states what AUS engine is set up for the product you are priced into. If it says “Fannie Mae DU, Fannie – AUS should be ordered. If it says Investment/Portfolio, then you need to run AUS-Credit Decision due to system functionality.

Single Family/Detached	
Product:	30 Year Fixed Conventional FNMA
Purpose:	Purchase
Occupancy:	Primary Residence
ATR/QM Status:	Does Not Qualify
AUS Status:	Accept/Eligible
AUS Engine:	Fannie Mae DU®
Approval Status:	Override:Approved

Purpose:	Purchase
Occupancy:	Primary Residence
ATR/QM Status:	Does Not Qualify
AUS Status:	
AUS Engine:	Investment/Portfolio
Approval Status:	No Approval

When I try to lock the loan, I receive the message “Please submit the loan to underwriting before locking the loan”

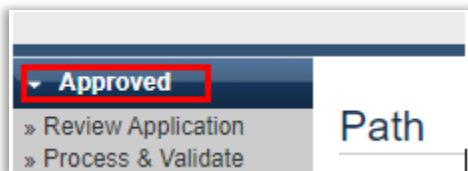
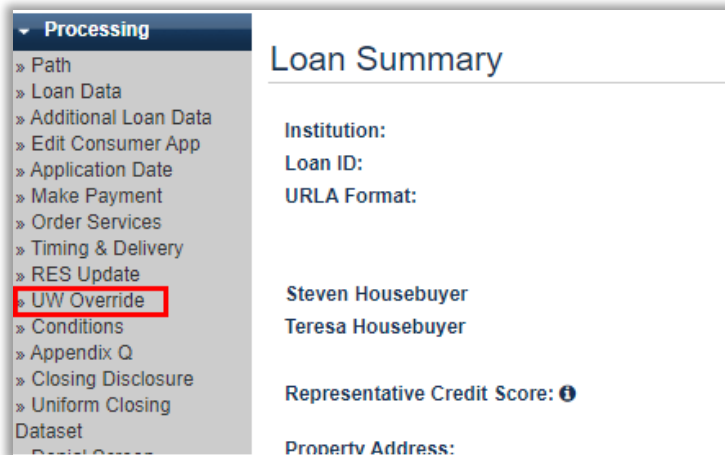
Solution: An AUS needs to be ran in Order Services

The screenshot shows a navigation bar at the top with tabs for Pipeline, Loan Summary, ORDER, Order Services, Loan Notes, and Full. Below the navigation bar, a red message box contains the text: "Please submit the loan for underwriting before locking the loan." At the bottom right of the message box is a "Back" button.

❖ **In the Path, I only see the Review Application, Process & Validate, and Underwriting options.**

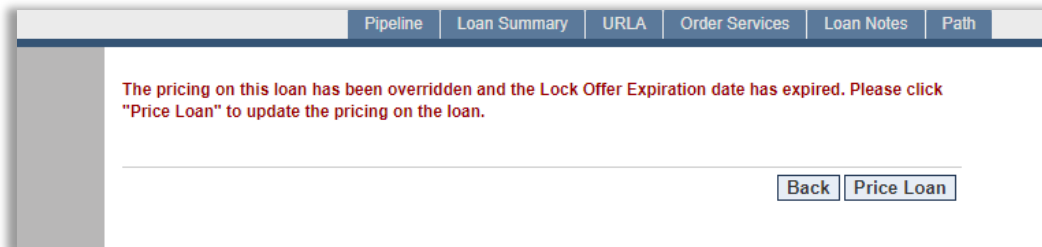
Solution: On the Loan Summary screen, under the Processing menu on the left-hand side, click on “UW Override” and update the Approval Status to “Approved”.

If you have already updated the UW Override to Approve and you still don’t see all of the options in Path, click on the word “Approved” in the left-hand column in the Path and this will refresh the screen.



❖ **When I go to lock the loan, I receive the message “The Lock Offer Expiration Date has expired.”**

Solution: You need to go into the price loan screen and update the Lock Offer Expiration Date to a future date and click Update.



Pricing	Original	Override
Rate	7.000%	<input type="text" value="7.375%"/>
Base Discount Points	*-1.375	<input type="text" value="-1.375"/>
Total LLPAs	1.375	<input type="text" value="1.375"/>
Total Discount Points	*0.000	<input type="text" value="0.000"/>
ARM Margin	0.000	<input type="text" value="0.000"/>
Amortization Term	360	<input type="text"/>
Interthinx Product Code	30 Year Fixed	<input type="text" value="30 Year Fixed"/>
Lock Offer Expiration Date	<input type="text" value="8/24/2023"/>	<input type="text"/>

Buttons:

❖ **I am trying to run a Closing Disclosure, but the Closing Docs order screen is only giving me Pre-Closing Docs, Closing Docs, and Post Closing CD as options.**

Solution: Go into URLA>Transaction Information and make sure there is nothing in the “Other Description field”. Sometimes when a HELOC is copied to change to a 1st mortgage, the word “HELOC” gets stuck in the Other Description field.

The screenshot shows the 'Transaction Information - Refinance' section of the URLA Lender Information screen. The 'Loan Purpose' is set to 'Refinance'. The 'Other Description' field is highlighted with a red box and contains the text 'HELOC'. The 'URLA Loan Purpose' is also set to 'Refinance'.

- ❖ **When I attempt to run Compliance – First American RegsData (Formerly called Interthinx) in Order Services, I receive a message that the First American Regsdata product tpe has not been defined.**

Solution: In the Price Loan- Override Pricing screen, the Interthinx Product Code needs to be filled in according to the amortization of the product

Compliance - First American RegsData

The First American Regsdata product type has not been defined. Please review the product configuration in the Product Editor, and then reprice this loan.

Total Discount Points	*0.000	0.000
ARM Margin	0.000	0.000
Amortization Term	360	
Interthinx Product Code	NA	

- ❖ **DTI on the Loan Summary screen doesn't look correct or doesn't match what DU findings show?**

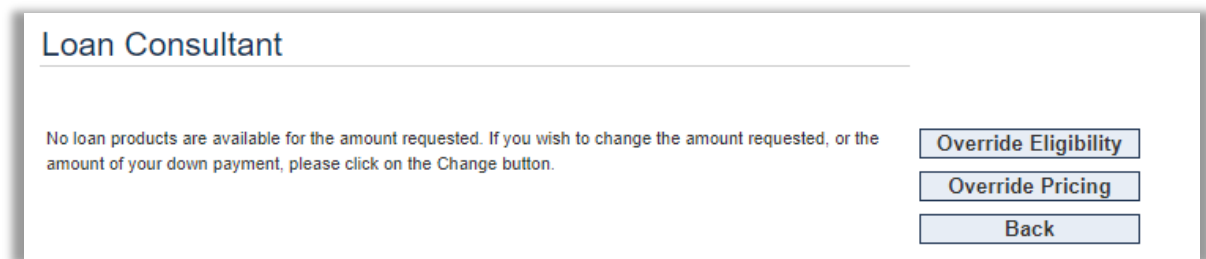
Solutions:

- Make sure that the Declarations page in the URLA does not need to be saved or further completed.
- Check that the current addresses listed in the Personal Information screen and the REO Subject Property Screen or REO Additional Property screen in URLA match exactly if they are supposed to be the same address.
- Ensure that the "Current Occupancy" and "Intended Occupancy" fields in the REO Subject Property Screen and/or REO Additional Properties screen in URLA are correct. If the property the loan you are working on is for a primary residence, another property in the REO Additional Property cannot also be listed with an intended occupancy of primary.
- If you changed the Occupancy type from Primary to an Investment and inputted an Expected Monthly Rental Income, be sure to zero out the Expected Monthly Rental Income before changing the occupancy type if you need to change it back to a Primary so the DTI is correct.

- ❖ **When I try to price the loan, I receive the message “No loan products are available for the amount requested. If you wish to change the amount requested, or the amount of your down payment, please click on the Change button.”**

Solutions:

- Make sure that rates have been uploaded within the last 30 days.
- In the REO Additional Property screen in URLA, make sure there is an address associated with all mortgages shown. If an address is missing, link the mortgage to an address
- Loan Parameters like property type, occupancy type, loan amount, or LTV may be outside of what products allow, so you will have to access them from the Override Eligibility or ask System Admin to update the parameters if these have changed for your product.



The screenshot shows a web interface titled "Loan Consultant". Below the title is a message: "No loan products are available for the amount requested. If you wish to change the amount requested, or the amount of your down payment, please click on the Change button." To the right of this message are three buttons: "Override Eligibility", "Override Pricing", and "Back".

- ❖ **The Notice of Right to Cancel is missing from the closing package.**

Solutions:


- This document will only be in the package when the loan is a Refinance or a second mortgage transaction. It will not be present in the package if the loan is a purchase transaction. In addition, it is only applicable to owner occupied transactions, and not investment properties or second homes.
- For certain loan types (HELOCs, Home Equities, etc.), If the address in URLA>Personal Information screen and the REO Subject Property screen don't match exactly, the document is not included in the package.


- ❖ **Non-borrower CD not generating/Non-borrower signature line is missing from the Closing Disclosure.**

Solution: A CD will not be issued for non-borrowers when there is no right to rescind (non-rescindable transactions).

- ❖ **Notice of Right to Cancel missing in Closing Package for non-obligated signer.**



Solution: When placing the Closing Document Order, be sure to click on the link for "Show Non-Obligated Borrower(s)" and then check the box to "Include Right to Cancel". Once that box is checked, reorder documents and the Right to Cancel for the non-borrowing spouse should be present.

Date Issued: 
(The date the Closing Disclosure is provided to the borrower.)

Include Demographic Information Addendum: 

Exclude Seller's Side of Summaries of Transaction

Borrower Information

Borrower	Signs	POA	Power Of Attorney
Alice Firstimer	<input type="text" value="All Documents"/> 	<input type="checkbox"/>	<input type="text"/>
Borrower Vesting	<input type="text" value="Alice Firstimer"/> 		

Non-Obligated Borrower(s)

[Show Non-Obligated Borrower\(s\)](#)

❖ **I receive the below error when trying to submit a 4506-C to DataVerify**

Solution: DataVerify does not accept spouses at this time so you have to complete an order for each borrower individually.

4506-C DataVerify - Error

USERNAME: sabrinad XML SCHEMA VALIDATION FAILED ID: 49D9CEB328A14808A6F220F1F3C1882A Errors: Line Number: 1 Position: 1387507 Error: The 'FormType' attribute is invalid - The value "" is invalid according to its datatype 'String' - The Enumeration constraint failed.

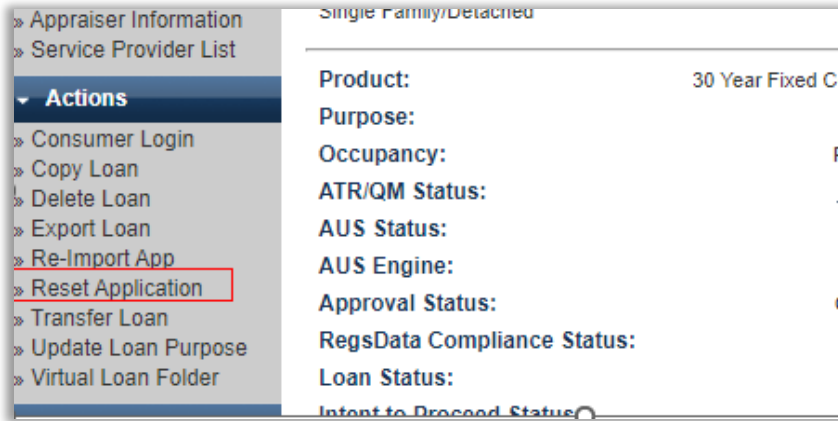
2a-2b: Spouse's Name on Tax Return

DataVerify does not accept spouses at this time. A separate 4506-C order will need to be created.

Choose Borrower:

❖ **What do I need to do if I have to make changes to a current borrower's name or SSN or if I need to add or remove a borrower?**

Solution: All of these changes need to be made through Resetting the Application, which starts at the "Reset Application" screen. To reset the application, you first have to unlock the loan and clear any override pricing that's in place. Then you will reset the AUS and Credit within the Reset Application screen. Once that is done, you will enter into the Consumer Application screen and make changes in there.



- ❖ I had to pull new credit and now when I run AUS - Fannie, it still keeps pulling up the old credit report in the DU Findings.

Solution: New credit should be ordered by Resetting the Application and pulling credit within the Consumer Application. This will pull credit and automatically run AUS, which links the new credit report with AUS.

If you pulled new credit in Order Services instead of in the Consumer Application, AUS will not automatically recognize the new credit report as the "Existing Credit Report".

When you run AUS – Fannie, you will need to choose "Reissue Credit Report" and input the new credit reference number in the credit reference number field.

A screenshot of a web form for selecting a credit report. The form has several sections: 'Borrower' (Housebuyer, Steven), 'Co-Borrower' (Housebuyer, Teresa), 'Report Type' (Joint), and two 'Credit Reference Number' fields. Below these are three radio button options: 'Obtain New Credit Report', 'Reissue Credit Report' (which is selected and highlighted with a red box), and 'Use Existing Credit Report'. There is also a 'Credit Vendor' section with a dropdown menu set to 'Test Credit Agency (200)', and input fields for 'Account Number' (fnma) and 'Password/PIN' (***). 'Cancel' and 'Submit' buttons are at the bottom right.

- ❖ Why isn't there an expiration date on the Notice of Pre-Approval or Approval Letter?

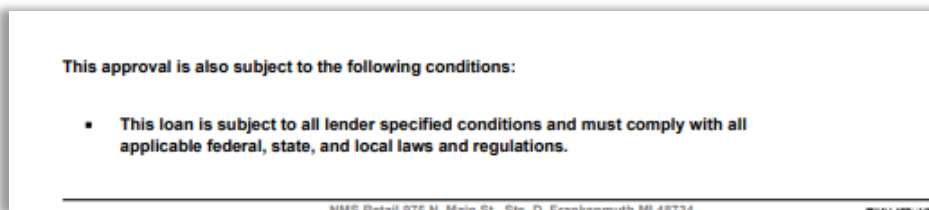
Solution: The Credit Approval Date needs to be inputted in Path>Review Application>Confirm Application Information. Once this is filled in, the system will calculate the expiration date by adding 90 days to the Credit Approval Date

A screenshot of a form field labeled 'Credit Approval Date'. The date '8/15/2023' is entered in the field, and a calendar icon is visible to the right of the date.

Final Loan Approval will be subject to, but not limited to a satisfactory appraisal and preliminary title report. This pre-approval will expire on November 13, 2023.

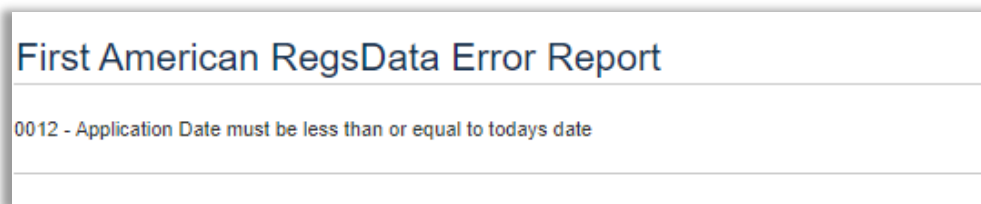
❖ Why aren't conditions printing on the Approval letter?

Solutions: The Approval letter will display any condition with a status of Outstanding or Requested - as long as it contains information in the “Consumer Conditions Status Page – English” field. The text in the “Consumer Conditions Status Page – English” field is what will print on the Approval Letter. Nothing defaults into this field so you have to copy and paste the text from the Lender Text field if that is the text you want it to display.



❖ When trying to run Compliance – First American RegsData, I get an error stating that the Application Data has to be less than or equal to todays date.

Solution: This is caused when the TBD Conversion Date in Path>Process & Validate>Update Purchase information is a future date. Update this date to the correct date and you will be able to run Compliance.



What is the Purpose of the HMDA?

The Home Mortgage Disclosure Act ([HMDA](#)) is a law passed in 1975 that mandates mortgage lenders maintain certain records. The goal is to create greater transparency and to protect borrowers in the residential mortgage market.

The **HMDA 2018 screen** accommodates all the data points included in the updated 2018 HMDA ruling. The system populates some fields in this screen which are read-only and some of the fields are editable.

Denied/Withdraw/Canceled/Borrower Declined: Loan Officer will go to **Path > Process & Validate > Relied Upon Questions** and complete these questions.²

Once those are completed you will then go **Loan Summary > Denial Screen** to complete for the Denial Letter and then click on **Save/HMDA 2018**.

Refinance Loans:

The Borrower will be asked a set of questions during application that, if not answered, will need to be taken care of prior to filing HMDA.³ Those questions are in **URLA > Transaction Information – Refinance > HMDA Refinance**

¹ The website for current instructions, File Format Verification, and other tools are located at [here](#) at the CFPB website

² For **Closed/Funded Loans**, these questions are answered in **Path > Underwriting > Relied Upon Questions** as part of the Underwriting Process

³ The Loan Officer will see these questions, as well, and will need to ask them to the Borrower(s)

How to access the HMDA 2018 Screen:

- Loan Summary > HMDA 2018
- Path>Review Application > Select Legal Entity Identifier
- Path > Underwriting > Initial UW Review New URLA

The link in both areas of **Path** will take you to the same link that is on the **Loan Summary** page.

Sections of the HMDA 2018 Screen

Set Credit Decision Date: You will want to decide what the Best Practice is for your CU. Once you set the Date you cannot edit that field. You can clear it if you need to. The two options that our Partners are given in regard to the Credit Decision Date are:



The screenshot shows a rectangular box containing a button labeled 'Set Credit Decision Date' on the left and a date input field on the right. The input field is currently empty.

1. To set the date at the time a **Clear to Close** is given/the date the loan is **denied/withdrawn**. This way it is only done once.
2. To set the date when you receive your **Approve/Eligible** from DU. You can do this; however, you will need to clear the date, or update it, if a new credit decision is given.

**PLEASE NOTE* You will want to reach out to your Compliance/Attorney to see which option is best for your Credit Union*

LEI (Legal Entity Identifier) and the ULI (Universal Loan Identifier): These boxes will Autofill based on the information you supplied System Admin at the time of the setup of your Credit Union.

Loan Purpose Override: This should not need to be used

HMDA Loan Amount Override: Will use this for any loans where the loan amount changes and the **Action Taken** options selected are: Application Denied, Application Withdrawn by Application, File Closed for Incompleteness, and Preapproval Request Denied

Underwriting Information

Action Taken: You will select an option from the dropdown

Action Taken Date: This would be the date the loan was Closed/Denied/Withdrawn

AUS System: This will autofill once you click on **Set Credit Decision Date** and will populate with the last AUS pulled. ⁴

⁴ **For RD Loans:** You will need to select **Guaranteed Underwriting System (GUS)**. **For Portfolio Loans:** You will select **Other** and then the **AUS Result 1 Override** needs to match the system.

Property Information

Census Tract: This is populated from **Path > Process & Validate > Verify Flood**. If the Flood Cert is ordered through Mortgage Cadence, then this section will fill in. For all loans that are Denied/Withdrawn **OR** the Flood Cert is ordered outside of Mortgage Cadence, you will have to go to [Geo Map for the FFIEC](#) and get the information from there.

Construction Method: You will see two more options if the property included a **Manufactured Home**.

Manufactured Home Land Property Interest: You will need to select the appropriate ownership⁵.

Manufactured Home Secured Property Type: You will need to select if the Mortgage includes the Land or not⁶.

Initial Payable to Your Institution: You will have to select options from the dropdown.

Submission of Application: You will have to select options from the dropdown

Borrower Information

Borrower Information: Auto populated

Transaction Information

Purchaser Type needs to be selected

Credit Score Information

Auto populated

Loan Cost Information

Auto populated

Loan Details

Auto populated

Special Payments

Auto populated

Other Information

Auto populated

You will click **Save** once it has been completed

⁵ For most of our CU's the correct ownership for a Manufactured Home is **Direct Ownership**

⁶ For most of our CU's the correct Secured Property Type is **Manufactured home and land**

To Pull the HMDA Extract from Mortgage Cadence:

Reporting:

[search](#) | [alerts](#) | [vlf alerts](#) | **reporting** | [web admin](#) | [institution](#) | [help](#) | [log out](#)

Working Loan: Firstimer - 206363 ▾

CFBP HMDA Data Extract:

[ATR/QM Status Report](#)
[Audit Tracking Login Report](#)
[CFPB HMDA Data Extract](#)
[Contact Us](#)

1. Final Action Date Range:

- a. Begin Date
- b. End Date
- c. Exclude All HELOC Loans, **if applicable**, for your CU

2. **Calendar Years:** This will be the year that you are doing the reporting for

3. **Reporting Institution:** You will need to select your Institution even if there is only one CU in the list

4. **Partial Exemptions:** You will need to know, from your **Compliance Department**, if any of these are an option for your CU

Final Action Date Range

Begin Date: 01/01/2020 **End Date:** 12/31/2020

Exclude All HELOC Loans

Calendar Year: 2020

Reporting Institution:

- Neighborhood Mortgage Solutions LLC
- Advantage One Credit Union
- Aeroquip Credit Union
- Allegan Community Federal Credit Union
- Alpena Alcona Area Credit Union
- Alpena Community Credit Union

Partial Exemptions:

Open-End Mortgages

Closed-End Mortgages

Download Report.

Errors

After the first submission of the LAR, it will undergo a first round of edits. A LAR is downloaded in a form that is hard to read and can only open in Notepad. MC does offer an Excel version of the LAR to help you easily find the loan that has an error and what may need to be corrected.

To access the Excel form you will go to **reporting > QuestSoft HMDA Data Extract**, put in the dates for the HMDA report, select your Institution, and then click on **Download Report**. Once downloaded you can then go through the report and, in use with the **Help for Filers** on the [HMDA Homepage](#), begin correcting any errors.

- Net Funding Extract
- Online Disclosures Report
- Order Status
- QuestSoft HMDA Data Extract**
- QuestSoft HMDA Data Legacy Extract

HMDA Quest Soft Extract

Final Action Date Range

Begin Date: 1/1/2021 **End Date:** 12/31/2021

Exclude All HELOC Loans

Institution:

- Neighborhood Mortgage Solutions LLC
- 1st Street Credit Union
- Advantage One Credit Union
- Aeroquip Credit Union

Download Report

After making a few corrections you will then want to repeat the initial steps in creating an updated LAR so that you can verify that corrections were made and the CFPB accepts them.

Final Action Date Range

Begin Date: 01/01/2020 **End Date:** 12/31/2020

Exclude All HELOC Loans

Calendar Year: 2020

Reporting Institution:

- Neighborhood Mortgage Solutions LLC
- Advantage One Credit Union
- Aeroquip Credit Union
- Allegan Community Federal Credit Union
- Alpena Alpena Area Credit Union
- Alpena Community Credit Union

Partial Exemptions:

Open End Mortgages

Closed-End Mortgages

Download Report

DU Errors

- Issue:** Casefile XXXXXXXX for resubmission request does not presently exist.

Solution: You will see this message when the Credit Reference # has been inputted as the DU Casefile ID. You would need to 1. Delete the Casefile ID from the Casefile ID Field and check the Delete the casefile ID checkbox 2. Input the correct credit reference number in the Borrower Credit Reference Number field 3. Mark the radio button to Reissue Credit Report.

Casefile ██████████516 for resubmission request does not presently exist.

Fannie Mae Submission Screen

Decisions can be ordered from Fannie Mae by providing the following information and clicking the Submit button.

Casefile Id Delete Casefile Id

Total Mortgaged Properties Count (Calculated) Exclude Total Mortgaged Properties Count

Total Mortgaged Properties Count (Override)

Borrower: Co-Borrower: Report Type: Borrower Credit Reference Number: Coborrower Credit Reference Number:

Obtain New Credit Report
 Reissue Credit Report
 Use Existing Credit Report

Credit Vendor:
 Account Number:
 Password/PIN:

- Issue:** Casefile XXXXXXXXX is momentarily unavailable as it is potentially being modified by another service call. Please resubmit request.

Solution: When the submit button was clicked on the Fannie Mae Submission Screen, it was click twice, which generated 2 reports. One report will have a real status and one will give this error. You will notice the reports have the same order time stamp with the exception of a few minutes.

Casefile ██████████ is momentarily unavailable as it is potentially being modified by another service call. Please resubmit request.

 Loan Application Data Warnings

 WARNING - HOUSING_EXPENSE / TIMING_TYPE (LOAN_1) - Valid value required ('Present' dropped).

AUS - Fannie Mae	2147141	9/5/2023 7:37:30 AM	9/5/2023 7:37:37 AM	Error
AUS - Fannie Mae	2147140	9/5/2023 7:37:26 AM	9/5/2023 7:37:42 AM	Approve/Ineligible

- Issue:** Employment/Position Description (Employer_1) – Maximum length 25 (value truncated from right)
Solution: Error message lets you know which employer it is, in this case it is Employer 1 which needs the position description to be a max character length of 25 characters.

```

-----
Loan Application Data Warnings
-----

WARNING - EMPLOYMENT / POSITION_DESCRIPTION (EMPLOYER_1) - Maximum length 25 (value truncated from right).

Import Log
-----
  
```

- Issue:** Sometimes, you get a clickable link that says error, but gives you a DU Findings report with a Recommendation of “Error”.
Solution: Always review the Credit Bureau File Identifications on the Credit Report to see if there is information stating the report is frozen.

<input type="checkbox"/>	Credit Report - Factual Data by CBC	2124015	7/28/2023 3:48:50 PM	7/28/2023 3:49:32 PM	Success
<input type="checkbox"/>	AUS - Fannie Mae	2121201	7/25/2023 3:44:04 PM	7/25/2023 3:44:25 PM	Error
<input type="checkbox"/>	AUS - Fannie Mae	2121195	7/25/2023 3:40:20 PM	7/25/2023 3:42:52 PM	Error
<input type="checkbox"/>	AUS - Fannie Mae	2121188	7/25/2023 3:35:57 PM	7/25/2023 3:36:19 PM	Error
<input type="checkbox"/>	AUS - Fannie Mae	2121185	7/25/2023 3:34:18 PM	7/25/2023 3:34:38 PM	Error
<input type="checkbox"/>	AUS - Fannie Mae	2121179	7/25/2023 3:27:47 PM	7/25/2023 3:28:09 PM	Error
<input type="checkbox"/>	AUS - Fannie Mae	2121123	7/25/2023 3:00:28 PM	7/25/2023 3:00:55 PM	Error
<input type="checkbox"/>	URLA Package - Doc Center	2121113	7/25/2023 2:52:58 PM	7/25/2023 2:53:53 PM	Success

1 The following data elements are invalid: (MSG ID 0027)

DATA ELEMENT	CURRENT VALUE
Credit report	A mismatch has occurred between the borrowers currently on the loan application and the borrowers on the credit report(s). Create a new loan and request or reissue credit reports for only those borrowers on the loan.

Co-Applicant
Error: CONSUMER REQUESTED SECURITY FREEZE ON CREDIT FILE - REPORT UNAVAILABLE
Error: FROZEN BY CONSUMER AS ALLOWED BY STATE LAW. TO OBTAIN ACCESS YOU MUST OBTAIN AUTHORIZATION FROM THE CONSUMER AND PROVIDE THE REQUIRED IDENTIFIER WITH YOUR INQUIRY
Error: 25& 01-26-22 0000000 FILE FROZEN DUE TO FEDERAL LEGISLATION.

5. **Issue:** Borrower must also be matched to the liability if they are checked to own the REO property.

Solution: One of the REO records has the Joint with Co-Borrower checkbox selected. The mortgage/HELOC record(s) linked to that property does not have the Joint with Co-Borrower checkbox selected. Or, the checkboxes are flipped; the REO doesn't have Joint with Co-Borrower selected, but the linked loan does. Update the information so that both the property and linked loans match.

```

-----
Loan Application Data Warnings
-----
WARNING - HOUSING_EXPENSE / TIMING_TYPE (LOAN_1) - Valid value required ('Present' dropped).

Underwriting Checklist
-----
Message                                     Severity                                     Code
-----
The borrower who owns a property in the Real  Error                                     118361
Estate Owned Section must also be the account
owner of the liability matched to that property.
    
```


Real Estate Owned - Subject Property

Subject Property Information

Owner *

Dad Firstimer Joint with Mom Firstimer

Mortgage Loans and Other Liabilities on this Property

Omit this account 

Joint with Mom Firstimer

6. **Issue:** DU error: Merged Credit Report not found or all Merged Credit Reports has a size of '0'. **Solution:** After confirming the Social Security Number on the URLA > Personal Information screen matches the one found in the credit report, scroll down to the Fraud Alerts, and if it reflects: INQUIRY SSN IS INVALID, this is causing the error. Confirm the SSN you have with the borrower and if you have an invalid SSN, you will need to follow the 'Reset Application Guide' to pull a new credit report and save and continue until the application is resubmitted.

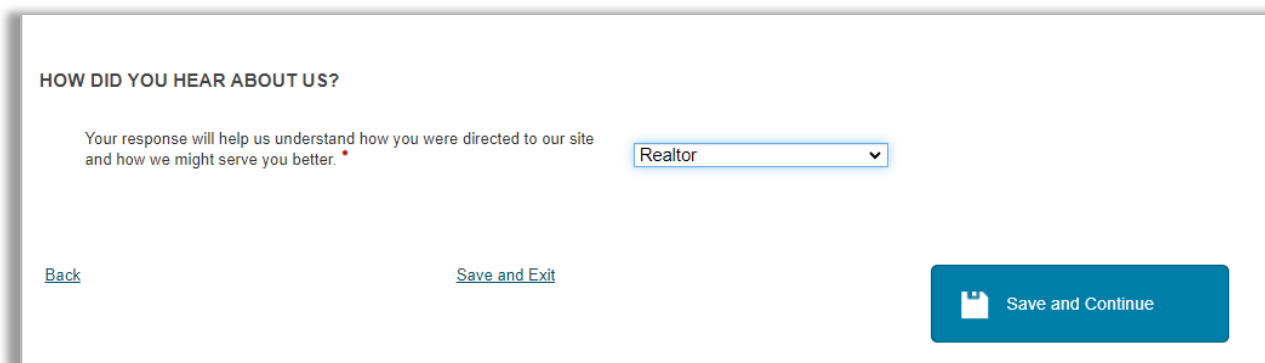
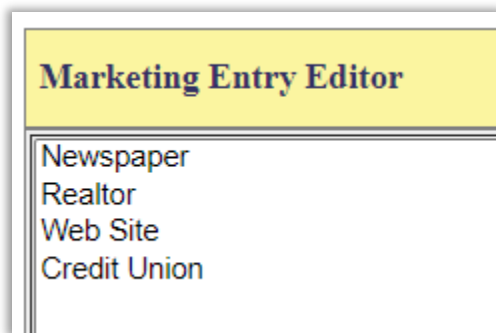
7. **Issue:** UW Timed Out
Solution: This is happening because DU only supports the current version and one version back. If a loan is submitted on an outdated version of DU and then resubmitted on the current version, the message means the Casefile ID is expired. To correct this, delete the Casefile ID from the Fannie Mae Order submission screen and resubmit.

Mortgage Cadence Borrower Facing Site Customizations

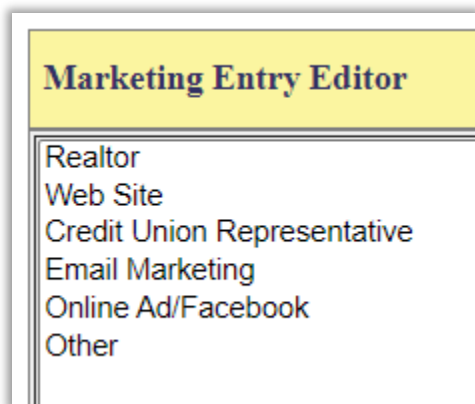
1. Marketing – ‘HOW DID YOU HEAR ABOUT US’ on Consumer Application

We can add many entries and list them in the order you want to see listed in the drop down. We have had a Credit Union add all of their employee’s names for example for How Did You Hear About Us, 23 currently.

The standard “out of the box” list when building the site are: 1. Web Site 2. Credit Union 3. Realtor 4. Newspaper:



Example of additional entries:



2. APR calculation for the Rates Display

Mortgage Cadence default is:

- Loan Amount \$120,000 – Property Value \$150,000 – LTV 80% - \$3,000 is closing costs
- Loan Groups:
 - Fixed
 - ARM
 - Jumbo
 - Home Equity
 - Construction

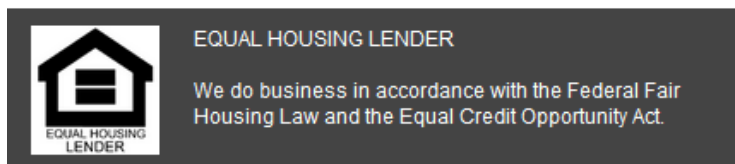
TODAY'S RATES			
RATE	POINTS	APR	PAYMENT
<u>10 Year Fixed Conventional FNMA</u>			
5.000%	0	5.551%	<u>\$1,273</u>
<u>15 Year Fixed Conventional FNMA</u>			
5.125%	0	5.512%	<u>\$957</u>
<u>20 Year Fixed Conventional FNMA</u>			
5.125%	0	5.430%	<u>\$800</u>
<u>30 Year Fixed Conventional FNMA</u>			
5.625%	0	5.857%	<u>\$691</u>

[Check Rates](#)
[Display the Rate Page](#)

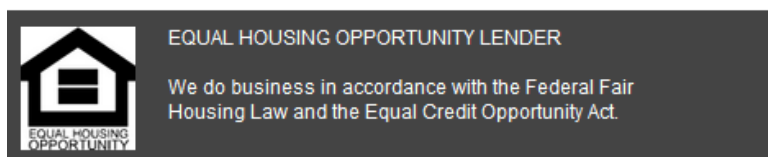
3. Equal Housing Logo that displays in the consumer site.

Mortgage Cadence has both to choose from. What should yours be? Email systemadmin@gonms.org to update:

Equal Housing Lender:



Equal Housing Opportunity:



4. Add verbiage to your Homepage screen:

AlaskaUSA
Federal Credit Union

Contact Us Home Membership

Home Loan Basics

Knowledge is power. Knowing your choices gives you the power to make good decisions. Throughout the Mortgage Center you'll find valuable information you may use when buying or refinancing your home.

[Learn More](#)

HOME LOAN BASICS | RATES & SERVICES | APPLY NOW | ABOUT US

Where to Start

INFORMATION FOR FIRST-TIMERS

[First-Time Home Buying](#)

Congratulations! We're pleased to be helping you with your first home. The more you know about the home buying process, the more confident you will be in making the important decisions that will shape your home ownership experience.

[The Mortgage Process](#)

Buying a home has never been easier. We've streamlined and updated the entire mortgage process to bring you a faster, more technologically advanced way to finance your home.

[Check Rates](#) [Calculators](#) [Apply](#)

PURCHASING A HOME

[START SAVING BY REFINANCING](#)

[GETTING VALUE OUT OF YOUR HOME](#)

[BUILDING A NEW HOME](#)

RATE	POINTS	APR	PAYMENT
10 Year Fixed Conventional FNMA			
2.875%	0	3.405%	\$1,152
15 Year Fixed Conventional FNMA			
2.875%	0	3.239%	\$822
20 Year Fixed Conventional FNMA			
3.375%	0	3.661%	\$688
30 Year Fixed Conventional FNMA			
3.625%	0	3.831%	\$547

[Check Rates](#)

[Display the Rate Page](#)

HAVE AN APPLICATION?

Login to complete an unfinished application or see the status of your submitted application.

[Login](#)

Add Company NMLS # to your Home Page. This section will support about 75 words.

Any upcoming events to post on your home page? Leave a message on this page, want to add your phone number? Call Credit Union for zero point loans?. This section will support about 75 words. XXX xxx.

5. Customize text in the Where to Start tabs on the Homepage

There are 5 tabs on the homepage with customizable text. There is limited characters so please reach out to systemadmin@gonms.org if you are looking to make updates and we will work with you.



Where to Start

INFORMATION FOR FIRST-TIMERS ⊖

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PURCHASING A HOME +

START SAVING BY REFINANCING +

GETTING VALUE OUT OF YOUR HOME +

BUILDING A NEW HOME +

Construction Loans in Mortgage Cadence - URLA

Ownership of the Lot – **IS** the driving factor on Construction Loans. Does the Member Own the lot or is the Member purchasing the lot **at the same time**? This determines if the loan will be structured as a Purchase or Refinance of a Construction Loan.

It is very important to know if your member(s) owns the lot/land or is purchasing the lot/land. This determines what version of the Closing Disclosure will be used.

1. The **Standard** version, typically used with **Purchase** transactions has the "Summaries of Transactions" section and not "Payoffs and Payments". It also has a column for Seller fees.
2. The **Alternate** version, typically used with **Refinance** transactions has the "Payoffs and Payments" section and not "Summaries of Transactions".
3. You can confirm the version in the Timing & Delivery screen off the Loan Summary. It is displayed as the Integrated Disclosure Type:

Loan Estimate

Initial Delivery Deadline	8/30/2023		
Integrated Disclosure Type	Standard	Intent to Proceed Expiration	9/11/2023
Initial Issue Date	8/25/2023	Intent to Proceed Date	

Loan Purpose will be **ALWAYS be Construction**. The **URLA Loan Purpose** will be a Purchase or Limited Cash-out Refinance, depending on if the member is the owner of record of the lot at the time of application.

URLA Loan Purpose = Purchase – Member **IS NOT** the owner of record of the Lot at time of application.

Transaction Information - Construction

Loan Purpose

Construction

Other Description

Ownership of the Lot *

Purchasing

URLA Loan Purpose

Purchase

URLA Loan Purpose = Refinance – Member **IS** the owner of record of the Lot at time of application.

Transaction Information - Construction

Loan Purpose	Other Description
Construction	
Ownership of the Lot *	
Own	
URLA Loan Purpose	
Refinance	

Ultimately with Construction loans there will only be the 4 variations below:

Ownership of the Lot = NO: Purchasing the Lot from the Builder. Cost of Lot and Cost to Build are totaled together and system will use Acquisition Cost.

Ownership of the Lot = NO: Purchasing the Lot separately and Cost of Lot will not be included in the Building Contract. Qualifying the Borrower screen will split out the Cost of the Lot and Cost of Construction – system will use Acquisition Cost.

Ownership of the Lot = YES: You no longer need to add the value of the Lot/Land in the Qualifying the Borrower screen. The system will use the Appraised Value which incorporates the Lot/Land value.

Ownership of the Lot – YES: There is a lien of the Lot/Land. URLA REO Subject Property will reflect the lien to be paid at closing. The system will use the Appraised Value which incorporates the Lot/Land value.

1. Purchasing the Lot separately from the Building Contract:

Step 2 of the Consumer Application specifically asks: ‘Are you purchasing the lot from the builder?’:

Step 2: About Your Home - Construction Information

Please fill in the information below as it relates to your construction project. We will calculate your financing options based on this input.

* required fields

LOT OWNERSHIP

Will you be purchasing the lot, or do you already own it? *

Purchasing

Are you purchasing the lot from the builder? *

No

Purchase Price of Lot *

\$25,000

URLA > Transaction Information > Construction will also reflect how that is answered from the Consumer application and will default in the URLA:

Transaction Information - Construction

Loan Purpose

Construction

Other Description

Ownership of the Lot *

Purchasing ▼

URLA Loan Purpose

Purchase

1. Lot Sold by Builder is 'No'.
2. Sales Price equals (on LE & CD) is Lot Only. This will list the Land in 'C.' (if acquired separately) in Qualifying the Borrower section of the URLA.
3. Cost of Improvements = Building Contract Amount.

Transaction Information - Construction

Check all that apply:

Conversion of Contract for Deed or Land Contract

Renovation

Construction-Conversion/Construction-to-Permanent

<p>Lot sold by Builder</p> <div style="border: 1px solid gray; padding: 2px; width: 100%;">No ▼</div>	<p>Purchase Price of Lot</p> <div style="border: 1px solid gray; padding: 2px; width: 100%;">\$ 25,000.00</div>	<p>Sales Price equals (</p> <div style="border: 1px solid gray; padding: 2px; width: 100%; background-color: yellow;">Lot Only</div>
<p>Cost of Improvements *</p> <div style="border: 1px solid gray; padding: 2px; width: 100%;">\$ 250,000.00</div>	<p>Construction Term *</p> <div style="border: 1px solid gray; padding: 2px; width: 100%;">12 months ▼</div>	<p>Construction Term C</p> <div style="border: 1px solid gray; height: 20px;"></div>

Qualifying the Borrower: based on Transaction Information > Construction. When the Lot sold by Builder is 'NO' you will see the Lot Only amount separated out:

Qualifying the Borrower

Due To/From Borrower(s)	
A. Sales Contract Price	\$ 250,000.00
B. Improvements, Renovations, and Repairs	\$
C. Land (if acquired separately)	\$ 25,000.00
D. For Refinance: Balance of Mortgage Loans on the Property to be paid off in the Transaction	\$ 0.00
E. Credit Cards or Debts to be Paid Off	\$ 0.00
F. Borrower Closing Costs (Including Prepaid and Initial Escrow Payments)	\$ 10,109.73

- Purchasing the Lot from the Builder:** – Step 2 of the Consumer Application specifically asks: ‘Are you purchasing the lot from the builder?’

Example of purchasing the lot from the builder:

Step 2: About Your Home - Construction Information

Please fill in the information below as it relates to your construction project. We will calculate your financing options based on this input.

* required fields

LOT OWNERSHIP

Will you be purchasing the lot, or do you already own it? *

Purchasing ▼

Are you purchasing the lot from the builder? *

Yes ▼

Purchase Price of Lot *

\$25,000

URLA > Transaction Information > Construction: Will reflect ‘Yes’ and that Lot sold by Builder:

Transaction Detail

Check all that apply:

Conversion of Contract for Deed or Land Contract

Renovation

Construction-Conversion/Construction-to-Permanent

Lot sold by Builder Yes ▼	Purchase Price of Lot \$ 25,000.00	Sales Price equals (on LE & CD) ▼
Cost of Improvements * \$ 250,000.00	Construction Term * 12 months ▼	Construction Term Override ▼

Qualifying the Borrower screen will total the Purchase Price of Lot and Cost of Improvements in A. Sales Contract Price:

Due To/From Borrower(s)

A. Sales Contract Price	\$ 275,000.00
B. Improvements, Renovations, and Repairs	\$
C. Land (if acquired separately)	\$
D. For Refinance: Balance of Mortgage Loans on the Property to be paid off in the Transaction	\$ 0.00
E. Credit Cards or Debts to be Paid Off	\$ 0.00

- Owned Lot that is Free & Clear** – System will use the Appraised Value when calculating the Loan to Value. You no longer need to add the Current Value of the Lot to the Qualifying the Borrower screen – the system uses the Appraised Value which is already accounting for the value of the Lot/Land.

Transaction Information - Construction Save

Transaction Detail

Check all that apply:

Conversion of Contract for Deed or Land Contract

Renovation

Construction-Conversion/Construction-to-Permanent

Original Cost of Lot	Lot Acquired Date *	Current Value of Lot *
<input type="text" value="\$ 25,000.00"/>	<input type="text" value="01/01/2010"/>	<input type="text" value="\$ 25,000.00"/>
Cost of Improvements *	Construction Term *	Construction Term Override
<input type="text" value="\$ 250,000.00"/>	<input type="text" value="12 months"/>	<input type="text"/>

- Owned Lot with a Lien** – You will update your URLA – REO Subject Property section to reflect the lien that needs to be paid off. That will flow to your Qualifying the Borrower screen:

Qualifying the Borrower Save

Due To/From Borrower(s)

A. Sales Contract Price	<input type="text" value="\$ 250,000.00"/>
B. Improvements, Renovations, and Repairs	<input type="text" value="\$"/>
C. Land (if acquired separately)	<input type="text" value="\$"/>
D. For Refinance: Balance of Mortgage Loans on the Property to be paid off in the Transaction	<input type="text" value="\$ 13,000.00"/>
E. Credit Cards or Debts to be Paid Off	<input type="text" value="\$ 0.00"/>
F. Borrower Closing Costs (including Prepaid and Initial Escrow Payments)	<input type="text" value="\$ 9,827.92"/>

Mortgage Cadence 4506-C

4506-C New Version - Deadline for use March 1, 2023 (REV 9.13.2023)

IMPORTANT NOTES:

- A SIGNED 4506-C REQUEST FORM FOR RETURN TRANSCRIPTS FOR TAX FORM 1040 IS REQUIRED FOR AUDITING PURPOSE. YOUR CREDIT UNION WILL BE CITED IF THERE IS NOT A FULLY COMPLETED SIGNED 4506-C REQUEST FORM FOR RETURN TRANSCRIPTS FOR TAX FORM 1040 IN THE VLF. THE 4506-C ORDER SCREENS NEEDS TO BE FILLED OUT PRIOR TO ORDERING AN INITIAL DISCLOSURE PACKAGE SO THAT THE BORROWER IS SIGNING THE COMPLETED FORM. IF YOU DO NOT FILL OUT THE 4506-C SCREEN PRIOR TO RUNNING INITIAL DISCLOSURES, THE BORROWERS WILL BE SIGNING AN INCOMPLETE FORM THAT WILL BE REJECTED BY THE IRS.

- IF YOU HAD TO RESET THE APPLICATION TO CORRECT THE SSN, YOU WILL ALSO NEED TO CREATE A NEW 4506-C.

Once you create a new 4506-C Order, on the Saved Orders tab in the 4506-C order screen, by design in Mortgage Cadence, all of the saved orders will have the boxes checked to 'Include in Document Packages'. You do not want the incorrect 4506-C form in your Initial Disclosure and Closing packages:

Saved Orders									
Name(s) on Tax Returns	Form Type	Transcript(s) Requested	Year(s) Requested	Date Emailed	Date Uploaded	Date Order Submitted	Status	Include in Document Packages	
Alice Firsttimer	1040	Return Transcript	2021, 2020					<input checked="" type="checkbox"/>	Copy Delete View Email Upload Submit
Alice Firsttimer	1040	Return Transcript	2021, 2020					<input checked="" type="checkbox"/>	Copy Delete View Email Upload Submit

The bottom Saved Order is the most current 4506-C order. You will need to uncheck the box 'Include in Document Package' for the incorrect/old form. You can also 'View' the 4506-C form to ensure you have the correct form checked.

When the most update to date 4506-C Order is the only box checked, when you run your Initial Disclosure package and Closing package, the correct order will be included to be signed by the borrower.

4506-C DataVerify - Saved Orders

Personal
Business
Saved Orders

Return to Company Name

Return to Company Name: Neighborhood Mortgage Solutions, LLC ▼

Address: City: State: Zip:

Saved Orders

Name(s) on Tax Returns	Form Type	Transcript(s) Requested	Year(s) Requested	Date Emailed	Date Uploaded	Date Order Submitted	Status	Include in Document Packages
Alice Firstimer	1040	Return Transcript	2021, 2020					<input type="checkbox"/>
Copy Delete View Email Upload Submit								
Alice Firstimer	1040	Return Transcript	2021, 2020					<input checked="" type="checkbox"/>
Copy Delete View Email Upload Submit								

Save
Cancel

- **DOCUSIGN AND 4506-C – IS THE 4506-C NOT ELECTRONICALLY SIGNED IN YOUR RETURNED DOCUSIGN PACKAGE IN MORTGAGE CADENCE?**

This can occur when you did not create a new 4506-C order to be included in document packages after you had to correct the SSN for the borrower.

- DataVerify only accepts one borrower on each form, so additional orders need to be filled out for spouses and any co borrowers. They also only accept form 1040 for Tax Forms and only W2s and 1099s for Wage and Income Forms. There are notes on the order screen that will state this for you.
- **IF YOUR VENDOR IS DATAVERIFY:** Your IVES Participant (Income Verification Express Service) Vendor Type in the Related Party Editor, needs to reflect like shown below. (Update to the form is to remove the “Lender c/o DataVerify” since the Lenders name is now reflected in 5d). System Admin will be making these updates for.

DataVerify
250 E. Broad St., Suite 2100
Columbus, OH 43215

- Please note, the Client Name in 5d pulls from the “Beneficiary” Vendor Type in the Related Party Editor. Based on Mortgage Cadence Compliance, you do not want to list the credit union’s PO Box at all. Only the credit union’s street address should be listed. System Admin will be removing PO Boxes from your Beneficiary Related Party.

FILLING OUT THE 4506-C SCREENS:

Event Message added:

Event Messages - [minimize](#)

This action is not available for the following reason(s):

- o The 4506-C Information task in Path>Process & Validate must be filled out PRIOR to being able to access Path and ordering any documents. Once the info is filled in, mark the status as Completed. Please email systemadmin@gonms.org for any questions.

1. 4506-C Information is found in Path/Process & Validate/4506-C Information:

▼ Approved

- » Review Application
- » **Process & Validate**
- » Loan Delivery
- » Underwriting
- » Doc Prep
- » Funding
- » Secondary Marketing
- » Servicing
- » Post Closing

Process & Validate

Status	Section
☐ Outstanding	Update Purchase Information
☐ Outstanding	Real Estate Brokers
☐ Outstanding	Forms - Institution Name Update
☐ Outstanding	Order Out
☐ Outstanding	Verify Flood
☐ Outstanding	Review Conditions / Update Borrower
☐ Outstanding	Drivers License Information
☐ Outstanding	Verify Income
☐ Outstanding	Verify Verbal VOE Information
☐ Outstanding	Appendix Q
☐ Outstanding	4506-C Information

2. Once you click on the 4506-C Information above – click again on 4506-C Information link:

Process & Validate - 4506-C Information

4506-C Information

4506-C Verification Completed

Status

3. Select your Vendor. Select DataVerify, unless you know your vendor is CoreLogic. Most credit unions use DataVerify. Please see #5 below for DataVerify:

4506-C Information

Select a 4506-C service from the drop-down to continue: DataVerify ▼

Continue Cancel

4. 4506-C – (Vendor that was chosen) – Personal

1a 1b 1c - Choose the borrowers name in the drop down, this will auto populate the data from the loan file. Please review 1c and input the name if different than the name in 1a as seen on Tax Return:

4506-C DataVerify - Personal

Personal Business Saved Orders

1a-1b: First Name on Tax Return

Choose Borrower: Alice Firstimer ▼

First Name	MI	Last Name	Generation	Phone	SSN
<input type="text" value="Alice"/>	<input type="text"/>	<input type="text" value="Firstimer"/>	<input type="text" value="▼"/>	<input type="text" value="(989) 529-2557"/>	<input type="text" value="xxx-xx-9991"/> show

1c: Previous Name on Tax Return

Enter the borrower's previous name as shown on any requested return if different than line 1a.

First Name	MI	Last Name	Generation
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text" value="▼"/>

5. 2a 2b 2c – DataVerify does not currently accept forms with both spouses on them so you will need to complete a separate order for the other borrower.

2a-2b: Spouse's Name on Tax Return

DataVerify does not accept spouses at this time. A separate 4506-C order will need to be created.

Choose Borrower:

First Name	MI	Last Name	Generation	SSN
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text" value="▼"/>	

To complete an order for each borrower for DataVerify: In the Personal tab, in 1a 1b choose your first borrower, complete the form and save. Then, go into the Personal Tab again, in 1a 1b, choose the second borrower, complete the form and save again. In Saved Orders tab, you will see the separate forms for both borrowers at the bottom of the screen.

4506-C DataVerify - Personal

Personal Business Saved Orders

1a-1b: First Name on Tax Return

Choose Borrower: **Dad Firstimer** ▼

First Name MI Last Name Generation Phone SSN

Dad [] Firstimer [] (989) 497-1651 xxx-xx-8881 [show](#)

4506-C DataVerify - Personal

Personal Business Saved Orders

1a-1b: First Name on Tax Return

Choose Borrower: **Mom Firstimer** ▼

First Name MI Last Name Generation Phone SSN

Mom [] Firstimer [] (989) 497-1651 xxx-xx-8882 [show](#)

Saved Orders

Name(s) on Tax Returns	Signed By Authorized Rep	Form Type	Transcript(s) Requested	Year(s) Requested	Date Emailed	Date Uploaded	Date Order Submitted	Status	Include in Document Packages
Dad Firstimer	<input type="checkbox"/>	1040	Return Transcript	2022, 2021					<input checked="" type="checkbox"/>
Copy Delete View Email Upload Submit									
Mom Firstimer	<input type="checkbox"/>	1040	Return Transcript	2022, 2021					<input checked="" type="checkbox"/>
Copy Delete View Email Upload Submit									

6. 2a 2b 2c - If order is for CoreLogic, if you have a co-borrower that is a spouse on the file, choose their name in the dropdown.

2a-2b: Spouse's Name on Tax Return

Choose Borrower:

First Name MI Last Name Generation

2c: Previous Name on Tax Return

Enter the borrower's previous name as shown on any requested return if different than line 2a.

First Name MI Last Name Generation

7. 3: Current Address will populate from what has been inputted in the loan file:

3: Current Address

Address Unit Number City State Zip

8. 4: Previous Address: Enter the address shown on the last tax return filed if different from the address entered in Section 3 above:

4: Previous Address

Enter the address shown on the last return filed if different from the address entered in Section 3.

Address Unit Number City State Zip

9. 5b-5c: IVES: Per Instructions from IRS:
- Line 5b. Enter up to 10 numeric characters to create a unique customer file number that will appear on the transcript. The customer file number cannot contain an SSN, ITIN or EIN. Completion of this line is not required.
 - Line 5c. Enter up to 10 alpha-numeric characters to create a unique identifier that will show in the mailbox file information. The unique identifier cannot contain an SSN, ITIN or EIN. Completion of this line is not required.

5b-5c: IVES

Customer File Number (optional) Unique Identifier (optional)

10. Select a Form – You need to ‘Select One’ of the 2 Options: 1. Tax Form or 2. Wage and Income Form: **You must create an order for a Tax Form 1040 for the borrower to sign for auditing purposes.**

5b-5c: IVES

DataVerify advises leaving the Customer File Number field blank to avoid rejection.

Customer File Number (optional) Unique Identifier (optional)

Select One

Choosing Tax Form will fill in Box 6: When ‘Tax Form’ is selected, then you will have the option to check the transcript requested (select only one) from section 6a-6c. **“Return Transcript” must be chosen when filling in the order for a Tax Form 1040 for auditing purposes.**

Please note that DataVerify only accepts Form 1040.

Select One

6: Tax Form

DataVerify will only accept form 1040.

Tax Form

6a-6c: Transcript Requested (select only one)

Return Transcript (Line 6a)

Account Transcript (Line 6b)

Record of Account (Line 6c)

Choosing Wage and Income Form will fill in box 7. The form you choose will fill in box 7a-7b. **An order for a Wage and Income form should only be created for the borrower to sign if you actually need to request Wage and Income information.**

Select One

Please note that DataVerify will only accept forms W2 and 1099 and they only accept one form request per order.

7a-7b: Transcript(s) Requested

DataVerify will only accept forms W2 and 1099. They also only accept one Income Form.

Income Form (select up to three)
Leave blank to specify that all forms will be provided.

W2
 1098
 1099
 5498

If the wage and income transcript(s) are needed for only one of the listed taxpayers, select the applicable taxpayer.

11. Box 8: Years(s) Requested (select up to four) *Note: Year(s) requested is updated in Mortgage Cadence after the 'Tax Day' deadline date for that year to include the previous tax year*

12. Click Save

8: Year(s) Requested (select up to four)

2022 2021 2020 2019 2018

13. Once you completed the Personal information tab and saved the input, Go to your Saved Orders tab at the top of the order screen.

14. You will choose DataVerify in the 'IVES Participant Name' in the drop-down.

4506-C DataVerify - Saved Orders

Personal Business Saved Orders

IVES Participant

IVES Participant Name:

Address: City: State: Zip:

DataVerify advises leaving IVES Participant ID, and SOR Mailbox ID blank to avoid rejection.

IVES Participant ID: SOR Mailbox ID:

15. Client will be the Credit Union.

Client

Updating information in this section also updates the Beneficiary information in the Path.

Client Name:

Address: City: State: Zip: Phone:

16. In the Saved Orders at the bottom, the box should be checked to “Include in Document Packages”

17. Click **SAVE**.

Name(s) on Tax Returns	Signed By Authorized Rep	Form Type	Transcript(s) Requested	Year(s) Requested	Date Emailed	Date Uploaded	Date Order Submitted	Status	Include in Document Packages
Alice Firstimer	<input type="checkbox"/>	1040	Return Transcript	2022, 2021					<input checked="" type="checkbox"/>
Copy Delete View Email Upload Submit									

Save **Cancel**

NOTE: If you have filled out the 4506-C correctly within Mortgage Cadence, all sections on the 4506-C form will be filled out. Then, all your member needs to do is check the box for Signatory attest, Sign, and Date the form. If they E-sign through Mortgage Cadence, it will prompt them to check the box, but if they wet sign, make sure they know to check the box themselves.

6. Transcript requested. Enter the tax form number here (1040, 1065, 1120, etc.) and check the appropriate box below. Enter only one tax form number per request for line 6 transcripts
1040

a. Return Transcript b. Account Transcript c. Record of Account

7. Wage and income transcript (W-2, 1098-E, 1099-G, etc.)

a. Enter a max of three form numbers here; if no entry is made, all forms will be sent.
b. Mark the checkbox for taxpayer(s) requesting the wage and income transcripts. If no box is checked, transcripts will be provided for all listed taxpayers

Line 1a Line 2a

8. Year or period requested. Enter the ending date of the tax year or period using the mm dd yyyy format (see instructions)
12 / 31 / 2022 12 / 31 / 2021 / / / /

Caution: Do not sign this form unless all applicable lines have been completed.
Signature of taxpayer(s). I declare that I am either the taxpayer whose name is shown on line 1a or, if applicable, line 2a, or a person authorized to obtain the tax information requested. If the request applies to a joint return, at least one spouse must sign; however, if both spouses' names and TINs are listed in lines 1a-1b and 2a-2b, both spouses must sign the request. If signed by a corporate officer, 1 percent or more shareholder, partner, managing member, guardian, tax matters partner, executor, receiver, administrator, trustee, or party other than the taxpayer, I certify that I have the authority to execute Form 4506-C on behalf of the taxpayer. **Note:** This form must be received by IRS within 120 days of the signature date.

Signatory attests that he/she has read the above attestation clause and upon so reading declares that he/she has the authority to sign the Form 4506-C. See instructions.

Sign Here	Signature for Line 1a (see instructions) [Redacted]	Date [Redacted]	Phone number of taxpayer on line 1a or 2a (999) 999-9999
	<input type="checkbox"/> Form 4506-C was signed by an Authorized Representative	<input type="checkbox"/> Signatory confirms document was electronically signed	
	Print/Type name Steven J Housebuyer		
	Title (if line 1a above is a corporation, partnership, estate, or trust)		
	Spouse's signature (required if listed on Line 2a)		Date

Form 4506-C was signed by an Authorized Representative Signatory confirms document was electronically signed

Print/Type name

Purchase Checklist

- Most Recent Paystubs – including year-to-date income and employer/employee indicators
- W2's or 1099's (2 Most Recent Years)
- Last 2 Years Full Tax Returns – only required if we are using rental income, self-employment income or grossing up social security income
- Pension/Retirement Statements (Current Year)
- Social Security/Disability Statement
- State Issued ID (Usually a Driver's License)
- 2 Months Bank Statements
- Divorce Decree/Child Support Docs (If Applicable)
- Bankruptcy Discharge Paperwork (If Applicable)
- Purchase Agreement and copy of EMD/Proof of Account Clearance

Notes:

Refinance Checklist

- Most Recent Paystubs – including year to date income and employer/employee indicators
- W2's or 1099's (2 Most Recent Years)
- Last 2 Years Full Tax Returns – only required if we are using rental income, self-employment income or grossing up social security income
- Pension / Retirement Statements (Current Year)
- State Issued ID (Usually a Driver's License)
- 2 Months Bank Statements
- Divorce Decree / Child Support Docs (If Applicable)
- Bankruptcy Discharge Paperwork (If Applicable)
- Current Home Owner's Policy
- Current Mortgage Statement
- Current Statement for any Liens Marked to be Paid by Closing

Notes:

Value Acceptance + Property Data

- 1. What is it?** It is the “halfway point” between a Full Appraisal 1004 form, and an SFC 801 Value Acceptance (F.K.A. “appraisal waiver”). It still requires an inspection but not as detailed or in depth.
- 2. How do I know I am eligible for this?** Read your DU finding carefully. The green “check mark” is no longer present for this under Day 1 certainty. Scroll down and under “Property and Appraisal Information” in the findings, look for Special Feature Code (SPF) 774. This is critical. Since there is no green check mark at the top, many lenders will not read further down to see if they even have an SPF 774 available to them. **HOT TIP:** As a rule of thumb, always read the DU findings, particularly the “Property and Appraisal Information” section, regardless of whether you see a green check mark or not.
- 3. How does the Value Acceptance + Property Data benefit my borrower?** The #1 reason is the cost. In most markets, it only costs \$250. If you have a borrower who is closing cost sensitive, this may tip the scales in your favor. #2 reason: there are Reps and Warrants on the value and marketability, very helpful if you have a property where the value may be in question. The lender must still rep and warrant the property description, property condition, property eligibility and condition from recent disaster. #3 reason: it may shave a day or 2 off the turn-time. #4 reason: lender knows very quickly whether Fannie Mae accepts the PDC (Property Data Collection). Since the vendor sends their data and photos directly to Fannie Mae for approval first, the lender knows Fannie’s acceptance at the time the vendor delivers the PDC to the lender.
- 4. What are the potential cons of the Value Acceptance + Property Data?** If Fannie Mae does not approve the PDC, or if the underwriter identifies issues with the property during their review of the PDC (for example, incomplete renovations or anything affecting safety, soundness, structural integrity, or habitability) the VA+PD is no longer valid and it must be converted to a Hybrid Appraisal (by a licensed appraiser). Where the VA+PD does not require ANSI measuring standards to be followed, a Hybrid Appraisal does, so although the appraiser will utilize all the data collected by the original vendor, they may need to re-visit the home for ANSI measurements. The appraiser is almost certainly going to have an additional cost associated with their work.
- 5. I’m in! What are my first steps?** Identify a Fannie-approved vendor to go out to the property to inspect it (Dart Appraisal is company many of you use and they do VA+PD’s). The vendor does the rest. When they deliver the PDC to you, it should be accompanied by confirmation that Fannie has either approved or not approved the PDC.
- 6. What does the Property Data Collector actually do?** They inspect the property and take photos. They have a proprietary handheld device which presents the vendor with specific questions about each individual room, and the entire structure. They take photos and answer the questions as they walk through the home, and they can even make a sketch of the floorplan right on the device. The visit is about the same length of time as an appraisal inspection. To the borrower, they probably will not even recognize the difference between a VA+PD and an appraisal visit.
- 7. How can I see that the PDC is approved by Fannie on the DU findings?** There is a small change in the language of SPC 774 condition.

The old findings (before PDC approval) look like this below. Note the language in the first sentence for condition #20 says “DU accepts the value submitted by the lender for this subject property.”

20 DU accepts the value submitted by the lender for this subject property. This loan is eligible for value acceptance + property data with representation and warranty relief on the value and marketability of the subject property contingent upon the submission of property data to the Fannie Mae Property Data API and the inclusion of the Casefile ID and Special Feature Code 774 in the loan delivery file. Note that DU does not identify all value acceptance + property data ineligible transactions, including Texas Section 50(a)(6) mortgages; always refer to the Selling Guide to verify eligibility. (MSG ID 3709)

When the PDC is approved by API (Fannie), the first sentence changes slightly to “DU accepts the property data and value submitted for this subject property.” It adds the words “property data and” to that first sentence when it is approved.

18 DU accepts the property data and value submitted for this subject property. This loan is eligible for value acceptance + property data with representation and warranty relief on the value and marketability of the subject property upon inclusion of the Casefile ID and Special Feature Code 774 in the loan delivery file. If an appraisal was obtained for this property, the loan cannot be sold with Special Feature code 774. Instead, the lender must use the value provided on the appraisal and follow all appraisal requirements. Note that DU does not identify all value acceptance + property data ineligible transactions, including Texas Section 50(a)(6) mortgages; always refer to the Selling Guide to verify eligibility. (MSG ID 3713)

8. **If I have a VA+PD approval, why does the Underwriter still have to review?** The VA+PD gives the lender Reps and Warrants for the value and marketability of the home but the underwriter must still verify the safety, soundness, and structural integrity of the home, that it is not a C6 or Q6, does not have significant items of incomplete construction or renovation and that the property meets Fannie’s property eligibility requirements.
9. **What does a PDC look like?** Here is a sample of several pages below...



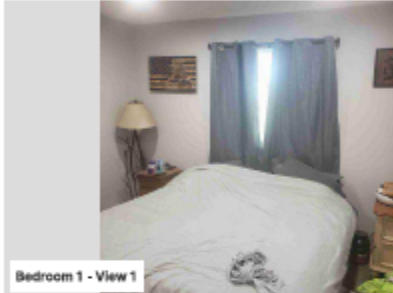
Subject Details

TOTAL ROOMS 8	TOTAL BEDROOMS 3	TOTAL BATHROOMS 2
ABOVE GRADE BEDS 3	BELOW GRADE BEDS 0	ABOVE GRADE FULL BATHS 2
BELOW GRADE FULL BATHS 0	ABOVE GRADE HALF BATHS 0	BELOW GRADE HALF BATHS 0
BELOW GRADE REC ROOMS 0	BELOW GRADE OTHER ROOMS 0	BELOW GRADE FINISHED % 0
GLA 2590 sqft	LOT SIZE 22851 sqft	BELOW GRADE AREA 0 sqft
YEAR BUILT 2017	LOCATIONS	VIEW
ADDITIONAL STRUCTURES 0	STRUCTURE AMENITIES 1	ACCESSORY UNIT None
STORIES 3	COUNTY WETITAS	GARAGE AREA 495 sqft
CONDITION RATING Q3	QUALITY RATING Q3	ATTACHMENT Detached



Primary Dwelling - 1st Floor

Bedroom 1



Bedroom 1 - View 1



Bedroom 1 - View 2

Is this room part of an addition, expansion, or conversion?

No

Do the windows have security bars over them?

No

Does the room have laundry hookups?

No

Select any components that have been updated or show condition issues.

No updates/no issues

Select any additional features in this room/area.

None

What are the floor materials?

Carpet

Has the flooring been updated?

No update

Does the flooring have any condition issues?

None

What is the wall material?

Drywall

Have the interior walls been updated?

No update

Do the walls have any obvious condition issues?

None

What are the ceiling materials?

Drywall

Are there any trim, wall, or ceiling finishes in this room?

No

Has the ceiling been updated?

No update

Does the ceiling have any condition issues?

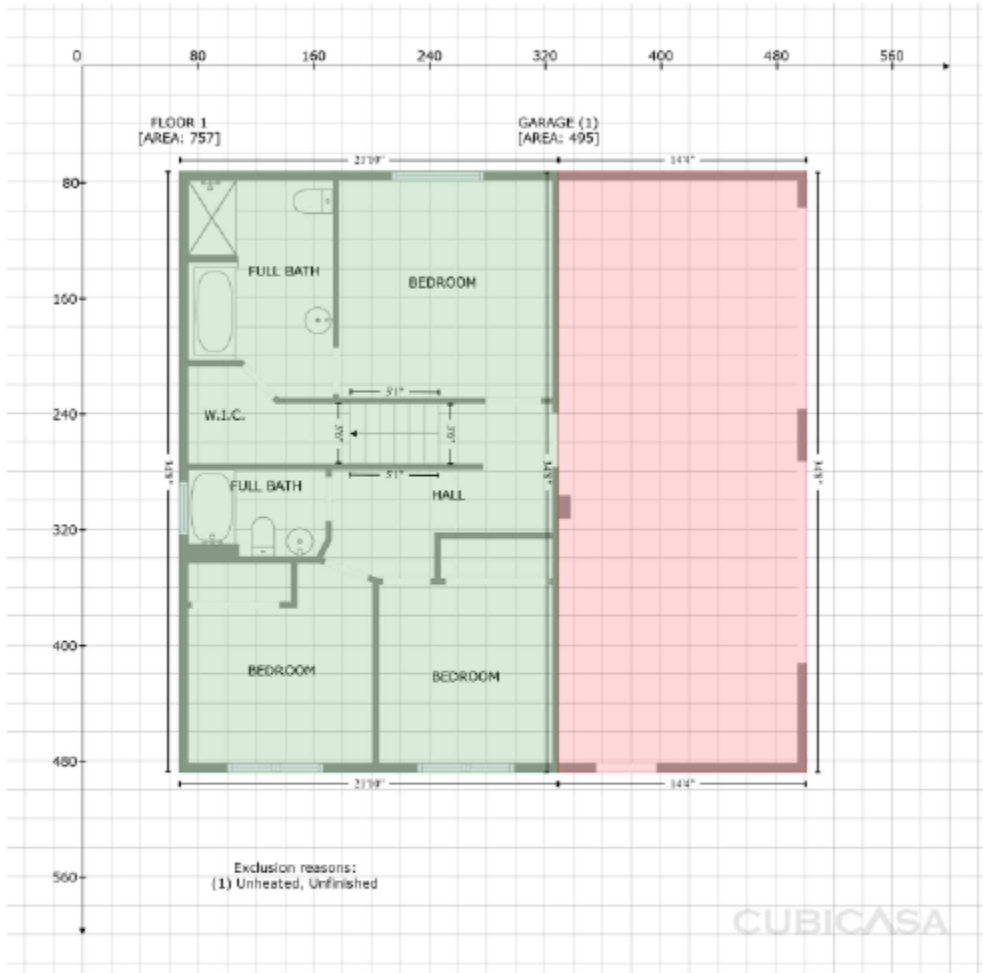
None

Is the ceiling lower than 7 feet anywhere in this room?

No



Primary Dwelling

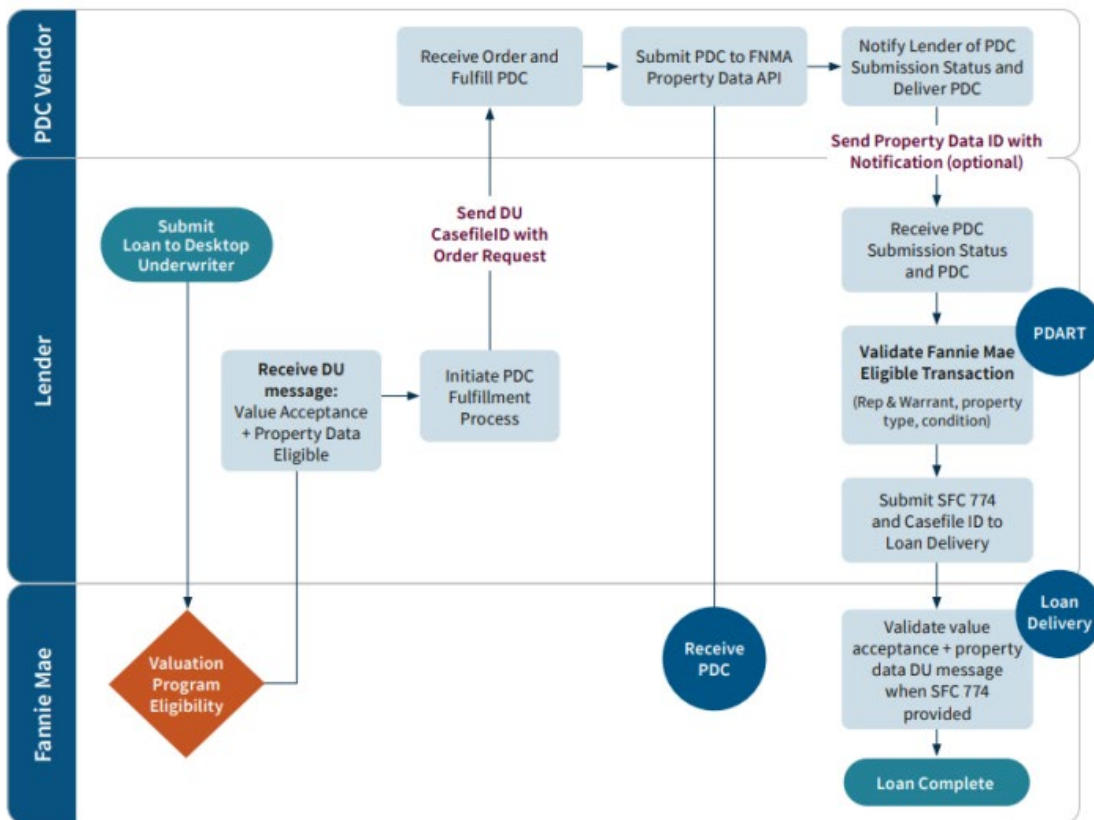


Structure	Area	Calculations (Using Coordinate Polygon Area Algorithm)
FLOOR 1 (Living)	757.0 ft ²	$\frac{1}{2} \left[(329.4 + 329.4) \times (72.6 - 488.1) + (329.4 + 87.1) \times (488.1 - 488.1) + (87.1 + 87.1) \times (488.1 - 72.6) + (87.1 + 329.4) \times (72.6 - 72.6) \right]$
GARAGE (Non-Living)	495.0 ft ²	$\frac{1}{2} \left[(500.9 + 500.9) \times (72.6 - 488.1) + (500.9 + 329.4) \times (488.1 - 488.1) \right]$

10. Is there a Flow Chart of the process for simplification? See below...

Value Acceptance + Property Data Process Flow

The flowchart below describes lender and vendor roles and duties in the value acceptance + property data process.



11. Is there a list of Fannie-approved PDC vendors? See below (add Dart Appraisal)

Full-Service Providers	
Offer lenders property data collection order fulfillment	
Service Provider Name	Full Service Providers
Asteroom	X
Accurate Group, LLC	X
AXIS Appraisal Management Solutions, Inc.	X*
Beacon	X*
Class Valuation	X
Capture Data Services, LLC	X
Clear Capital	X
Consolidated Analytics	X*
Mueller Services, Inc.	X
Nationwide Property & Appraisal Services	X*
PCV Murcor	X*
ProxyPics	X
Reggora	X
Solidifi	X*
ServiceLink	X*
Stewart Valuation	X
True Footage	X
Valligent, a Veros Software Company	X*
Valuation Connect	X*
Voxtur Appraisal Services, LLC	X

Condominium Updates

Many of you have asked why NMS is conditioning for condo meeting minutes? Often the condo questionnaires do not answer questions regarding safety and soundness. Therefore, we are required to ask for additional documentation to demonstrate no issues.

What is changing: with loan applications dated after 9/18/2023, condos with critical repairs that exceed \$10,000 per unit that are unfunded by HOA or have evacuation orders will not be saleable to the agencies. In addition, underwriting will need to request and review any structural inspection within the last 3 years noted on condo questionnaire.

Examples of critical repairs: mold/water intrusions, physical deterioration, material deficiencies, faulty seawalls, elevator repairs, balconies, foundation issues, electrical system issues, load bearing structures that are deteriorating, jurisdictional inspections that have failed, evacuation orders.

Examples of non-critical repairs: roof repairs, updated windows, etc. Regular maintenance on project that is not due to safety issues, but rather scheduled maintenance by HOA

Special assessments will need to be reviewed for critical repairs. If there is a special assessment, no more than 15% of total units in the project can be delinquent/ past due on payments.

All full condo reviews are run thru CPM (condo project manager). If the status of the project is unavailable, project is not eligible for purchase by Fannie Mae or Freddie Mac. The agencies have updated the condos listed in the CPM and at this time, those not saleable are less than 2% of all projects.

Some examples of structural issues – the condo in Minnesota had evacuation orders. One of the unit holders contacted Fannie Mae for assistance due to being displaced from their home. The condo in Saginaw that had fire had no mention of any deferred maintenance in the appraisal, condo questionnaire or meeting minutes

LLPA Waiver

What products and programs apply to the waiver of Loan Level Pricing Adjustment?

- HomeReady** Borrowers do not have to be a first-time homebuyer. Qualifying income must be 80% or less of the area median income. Purchase and Limited Cash is available on this product with LTV up to 97%, Manufactured is 95% when the property is the borrower’s principal residence. Condos, PUDs, and multi-unit are eligible. PMI coverage is also reduced.

- Loans to first-time homebuyers with qualifying income at or below 100% area median income

- Loans meeting Duty to Serve requirements (Purchase and limited cash-out refinances on principal residences with total qualifying income at or below 100% AMI)
 - + Manufactured housing
 - + Rural Housing ** Specific to only certain census tracs
 - + Affordable Housing preservation** we currently are not approved for Homestyle Reno loans through FNMA

Notes:

Rural Development Guaranteed Loan Program

Income and property eligibility website:

<https://eligibility.sc.egov.usda.gov/eligibility/welcomeaction.do>

Loan terms:

- Completed RD form 3555-21 (located in the document library)
- LTV is based on the higher of the purchase price or appraised value with max financing up to 101%. (Includes the RD upfront fee)
- Ratios 29% housing and 41% total debt ratio- a ratio waiver can be requested; UW discretion with max ratios of 32% and 44% with compensating factors. Typically, all ratio waivers require the borrower to have a minimum 680 score.
- Zero down payment required
- Borrower does not have to be a first-time home buyer
- 30-year fixed term only
- Income and property have to meet RD eligibility requirements
- The borrower cannot currently have suitable housing

Credit requirements:

- Minimum credit score 620
- At least one borrower has to have a credit score with a minimum of 2 trade lines with a 12-month history
- Non- traditional credit can be manually underwritten with the following:
 1. Two trade lines are required; the VOR plus one additional trade line. This trade line must be an eligible traditional trade line from the credit report with a 12-month history or an eligible non-traditional trade line
 2. No housing payment history, then 3 non-traditional sources with a 12-month payment history
 3. Traditional trade lines on the credit report can be combined with the non-traditional lines of credit. Non-trade lines cannot have been closed more than 6 months prior to the loan application and have 12 months history

Waiting period:

- Foreclosure ** 3 years from date of deed
- Chapter 7 bankruptcy ** 3 years from discharge date
- Chapter 13 bankruptcy ** 12 months from completion date
- Mortgage or rent late payments** greater than 12 months from the most recent 30 day late

Income:

- Eligibility income** all adult household income considered
Highest income; using all OT, bonus, and/or commission reported for YTD or historically, whichever is the highest
- Repayment income**
Qualifying income as calculated either by hourly, average etc.
Documentation required for all household income**
 1. Current p/c stub (30 days)
 2. Most recent 2-year w2's
 3. Most recent 2-year tax transcripts
 4. Most recent 2-year business returns (if applicable)
 5. Full VOE(s) are required to document 24-month history

Assets:

- Borrower (s) most recent 2 months bank statements (even if assets are not needed to close)
- All household assets are required
Retirement assets must use 60% of value (reserves only if needed)
- If liquid assets are 20% or more of the purchase price, loan is not eligible (this includes all household members assets as well)
- Gifts are allowed “gifts are not limited to just family”
- Gift donor asset statements must be obtained to support the gift funds provided
- Seller contribution up to 6%
- Down payment assistance programs are allowed
- Cash back at closing is allowed for all items paid out of pocket (POC) by the borrower

Property requirements:

- Appraisal order to indicate rural development
- Appraiser must state the subject property meets HUD handbook 4000.1
- Private water system requires a water test for “bacteria and nitrates”
- Well & septic – an inspection is not required if the appraiser indicates the distance between the two, meet state and local codes as required by HUD handbook 4000.1
- Remaining economic life of property must be 30 years
- No limits on lot size with supporting comparable sales
- Must have photos of the basement, crawl space and attics
- Single family housing including condominiums that meet Fannie Mae guides
- Manufactured homes
 - ** new pilot program for existing manufactured home
 1. Must be 400 square feet for the floor area
 2. Be inspected utilizing HUD form 309-manufactured home installation certification and verification report
 3. No modification or alterations since it was manufactured
 4. Unit must be taxed as real estate

Insurance requirement:

- Insurance deductibles cannot be any more than \$1000.00

Income and Documentation Matrix		
Income guidance: 7 CFR 3555, Sections 3555.152(a) and (b)		
<p>This matrix cannot cover every income/asset type, employment scenario, etc. USDA requires approved lenders to use sound judgment to make an accurate and dependable analysis of income per 7 CFR 3555.152. Exclusions may apply under 7 CFR 3555.152(b)(5) and Attachment 9-D.</p>		
Considerations for Income Calculations		
<ul style="list-style-type: none"> • Annual and adjusted annual income calculations must include all eligible income sources from all adult household members, not just parties to the loan note. • Annual income is calculated for the ensuing 12 months, based on income verifications, documentation, and household composition. • Include only the first \$480 of earned income from adult full-time students who are not the applicant, co-applicant, or spouse of an applicant in annual and adjusted annual income. • Income from assets that meet the criteria of Section 9.4 must be included in annual and adjusted annual income. • Repayment income calculations include the income sources of the applicants who will be parties to the note that meet the minimum required history identified in this matrix <u>and</u> have been determined to be stable and dependable income by the approved lender. • Income used in repayment income calculations must be confirmed to continue a minimum of three years into the mortgage. • If the income is tax exempt, it may be grossed up 25 percent for repayment income. • “Documentation Source Options” lists eligible documentation. Every item listed is not required unless otherwise stated. Lenders must obtain and maintain documentation in the loan file supporting the lender’s income calculations. 		
Income Type	Annual Income	Repayment Income
<p>Adoption Assistance or Subsidy</p>	<p>If the income will be received in the ensuing 12 months, include the first \$480 of adoption income or subsidy assistance for each grantee.</p>	<p>Required History: None, the income must be received at the time of submission to the Agency.</p> <p>Lenders must document:</p> <ul style="list-style-type: none"> ○ The applicant is currently receiving the income; and ○ The amount of the income received each month. <p>Benefits that do not include expiration dates on the documentation will be presumed to continue.</p>
<p>Documentation Source Options:</p> <ul style="list-style-type: none"> • Benefit/Award letter to document the amount and duration of payments. • Online payments schedule from the Agency, bank statements, etc. • Federal income tax returns or IRS tax transcripts with all schedules. 		

Income Type	Annual Income	Repayment Income
Automobile Allowance	Include amounts documented on the pay statements as taxable gross earnings that will be received in the ensuing 12 months.	<p>Required History: Two years</p> <p>Continuance: Income will be presumed to continue unless there is documented evidence the income will cease.</p> <p>The full amount of the expense allowance may be included.</p> <p>Refer to Chapter 11 for additional guidance when there is a monthly debt associated with the income (such as a car payment).</p>
<p>Documentation Source Options:</p> <ul style="list-style-type: none"> • Pay stub(s)/Earning statement(s). • Contract/agreement from employer to state terms and duration of payments. • Federal income tax returns or IRS tax transcripts with all schedules. 		
Base Wages (Hourly or Salary)	<p>Include amounts received before deductions for payroll taxes, insurance, etc. Include amounts that will be received in the ensuing 12 months. Exclusions may apply under 7 CFR 3555.152(b)(5).</p> <p>Full time students age 18 and above that are not an applicant, co-applicant, or spouse of an applicant will only have \$480 of their earnings included in the annual income calculation. These household members are not required to present income documentation.</p>	<p>Required History: One year</p> <p>Income must be received at the time of submission to the Agency.</p> <p>The one year of required history may be met through a combination of employers, education, or military service. This history is not required to be with the same or current employer. Applicants that were on leave with their employer due to maternity/paternity leave, medical leave, relocation, etc. remain employed.</p> <p>Underwriters may use discretion for applicants returning to the workforce after leaving a previous job to care for a child/family member, complete education, etc. for an extended time of one year or greater.</p>
<p>Documentation Source Options:</p> <ul style="list-style-type: none"> • Pay stub(s)/Earning statement(s). • W-2's. • Written Verification of Employment (VOE) or electronic verifications. • Federal income tax returns or IRS tax transcripts with all schedules. • Section 9.3E provides additional information on employment verification options. 		

Income Type	Annual Income	Repayment Income
Boarder Income Guaranteed loans are for the purchase of a primary residence. Boarder income refers to rental income received from an individual renting space inside the dwelling, thus making the property income producing. The financing of income producing property is an ineligible loan purpose for the SFHGLP.	Ineligible	Ineligible
Bonus	Include amounts that will be received in the ensuing 12 months based on employment verifications. Exclusions may apply under 7 CFR 3555.152(b)(5).	<p>Required History: One year in the same, or similar, line of work.</p> <p>Underwriters must analyze bonus income for the current pay period and YTD earnings. Significant variances (increase or decrease) of 20 percent or greater in income from the previous 12 months must be analyzed and documented (e.g. paid once annually, paid monthly, etc.) before considering the income stable and dependable.</p> <p>Continuance: Income will be presumed to continue unless there is documented evidence the income will cease.</p>
<p>Documentation Source Options:</p> <ul style="list-style-type: none"> • Pay stub(s)/Earnings statement(s). • W-2's. • Written VOE or electronic verifications. • Federal income tax returns or IRS tax transcripts with all schedules. • Section 9.3E provides additional information on employment verification options. 		
Capital Gains	Include amounts that will be received in the ensuing 12 months. Exclusions may apply under 7 CFR 3555.152(b)(5).	<p>Required History: Two years</p> <p>Lenders must analyze the previous two years of capital gains income. An average of the previous two years may be logical, or if the current year was 20 percent less than the previous year, the lesser must be utilized.</p>
<p>Required Documentation:</p> <ul style="list-style-type: none"> • Federal income tax returns or IRS transcripts with all schedules. • Evidence of additional property or assets retained by the applicant through title, bank statements, etc. 		

Income Type	Annual Income	Repayment Income
Child Support	Include amounts that will be received in the ensuing 12 months. Exclusions may apply under 7 CFR 3555.152(b)(5). Legally enforceable payments that have not been received may be excluded when payments are not received for an extended time and a reasonable effort has been made to collect them through the official entity responsible for enforcing such payments.	<u>Court Ordered Payments:</u> Required History: Six months Child support that meets the minimum history, but the payment amounts are not consistent, must use an average consistent with the payor's current ability/willingness to pay. <u>Voluntary Payment Agreements:</u> Required History: One year Child support that meets the minimum history, but the payment amounts are not consistent, must use an average consistent with the payor's current ability/willingness to pay.
Documentation Source Options: <ul style="list-style-type: none"> • Final divorce decree, legal separation agreement, or court order (front and pertinent pages) to document the amount and timeframe of the obligation. • Evidence of timely receipt/consistent amount for required history: bank statements, canceled checks, deposit slips, tax returns, etc. 		
Commission	Include amounts that will be received in the ensuing 12 months. Exclusions may apply under 7 CFR 3555.152(b)(5).	Required History: One year in the same, or similar, line of work. Underwriters must analyze commission for the current pay period and YTD earnings. Significant variances (increase or decrease) of 20 percent or greater in income from the previous 12 months must be analyzed and documented (e.g. variances due to seasonal/holiday, etc.) before considering the income stable and dependable. Continuance: Income will be presumed to continue unless there is documented evidence the income will cease.
Documentation Source Options: <ul style="list-style-type: none"> • Pay stub(s)/Earning statement(s). • W-2's. • Written VOE or electronic verifications. • Federal income tax returns or IRS tax transcripts with all schedules. • Section 9.3E provides additional information on employment verification options. 		

Income Type	Annual Income	Repayment Income
Contract/ Employment Offer	Include amounts that will be received in the ensuing 12 months based on employment verifications.	<p>Required History: One year</p> <p>The one year of required history may be met through a combination of employers, education, or military service. This history is not required to be with the same or current employer.</p> <p>An applicant moving to a new employer (e.g. school district, same profession, etc.) with a contract to begin employment within 60 days of loan closing may be eligible if the underwriter determines the applicant has reserves available post loan closing to cover all monthly liability payments and the new mortgage obligation until employment begins.</p>
<p>Documentation Source Options:</p> <ul style="list-style-type: none"> • Copy of signed employment contract/offer. • Payscale(s)/Earning statement(s) of current/former employer to confirm employment/income history. • W-2's. • Written Verification of Employment (VOE) or electronic verifications. • Federal income tax returns or IRS tax transcripts with all schedules. • Section 9.3E provides additional information on employment verification options. 		
Depreciation/Depletion	The amount(s) of straight-line depreciation and/or depletion documented on acceptable IRS forms may be deducted.	<p>Required History: Two years</p> <p>Continuance: These amounts will be presumed to continue unless there is documented evidence they will cease.</p> <p>The amount(s) of straight-line depreciation and/or depletion may be added back to repayment income.</p>
<p>Required Documentation:</p> <ul style="list-style-type: none"> • Federal income tax returns or IRS tax transcripts with all schedules. 		

Income Type	Annual Income	Repayment Income
<p>Disability Income– Long Term</p> <p>This section does not refer to disability income received from the Social Security Administration.</p>	<p>Include amounts that will be received in the ensuing 12 months. Exclusions may apply under 7 CFR 3555.152(b)(5).</p>	<p>Required History: None, the income must be received at the time of submission to the Agency.</p> <p>Lenders must document:</p> <ul style="list-style-type: none"> ○ The applicant is currently receiving the income; ○ The amount of the income received each month; and ○ Determine if there is a contract termination or modification date.
<p>Documentation Source Options:</p> <ul style="list-style-type: none"> • Verification from the disability policy or benefits provider to document the applicant’s eligibility for benefits, amount and frequency of payments, and termination/modification date. • Federal income tax returns or IRS transcripts with all schedules. 		
<p>Dividends</p>	<p>Include amounts that will be received in the ensuing 12 months. Exclusions may apply under 7 CFR 3555.152(b)(5).</p>	<p>Required History: Two years</p>
<p>Required Documentation:</p> <ul style="list-style-type: none"> • Account statements to support amount of income utilized for repayment purposes, including the balance, rate of interest, and payment amounts/continuance. • Federal income tax returns or IRS tax transcripts with all schedules. 		
<p>Earned Income Tax Credit</p>	<p>Do not include</p>	<p>Do not include</p>
<p>Employee Fringe Benefits</p>	<p>Include amounts documented on the pay statements as taxable gross earnings that will be received in the ensuing 12 months. Exclusions may apply under 7 CFR 3555.152(b)(5).</p>	<p>Required History: One year</p> <p>Employer-provided fringe benefit packages documented on earning statements as taxable income may be included.</p>
<p>Documentation Source Options:</p> <ul style="list-style-type: none"> • Pay stub(s)/Earning statement(s). • Contract/agreement from employer to state terms and duration of payments. • Written VOE or electronic verifications. • Federal income tax returns or IRS tax transcripts with all schedules. • Section 9.3E provides additional information on employment verification options. 		

Income Type	Annual Income	Repayment Income
<p>Employment Related Account</p> <p>This income source may be a non-self-employed severance package. Lump sum retirement packages should refer to Retirement Income. All payments must be deposited to a verified asset account with acceptable documentation of receipt.</p>	<p>Include amounts that will be received in the ensuing 12 months. Exclusions may apply under 7 CFR 3555.152(b)(5).</p>	<p>Required History: None, the income must be received at the time of submission to the Agency.</p> <p>Lenders must document:</p> <ul style="list-style-type: none"> ○ The applicant is currently receiving the income; ○ The amount of the income received each month; and ○ Determine if there is a contract termination or modification date.
<p>Required Documentation:</p> <ul style="list-style-type: none"> • Contract/agreement from employer to state terms and duration of payments. • Benefit/Award verification letter, IRS 1099, evidence of current receipt, bank statements, etc. • Federal income tax returns or IRS transcripts with all schedules. 		
<p>Expense Allowance</p>	<p>Include amounts documented on the pay statements as taxable gross earnings that will be received in the ensuing 12 months. Exclusions may apply under 7 CFR 3555.152(b)(5).</p>	<p>Required History: Two years</p> <p>Continuance: Income will be presumed to continue unless there is documented evidence the income will cease.</p> <p>The full amount of the expense allowance may be included.</p> <p>Refer to Chapter 11 for additional guidance when there is a monthly debt associated with the income.</p>
<p>Documentation Source Options:</p> <ul style="list-style-type: none"> • Payscale(s)/Earning statement(s). • Contract/agreement from employer to state terms and duration of payments. • Federal income tax returns or IRS tax transcripts with all schedules. 		
<p>Foreign Income</p>	<p>Include all wages, salaries, and additional income types that will be received in the ensuing 12 months. Exclusions may apply under 7 CFR 3555.152(b)(5).</p>	<p>Required History: One year (Refer to Base Wages)</p> <p>Continuance: Income will be presumed to continue unless there is documented evidence the income will cease.</p>
<p>Documentation Source Options:</p> <ul style="list-style-type: none"> • Payscale(s)/Earning statement(s), translated into English if applicable. • Written VOE or electronic verifications. • Federal income tax returns or IRS tax transcripts with all schedules. • Section 9.3E provides additional information on employment verification options. 		
<p>Foster child or adult income</p>	<p>Do not include</p>	<p>Do not include</p>

Income Type	Annual Income	Repayment Income
<p>GI Bill</p> <p>This income source is paid directly to veterans and/or their dependents attending college or university for the purpose of covering tuition and related expenses.</p>	<p>Do not include</p>	<p>Do not include</p>
<p>Government Benefits</p>	<p>Include amounts that will be received in the ensuing 12 months.</p> <p>Exclusions may apply under 7 CFR 3555.152(b)(5) and Attachment 9-C.</p>	<p>Required History: None, the income must be received at the time of submission to the Agency.</p> <p>Lenders must document:</p> <ul style="list-style-type: none"> ○ The applicant is currently receiving the income; and ○ The amount of the income received each month. <p>Continuance: Benefits that do not include expiration dates on the documentation will be presumed to continue.</p>
<p>Required Documentation:</p> <ul style="list-style-type: none"> • Benefit/Award documentation to support payment amounts and duration. 		
<p>Guardianship/Conservatorship Income</p> <p>This guidance does not apply to income earned from foster care.</p>	<p>Include amounts that will be received in the ensuing 12 months.</p> <p>Exclusions may apply under 7 CFR 3555.152(b)(5).</p>	<p>Required History: None, the income must be received at the time of submission to the Agency.</p> <p>Lenders must document:</p> <ul style="list-style-type: none"> ○ The applicant is currently receiving the income; and ○ The amount of the income received each month. <p>Continuance: Benefits that do not include expiration dates on the documentation will be presumed to continue.</p>
<p>Documentation Source Options:</p> <ul style="list-style-type: none"> • Documentation to support payment amounts and duration, such as a court order, legal documents, or other supplemental information. • Online payment schedule from the Agency, bank statements, etc. • Federal income tax returns or IRS tax transcripts with all schedules. 		

Income Type	Annual Income	Repayment Income
Housing or Parsonage Allowance	Include the amounts that will be received in the ensuing 12 months. Exclusions may apply under 7 CFR 3555.152(b)(5).	Required History: One year The full amount of the allowance may be included. Do not offset the mortgage payment with the amount of the allowance. Continuance: Income will be presumed to continue unless there is documented evidence the income will cease.
Documentation Source Options: <ul style="list-style-type: none"> • Pay stub(s)/Earning statement(s). • Contract/Agreement from employer to state the terms and duration of payments. • Federal income tax returns or IRS tax transcripts with all schedules. 		
Individual Retirement Account (IRA) Distributions	Include amounts that will be received in the ensuing 12 months. Lump sum withdrawals or sporadic payments may be excluded under 7 CFR 3555.152(b)(5).	Required History: None, the income must be received at the time of submission to the Agency. Lenders must document: <ul style="list-style-type: none"> ○ The applicant is currently receiving the income; and ○ The amount of income received each month. Continuance: Income will be presumed to continue unless there is documented evidence the income will cease.
Documentation Source Options: <ul style="list-style-type: none"> • IRA documents, IRS 1099, evidence of current receipt, bank statements, etc. • Federal income tax returns or IRS tax transcripts with all schedules. 		
Interest	Include income that will be received in the ensuing 12 months. Net family assets that do not exceed a cumulative total of \$50,000 are not required to be considered in the annual income calculation.	Required History: Two years
Required Documentation: <ul style="list-style-type: none"> • Account statements to support the balance, rate of interest, and payment amounts/continuance. • Federal income tax returns or IRS tax transcripts with all schedules. 		
Live in Aides	Do not include	Do not include

Income Type	Annual Income	Repayment Income
Medical Reimbursement	Do not include	Do not include
Mileage	Include amounts documented on the pay statements as taxable gross earnings that will be received in the ensuing 12 months.	<p>Required History: One year</p> <p>Continuance: Income will be presumed to continue unless there is documented evidence the income will cease.</p> <p>Mileage documented on earning statements as taxable income may be included.</p> <p>When a mileage deduction is claimed on the income tax return, the calculated amount may be added to repayment income. Lenders must follow current IRS guidance to calculate this amount.</p>
<p>Documentation Source Options:</p> <ul style="list-style-type: none"> • Payscale(s)/Earning statement(s). • Federal income tax returns or IRS tax transcripts with all schedules. 		
Military	<p>Include all wages and pay allowances that will be received in the ensuing 12 months.</p> <p>Hazardous duty pay and additional income sources may be excluded under 7 CFR 3555.152(b)(5).</p>	<p>Required History: One year College/Technical School attendance may be substituted.</p> <p>Continuance: Income will be presumed to continue unless there is documented evidence the income will cease.</p> <p>In addition to base pay, military personnel may be entitled to additional forms of pay. Income sources such as basic allowance for housing and subsistence (BAH/BAS), clothing allowances, flight or hazard pay, rations, and proficiency pay may be used for repayment income provided it is verified to continue.</p> <p>Additional consideration for the tax-exempt nature of these payments may be applied.</p>
<p>Documentation Source Options:</p> <ul style="list-style-type: none"> • Military Earnings and Leave Statement(s). • W-2's. • Written VOE or electronic verifications. • Federal income tax returns or IRS tax transcripts with all schedules. • Section 9.3E provides additional information on employment verification options. 		

Income Type	Annual Income	Repayment Income
Mortgage Credit Certificate	Do not include	<p>Required History: None</p> <p>The monthly benefit amount may be included in repayment income.</p> <p>Self-employed applicants are not eligible for MCC.</p>
<p>Required Documentation:</p> <ul style="list-style-type: none"> • Copy of the approved MCC award letter/contract with the rate of credit documented. <p>GUS Instructions:</p> <ul style="list-style-type: none"> • In the “Borrower Information” page under “Income from Other Sources,” use the dropdown button in the “Income Source” field and select “Mortgage Credit Certificate.” Tab to the “Monthly Income” field and enter the amount. 		
Mortgage Differential Payment	Include amounts that will be received in the ensuing 12 months. Exclusions may apply under 7 CFR 3555.152(b)(5).	<p>Required History: One year</p> <p>Include the differential payment in repayment income. Do not offset the mortgage payment with the amount of the allowance.</p> <p>Continuance: Income will be presumed to continue unless there is documented evidence the income will cease.</p>
<p>Required Documentation:</p> <ul style="list-style-type: none"> • Verification from the employer to confirm the subsidy amount and duration of payments. 		
Notes Receivable	Include amounts that will be received in the ensuing 12 months. Exclusions may apply under 7 CFR 3555.152(b)(5).	Required History: Two years
<p>Required Documentation:</p> <ul style="list-style-type: none"> • Copy of note to establish the amount and length of time of payment. • Federal income tax returns or IRS transcripts with all schedules, for proof of receipt of income. 		

Income Type	Annual Income	Repayment Income
Overtime	Include amounts that will be received in the ensuing 12 months based on employment verifications. Exclusions may apply under 7 CFR 3555.152(b)(5).	<p>Required History: One year in the same, or similar, line of work.</p> <p>Continuance: Income will be presumed to continue unless there is documented evidence the income will cease. Underwriters must analyze overtime for the current pay period, and YTD earnings. Significant variances (increase or decrease) of 20 percent or greater in income from the previous 12 months must be analyzed and documented (e.g. variances due to seasonal/holiday, etc.) before considering the income stable and dependable.</p>
<p>Documentation Source Options:</p> <ul style="list-style-type: none"> • Paystub(s)/Earning statement(s). • W-2's. • Written VOE or electronic verifications. • Federal income tax returns or IRS tax transcripts with all schedules. • Section 9.3E provides additional information on employment verification options. 		
Part-time Employment	<p>Include amounts that will be received in the ensuing 12 months. Exclusions may apply under 7 CFR 3555.152(b)(5).</p> <p>Evidence of resignation, termination, retirement, or relocation from these positions may result in the exclusion of this income type.</p>	<p>Required History: One year</p> <p>Continuance: Income will be presumed to continue unless there is documented evidence the income will cease.</p>
<p>Documentation Source Options:</p> <ul style="list-style-type: none"> • Paystub(s)/Earning statement(s). • W-2's. • Written VOE or electronic verifications. • Federal income tax returns or IRS tax transcripts with all schedules. • Section 9.3E provides additional information on employment verification options. 		

Income Type	Annual Income	Repayment Income
Pensions	Include amounts that will be received in the ensuing 12 months. Lump sum withdrawals or sporadic payments may be excluded under 7 CFR 3555.152(b)(5).	Required History: None, the income must be received at the time of submission to the Agency. Lenders must document: <ul style="list-style-type: none"> ○ The applicant is currently receiving the income; and ○ The amount of the income received each month. Continuance: Income will be presumed to continue unless there is documented evidence the income will cease.
Documentation Source Options: <ul style="list-style-type: none"> • Benefit/Award verification letter, retirement documents, IRS 1099, evidence of current receipt, bank statements, etc. • Federal income tax returns or IRS tax transcripts with all schedules. 		
Per Diem	Include amounts documented on the pay statements as taxable gross earnings that will be received in the ensuing 12 months. Exclusions may apply under 7 CFR 3555.152(b)(5).	Required History: One year Taxable income may be included. Continuance: Income will be presumed to continue unless there is documented evidence the income will cease.
Documentation Source Options: <ul style="list-style-type: none"> • Payscale(s)/Earning statement(s). • Contract/agreement from employer to state terms and duration of payments. • Federal income tax returns or IRS tax transcripts with all schedules. 		

Income Type	Annual Income	Repayment Income
<p>Rental Income</p> <p>A retained dwelling must meet the requirements of 7 CFR 3555.151(e).</p>	<p>Include positive net rental income that will be received in the ensuing 12 months.</p> <p>Negative net rental income is counted as zero in the annual income calculation.</p>	<p>Required History: Two years</p> <p><u>Rents Received 24 Months or More</u> Positive net rental income received may be included in the repayment income.</p> <p>Negative net rental income is treated as a recurring liability in the debt ratios.</p> <p>Refer to Chapter 11 for additional guidance when there is a mortgage liability associated with the rental income.</p> <p><u>Rents Received Less than 24 Months</u> No rental income may be included for repayment purposes.</p> <p>Negative net rental income is treated as a recurring liability in the debt ratios.</p> <p>Refer to Chapter 11 for additional guidance when there is a mortgage liability associated with the rental income.</p>
<p>Required Documentation:</p> <ul style="list-style-type: none"> • Federal income tax returns with all schedules, specifically Schedule E; or • IRS transcripts with all schedules, confirm Schedule E is completed. • Evidence of cash/check deposits, money order receipts, electronic payment receipt, etc. to document rents received for last 30 days. • Signed lease of current occupants. <p>GUS Instructions:</p> <ul style="list-style-type: none"> • Complete the applicable fields in the “Real Estate” page. Include the corresponding mortgage debt associated with the property, if applicable. 		
<p>Restricted Stock Units (RSU)</p>	<p>Include amounts listed as taxable income on the pay statements as gross earnings that will continue to be received in the ensuing 12 months. Exclusions may apply under 7 CFR 3555.152(b)(5).</p>	<p>Required History: Two years</p>
<p>Required Documentation:</p> <ul style="list-style-type: none"> • RSU account statements or award letters. • Pay stubs, VOE’s, or other documentation from the employer to support previous and future payments. 		

Income Type	Annual Income	Repayment Income
Retirement	Include amounts that will be received in the ensuing 12 months. Lump sum withdrawals or sporadic payments may be excluded under 7 CFR 3555.152(b)(5).	Required History: None, the income must be received at the time of submission to the Agency. Lenders must document: <ul style="list-style-type: none"> ○ The applicant is currently receiving the income; and ○ The amount of the income received each month. Continuance: Income will be presumed to continue unless there is documented evidence the income will cease.
Documentation Source Options: <ul style="list-style-type: none"> • Benefit/Award verification letter, retirement documents, IRS 1099, evidence of current receipt, bank statements, etc. • Federal income tax returns or IRS tax transcripts with all schedules. 		
Royalty Payments	Include amounts that will be received in the ensuing 12 months. Exclusions may apply under 7 CFR 3555.152(b)(5).	Required History: Two years Lenders must confirm the amount, frequency, and duration of these payments.
Required Documentation: <ul style="list-style-type: none"> • Royalty contract or agreement. • Federal income tax returns or IRS transcripts including all schedules. 		
Schedule K-1 This may be utilized to document income for an applicant with less than a 25 percent ownership of a partnership, S corporation, limited liability company (LLC), ordinary income, net rental real estate income, or other net rental income reported on IRS Form 1065, 1120S, etc.	Include monetary amounts (cash distributions) that will be received in the ensuing 12 months. Distributions of equipment, shares of real estate interest/ownership, non-monetary items, etc. are not included in the annual income.	Required History: Two years Schedule K-1 income may be utilized to qualify the applicant if the lender can confirm the business has adequate liquidity to support the withdrawal of earnings. The Schedule K-1 may provide this confirmation through “guaranteed payments to the partner.” Continuance: These amounts will be presumed to continue unless there is documented evidence they will cease.
Required Documentation: <ul style="list-style-type: none"> • Federal tax returns or IRS transcripts with all schedules. • Schedule K-1 forms. 		

Income Type	Annual Income	Repayment Income
Scholarships	Include funds that will be received in the ensuing 12 months after deducting for tuition, fees, books and equipment.	Required History: Two years Include remaining funds after deducting tuition, fees, books, and equipment.
Required Documentation: <ul style="list-style-type: none"> • Award letter to state the benefit/scholarship amount or tuition assistance and date of termination. • Evidence to support the deductions required to arrive at any repayment amount. 		
Seasonal Employment	Include amounts that will be received in the ensuing 12 months. Evidence of resignation, termination, retirement, or relocation from these positions may result in the exclusion of this income.	Required History: Two years, in the same line of work. If the income is not earned at the time of submission to the Agency, the employer must provide verification that the applicant is still an employee along with an anticipated return to work date. Continuance: Income will be presumed to continue unless there is documented evidence the income will cease.
Documentation Source Options: <ul style="list-style-type: none"> • Paystub(s)/Earning statement(s). • W-2's. • Written VOE or electronic verifications. • Federal income tax returns or IRS tax transcripts with all schedules. • Section 9.3E provides additional information on employment verification options. 		
Secondary Employment	Include amounts that will be received in the ensuing 12 months. Evidence of resignation, termination, retirement, or relocation from these positions may result in the exclusion of this income.	Required History: One year of working primary and secondary employment concurrently. Continuance: Income will be presumed to continue unless there is documented evidence the income will cease.
Documentation Source Options: <ul style="list-style-type: none"> • Paystub(s)/Earning statement(s). • W-2's. • Written VOE or electronic verifications. • Federal income tax returns or IRS tax transcripts with all schedules. • Section 9.3E provides additional information on employment verification options. 		

Income Type	Annual Income	Repayment Income
Section 8 Housing Vouchers	Do not include	<p>Required History: None</p> <p>The amount of the benefit payment may be included in repayment income.</p> <p>When the benefit is paid directly to the servicer, the amount of the benefit may be considered as a reduction of the PITI, rather than an addition to repayment income. A manual file submission is required in this instance.</p>
<p>Required Documentation:</p> <ul style="list-style-type: none"> Benefit/Award letter to verify the subsidy amount. When used as a reduction of the PITI, documentation verifying the benefit is paid directly to the servicer must be maintained in the lender's permanent loan file. <p>GUS Instructions:</p> <ul style="list-style-type: none"> Enter the amount on the "Borrower Information" page under "Income from Other Sources." Use the dropdown button in the "Income Source" field and select "Housing Choice Voucher Program." Tab to the "Monthly Income" field and enter the amount. 		
Self-Employment Income and Independent Contractors (1099)	<p>Lenders must analyze Federal tax returns to determine the appropriate gross income calculations.</p> <p>Include zero in annual income for a business loss.</p>	<p>Required History: Two years</p> <p>Lenders must analyze Federal tax returns to determine the appropriate gross income.</p> <p>Depreciation, depletion, business use of home, and other paper deductions may be allowed to be added back to the net profit/loss. Lenders may refer to Fannie Mae Form 1084 or comparable self-employment analysis form for assistance.</p> <p>A business loss must be deducted from repayment income.</p>
<p>Required Documentation:</p> <ul style="list-style-type: none"> Most recent two years of Federal income tax returns or IRS tax transcripts with all schedules; and YTD Profit and Loss Statement (audited or unaudited), used for income trend analysis. 		

Income Type	Annual Income	Repayment Income
Separate Maintenance/Alimony	Include amounts that will be received in the ensuing 12 months. Legally enforceable payments that have not been received may be excluded when payments are not received for an extended period of time and a reasonable effort has been made to collect them through the official entity responsible for enforcing such payments.	<u>Court Ordered Payments:</u> Required History: Six months Maintenance that meets the minimum history, but the payment amounts are not consistent must use an average that is consistent with the payor's current ability/willingness to pay. <u>Voluntary Payment Agreements:</u> Required History: One year Maintenance that meets the minimum history, but the payment amounts are not consistent must use an average that is consistent with the payor's current ability/willingness to pay.
Required Documentation: <ul style="list-style-type: none"> Final divorce decree, legal separation agreement, or court order (front and pertinent pages) to document the amount and timeframe of the obligation. Evidence of timely receipt and consistent amount for required history: bank statements, canceled checks, deposit slips, tax returns, etc. 		
Social Security Income	Include amounts that will be received in the ensuing 12 months. Exclusions may apply under 7 CFR 3555.152(b)(5).	Required History: None, the income must be received at the time of submission to the Agency. Benefit letters that do not include an expiration date will be presumed to continue. Benefits received by the applicant on behalf of minors (funds are intended for their support) may be utilized for repayment income. Benefits received by the applicant on behalf of an adult household member may be used for repayment income when there is evidence they are the legal guardian for the non-applicant adult household member.
Documentation Source Options: <ul style="list-style-type: none"> Benefit statement from the Social Security Office or Form SSA-1099/1042S, Social Security Benefit Statement. Legal guardianship/payee status for adult household members. 		

Income Type	Annual Income	Repayment Income
Student Loans	Do not include	Do not include
Supplemental Nutrition Assistance Program (SNAP)	Do not include	Do not include
<p>Temporary Leave Income/Temporary Reduction to Income with current employer</p> <p>This guidance is for an applicant that is currently employed. This guidance does not apply to an applicant that is currently unemployed.</p>	<p>Include amounts that will be received in the ensuing 12 months. Exclusions may apply under 7 CFR 3555.152(a)(5).</p>	<p>Required History: None, the income must be received at the time of loan closing.</p> <p>The lender must obtain all the following from the employer:</p> <ul style="list-style-type: none"> ○ Verification the applicant has the right to return to work following the leave; ○ Documentation of the applicant's return date; ○ Verification of the duration and amount of temporary leave income; and ○ Documentation of regular employment prior to temporary leave. <p>An applicant that will return to work prior to the first mortgage payment may use their pre-leave income.</p> <p>An applicant that will not return to work prior to the first mortgage payment must use their current income received (which may be zero) plus non-retirement liquid reserves. Reserves must meet the required history and calculations in the Asset and Reserves section of this matrix. The total of income and assets must meet the mortgage obligation and additional monthly liability payments until the applicant's date of return to work.</p> <p>Lenders must document their calculation of income plus reserves divided by applicable months on Attachment 9-B, the Uniform Underwriting and Transmittal Summary, or on an alternate underwriting form.</p>
<p>Documentation Source Options:</p> <ul style="list-style-type: none"> • All employer verifications required by this section. • Benefit statement/Contract. • Paystub(s)/Earning statement(s). • Written VOE or electronic verification. • Section 9.3E provides additional information on employment verification options. 		

Income Type	Annual Income	Repayment Income
Tips	Include amounts that will be received in the ensuing 12 months. Exclusions may apply under 7 CFR 3555.152(b)(5).	Required History: One year Underwriters must analyze tip income for the current pay period, and YTD earnings. Significant variances (increase or decrease) of 20 percent or greater in income from the previous 12 months must be analyzed and documented (e.g. variances due to seasonal/holiday/etc.) before considering the income stable and dependable. Continuance: Income will be presumed to continue unless there is documented evidence the income will cease.
Documentation Source Options: <ul style="list-style-type: none"> • Paystub(s)/Earning statement(s). • W-2's. • Written VOE or electronic verifications. • Federal income tax returns or IRS tax transcripts with all schedules. • Section 9.3E provides additional information on employment verification options. 		
Trust Income	Include amounts that will be received in the ensuing 12 months. Exclusions may apply under 7 CFR 3555.152(b)(5).	Required History: Six months
Required Documentation: <ul style="list-style-type: none"> • Trust documents: legally filed or recognized to document the balance, monthly payments, term of payments, mode of payment delivery (revocable or irrevocable), etc. • Documentation to support payments received: bank statements, deposit slips, trust account statements, etc. 		
Unemployment	Include amounts that will be received in the ensuing 12 months. Benefits received while seeking new full/part time employment that have ended are excluded under 7 CFR 3555.152(b)(5)(v).	Required History: Two years Continuance: Income will be presumed to continue unless there is documented evidence the income will cease. Applicants with a sole source of unemployment income are ineligible for a guaranteed loan.
Documentation Source Options: <ul style="list-style-type: none"> • Evidence of compensation: IRS Form 1099 or equivalent. • Federal income tax returns or IRS tax transcripts with all schedules. 		

Income Type	Annual Income	Repayment Income
Unreimbursed Employee or Business Expenses	The total amount of unreimbursed expenses may be deducted from annual and adjusted annual income.	<p>Required History: Two years</p> <p>Continuance: A trend will be presumed to continue unless there is documented evidence the expenses/deductions will cease.</p>
<p>Documentation Source Options:</p> <ul style="list-style-type: none"> • IRS 2106, Schedule A, Schedule C, or equivalent IRS filed form. • 2 years of Federal income tax returns or IRS tax transcripts with all schedules. 		
VA Benefits	Include amounts that will be received in the ensuing 12 months. Exclusions may apply under 7 CFR 3555.152(b)(5).	<p>Required History: None, the income must be received at the time of submission to the Agency.</p> <p>Lenders must document:</p> <ul style="list-style-type: none"> ○ The applicant is currently receiving the income; and ○ The amount of the income received each month <p>Benefits with no expiration date stated will be presumed to continue.</p> <p>Benefits received by the applicant on behalf of minors (funds are intended for their support) may be utilized for repayment income.</p> <p>Benefits received by the applicant on behalf of an adult household member may be used for repayment income when there is evidence they are the legal guardian for the non-applicant adult household member.</p>
<p>Documentation Source Options:</p> <ul style="list-style-type: none"> • Benefit statement from the Office of Veteran's Affairs. • Legal guardianship/payee status for adult household members. 		

Income Type	Annual Income	Repayment Income
Variable Income (e.g. piece rate, union work, and other similar types of pay structures)	Include amounts that will be received in the ensuing 12 months. Exclusions may apply under 7 CFR 3555.152(b)(5).	<p>Required History: One year, in the same or similar line of work.</p> <p>Underwriters must analyze variable income earnings for the current pay period and YTD earnings. Significant variances (increase or decrease) of 20 percent or greater in income from the previous 12 months must be analyzed and documented (e.g. variances due to seasonal/holiday, etc.) before considering the income stable and dependable.</p> <p>Continuance: Income will be presumed to continue unless there is documented evidence the income will cease.</p>
<p>Required Documentation:</p> <ul style="list-style-type: none"> • Paystub(s)/Earning statement(s). • W-2's. • Written VOE or electronic verifications. • Federal income tax returns or IRS tax transcripts with all schedules. • Section 9.3E provides additional information on employment verification options. 		
Worker's Compensation	Include amounts that will be received in the ensuing 12 months. Lump sums or sporadic payments may be excluded under 7 CFR 3555.152(b)(5).	<p>Required History: Six months</p>
<p>Required Documentation:</p> <ul style="list-style-type: none"> • Award letter or settlement to state amount and duration of payments. • Earnings statements/Paystubs. • Written VOE from employer. 		

Adjusted Annual Income Deductions	
7 CFR 3555.152(c)	
Dependent Deduction [7 CFR 3555.152(c)(1)]:	<ul style="list-style-type: none"> • \$480 deduction per eligible dependent at the time of submission to the Agency. • Applicants with shared custody may include their child(ren).
Documentation Source Options:	<ul style="list-style-type: none"> • Certify to the household number on Form RD 3555-21. • List all household members in GUS and Attachment 9-B, the lender's Uniform Underwriting Transmittal Summary (FNMA Form 1008/Freddie Mac Form 1077), or equivalent.
Child Care Expenses [7 CFR 3555.152(c)(2)]:	<ul style="list-style-type: none"> • Care for children age 12 and under. • Care is necessary to enable a family member to work, seek employment, or attend school. • Calculate anticipated child care expenses for the ensuing 12 months. • Applicants that have not placed their child into care or have no evidence to support payments, deposits, or registration fees are ineligible for this deduction.
Documentation Source Options:	<ul style="list-style-type: none"> • Utilize income tax returns, receipts, or third-party verifications provided by a licensed childcare facility or provider on letterhead that 1. Identifies the child enrolled; 2. Date of enrollment; 3. Payment due; and 4. Payment history. • Relatives or non-licensed private individuals who provide care must also provide evidence of payments made (e.g. canceled checks, money order receipts, bank statements, etc.). • Child support payments and school tuition are not eligible deductions. • Attachment 9-G is an available option to document childcare expenses, but may not be used alone when additional documentation is required per this section to verify payment (i.e. relatives and private individuals). • Calculations must be recorded on Attachment 9-B, the lender's Uniform Underwriting Transmittal Summary (FNMA Form 1008/Freddie Mac Form 1077), or equivalent.
Disability Expenses [7 CFR 3555.152(c)(3)]:	<ul style="list-style-type: none"> • Deduction for eligible expenses that exceed three percent of the annual income. • Eligible expenses: 1. Allow the disabled individual or another household member to work; 2. Are non-reimbursable by insurance or other sources; and 3. Do not exceed the income earned by the person who is working due to the care provided. • Examples include but are not limited to daily living assistance, wheelchairs, ramps, adaptation needs, workplace equipment, etc. • Utilize documentation to estimate anticipated annual expenses.
Documentation Source Options:	<ul style="list-style-type: none"> • Third party verifications for caregivers/agencies for the dates, costs, and fees. • Receipts, itemized income tax returns, and other evidence to support the deductions. • Calculations must be recorded on Attachment 9-B, the lender's Uniform Underwriting Transmittal Summary (FNMA Form 1008/Freddie Mac Form 1077), or equivalent.

Adjusted Annual Income Deductions	
7 CFR 3555.152(c)	
Elderly Household Deduction [7 CFR 3555.152(c)(4)]:	
<ul style="list-style-type: none">• Applicant or Co-Applicant is age 62 or older.• One \$400 deduction allowed per household.	
Documentation Source Options:	
<ul style="list-style-type: none">• Certify to date of birth on the loan application.	
Medical Expenses [7 CFR 3555.152(c)(5)] (Elderly and Disabled Households Only):	
<ul style="list-style-type: none">• Deduction for eligible expenses that exceed 3 percent of the annual income for entire family.• Definition of elderly family is in 7 CFR 3555.10.• Utilize documentation to estimate anticipated annual expenses.	
Documentation Source Options:	
<ul style="list-style-type: none">• Itemized tax return documents.• Receipts for insurance premiums, prescriptions, dental and eye exams, eyeglasses, medical/health products or apparatus, hearing aids, visiting or live in care providers, etc.• Calculations must be recorded on Attachment 9-B, or lender's Uniform Underwriting Transmittal Summary (FNMA Form 1008/Freddie Mac Form 1077), or equivalent.	

Assets and Reserves
7 CFR 3555.152(d)
<p>Cash Reserves calculated by the system represent the amount of liquid assets that remain available to the applicant/borrower after loan closing (includes amounts received at closing). Lenders must use caution and not overstate assets utilized for reserves.</p> <p>Although all household assets must be verified and documented in the permanent loan file, the lender may underwrite to the most conservative approach with no consideration of assets entered into GUS.</p> <p>USDA does not require evidence from all parties to access joint or business accounts unless access to the funds are restricted without it.</p>
<p>Bridge Loan</p> <p>Documentation:</p> <ul style="list-style-type: none"> Evidence of loan proceeds, where they are held (depository account, etc.), and balance remaining. Confirm corresponding liability for this debt is included in the total debt ratio if applicable. <p>Reserves: Eligible Funds to Close: Eligible</p>
<p>Business Accounts</p> <p>Documentation:</p> <ul style="list-style-type: none"> Two months of recent bank statements; or Verification of Deposit (VOD) and a recent bank statement; or Alternate evidence (e.g. statement print outs stamped by lender) to support account activity and monthly balances. <p>Reserves: Eligible</p> <ul style="list-style-type: none"> Lenders must use the lesser of the current month's balance or previous month's ending balance when calculating reserves. <p>Funds to Close: Eligible</p> <p>GUS Instructions:</p> <ul style="list-style-type: none"> Enter as Asset Type "Other" in the "Other Assets You Have" section, and select either "Other Liquid Asset" or "Other Non-Liquid Asset."
<p>Cash on Hand</p> <p>Documentation:</p> <ul style="list-style-type: none"> Applicant must supply a letter of explanation to state how the funds were accumulated (how much weekly/monthly/etc.). Lender must determine reasonableness of accumulation based on income stream, spending habits, etc. <p>Reserves: Ineligible Funds to Close: Eligible</p>
<p>Certificate of Deposit (CD)</p> <p>Documentation:</p> <ul style="list-style-type: none"> Recent account statement (monthly, quarterly, etc.) to evidence the account balance and early withdrawal penalty, if applicable. <p>Reserves: Eligible</p> <ul style="list-style-type: none"> Lenders may use the current vested balance, minus applicable fees/penalties. <p>Funds to Close: Eligible</p>

Assets and Reserves
Depository Accounts: Checking, Money Market Accounts, and Savings
<p>Documentation:</p> <ul style="list-style-type: none"> • Two months of recent bank statements; or • Verification of Deposit (VOD) and a recent bank statement; or • Alternate evidence (i.e. statement print outs stamped by lender) to support account activity and monthly balances. • Investigate all recurring deposits on the account statements that are not attributed to wages or earnings to confirm the deposits are not from undisclosed income sources. There is no tolerance or percentage of the amount of a recurring deposit that is not required to be investigated. • Investigate individual (non-recurring) deposits greater than \$1,000 on the account statements that are not attributed to wages or earnings to confirm the deposits are not from undisclosed income sources. • If the source of a deposit is readily identifiable on the account statement(s), such as a direct deposit from an employer, the Social Security Administration, an IRS or state income tax refund, or a transfer of funds between verified accounts, and the source of the deposit is printed on the statement, the lender does not need to obtain further explanation or documentation. However, if the source of the deposit is printed on the statement, but the lender still has questions as to the source of the deposit, the lender should obtain additional documentation. <p>Reserves: Eligible</p> <ul style="list-style-type: none"> • Lenders must use the lesser of the current month's balance or previous month's ending balance when calculating reserves. Deposited gift funds require further documentation and calculation. Refer to the "Gift Funds" section of this Attachment for further guidance. <p>Funds to Close: Eligible</p>
Earnest Money
<p>Documentation:</p> <ul style="list-style-type: none"> • Retain a copy of the check, money order receipt, etc. that was remitted for the earnest money. <p>Reserves: Eligible Funds to Close: Eligible</p> <p>GUS Instructions:</p> <ul style="list-style-type: none"> • Earnest money that has cleared an applicant's depository account may be entered under the "Other Credits" section of the "Lender Loan Information" GUS application page. The amount of earnest money should not be reflected in the balance of any asset entered on the "Assets and Liabilities" application page. • Refer to the "Gift Funds" section of this Attachment for additional guidance when gift funds are used for the Earnest Money deposit.

Assets and Reserves
Gift of Equity, Sweat Equity, or Rent Credits
<p>Documentation:</p> <ul style="list-style-type: none"> • These gifts or credits must be applied as a reduction to the purchase price of the dwelling. • Ensure the appraiser is aware of the gift and/or credit. This will allow them to properly complete the appraisal report, note the reduction, and support the appraised value compared to purchase price, if applicable. • The borrower may not receive cash back at loan closing for these gifts and/or credits. <p>Reserves: Ineligible Funds to Close: Ineligible</p>
Gift Funds
<p>Documentation:</p> <ul style="list-style-type: none"> • Gift funds are considered the applicant's own funds, therefore excess gift funds are eligible to be returned to the applicant at loan closing. • Gift funds may not be contributed from any source that has an interest in the sale of the property (seller, builder, real estate agent, etc.). • Gift funds must be properly sourced: <ul style="list-style-type: none"> ○ If the funds have been deposited to the borrower's account, obtain a gift letter to state the funds do not have to be repaid <u>and</u> a bank statement as evidence of funds from the donor's account. Cash on hand is not an acceptable explanation for the source of funds. ○ If the funds have not been deposited in the borrower's account, obtain a gift letter to state the funds do not have to be repaid, a certified check, money order, or wire transfer, and a bank statement showing the withdrawal from the donor's account. Cash on hand is not an acceptable explanation for the source of funds. ○ If the gift funds will be sent directly to the settlement agent, the lender must obtain a gift letter to state the funds do not need to be repaid, a bank statement as evidence of funds from the donor's account, and verification the funds have been received by the settlement agent. Cash on hand is not an acceptable explanation for the source of funds. <p>Reserves: Ineligible Funds to Close: Eligible</p> <p>GUS Instructions:</p> <ul style="list-style-type: none"> • Gift funds should be entered in the "Gifts or Grants You Have Been Given or Will Receive for This Loan" section of the "Loan and Property Information" GUS application page. If the funds have already been deposited into an asset account, select "deposited" and include the amount of the gift in the applicable asset account on the "Assets and Liabilities" GUS application page. If the funds have not been deposited into an asset account, select "not deposited" and do not include the gift in an asset account on the "Assets and Liabilities" GUS application page. • Gift funds applied as Earnest Money should not be reflected in the "Gifts or Grants You Have Been Given or Will Receive for This Loan" section of the "Loan and Property Information" GUS application page.

Assets and Reserves
<p>Individual Development Account (IDA)</p> <p>Documentation:</p> <ul style="list-style-type: none"> • Two months of account statements; or • Verification of Deposit (VOD); or • Alternative evidence provided by the account trustee/management to support account activity and monthly balances. • Verification must document the vested/amount available for withdrawal without penalty or reimbursement. <p>Reserves: Eligible</p> <ul style="list-style-type: none"> • Lenders must use the lesser of the current vested balance or the previous month's ending vested balance. <p>Funds to Close: Eligible</p>
<p>Life Insurance</p> <p>Documentation:</p> <ul style="list-style-type: none"> • Document the applicant's receipt of funds from the policy. • Verify where the proceeds are held and confirm they are available to the applicant. • Confirm corresponding liability for this debt in the total debt ratio, if applicable. <p>Reserves: Eligible</p> <p>Funds to Close: Eligible</p>
<p>Lump Sum Additions: IRS Refunds, Lottery Winnings, Inheritances, Withdrawals from Retirement Accounts</p> <p>Documentation:</p> <ul style="list-style-type: none"> • Document the applicant's receipt of funds. • Verify where the proceeds are held and confirm they are available to the applicant. • One-time deposits may not require annual income consideration under 7 CFR 3555.152(b)(5)(vi). • Do not enter into GUS separately if it is already included in the borrower's depository account. <p>Reserves: Eligible</p> <p>Funds to Close: Eligible</p>
<p>Personal Property Sold</p> <p>Documentation:</p> <ul style="list-style-type: none"> • Document the applicant's ownership of the asset. • Evidence of the transfer of ownership of the asset through a bill of sale or statement from the purchaser. • Receipt of sales proceeds through deposit slips, bank statements, or a copy of the purchasing party's canceled check, money order, or electronic funds transfer. <p>Reserves: Eligible</p> <p>Funds to Close: Eligible</p>

Assets and Reserves
<p>Retirement: 401(k), IRA, etc.</p> <p>Documentation:</p> <ul style="list-style-type: none"> Recent account statement (monthly, quarterly, etc.) to evidence the account balance, vested balance available for withdrawal, and early withdrawal penalty, if applicable. Funds borrowed against these accounts may be used for funds to close, but are not considered in reserves. The borrowed funds should not be reflected in the balance of any asset entered on the “Assets and Liabilities” application page. <p>Reserves: Eligible</p> <ul style="list-style-type: none"> 60 percent of the vested amount available to the applicant may be used as reserves. Funds borrowed against these accounts are <u>not</u> eligible for reserves. The borrowed funds should not be reflected in the balance of any asset entered on the “Assets and Liabilities” application page. <p>Funds to Close: Eligible</p>
<p>Sales Proceeds: Real Estate Owned</p> <p>Documentation:</p> <ul style="list-style-type: none"> Closing disclosure or acceptable alternative. Verify where the proceeds are held and confirm they are available to the applicant. <p>Reserves: Eligible</p> <ul style="list-style-type: none"> Reserves will be calculated based on the data entered in the “Assets and Liabilities” and “Real Estate” application pages in GUS. Lenders must confirm the GUS calculation. An override of the data entry, or other asset data entry for this purpose, must have supporting documentation. Net equity/sales proceeds manually entered on a loan application must have supporting documentation. <p>Funds to Close: Eligible</p>
<p>Secured Loan from Personal Asset</p> <p>Documentation:</p> <ul style="list-style-type: none"> Document the amount of the secured loan proceeds and the source (e.g. Certificate of Deposit, stocks, etc.). Confirm corresponding liability for this debt is included in the total debt ratio, if applicable. This guidance does not apply to funds borrowed from an applicant’s retirement account (e.g. 401(k), IRA, etc.). Please review the “Retirement” section of this matrix for guidance on these types of accounts. <p>Reserves: Eligible</p> <p>Funds to Close: Eligible</p>
<p>Stocks, Stock Options, Bonds, Mutual Funds, and Investments</p> <p>Documentation:</p> <ul style="list-style-type: none"> Recent account statement (monthly, quarterly, etc.) to evidence the account balance, vested balance available for withdrawal, and early withdrawal penalty, if applicable. <p>Reserves: Eligible</p> <p>Funds to Close: Eligible</p>
<p>Trust Accounts</p> <p>Documentation:</p> <ul style="list-style-type: none"> Verify applicant has access to the funds, amounts, circumstances, requirement to repay withdrawal, etc. Recent account/trust statement (monthly, quarterly, etc.) to evidence the account balance. <p>Reserves: Eligible</p> <p>Funds to Close: Eligible</p>

Assets and Reserves	
Unsecured Loan: Borrowed Funds	
Documentation: <ul style="list-style-type: none">• Document the amount of the loan proceeds and the source (e.g. signature loan, line of credit, credit card advance/loan, overdraft protection, etc.).• Confirm corresponding liability for this debt is included in the total debt ratio, if applicable.	
Reserves: Ineligible	
Funds to Close: Ineligible	
ASSET CHANGES AFTER CONDITIONAL COMMITMENT ISSUANCE	
Assets verified prior to loan closing that are less than the amounts entered into GUS or on the loan application may retain the issued Conditional Commitment (Form RD 3555-18/18E) when one of the following are met: <ol style="list-style-type: none">1. The application was approved with zero months of cash reserves; or2. The application will continue to have a minimum of four months of cash reserves.	

FAQ

Frequently Asked Questions

Single-Family Housing Guaranteed Loan Program Origination

Frequently Asked Questions (FAQ)

This document consists of answers to commonly asked questions on the Rural Development Single Family Housing Guaranteed Loan Program Technical Handbook (HB-1-3555). **The policy information contained in this guide is based on the applicable Regulations and Technical Handbook, and all lending decisions should adhere to the guidance contained within.** You can find a complete copy of the Regulation, 7 CFR Part 3555, and the Technical Handbook on the Rural Development Directives Website, located at https://www.rd.usda.gov/sites/default/files/hb-1-3555_0.pdf.

General loan scenario or policy questions may be sent to the Guaranteed Policy, Analysis and Communications Branch at sfhgld.program@usda.gov.

Additional lender resources, including up to date information on file turn times and a full listing of contacts based on topic, can be found on the Guaranteed Lender Website located at <https://www.rd.usda.gov/page/sfh-guaranteed-lender>.

Lenders can also utilize USDA's Customer Access Lender Line (CALL), which is available to provide turn time updates, as well as access to specialists and analysts who are available to answer your questions on specific files, lender recertifications and approvals, policies and scenarios, and GUS technical questions. The toll free number for CALL USDA is (833) 314-0168, which is available from 9:00 am to 3:30 pm ET.

Critical program information such as policy updates, funding status, and automation changes are sent by email through GovDelivery. Lenders are encouraged to sign up for GovDelivery notices at: <https://public.govdelivery.com/accounts/USDARD/subscriber/new>.

Thank you for supporting the Single-Family Housing Guaranteed Loan Program!

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Appraisal and Property Requirements

Appraisal (HB-1-3555, Chapter 12)

- **Do appraisers need to be on an approved list to complete appraisal reports for Rural Development loans?**

No, Rural Development does not maintain a list of approved appraisers. It is the responsibility of the lender to select qualified appraisers that are properly licensed or certified, as appropriate, in the state in which the property is located.
- **How long is an appraisal valid?**

The appraisal must have been completed within 180 days of loan closing. Appraisals that are older than 180 days at loan closing are eligible for an appraisal update, making the appraisal valid for no greater than one year from the effective date of the original appraisal report.
- **The lender has determined there are significant concerns with an appraisal. Can a second appraisal be ordered?**

Rural Development does not require that the first appraisal ordered must be utilized for underwriting. The approved lender may order an alternate appraisal if the initial appraisal report is unacceptable.
- **If a lender obtains a second appraisal, can the cost be financed as part of the loan?**

Closing costs that are reasonable and customary can be paid with loan funds.
- **Is Form 1004MC form required?**

No, Form 1004MC is not required.
- **The appraised value is lower than the purchase price. An addendum to the Purchase Agreement was executed to reduce the purchase price. Does the addendum need to be sent to the appraiser to update the report?**

Rural Development does not require the appraisal report to be updated, however the amendment to the contract must be retained in the lender's permanent loan file.

UPDATE

- **Are “as improved” appraisals acceptable?**
Yes, “as is” or “as improved” appraisals are acceptable. When an “as improved” appraisal is obtained, Fannie Mae Form 1004D/Freddie Mac Form 442, *Appraisal Update and/or Completion Report*, may be utilized by the lender to report the completion of a repair and/or satisfaction of requirements and conditions noted in the original appraisal report.

- **An appraisal is being transferred from another Lender. The appraisal was completed as-is, however the appraiser noted repairs are needed. Does requiring an Appraisal Update (1004D) to account for the repairs invalidate the appraisal report transfer?**
An appraisal transfer must meet the guidance in HB-1-3555, Chapter 12. If the appraisal calls for repairs or additional inspections, those issues must be addressed. If the lender requires an Appraisal Update (1004D), then the lender is responsible for engaging the original appraiser to provide the 1004D. This does not invalidate the appraisal report transfer.

- **Can an appraisal be transferred between applicants?**
No, appraisal transfers can only be between lenders for the same applicant and purchase transaction.

Condominiums ([HB-1-3555, Chapter 12](#))

- **What documentation is required to support a condominium's eligibility?**
HB-1-3555, Chapter 12 states that lenders must retain evidence that they have reviewed condominium documentation that supports the project’s approval or acceptance by HUD/FHA, VA, Fannie Mae, or Freddie Mac. The lender must determine the documentation needed to make that determination.

- **Is a condominium that is not on the FHA approved condominium list, but meets Fannie Mae guidelines, eligible for the Guaranteed Loan Program?**
Yes, units in a condominium project may be eligible if the condominium has been approved or accepted by HUD/FHA, VA, Fannie Mae, or Freddie Mac. The lender must document their decision and retain all supporting information in their permanent loan file.

Insurance (HB-1-3555, Chapter 12)

➤ **What is the maximum deductible amount?**

For each insurance type (hazard, flood, hurricane, etc.) the deductible should not exceed the greater of \$1,000, 1% of the policy coverage, or the minimum deductible offered by the applicant's chosen insurance carrier.

Manufactured Homes (HB-1-3555, Chapter 13)



➤ **Does USDA allow the financing of existing Manufactured homes?**

Existing manufactured homes are ineligible unless it is a purchase of an existing Rural Development Section 502 Direct or Guaranteed financed home. However, select states have been included in an Existing Manufactured Housing Pilot program where existing manufactured homes built after January 1, 2006 may be eligible for financing. Please see the [Federal Register Notice](#) on this topic for additional information.

➤ **An applicant is purchasing a manufactured home that was constructed 3 years ago, but was never sold by the manufacturer. It is being purchased directly from the manufacturer and will be moved from the manufacturer to the site. Does this constitute a "new" manufactured home?**

New manufactured homes are defined as a new unit in stock that is less than 12 months from manufactured date, which has never been installed or occupied at any other site or location. Since the manufactured date is over 12 months, it does not meet the definition of a "new" manufactured home.

➤ **Is there a list of approved manufactured dealers?**

No, the Single Family Housing Guaranteed Loan Program does not approve manufactured home dealers.

➤ **How do we complete GUS when using the Existing Manufactured Housing Pilot program?**

GUS does not support loan applications submitted under the pilot program. Lenders should submit applications following the guidance provided in the [Manual File Submission Job Aid](#), available in the [Linc Training and Resource Library](#).

New Construction and Rehabilitation (HB-1-3555, Chapter 12)

- **Is a purchase transaction where the home was built within the past 12 months considered a new construction transaction, thus subject to the applicable new construction documents?**

Yes, dwellings less than 1 year old and never occupied are considered new construction and the documentation requirements for new construction are applicable.

- **An applicant already owns land and wants to build a home on the property. Is this considered a purchase or a refinance?**

Even though the land is already owned by the applicant, lenders should select "Purchase" in GUS for this type of transaction.

- **Are termite inspections required on new construction projects?**

Termite/pest inspections are not required unless the lender, appraiser, inspector, or state law requires the inspection to confirm the property is free of active infestation. Lenders are responsible for determining if a termite inspection is required based on these factors.

- **If there is no building inspector for the local jurisdiction, who can complete the final inspection?**

It is the lender's responsibility to find an alternative, qualified inspector when the local jurisdiction does not perform construction inspections.

- **Based on the location of the property, we are unable to obtain a Certificate of Occupancy. Is there other documentation that can be obtained to satisfy the new construction requirements?**

When a Certificate of Occupancy cannot be obtained, the lender may obtain copies of the three construction phase inspections, as identified in Chapter 12 of HB 1-3555, and a one year builder warranty; or alternatively, a copy of the final inspection and a 10 year insured builder warranty.

- **Will a builder backed 2/10 warranty meet the requirement for a 10 year insured builder's warranty?**

Yes, a builder backed 2/10 warranty fulfills this requirement.

- **Are there any options available when the construction documents identified in Chapter 12 are not able to be obtained on a new construction home?**

New home purchase transactions that cannot meet the minimum required plan certification, inspections, and warranty documentation requirements outlined in Chapter 12 of HB-1-3555 are limited to a 90 percent loan to value (LTV).

New Construction – Single Close Loan (HB-1-3555, Chapter 12)

- **Is there only one single-close loan feature available?**

No, there are two options under the single-close loan feature.

The first option allows financing of an interest reserve and a contingency reserve, with interest only payments during the construction period. The loan is reamortized at the completion of construction.

The second option allows the financing of a (PITI) payment reserve in addition to a contingency reserve. The loan begins amortizing immediately on a 30-year schedule, eliminating the need for a reamortization, and allowing the lender to sell the loan prior to the completion of construction.

- **What are the benefits of using the single-close feature?**

Both options in the single-close feature reduce the cost for the applicant, as there is only one closing. An optional interest reserve, contingency reserve, and PITI reserve can be financed as part of the loan, depending on the type of single-close transaction utilized. In addition, lenders are provided the protection of the Loan Note Guarantee throughout the construction period.

- **What happens to excess reserve funds financed within the single-close feature once construction is complete?**

Excess reserve funds are applied to the principal balance of the loan.

- **What is the maximum loan to value for single-close transactions when reserves are financed?**

The total loan amount, including any reserves financed, cannot exceed 100% loan to value. The loan may exceed the appraised value only by the amount of the upfront guarantee fee being financed.

➤ **Does a single-close transaction need to be reamortized at the end of the construction period?**

If option one is utilized, only interest payments are made through the construction period. A reamortization would be processed following the completion of construction.

With option two, principal and interest payments are made throughout the construction period, whether through the borrower's personal funds or a PITI reserve. Since the loan begins amortizing immediately, a reamortization is not necessary.

➤ **Is there a minimum repair amount to qualify for the purchase with rehabilitation and repair program?**

No, there is not a minimum repair amount.

Property Eligibility (HB-1-3555, Chapter 12)

➤ **When a title commitment reflects an exception for an oil and gas lease, what procedures are to be followed? There is no evidence of any type of production on subject property.**

For purchase transactions, Rural Development does not prohibit mineral, oil, or gas leases. The lender must determine the primary reason for the purchase is a residential residence. Any income earned from these leases must be included in annual income, the lender must confirm the dwelling and site will not be adversely affected, and the property must have adequate homeowners' insurance coverage.

➤ **Are applicants able to purchase a duplex?**

One unit of the duplex may be eligible, however they cannot purchase both units as it would be considered an income producing property.

➤ **Can loan funds be used to purchase a property to flip?**

No, guaranteed loan funds must be used to acquire a new or existing dwelling as the borrower's permanent residence. Purchasing a property with the intention to flip is not authorized.

- **Does Rural Development have restrictions on purchasing a home that may have been flipped by the seller?**

It is the lender's responsibility to ensure any recently sold property's value is strongly supported when a significant increase in value between sales occur. The lender must perform a thorough review of the appraisal report to validate and support the property's value and protect the applicants from possible predatory real estate lending practices.
- **Is there an acreage limitation?**

There is no specific limitation to the size/acreage of the site. The appraiser must provide an explanation in the addendum of the appraisal to explain adjustments to comparable properties and how the subject compares to other properties in the area. In addition, the site cannot have income-producing land that will be used principally for income producing purposes. Vacant land or properties used primarily for agricultural, farming, or commercial enterprise are ineligible.
- **Are properties containing a swimming pool (in-ground or above ground) eligible?**

There are no restrictions on in-ground or above ground swimming pools.
- **Is a modular home on a permanent foundation eligible?**

Yes, for property eligibility purposes, modular homes are treated the same as stick-built homes.
- **Do on-frame modular homes have different requirements than traditional modular homes?**

No, on-frame modular homes are treated the same as any other modular home.
- **Are there minimum or maximum square footage requirements?**

There are no square footage requirements or limitations for stick-built housing. Manufactured homes must have a floor area of at least 400 square feet.
- **Are cisterns acceptable?**

Private well and wastewater systems must meet the minimum property standards of HUD HB 4000.1 or the requirements of the local and/or state health authority to be eligible.

- **Are there specific criteria the subject property must meet to be acceptable?**
Certification needs to be obtained from an appraiser or inspector determined qualified by the lender that the property meets the minimum property standards of HUD Handbook 4000.1.

- **The applicant currently lives in the subject property and entered into a contract for deed agreement with the seller. Can the SFHGLP be used to refinance the existing contract for deed?**
Yes, paying off a contract for deed is an eligible loan purpose as long as the borrower is not on title. Rural Development treats this as a purchase transaction, not a refinance.

- **We have a property address that returns “unable to determine” for property eligibility. What do we do?**
There are times the mapping system cannot locate a specific property. When that occurs, the lender should accurately identify the exact location of the property and provide copies of the maps showing the correct property location with the application package. Lenders can obtain assistance with determining a property’s eligibility by contacting the Guaranteed Policy, Analysis and Communications Branch at sfhgld.program@usda.gov.

Property Inspections (HB-1-3555, Chapter 12)

- **Can a non-FHA roster appraiser certify the property meets the requirements of HUD HB 4000.1?**
Licensed or certified appraisers who are not FHA roster appraisers may certify the property meets the requirements of HUD Handbook 4000.1 if the lender determines the appraiser is thoroughly familiar with HUD Handbook 4000.1.

- **An appraisal was completed as is, with certification the property meets the requirements of HUD HB 4000.1. However the attic was sealed, therefore it was not inspected. Does the attic need to be unsealed for the appraiser inspect?**
In accordance with the HUD Handbook 4000.1, if there is no access to the attic, the appraiser must report the lack of accessibility to the area in the appraisal report. There is no requirement to cut open walls, ceilings, or floors.

- **The appraisal completed indicated repairs were necessary. The repairs have been completed, however the original appraiser is unavailable. Is it acceptable for a different appraiser to complete the final inspection?**

A new appraiser may perform the final inspection if they are able to certify the improvements were completed in accordance with the requirements and conditions in the original appraisal report, provide photographs of the completed improvements, and sign the final inspection report.

- **Are termite inspections required for existing dwellings?**

Termite/pest inspections are not required unless the lender, appraiser, inspector, or state law requires the inspection to confirm the property is free of active infestation. Lenders are responsible for determining if a termite inspection is required based on these factors.

- **For properties with privately owned wells, is there a need for water testing? If so, what elements must be addressed?**

Yes, water quality tests are required on individual water systems. Rural Development does not identify specific elements that must be tested for. The water quality of the well must meet the requirements of the state or local authority. If the state or local authority does not have specific requirements, the maximum contaminant levels established by the Environmental Protection Agency (EPA) will apply.

- **If a water test is required, is there a timeframe it must be completed prior to closing?**

A water analysis report must be no greater than 150 days old at loan closing.

- **I have a property with a public water source for the home, but also has a well on the property that is only used for watering the lawn. Does that well need to be inspected?**

If the site has public water, it is assumed to meet state and local requirements with no additional documentation or inspections. The additional well, when it is not the primary source of water, does not require an inspection.

- **Is a water quality test required on a refinance transaction?**

Water quality tests are not required by Rural Development for refinance transactions, however the lender may require additional inspections at their discretion.

Repairs (HB-1-3555, Chapter 12)

- **At what amount should we establish an escrow account for repairs?**

The funds escrowed must not be less than the repair cost contract. The loan underwriter may set amounts greater than the actual repair costs. Any financed escrow funds remaining after repairs are complete must be utilized for an eligible loan purpose or applied to the loan as a principal payment.
- **How many bids are required for escrow repairs?**

Rural Development does not have a requirement for the number of bids to be obtained.
- **Will Rural Development issue a Conditional Commitment subject to a final inspection showing required repairs are complete?**

Yes, a Conditional Commitment may be issued subject to the completion of all required repairs. The lender must document the repairs are completed prior to loan closing for the loan to be eligible for the Loan Note Guarantee, or the lender can make the determination to allow for a repair escrow hold back.

Approval and Closing

Closing (HB-1-3555, Chapters 6 and 16)

- **Can an individual who is not a borrower be on title?**
Any individual whose signature is required by state law must sign the security instruments to create a valid first lien. Rural Development does not prohibit additional parties from being on title.
- **Are deed restrictions allowed?**
Rural Development does not dictate if or when deed restrictions are acceptable. It is the lender's responsibility to ensure they obtain marketable title with a first lien position and have the ability to foreclose and/or conduct loss claim servicing.
- **Does Rural Development require Agency specific loan documents? Is an occupancy rider required to be signed at closing?**
Industry standard legal documents may be used. An occupancy rider is not required.
- **Does USDA allow for the applicant to sign documents electronically?**
Yes, e-signatures are accepted. The lender is responsible to ensure the e-signature is eligible and meets all legal requirements.
- **Can loan fees that are paid with a credit card be reimbursed at closing?**
No, loan fees paid by the applicant with credit cards or other short-term loans are not reimbursable at closing.
- **Can the applicant get their earnest money, cost of an inspection or appraisal, and/or Homeowners Insurance premiums paid back at closing?**
If the source of the funds can be properly documented to show they were initially paid by the applicant, the applicant can be reimbursed for these costs from loan funds at closing.

➤ **A loan closed at a higher loan amount than what was authorized on the Conditional Commitment. Can a principal reduction for the overage amount be completed?**

No, since the loan has closed, a principal reduction is not acceptable. The lender may perform a loan modification to correct the loan amount to match the issued Conditional Commitment or request Rural Development to release the GUS loan back for correction.

➤ **A loan closed at a higher interest rate than what was authorized on the Conditional Commitment. How can we proceed?**

The lender may perform a loan modification to correct the interest rate to match the issued Conditional Commitment. If that is not an option, the lender must request a release of the GUS loan back for correction. Once the interest rate has been corrected, a new underwriting submission may be performed. Rural Development will review the updated submission and, if approved, issue a new Conditional Commitment.

➤ **The loan amount was established to include closing costs and repairs, however the final invoice came in lower than expected. Can we lower the loan amount without having to resubmit the application?**

Yes, if the Conditional Commitment has been issued, the lender may close the loan for a lower amount without having to resubmit the loan for review.

➤ **Property taxes in many states are paid in arrears, which results in a large tax credit at closing. Can an applicant receive cash back as a result of this credit?**

The credit may be used to pay for closing costs, but cannot result in cash back to the applicant. Only costs initially paid by the applicant out of pocket can be returned to the applicant at closing.

➤ **When preparing for loan closing, it was identified that there are excess seller paid costs that are not being used. Is it acceptable to use the extra seller paid costs as a principal reduction?**

Yes, excess seller contributions can be applied as a principal reduction at closing or refunded to the seller. They cannot be disbursed as cash at closing to the applicant.

➤ **What options are available when the Conditional Commitment will expire prior to loan closing?**

The lender has 90 days from the issuance of the Conditional Commitment to close the loan with an opportunity for one 90-day extension. The extension must be requested prior to the expiration of the Conditional Commitment. The lender is responsible for ensuring documentation of credit, income, assets, etc. are updated, as needed.

➤ **The applicant's credit report will be expiring prior to loan closing. Does the file need to be resubmitted in GUS?**

Per the resubmission policy in HB-1-3555, Chapter 5, the bureau update of a credit report due to the expiration of the credit report does not require resubmission of the application if there is no adverse impact on the outcome of the underwriting recommendation. The lender must retain the updated credit report in their permanent loan file.

➤ **An application has been submitted to Rural Development for review, however a Conditional Commitment has not yet been issued. Can the loan close since the file has been submitted to Rural Development?**

No, the loan cannot close prior to issuance of the Conditional Commitment.

➤ **Is a principal reduction at closing acceptable to prevent the applicant from receiving excess cash back? If so, is there a maximum principal reduction allowed?**

Yes, a principal reduction at the time of settlement is acceptable. There is no limit on the amount of the principal reduction, however the lender should determine if a loan modification would be a better option.

➤ **Is there a timeframe that Rural Development expects the applicant to take occupancy of the home being financed?**

Yes, bona fide occupancy in the home as the applicant's principal residence within 60 days after signing the security instruments is required.

➤ **Does USDA allow an applicant to close in a trust?**

No, the two forms of ownership acceptable are fee-simple and secured leasehold.

➤ **Is there a specific system that lenders need to access to obtain the Loan Note Guarantee?**

Lenders may obtain the Loan Note Guarantee through the Lender Loan Closing system.

Eligible Loan Purposes (HB-1-3555, Chapter 6)

➤ **Are there restrictions on the amount of closing costs that can be financed?**

Closing costs that are reasonable and customary can be paid with loan funds. Closing costs cannot exceed those charged to other applicants by the lender for similar transactions such as FHA-insured or VA guaranteed first mortgage loans.

➤ **Is there a maximum interest rate that can be charged?**

No, the lender and the applicant are free to negotiate any mutually acceptable fixed interest rate, in compliance with CFPB standards.

➤ **The market value, based on the appraisal, is slightly less than the purchase price and the seller will not lower the sales price. Can the applicant contribute the difference?**

Yes, GUS and the application will need to reflect the additional funds needed for closing and the lender must verify the applicant has the funds available to close.

➤ **Can an applicant use a small portion of the guaranteed loan to pay off personal debt?**

No, paying off an existing debt is not an eligible loan purpose.

➤ **Does USDA allow non-arm's length transactions?**

Rural Development does not restrict non-arm's length transactions. This should be disclosed to the appraiser and any gifts of equity would need to comply with the requirements of HB-1-3555, Chapter 9.

➤ **Does USDA allow a 2-1 buydown rate?**

Temporary buydowns are allowed if the requirements in HB-1-3555, Chapter 11 are met.

- **An applicant currently owns land with a mortgage on it and wants to build a home on the land. Can loan funds be used to pay off the existing mortgage on the land owned?**

Yes, the remaining balance of the mortgage for the land is eligible to be included in the guaranteed loan. This would be treated as a "purchase" transaction in GUS.
- **Are there purchase price limits?**

No, there are no defined purchase price limits.
- **Can the upfront guarantee fee be financed into the loan?**

Yes, the upfront guarantee fee may be financed in the loan. When financed, the loan amount may exceed the appraised market value of the property by the amount of the fee being financed. When financing a new dwelling where the required construction documentation cannot be obtained, the loan is limited to 90% of the appraised market value, plus the financed portion of the upfront guarantee fee.
- **Can the applicant pay the real estate agent's commission?**

If it is customary that the real estate agent's commission is paid by the seller, it would not constitute an eligible loan cost, however, the applicant may use personal funds to pay the commission.
- **Can the cost of repairs be included in the loan?**

Yes, repairs associated with the purchase of the dwelling are an eligible loan purpose.
- **Is a ratio waiver required when ratios exceed 29%/41% on an "Accept with Full Documentation" GUS recommendation?**

No, on a GUS "Accept" underwriting recommendation, the ratio waiver is automatically approved, even if the file was selected for a full documentation review.

Refinance Transactions (HB-1-3555, Chapter 6)

- **On a refinance transaction, does the loan have to be open for 12 months or does the borrower need to have made 12 actual payments to qualify?**

The existing loan must have closed 12 months prior to the date the application is submitted to the Agency. The 12 months is based on the date the loan closed, not the number of payments made.
- **How do we submit a Streamlined-Assist refinance application since it is not submitted through GUS?**

The Streamlined-Assist application package should be submitted following the guidance provided in the [Manual File Submission Job Aid](#), available in the [Linc Training and Resource Library](#).
- **Can existing subordinate "silent" seconds can be included in the loan amount for a refinance transaction?**

No, existing subordinate "silent" seconds (excluding Direct Loan recapture receivable accounts) cannot be included in the newly refinanced loan. They must be paid with other funds or remain subordinate to the new guaranteed loan.
- **On a Streamlined-Assist refinance, are income and asset documents required?**

Yes, income limits still apply, therefore income and asset documentation must still be obtained.
- **Are ratio waivers required on refinance transactions?**

Non-Streamlined and Streamlined refinance transactions are subject to the same ratio requirements as purchase loans, thus a ratio waiver may be required. Streamlined-Assist refinance transactions are not subject to ratio requirements, thus a ratio waiver is not required.
- **Can a borrower receive cash back at closing on a refinance transaction?**

Borrowers cannot get cash back with the exception of eligible expenses already paid out of pocket, as outlined in Chapter 6. Rural Development does not consider this a limited cash out refinance.
- **Are there any exceptions that allow you to be able to refinance a USDA loan that the borrower has owned for less than 12 months?**

No, there are no exceptions to the 12-month requirement.

- **Is a Streamlined or Streamlined-Assist refinance limited to the initial loan amount?**

No, the refinance transaction is not restricted to the initial loan amount. The maximum loan amount may include the principal and interest balance, eligible closing costs, and the upfront guarantee fee.
- **Do borrowers applying for a refinance have to meet the household income limits?**

Yes, the adjusted annual maximum income limits apply to all guaranteed loans.
- **Can a borrower refinance a property that was originally located in an eligible rural area, but no longer is?**

Yes, any existing USDA Direct or Guaranteed loan is eligible to be refinanced, even if it is now located in a non-eligible rural area.
- **Can discount points be financed on a refinance?**

Discount points to reduce the interest rate are eligible on all loan options. Discount points charged for reasons other than to reduce the interest rate are ineligible.
- **Are conventional loans eligible to be refinanced?**

No, only current Rural Development Direct and Guaranteed Loans are eligible to be refinanced.
- **Two borrowers who currently have a USDA Mortgage are going through a divorce. As part of the divorce, one borrower needs to give the ex-spouse \$20,000 as their share of equity in the house. Is this allowed through a refinance with USDA?**

No, cash out from collateral equity is not an eligible loan purpose.
- **Can borrowers choose to do a 25-year (or shorter) term on a refinance?**

No, a 30-year term is the only option, however there is no penalty for extra principal payments made.
- **Are private well and septic inspections and/or water quality tests required for a refinance?**

No, inspections, including water quality tests, are not required for refinance transactions, however the lender may require additional inspections at their discretion.

Secondary Financing (HB-1-3555, Chapter 16)

- **Can down payment assistance programs be utilized?**
Yes, down payment assistance programs may be utilized as long as the guaranteed loan remains in first lien position.

- **How should down payment assistance program funds be entered in GUS?**
To include down payment assistance, complete the "Other New Mortgage Loans on the Property You are Buying or Refinancing" section of the Loan and Property Information page. In addition, the monthly payment associated with the second mortgage would need to be entered as "Subordinate Lien P&I" in the Mortgage Loan Information section of the Lender Loan Information page. Additional information on utilizing GUS can be located in the [GUS Lender User Guide](#), located in the [USDA Linc Training and Resource Library](#).

- **Does Rural Development have a maximum CLTV?**
Rural Development guidelines do not specify a maximum CLTV as long as the lien position criteria outlined in HB-1-3555, Chapter 16 is met.

- **Are funds received through down payment assistance programs considered in the conventional credit test?**
No, these are not the applicant's own funds, therefore they are not included in the conventional credit test.

- **Are disaster relief grants allowed?**
Yes, as long as the lien position criteria outlined in HB-1-3555, Chapter 16 is met.

Seller/Interested Party Contributions (HB-1-3555, Chapter 6)

- **Is there a limit on seller concessions?**
Seller contributions (or other interested parties) are limited to 6% of the sales price and must represent an eligible loan purpose.

- **The seller will be paying \$1,200 to the applicant for a carpet allowance. How do we structure this?**
The carpet either needs to be replaced prior to closing or the funds need to be set up as a repair escrow. The applicants cannot directly receive the funds for the carpet at closing.

➤ **Can seller concessions or Real Estate Agent commissions be used to pay off debt for the applicant?**

No, the seller and Real Estate Agent are interested parties in the transaction. Any funds contributed to the transaction from interested parties must be for an eligible loan purpose, such as closing costs or prepaids. Paying the applicant's debt to qualify for the loan is not an eligible loan purpose.

➤ **Is it acceptable for the seller to pay the upfront guarantee fee?**

Yes, seller contributions may be used to pay all or part of the upfront fee.

➤ **In states where real estate taxes are paid in arrears and the seller is giving a credit for a portion of the taxes, how do we enter this in GUS?**

The seller's prorated taxes are entered in the seller credit section. A tax proration documents the seller's portion of an upcoming tax bill. This is considered a seller credit, but not a seller concession, as the seller paying something they owe is not above and beyond what they normally pay. Additional information on utilizing GUS can be located in the [GUS Lender User Guide](#), located in the [USDA Linc Training and Resource Library](#).

Credit Underwriting

Applicant Eligibility (HB-1-3555, Chapter 8)

- **If an applicant is not a U.S. citizen, do they qualify for the SFHGLP?**

To be eligible, the applicant must be a U.S. citizen, a U.S. non-citizen national, or a qualified alien, as defined in HB-1-3555, Chapter 8. USDA issued a temporary waiver allowing individuals with a valid social security number and work authorization, as evidenced by documentation such as an Employment Authorization Document (EAD), Form I-766, issued by the U.S. Department of Homeland Security, to participate in the SFHGLP. Unless extended, this waiver will expire on May 2, 2023.
- **Is homebuyer education counseling required?**

Homebuyer education counseling is recommended, but is not required.
- **An applicant has enough liquid assets to put 20% down and pay all closing costs. However, the total debt ratio will exceed 36%. Is the applicant eligible?**

Yes, the applicant qualifies since the cumulative criteria from HB-1-3555, Chapter 8, cannot be met.
- **Do liquid funds in a self-employed applicant's business account count towards the conventional credit test?**

No, business assets that are held in specifically designated business accounts do not count against the conventional credit test.
- **An applicant recently sold their home and has funds available to qualify for 20% down payment. The applicant wanted to use those funds to furnish the new home they are purchasing. Would it be acceptable for the applicant to provide a letter stating the proceeds will be used to furnish the new home, thereby not counting towards the 20% down payment requirement?**

As part of the final submission to the Agency, the lender and applicant will certify on Form RD 3555-21 that the applicant is unable to secure conventional credit, as defined in Chapter 8. If you have documentation that indicates the applicant will meet the criteria to obtain conventional credit at the time of loan closing, that will need to be considered when certifying on Form RD 3555-21.
- **Are co-signers or non-occupant co-borrowers allowed?**

No, co-signers and non-occupant co-borrowers are not permitted.

- **I have a client who currently owns a home, which was not financed by Rural Development. The individual is relocating for a new job. Is there a minimum number of miles required between homes to be eligible?**

No, the Handbook does not stipulate a required distance when an applicant is relocating. The approved lender must document the permanent loan file with documentation supporting the requirements of Chapter 8 have been met.

- **If the applicant owns an investment property, but has not owned a primary residence in the last 3 years, are they eligible for a Rural Development loan?**

It is not the intent of the program to assist individuals in building an investment portfolio. Whether the applicant resides in the retained home or not, the requirements in Chapter 8 apply.

- **An applicant's parents have a life estate that indicates the property will transfer to the applicant upon the parents' death. Does Rural Development consider this a property the applicant owns?**

Since the property will not transfer to the applicant until the parents' death, the property is not considered to be the applicant's dwelling at this time. Thus, it is not considered a retained dwelling.

- **Do the requirements in Chapter 8 for retaining a dwelling apply solely to the applicants, or all household members?**

The requirements regarding retaining ownership in a dwelling is applicable to all applicants.

- **An applicant co-signed on a non-Rural Development mortgage, but hasn't lived in the property. Will being a co-signor on another property that will not be sold make them ineligible?**

If the applicant is only a co-signer, he/she does not own the dwelling and is therefore not rendered ineligible.

- **An applicant owns an empty lot. Does this render the applicant ineligible?**

No, land without a dwelling does not need to meet the criteria for a retained dwelling.

- **The applicant has a current Rural Development mortgage, however the home was awarded to the ex-spouse in a divorce. Is the applicant eligible for another Rural Development loan if the ex-spouse has been making the payments?**

No, unless the remaining borrower refinances the Rural Development loan, both remain liable for the loan. Borrowers cannot have more than one Rural Development loan outstanding.

Assets (HB-1-3555, Chapter 9)

- **Can 401K or IRA funds be considered for reserves?**

The lender can consider up to 60% of the vested amount of the retirement account as reserves. Any funds borrowed from these accounts, such as a 401k loan, are not considered cash reserves. Retirement accounts that restrict withdrawals to circumstances involving the applicant's employment separation, retirement, or death should not be considered as a cash reserve.

- **Can the proceeds from the sale of a home be considered for reserves?**

Verified sales proceeds can be considered reserves. Documentation to verify sales proceeds includes the closing disclosure, or acceptable alternative, and verification of where the proceeds are held and their availability to the applicant. Lenders should include the amount as an "Other Asset" labeled as "Proceeds from Real Estate Property to be sold on or before closing" to ensure GUS to recognize the inclusion in cash reserves. Additional information on utilizing GUS can be located in the [GUS Lender User Guide](#), located in the [USDA Linc Training and Resource Library](#).

- **What figure is used to determine the balance on a checking or savings account for reserves?**

Lenders must use the lessor of the current month's balance or previous month's ending balance when calculating reserves.

- **Is there a limit on the amount of liquid assets an applicant can have in reserves?**

No, there is not a specified limit on the amount of assets. However, the test for conventional credit, based on the requirements outlined in Chapter 8, still applies.

- **If an applicant does not need funds to close, are we required to verify assets?**

Yes, assets must be verified whether they are required for funds to close or not. Assets may affect income eligibility (Chapter 9) and applicant eligibility (Chapter 8).

- **What is the minimum reserve requirement?**

There is not a minimum reserves requirement. Reserves are used in the risk assessment in GUS as a positive compensating factor for housing payments after closing, but they are not required.
- **Can a College Savings Plan (529 Plan) be included as reserves?**

Funds in a 529 plan may be withdrawn at any time, although incurring penalty fees to do so. Thus, 60% of the amount available to the applicant may be used as reserves.
- **Can unsecured borrowed funds be used as reserves or funds to close?**

No, unsecured loans, including borrowing funds from a personal loan, credit card advance, etc., are not eligible for reserves or funds to close.
- **Do joint asset accounts, where the other party is not on the loan, need to be verified and included?**

Yes, all assets of the applicant, even if they are jointly held with another party, must be disclosed and included in the net family assets.
- **Can a lender utilize a 3rd party vendor to obtain the applicant's bank statements?**

Yes, it is acceptable to use 3rd party vendors when it is standard industry practice.
- **Can borrowed funds be used to pay off debts?**

Yes, as long as the payment is included in the total debt ratio.
- **The applicant holds an active real estate license and is representing their self on the sales contract. Can the commission earned at closing be counted as reserves?**

The applicant can act as their own agent, however the sales commission to be earned at closing is not eligible as reserves.
- **I have a file that is a refer. If they do not have any assets or earnest money being credited, do I need to submit asset documentation in the application package?**

Yes, if there are asset accounts disclosed on the application, the accounts need to be documented and included in the complete application package.

- **The guideline for obtaining bank statements for checking, savings, and money market accounts indicates we are to obtain two months of the most recent statements. Is that considered most recent upon submission to Rural Development or the application date?**

The most recent statements obtainable at the time of submission to the Agency.

Credit History (HB-1-3555, Chapter 10)

- **The GUS underwriting report indicates that CAIVRS has identified the applicant has a delinquent Federal debt, however we have documentation that this is no longer in the applicant's name. How do we proceed?**

An "A" CAIVRS response is the only acceptable result for an applicant to be eligible. The applicant will need to contact the federal agency involved to clear it. A CAIVRS response of "A" will need to be obtained outside of GUS and uploaded to GUS as part of the complete loan application.

- **An applicant has a clear CAIVRS result, but has had a wage garnishment for over 3 years on a US Education loan. Is the applicant eligible since the CAIVRS was clear?**

No, even when the applicant's CAIVRS is clear, if the credit indicates there is a delinquent federal debt, the applicant is ineligible unless the debt is paid in full or a release of liability is documented.



- **How is delinquent child support verified to determine if it is subject to administrative offset? If CAIVRS is clear, is that sufficient?**

Administrative offset allows for the interception of certain federal payments in order to collect past due child support. As delinquent child support is not a Federal debt, it is not reported to CAIVRS. Thus, a clear CAIVRS alone would not provide evidence there is not an administrative offset in place.

Each state has an office(s) of child support enforcement. When a state refers delinquent child support to the Department of Treasury, they simultaneously report the delinquent child support to the credit bureaus. Lenders typically discover delinquent child support from the credit report, and they should then conduct due diligence to learn whether an administrative offset referral was made by the state to the Department of Treasury. Verification from the child support enforcement agency may be necessary to verify if the delinquent child support is subject to administrative offset.

- **An applicant has 2 credit scores, with the third credit score frozen. Does the third score need to be unfrozen?**
Yes, applicants must ensure credit data frozen at any credit repository is made available.
- **On a GUS Refer, the applicant only has one score. However, there are enough trade lines to meet the credit score validation requirements. Are non-traditional trade lines also required?**
No, only one credit score is required as long as the credit score has been validated.
- **On a GUS Refer loan, there are 2 applicants on the loan and the primary applicant has a credit score and meets the requirements for a validated credit score. The co-applicant does not meet the validation criteria. Can I proceed?**
At least one applicant must have a validated credit score. The other applicant(s) are not held to specific tradeline requirements.
- **On a GUS Accept file, the applicant does not meet the minimum trade lines identified for a validated credit score. Are non-traditional trade lines required to be obtained?**
No, GUS Accept files do not require credit score validation. No further trade lines are required.
- **An applicant has 2 trade lines reporting, one for 74 months and one for 9 months. A credit supplement showing the 12 months reporting on the second account was obtained. Does this file need to be downgraded?**
If the lender has a credit supplement showing a full 12-month history, they are not required to downgrade the file. GUS Accept recommendations do not require credit score validation.
- **An applicant has 3 accounts through their insurance agent, 2 vehicles and a rental policy. Although they are 3 separate accounts, the applicant pays them through one bill each month. Does this count as 1 non-traditional credit tradeline or 3?**
One combined bill counts as one alternative tradeline.

- **If an applicant has 2 auto loans reporting for 8 months and 4 months each, can we use the aggregate of that to meet the requirement of an account reporting for 12 months?**

No, you cannot use the aggregate of 2 accounts to report for 12 months. To be an eligible tradeline for the purpose of validating a credit score, there must be a 12-month repayment history on each tradeline.
- **Can overdraft protection attached to a checking account be used as a non-traditional tradeline?**

No, overdraft protection is not a credit obligation and is not used as an alternative trade line.
- **An applicant previously had a USDA foreclosure. Are they eligible for a new loan through Rural Development?**

Attachment 10-A outlines the documentation that must be submitted as part of the fully underwritten loan file when a previous Agency loss has occurred within seven years prior to submission to the Agency. Rural Development will review the information and determine the applicant's eligibility. There is no pre-approval process available, the determination will be made after reviewing the complete application package.
- **An applicant has medical collections which are disputed. Does the file have to be downgraded because of the disputes?**

Lenders may exclude disputed medical accounts and collections, therefore no downgrade is required.
- **If the credit report states an account was previously in dispute, but now resolved, is it still considered a disputed account?**

If the disputed account indicates the dispute has been resolved, it would no longer be considered a disputed account.
- **The applicant has an outstanding judgement. Can it be paid in full at closing?**

A judgment may be paid off at closing as long as loan funds or seller concessions are not used to pay off the debt. The declarations will need to indicate the applicant has an outstanding judgment, since it is outstanding at loan application. It is the lenders responsibility to ensure debts paid at closing are paid with the borrower's personal funds and that any state specific requirements that may influence the validity of the first lien position have been considered.

- **Are medical collections required to be paid?**
No, Rural Development does not require medical collections be paid for any type of submission (GUS Accept, Refer, etc.).
- **An applicant has NSF fees reflected on bank statements. Is there anything additional required?**
NSF fees generally do not affect the applicant's credit score, nor are applicants required to have reserves. However, it remains the approved lender's responsibility to review the credit history of an applicant to determine an ability and willingness to meet their obligations.
- **Do delinquent state taxes prohibit an applicant from qualifying?**
Delinquent state taxes should be treated as an unpaid debt/collection. The approved lender should evaluate whether the debt poses a threat to the first mortgage lien and if it is likely to have an adverse impact on the equity or applicant's repayment ability.
- **Does an authorized user tradeline need to be removed from the credit report?**
No, an authorized user tradeline does not need to be removed from the credit report. An authorized user account is not taken into consideration in the credit score. The lender will determine whether it should be excluded from liabilities.
- **Will Rural Development guarantee a loan where the applicant has less than 3 years from bankruptcy?**
A guarantee is possible depending on the GUS Findings and overall file documentation. If a GUS Accept is obtained, no further documentation is required. If the results are a GUS Refer, the requirements of Chapter 10 would apply, and a credit exception would need to be documented by the underwriter.
- **Is the requirement for 3 years from date of bankruptcy referring to 3 years from application date or 3 years from note date?**
The discharge date must be 3 years from the date of submission to the Agency to not be considered adverse credit.
- **Is repayment on a 401K loan considered an acceptable non-traditional credit tradeline?**
401K loans are considered personal funds, thus not an acceptable source for non-traditional tradelines.

- **Does a Refer recommendation in GUS automatically require a credit exception?**
A credit exception is only required if the refer is due to a credit issue or if the GUS findings require a credit exception to be documented.

- **One of the compensating factors for a ratio waiver on a refinance transaction states, “Continuous employment with the current primary employer”. What amount of time is required to use this compensating factor?**
The Agency does not prescribe a minimum history in order to apply this compensating factor to the credit analysis. The underwriter is advised to use prudent judgement and sound business practices when requesting a ratio waiver.

Employment/Income (HB-1-3555, Chapter 9)

- **The applicant currently lives with their significant other, but indicates that person will not be living with them in the home being purchased. Is a letter of explanation indicating this sufficient?**
Since the parties currently live together as a family unit, the income of the significant other must be included unless evidence to support they have been living apart for three months is obtained.

- **An applicant is separated from their spouse, however it is not a legal separation. What documentation would be required to exclude spouse’s income from application?**
The income of the spouse must be included unless evidence to support they have been living apart for three months is obtained or court proceedings for divorce or legal separation have commenced.

- **Is there a maximum length of a job gap that is allowed?**
No, there is no threshold or length of job gap specified in the Handbook. Approved lenders are responsible for analyzing any gaps in employment to determine stable and dependable income.

- **An applicant's fiancé will be occupying the subject property, but is not a party to the loan. The fiancé is not legal resident in the United States, therefore we are unable to obtain tax transcripts. What are our options?**

All adult household members must have a Social Security Number, I-TIN number, or other identification to confirm they are legal U.S. residents. Tax transcripts are required to be obtained for all adult household members. If the required documentation cannot be obtained, the lender will be unable to submit a complete loan application.

- **Do we need to request tax transcripts if we already have copies of the applicant's tax returns?**

Yes, the lender must request tax transcripts in all cases.

- **The lender requested tax transcripts on an adult household member, however the response from the IRS indicated no tax returns were filed. The household member is not required to file taxes based on his income level. Is this acceptable?**

Yes, the lender should retain the response from the IRS in their permanent loan file as documentation.

- **Chapter 9 of HB-1-3555 states that a one-year history of earning commission is required to be considered for repayment income. Is the one-year timeframe required to be from the same job?**

It is not required that the history of commission income is from the same job, but it must be from positions within the same line of work. It is the approved lender's responsibility to analyze the complete income history to determine if there is enough information to accurately calculate the income and determine the income to be stable and dependable.

- **An applicant has been with their current employer for 8 months, earning base wages and overtime. Previously, the applicant worked in the same line of work for over 2 years and also earned overtime. Can we consider previous employment history to meet the 1 year history of overtime income for repayment purposes?**

If the previous employment was a similar position, in the same line of work, the underwriter may consider that in the history of overtime received. It is the approved lender's responsibility to review the complete income history to determine if the overtime is stable and dependable.

- **Can social security income received on behalf of a minor be included for repayment income?**

Benefits received by the applicant on behalf of a minor may be utilized for repayment income as long as the income is received at the time of the loan application and it is confirmed to continue a minimum of three years into the mortgage.
- **The non-purchasing spouse receives social security income on behalf of a minor. Can this income be used for repayment purposes?**

If the income is paid solely to the non-purchasing spouse, it cannot be used in repayment income, even if it is deposited into a joint checking account.
- **Can a recent raise in income be considered for repayment income?**

Increases in wages may be justified when the applicant's employment is stable and dependable, as determined by the lender. If the increase was significant due to a promotion with the same employer, then the underwriter has the discretion to justify the increase based on the applicant's employment stability.
- **Are mileage or per diem reimbursements included in income?**

If the income is taxable income, it should be included in annual income and may be considered for repayment income. If the income is non-taxable, it is considered reimbursement and is not included in income calculations.
- **An applicant finished college and began working at a job in the field of her degree for the past 2 months. Can this income be considered for repayment income?**

Yes, the one year required history may be met through a combination of employers, education, or military service. It is the approved lender's responsibility to analyze the complete income history to determine if there is enough information to accurately calculate the income and determine the income to be stable and dependable.
- **An applicant recently started a new job. Do they have to receive a paystub before we can submit the loan application?**

The lender must fully document the applicant's income, which includes payroll earning statements.

- **An applicant receives shift pay. Can this be included in repayment income?**
If there is at least a 12-month history of receipt, it may be considered for repayment income.
- **Are there specific requirements for applicants who work for a family-owned business?**
The lender is responsible for fully analyzing and documenting an applicant's employment/income. There are no specific requirements for instances when it involves a family owned business.
- **An applicant is in a new position, with less than 12 months of employment at the current job. The previous employment was in a different line of work, but verified history with no gaps. Is this acceptable?**
Changing lines of work does not automatically disqualify an applicant. The lender is responsible for analyzing the applicant's employment and income history to determine they have 12 months continuity, as well as to determine if the current income is stable and dependable.
- **An applicant has been on the current job for 6 months and is required to work mandatory overtime. Since the overtime is mandatory, can it be counted for repayment income?**
Even if the overtime is mandatory, a 12-month history of receipt is required to be considered for repayment income.
- **Are tax credits, such as the Child Tax Credit, included in annual and/or repayment income calculations?**
With the exception of the Mortgage Tax Credit Certification (MCC), tax credits are not included in annual or repayment income calculations.
- **Since the income calculation pages were removed from Form RD 3555-21, are we still required to document annual income and repayment income calculations?**
Yes, lenders are still required to document annual and repayment income calculations in their permanent loan file. Lenders may utilize Attachment 9-B, Form 1008, or an equivalent. Submission of the lender's calculations is only required on manual submissions, and GUS Refer, Refer with Caution, and Accept with Full Documentation recommendations.

- **Since the Verbal VOE requirement has been removed from the loan application checklist, does this mean it is no longer required?**

No, a Verbal VOE is required to be obtained within 10 business days of closing. In most cases, this will occur after the application has been submitted to the Agency in order to meet the 10 business day timeframe.

Gifts (HB-1-3555, Chapter 9)

- **Who is considered an eligible gift donor?**

Gift funds may be received from any uninterested third party as long as the documentation requirements of Chapter 9 are met.

- **Is a bank statement from the gift donor required?**

Yes, to properly source gift funds the lender must obtain a gift letter stating the funds do not have to be repaid and a bank statement from the donor as evidence of funds.

- **Can gift funds be used to pay off personal debt?**

Gift funds are considered to be the applicant's own funds, therefore they can be used to pay off personal debt.

- **A relative is serving as the buyer's real estate agent and would like to gift the commission received from the transaction to the buyer. Is this an allowable gift?**

Since the relative is serving as the real estate agent in the transaction, they are an interested party. Interested parties are not eligible gift donors. However, the commission could be provided as an interested party contribution if the total of all seller and other interested party contributions do not exceed 6% of the sales price and represent an eligible loan purpose.

- **Can a gift donor give the gift funds directly to the title company or is it required that the gift funds be deposited in the applicant's account?**

The gift funds can be provided directly to the title company, however the gift letter, a copy of the check/money order, and a bank statement showing the source of the funds is still required.

- **Can excess gift funds be returned to the applicant at closing?**

Yes, gift funds are considered the applicant's own funds, therefore they are eligible to be returned to the applicant at loan closing.

➤ **How do I enter gifts in GUS to ensure they are reflected in the transaction, but not over inflating the reserves?**

Gift funds should be entered in the "Gifts or Grants You Have Been Given or Will Receive for This Loan" section of the "Loan and Property Information" GUS application page. If the funds have already been deposited into an asset account, select "deposited" and include the amount of the gift in the applicable asset account on the "Assets and Liabilities" GUS application page. If the funds have not been deposited into an asset account, select "not deposited" and do not include the gift in an asset account on the "Assets and Liabilities" GUS application page. Additional guidance for entering gifts can be found in the [GUS Lender User Guide](#), located in the [USDA Linc Training and Resource Library](#)

Liabilities (HB-1-3555, Chapter 11)

➤ **An applicant currently has student loans, however if she continues to work for her employer for the next 10 years, the student loans will be forgiven. Is a student loan payment required to be considered in this scenario?**

Yes, student loans in a forgiveness plan remain the legal responsibility of the applicant until they are released of liability from the creditor. The applicable student loan payment must be included in the applicant's monthly debts.

➤ **An applicant has student loan debt that is on an Income Based Repayment Plan and currently has a \$0 payment. Does the student loan still need to be included in monthly debts?**

Yes, when the credit report or creditor verification indicate a payment of zero, lenders must use one half (.50) percent of the outstanding balance in the total debt ratio.

➤ **An applicant has student loan debt that is currently in deferment. Does the student loan still need to be included as a liability?**

Yes, student loans in deferment must use the payment amount reported on the credit report, the actual documented payment when it is greater than zero, or one half (.50) percent of the outstanding balance when the payment is zero.

➤ **Can an installment liability with less than 10 months of payments remaining be omitted?**

If the monthly payment does not exceed five percent of the monthly repayment income, the debt may be excluded.

- **Can an applicant pay off a debt at closing to qualify?**

Applicants may pay debts at closing as long as loan funds or seller concessions are not used to pay the debt. It is the lender's responsibility to ensure debts paid at closing are out of the borrower's personal funds.
- **Does the monthly maintenance fee for a timeshare need to be included as a liability?**

Yes, it is considered a long-term debt and may affect the applicant's ability to repay the loan.
- **An applicant is divorced, and the ex-spouse was given responsibility of a few credit cards and an installment loan, evidenced by the divorce documents. The debts are showing on applicant's credit report and are paid as agreed with no late payments. Can these debts be excluded?**

Co-signed obligations must be considered in the total debt ratio unless the applicant provides evidence another obligor has made the payment on time for the previous 12 months prior to loan application.
- **An applicant is self-employed, and the business pays for multiple debts that are on the personal credit report. Can these debts be excluded?**

Business debts reported on the applicant's personal credit report may be excluded from the debt ratio if the debt is paid through a business account and documentation is obtained to show the business paid the debts for the previous 12 months.
- **Do 401K loans need to be included as a liability?**

No, loans pledging personal assets, such as a 401k account, retirement funds, savings accounts, etc. do not require a payment to be included in the monthly debts.
- **Does the payment on an authorized user account need to be included as a liability?**

If the applicant is solely an authorized user and has no legal liability to repay the debt, it may be omitted.
- **An applicant is self-reporting 3 utility bills on the credit report. Do these need to be included?**

No. Utility bills, even when self-reported on the credit report, are not required to be included as liabilities.



- **A co-signed debt has only been open for 7 months, however we have documentation the other party has made all payments. Can this debt be excluded?**

No, a full 12-month history showing another party is paying the debt is required to omit the payment.

Lender Approval and Resources

Lender Approval (HB-1-3555, Chapter 3)

- **Can any lender process guaranteed loans?**
Lenders must be approved by Rural Development to participate in the guaranteed loan program.
- **Is there an application fee to become an approved lender?**
No, there is no application fee.
- **Where can I find information on how to become an approved lender?**
HB-1-3555, Chapter 3 provides detailed information on the lender approval process. Lenders can also contact sfhgld.compliance@usda.gov with any questions on how to become an approved lender.
- **Once a lender is approved, is there a requirement to recertify?**
The Agency will review the lender's eligibility on a two year basis and require the lender to recertify their status by submitting an updated Attachment 3-A, *Lender Approval Checklist*, with supporting documentation.
- **Is there a Rural Development contact to assist with questions on the lender approval process?**
Yes, questions on the lender approval process can be directed to sfhgld.compliance@usda.gov.

Resources

- **How do I sign up for email notifications of program updates?**
You can sign up for our updates via GovDelivery using:
<https://public.govdelivery.com/accounts/USDARD/subscriber/new>
- **Where can I find HB-1-3555 which provides program guidelines?**
The Technical Handbook can be found at
https://www.rd.usda.gov/sites/default/files/hb-1-3555_0.pdf
- **Who do I contact with general loan scenario and policy questions?**
Policy questions can be directed to sfhgld.program@usda.gov.

➤ **Who do I contact to find out current turn times for applications?**

Current turn times are posted on the SFH Guaranteed Lender page located at <https://www.rd.usda.gov/page/sfh-guaranteed-lender>

➤ **Who do I contact to request a final GUS submission to be released back for updates?**

If the "App Status" found on the Loan List page in GUS is "Pending", a lender with appropriate permissions can recall the submission by selecting the "Recall Final Submission" pushbutton in GUS, which will then provide a confirmation message to confirm the recall action. Once a final submission is successfully recalled, the submission status of the application will reset to "Unknown" and the GUS application pages will be available for data entry.

If the "App Status" found on the Loan List page in GUS is not pending, the lender will need to email the appropriate Production Team, based on the location of the property. A list of Production Team contacts can be found at <https://www.rd.usda.gov/page/sfh-guaranteed-lender>.

➤ **Who do I contact with questions on a file when the Conditional Commitment has been issued?**

File specific questions should be submitted to the Production Team that reviewed the loan. A list of Production Team contacts can be found at <https://www.rd.usda.gov/page/sfh-guaranteed-lender>.

➤ **Where can I find information on how to enter data into GUS?**

Guidance on utilizing GUS can be found in the [GUS Lender User Guide](#), located in the Training and Resource Library Website found at <https://www.rd.usda.gov/page/usda-linc-training-resource-library>.

➤ **Is there a phone number I can use to talk to someone at USDA directly?**

Lenders may utilize USDA's Customer Access Lender Line (CALL), which is available to provide turn time updates, as well as access to specialists and analysts who are available to answer your questions on specific files, lender recertifications and approvals, policies and scenarios, and GUS technical questions. The toll free number for CALL USDA is (833) 314-0168, which is available from 9:00 a.m. to 3:30 pm ET. A full listing of Agency contacts can be found by selecting "Download the Full GRH Contact Sheet" on the Guaranteed Lender Website located at <https://www.rd.usda.gov/page/sfh-guaranteed-lender>.

➤ **Does Rural Development provide training?**

Yes, on-demand training is available on the Training and Resource Library Website found at <https://www.rd.usda.gov/page/usda-linc-training-resource-library>. In addition, requests for personalized group training can be made by contacting sfhgld.lenderpartner@usda.gov.

➤ **Who do I contact with loan servicing questions?**

Loan servicing questions can be directed to sfhgldpservicing@usda.gov. Additional information on loan servicing can be located on the Training and Resource Library Website located at <https://www.rd.usda.gov/resources/usda-linc-training-resource-library/loan-servicing>.

Cash Out Refinance

- ***New cash-out rule** when there is a 1st lien mortgage on title, that mortgage must be seasoned 12 months. This applies to all first mortgage liens, including construction loans/mortgages. The 12-month seasoning requirement is measured from the note date of the existing 1st mortgage to the note date of the new 1st mortgage. In addition to this, the borrower must have been on title with ownership of the property for at least 6 months measured by the date of disbursement of the new loan.***
- Copy of the most recent Deed to support ownership for 6 months is required
- For DU loan casefiles, if the DTI ratio exceeds 45%, six months PITI reserves are required.
- **Acceptable Cash-Out transactions**
 - Can be used to Pay off Mortgage secured by the same property or be a new mortgage on a property that does not have an existing mortgage lien against it.
 - Can be used to take equity out of the subject property that may be used for **any** purpose. (Mortgage loans, Credit cards, Installments, Collections, etc.)
 - Financing the payment of closing costs, points, and prepaid items. The borrower can include real estate taxes in the new loan amount. Delinquent real estate taxes (taxes past due by more than 60 days) can also be included in the new loan amount, but if they are, an escrow account must be established.
 - Paying off delinquent property tax (escrow is required)
- **Ineligible Cash-Out transactions**
 - Paying off a Land Contract (this is only eligible on Limited Cash-Out transactions)

Exceptions to Cash-Out Refinance

- Delayed Financing (Borrower paid cash with their own assets for the property)
 - **Original Purchase transaction must be documented by a settlement statement, which confirms that no mortgage financing was used to obtain property and source of funds used to purchase subject property must be sourced.
 - Does not require 6 months seasoning, the borrower(s) initially purchased the property as one of the following and were previously in title as;
 - a natural person;
 - an eligible *inter-vivos* revocable trust, when the borrower is both the individual establishing the trust and the beneficiary of the trust;
 - an eligible land trust when the borrower is the beneficiary of the land trust; or
 - LLC or partnership - the borrower(s) must have an individual or joint ownership of 100%, and the title must reflect the individual(s) borrowers at the time of closing.

Other Exceptions: There is no waiting period if the lender documents that the borrower acquired the property through an inheritance or was legally awarded the property through, (divorce, separation, or dissolution of a domestic partnership)

Limited Cash Out Refinance

- There is no “seasoning” required, when at least one borrower on the loan is on title prior to application.

Allowable limited cash out transactions

- Can be used to modify current interest Rate/Term for existing mortgages in 1ST Lien Position.
- Pay off unpaid principal balance of existing mortgage.
- Payoff an existing construction loan.
- Can be used to Pay off Land Contract.
 - *If a Land Contract was signed less than 12 months preceding the date of loan application, it is to be considered a **Purchase**.*
- Can be used to buy out a co-owner pursuant to an agreement.

Ineligible limited cash out transactions

- When paying off a subordinate lien (2nd Lien position loan) that was not used to purchase the property.
- Cash back to the borrower exceeds the lesser of 2% of new refinance loan amount, or \$2,000.
- When paying off delinquent property taxes

If using limited c/o refinance to pay off ex-spouse per divorce

- Must both be on title for minimum 12 months.
- Cannot receive any cash out at closings.
- Input ex-spouse information in application as a 2nd mortgage to be paid at close to ensure DU is picking up this divorce lien to be paid at closing.

**There is no waiting period if the Lender documents that the borrower acquired the property through an inheritance, or was legally awarded the property (divorce, etc.).

Exceptions are allowed if the lender documents the following.

- If the property was owned prior to closing by a limited liability corporation (LLC) that is majority-owned or controlled by the borrower(s), the time it was held by the LLC may be counted towards meeting the borrower’s six-month ownership requirement. (In order to close the refinance transaction, ownership must be transferred out of the LLC and into the name of the individual borrower(s).
- If the property was owned prior to closing by an inter vivos revocable trust, the time held by the trust may be counted towards meeting the borrower’s six-month ownership requirement if the borrower is the primary beneficiary of the trust.

****Cash-out and Limited Cash-out**** The subject property must NOT be listed for sale at the time of disbursement of the new mortgage loan.

Top Lender Questions

Underwriting Department

Rural Development

ARE APPLICANT'S ABLE TO PURCHASE A DUPLEX?

One unit of the duplex may be eligible; however, they cannot purchase both units as it would be considered an income producing property.

IS THERE AN ACREAGE LIMITATION?

There is no specific limitation to the size/acreage of the site. The appraiser must provide an explanation in the addendum of the appraisal to explain adjustments to comparable properties and how the subject compares to other properties in the area. In addition, the site cannot have income producing land that will be used principally for income producing purposes. Vacant land or properties used primarily for agricultural, farming, or commercial enterprise are ineligible.

ARE THERE MINIMUM OR MAXIMUM SQUARE FOOTAGE REQUIREMENTS?

Based on the general guidelines, and not a firm limitation. Maximum is 2000 sq. ft. and minimum is 400 sq. ft. In some cases, the square footage may be waived by RD supervision.

IS THERE A LIMIT ON SELLER CONCESSIONS?

Seller contributions (or other interested parties) are limited to 6% of the sales price and must represent an eligible loan purpose.

ARE CO-SIGNERS OR NON-OCCUPANT CO-BORROWERS ALLOWED?

Not permitted, no co-signers or non-occupant co-borrowers.

JOINT ASSET ACCOUNTS, WHERE THE OTHER PARTY IS NOT ON THE LOAN, DO WE NEED TO VERIFY AND INCLUDED IN THE AVAILABLE ASSETS.

Yes, all assets of the applicant, even if they are jointly held with another party, must be disclosed, and included in the net household assets.

CAN BORROWED FUNDS BE USED TO PAY OFF DEBTS?

Yes, if the payment is included in the total debt ratio.

WHAT IS THE REQUIRED FICO SCORE FOR A RATIO WAIVER?

The fico score required is 680 for ALL borrowers on the loan transaction.

IS A BANK STATEMENT FROM THE GIFT DONOR REQUIRED?

Yes, to properly source gift funds the lender must obtain a gift letter stating the funds do not have to be repaid, and a bank statement from the donor's account as evidence of funds.

CAN A GIFT DONOR GIVE THE GIFT FUNDS DIRECTLY TO THE TITLE COMPANY OR CLOSING AGENT?

Yes, the gift funds can be provided directly to the title company, however the gift letter, a copy of the check/money order and a bank statement, or a signed and stamped print out of the account showing the funds were withdrawn.

CAN EXCESS GIFT FUNDS BE RETURNED TO THE BORROWER AT CLOSING?

Yes, gift funds are considered the borrowers own funds, therefore they are eligible to be returned to the borrower at closing.

CAN AN INSTALLMENT LIABILITY WITH LESS THAN 10 MONTHS OF PAYMENTS REMAINING BE OMITTED?

Yes, If the monthly payment does not exceed five percent of the monthly repayment income, the debt may be excluded.

DOES THE PAYMENT OF AN AUTHORIZED USER ACCOUNT NEED TO BE INCLUDED AS A LIABILITY?

If the applicant is solely an authorized user and has no legal liability to repay the debt, it may be omitted.

AN APPLICANT IS SEPARATED FROM THEIR SPOUSE; HOWEVER, IT IS NOT A LEGAL SEPERATION. WHAT DOCUMENTATION WOULD BE REQUIRED TO EXCLUDE SPOUSE'S INCOME FROM APPLICATION?

The income of the spouse must be included unless evidence to support they have been living apart for three months is obtained or court proceedings for divorce or legal separation have commenced.

WHAT IS THE DIFFERENCE BETWEEN ANNUAL INCOME AND REPAYMENT INCOME?

Annual income must include all eligible income sources from all adult household members, not just parties to the loan note. (MAX income)

Repayment income sources of the borrowers who will be parties to the note that meet the minimum required history and has been determined to be stable and dependable income. (Qualification income)

WHAT IS THE WAITING PERIOD FOR FORECLOSURES?

The waiting period is three years after the recorded date of the foreclosure.

WHAT IS THE WAITING PERIOD FOR BANKRUPTCY?

The waiting period is three years after the discharge date.

HOW DETAILED DOES A CREDIT LOX NEED TO BE FOR RURAL DEVELOPMENT?

The letter of explanation must be detailed for each derogatory account. It must also indicate if this was an isolated incident and what has been done to avoid this in the future.

Conventional Financing:**WHEN IS A CREDIT REPORT INQUIRY LETTER OF EXPLANATION REQUIRED?**

Any inquiries within the last 90 days of the credit report date, that are not listed on the credit report as a new debt. A letter of explanation must be obtained and support that there were no additional debts obtained that would result in "undisclosed debt."

DOES THE BORROWER NEED TO DOCUMENT A NEW DEBT THAT IS NOT LISTED ON THE CURRENT CREDIT REPORT?

Yes, borrower must provide a copy of a monthly statement showing balance and payment, this must be included on the loan application under liabilities. A monthly statement to show a zero balance is also required.

IS THERE A SEASONING REQUIREMENT FOR A CASH OUT TRANSACTION?

Yes, when an existing first mortgage is being paid off through the transaction, it must be at least 12 months old at the time of refinance, as measured by the note date of the existing loan to the note date of the new loan. This requirement does not apply to the following:

- to any existing subordinate liens being paid off through the transaction,
- or when buying out a co-owner pursuant to a legal agreement.
- At least one borrower must have been on title for at least six months prior to the disbursement date of the new loan.

IF THE DIVORCE DECREE IS STATING BORROWER TO PAYOFF EX SPOUSE, CAN THE TRANSACTION BE A RATE AND TERM REFINANCE?

Yes, if paying off an ex-spouse who is on the mortgage, it does NOT count as a cash-out refinance. It is a straight rate and term refinance as long as; the divorce decree states that the objective of the refinance is to pay out the other person's share.

WHAT IS CONSIDERED A LARGE DEPOSIT?

A large deposit must be documented if it is 50% or more of total qualifying income for the loan.

DOES FANNIE MAE HOMEReadY HAVE INCOME LIMITS?

Yes, borrower income must be below 80 percent of the area median income with some exceptions based on the property location.

IS THERE A WAITING PERIOD REQUIRED BEFORE A CASH OUT REFINANCE IS ALLOWED ON INHERITED PROPERTY?

At least one borrower must have been on title to the subject property for at least six months prior to the disbursement date of the new loan. However, there is no waiting period if the lender documents that the borrower acquired the property through an inheritance or was legally awarded the property (divorce, separation, or dissolution of a domestic partnership)

DOES FNMA REQUIRE 2 YEAR EMPLOYMENT HISTORY?

Fannie Mae would like to see a 2-year history, if applicable. However, if they do not have this full history, it does not disqualify them from obtaining a Fannie Mae loan. The focus is to determine the employment history and that it is stable and predictable.

WHAT ARE THE GUIDELINES FOR SELF EMPLOYMENT HISTORY?

Fannie Mae generally requires lenders to obtain a two-year history of the borrower's prior earnings as a means of demonstrating the likelihood that the income will continue to be received. In some cases, only one-year federal tax returns may be required. Be sure to review the DU findings for the required documentation

DOES FANNIE MAE REQUIRE A JOB GAP LETTER?

No, Borrowers can have multiple jobs and gaps in jobs in the past two years and still qualify for home loans. It is not a mandatory guideline.

WHAT IS REQUIRED IF A BORROWER CHANGES FROM FULL TIME TO PART TIME WITH THE SAME EMPLOYER?

The lender must use the lower income pay structure to qualify and must be able to determine the income is stable, predictable, and likely to continue. However, if this part-time employment is variable hours. We would require a minimum of 12–24-month history to be able to establish an average of hours/income.

ARE TAX RETURNS REQUIRED IF THE BORROWER IS EMPLOYED BY FAMILY?

Yes, lender must obtain copies of the borrower's signed federal income tax returns filed with the IRS for the past two years if the borrower is employed by family members.

CAN TIP INCOME BE CONSIDERED AS INCOME?

Yes, tip income may be used to qualify the borrower if the lender verifies that the borrower has received it for the last two years.

CAN AN ADJUSTED GROSS INCOME BE USED FOR SOCIAL SECURITY BENEFITS?

Yes, you can gross up non-taxable income. We would need to determine from the borrowers' federal tax returns, that the income is non-taxable. If your borrower states they do not file a federal return due to income limits. We then must be able to document they are not required to file with a letter from their tax preparer, or CPA

PAYING OFF A LAND CONTRACT, CAN THE BORROWER GET CASH BACK?

No, the loan transaction must be a rate / term refinance.

DOES THE BORROWER NEED A HISTORY OF RECEIVING RENTAL INCOME, IF USING IT TO QUALIFY?

No, but there are different guidelines depending if the rental income is coming from the subject property, or another investment property the borrower owns. If the rental income will be coming from the subject property, a form 1007 or 1025 must be completed by the appraiser to determine market rent.

If the rental income is coming from a property other than the subject. Income would be determined by using the most recent federal returns, Schedule E, if the property was purchased during the subsequent most recent tax return, a copy of the signed CD to support when it was purchased, and the current signed lease would be required. Rental income would be calculated using gross rents listed on the lease agreement with the 25% vacancy factor considered.

Can we close a loan if there is a Life Estate Interest or a Ladybird Deed interest?

Yes, however there are requirements when closing with a Life Estate Interest. All interested parties/remaindermen of the Life Estate must be at closing, and sign the Mortgage/ Deed of Trust. A Ladybird Deed does not have any requirements prior to closing, as the deed would only transfer upon death.

Non-Citizen Borrower Eligibility

We have a longstanding policy on eligibility for non-U.S. citizen borrowers. Fannie Mae purchases and securitizes mortgages to non-citizens who are lawful permanent or non-permanent residents of the United States under the same terms available to U.S. citizens.

Eligibility Guidelines

The purpose of this document is to provide additional guidance to help lenders determine eligibility for non-U.S. citizen borrowers.

- 👉 Per the *Selling Guide*, Fannie Mae considers a borrower legally present in the United States if:
 - They have a Social Security Number (SSN) or Individual Taxpayer Identification Number (ITIN); and
 - They have current, verified status, which may be documented by a valid employment authorization document (EAD), **or** other documentation showing immigration status is current (e.g., Green Card, work visa, etc.).
- 📧 A borrower who is legally present per the *Selling Guide* must meet all other applicable underwriting and eligibility requirements for the loan to be eligible for sale to Fannie Mae. This includes the continuity of income requirements that apply to all borrowers:
 - Documentation of income continuity is not required for most employment-related income types (e.g., base, bonus, overtime, commission).
 - If a borrower is reliant on income for which documentation of continuity is required, the mere fact that a borrower has current, verified status does not impact the continuity of income analysis. For example, if a borrower can provide documentation of 3-year income continuity when required, the fact that their status is renewed only every 2 years is not a factor — the borrower is legally present and has met the continuity of income requirements.
- 🗨️ Lenders retain discretion as individual borrower situations differ.
- 📄 Lenders can continue to decide what type of documentation is appropriate and what can be retained as part of the loan file to show that a borrower is legally present.
- 🔄 As with all Fannie Mae policies, subsequent changes to the law and its application may cause us to re-evaluate our policy on this matter prospectively.

Clarity & Certainty

- In response to customer feedback, we're providing examples of acceptable documentation to support that a borrower is "legally present."
- For loans that meet our documentation and eligibility requirements, we will not seek a loan repurchase solely based on a change in the borrower's immigration status after closing.

Selling Guide References

[B2-2-01](#) | [B2-2-02](#) | [B3-3.1-01](#)

Borrower Scenarios

The following scenarios are provided for informational purposes and do not cover all possible combinations.

Borrower information

Is the borrower legally present?

Which document was reviewed to verify status?

Eligibility



Diana is a permanent resident with an unexpired Green Card, and:

- ✓ has a Social Security Number
- ✓ is a self-employed borrower with a two-year work history
- ✓ received a Desktop Underwriter® (DU®) Approve/Eligible finding
- ✓ meets all other *Selling Guide* requirements



Yes! The borrower is legally present.



Permanent Resident Card (Green Card)



Eligible

Scenario 1



Samuel has current, unexpired DACA (Deferred Action for Childhood Arrivals) status, and:

- ✓ has an Individual Tax Identification Number
- ✓ is a salaried borrower with acceptable employment history
- ✓ has nontraditional credit acceptable per the *Selling Guide* (B3-5.4)
- ✓ will have a manually underwritten loan
- ✓ meets all other *Selling Guide* requirements



Yes! The borrower is legally present.



Employment Authorization Document with C33 category



Eligible

Scenario 2



Karl has an expired work visa with no renewal pending, and:

- ✓ has an Individual Tax Identification Number
- ✓ is a salaried borrower with acceptable employment history
- ✓ has nontraditional credit acceptable per the *Selling Guide* (B3-5.4)
- ✓ meets all other *Selling Guide* requirements



No; the borrower is not legally present.



Work Visa



Ineligible

Work Visa is expired and no renewal is pending.

Scenario 3



Theresa has a current, unexpired work visa, and:

- ✓ has a Social Security Number
- ✓ has been self-employed for 6 months with no prior work history
- ✓ has nontraditional credit acceptable per the *Selling Guide* (B3-5.4)



Yes! The borrower is legally present.



Work Visa



Ineligible

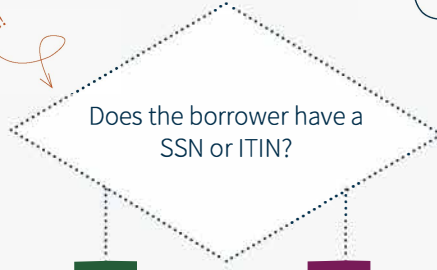
Borrower does not meet requirements for a self-employed borrower.

Scenario 4

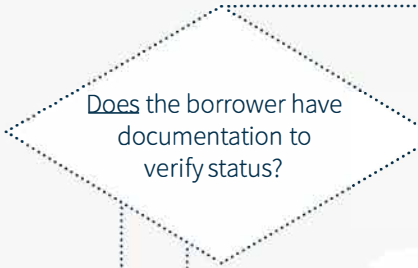


This non-U.S. citizen borrower is dreaming of a new home. Let's use this chart to determine how to apply Fannie Mae's policies.


Start here!




Not Eligible




These are the five most common documents used to verify status.




Permanent Resident Card (Green Card)




Work Visa



Entry Stamps



EAD (Employment Authorization Document)



I-551 Stamps

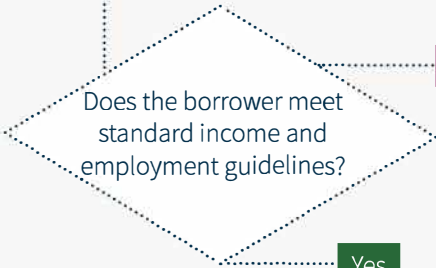
No



Not Eligible

Yes

The borrower is considered legally present



No



Not Eligible

Yes



Eligible

Lender Survey Questions

- PMI rate cards: There are PMI cards issued by MGIC and Enact on their websites, but these rate cards are not based on “Risk Based Pricing” that is used for quoting rates or pricing PMI coverage for NMS/Fannie Mae loans. Rate quotes can be done on the PMI websites, using the links and information. (See attached.) You can also price your PMI through MGIC in Mortgage Cadence “order services.”
- PMI Companies used by NMS: We use Enact and MGIC exclusively due to delegation approvals. We have master policies with a couple of other PMI Companies, but do not have delegation approvals with them so these other PMI companies are only used by request.
- Self-Employed Income Calculation: NMS underwriting has a recorded training on our website that can be utilized for training. If you would prefer to do a live training with us, please contact me to set up a one-on-one training with you.
- Documentation required for non-US Citizen per Fannie Mae (see attached documentation)
- Structuring a Gift of Equity: Is equity the seller is gifting the buyer to use for down payment and closing cost. Typically, the amount of equity is determined by the market value vs the price the seller agrees to sell, which is typically a significantly lower amount than the appraised value, and depends on what the seller currently owes on the home. This is just an example of how a gift of equity can work.

For an example:

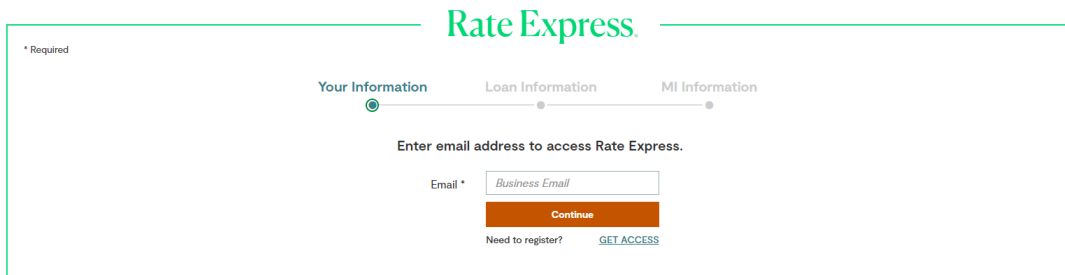
• Appraiser value	\$200,000
• Purchase price	\$200,000
• Sellers mortgage balance	\$120,000
• Sellers Equity	\$80,000
• Seller closing cost (e)	\$9000
• Net Equity	\$71,000

The sellers would have approximately \$71,000 in equity, that could then be used as a gift to the buyer. You would base your loan amount off the amount of the gift received, and you can use it for down payment, and closing cost.

PMI Websites and Instructions for Logging in to Obtain PMI Rates

Enact:

<https://enactmi.com/rate-express/?orgId=B222229R2D>

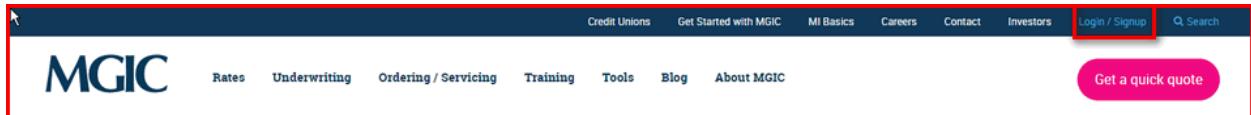


MGIC:

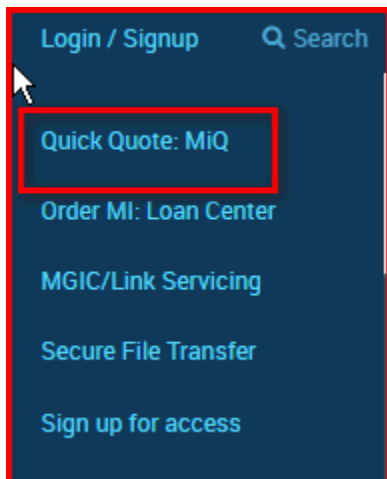
<https://www.mgic.com/credit-unionsrestrictedmarkets>

Follow all instructions that have a red box around them.

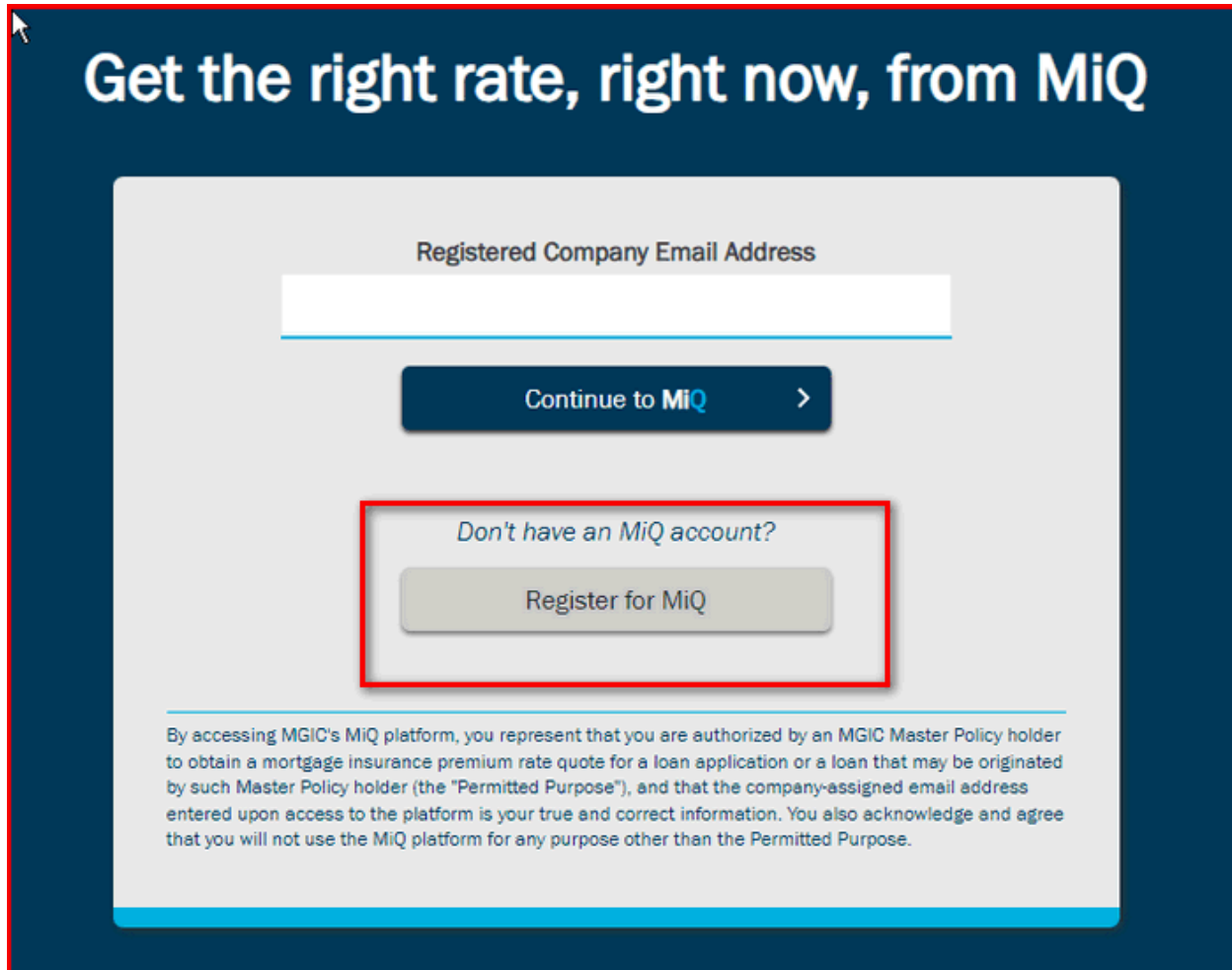
They will select login/signup up (see below):



Then they will select Quick Quote: MIQ (see below):



Lastly, they will want to Register for MiQ (see below):



Get the right rate, right now, from MiQ

Registered Company Email Address

Continue to MiQ >

Don't have an MiQ account?

Register for MiQ

By accessing MGIC's MiQ platform, you represent that you are authorized by an MGIC Master Policy holder to obtain a mortgage insurance premium rate quote for a loan application or a loan that may be originated by such Master Policy holder (the "Permitted Purpose"), and that the company-assigned email address entered upon access to the platform is your true and correct information. You also acknowledge and agree that you will not use the MiQ platform for any purpose other than the Permitted Purpose.

Preparation, Communication, Evaluation: Three Steps for Reducing Stress Before Closing Preparation

Preparation

- Review conditions
 - Title conditions – review commitment for items such as outstanding liens, judgments, delinquent taxes, affidavits of scrivener’s error
 - NMS at-closing conditions – review conditions for items such as the dates documents expire, requirements for closing (CD from previous sale, items to be recorded, repairs needed before delivery to FNMA, reiteration of title requirements, etc.)
- Obtain insurance and payoffs
 - Upload a binder and an invoice or a receipt ASAP
 - Review the binder before uploading
 - Correct dates
 - Correct property
 - Sufficient coverage
 - Mortgagee clause
 - Premium listed and showing due or paid
 - Confirm with member if they do in fact want to escrow taxes and insurance
 - All mortgages and installment loans must have payoff letters with a good-through date and per diem; monthly statements are acceptable for credit cards only
- Update Mortgage Cadence
 - Make sure the rate is locked in Mortgage Cadence
 - Be sure to add any non-borrowing spouses or non-borrowers on title, if necessary, especially if running an early CD
 - If you are doing an early CD, be sure to run it – note: please do not send your early CD to the title company
 - Check timing and delivery screen

Communication

- Confirm that the closing has been scheduled with all parties, including the title company
- Let us know if you will be out and we need to send the CD to someone else for approval
- Include any additional information in your closing email that we may need
- Keep an eye out for emails regarding any additional items needed
- Approve CDs and/or send corrections in a timely manner

Evaluation

- Review your CDs carefully before sending your approval.

Closings with NMS

Scheduling Your Closing

- We will send an email each morning with the earliest dates for each type of delivery.
- Before emailing the closing dept:
 - Receive your CTC
 - Lock your rate in Mortgage Cadence
 - Consult morning scheduling email for dates available
 - Schedule the closing with all parties
 - **Rushes:** please call or email us first if you need to schedule earlier than the dates in our emails – we'll do our best to fit you in
- When you're ready to schedule
 - Email closings@gonms.org
 - Include date, time (if you have it), CD delivery (if it's an early CD, include when the early CD was mailed/signed), and any contact info for title company
 - Look for a confirmation email – if you do not receive one, please call or resend your email

CD approval

- We will blind copy the LO when we send our prelim CD to title – just an FYI for you
- We will balance with the title company
- FNMA loans will be sent to UW for pre-close review
- CD will be sent to LO for approval
- Once approved, CD-only will be sent to you to hand deliver or mail, and docs will be run and sent to title
- **Note:** once you've scheduled your closing with NMS, please do not change anything in the system. Email us about any changes.

VVOEs

- NMS will obtain verbal verifications of employment within 10 business days of closing
- Be sure a verification of employment fee is on your template for third-party verifiers

HOI

- Purchases: It is the loan officer's responsibility to obtain the insurance binder and invoice/receipt for new purchases. We cannot use just a quote.
- Refinances:
 - Hand deliveries & mailouts – NMS will update the mortgagee clause and obtain payment status (escrow – PIF or balance due, non-escrow – payments current)
 - Early CDs – the CU will need to update the mortgagee clause and obtain payment info – especially for escrowed loans, we need to know if the balance is PIF or if we need to collect funds for a balance at closing – a verbal is fine as long as you upload something stating what the agent told you

Payoffs

- Please be sure to upload payoffs for all mortgages, installment loans, etc.
- If paying off credit cards, please upload complete credit card statements with the full card number and a phone number for balance inquiries. The NMS closer will call to obtain updated balances on older statements.

Early CD Instructions

Understanding the Early CD

- An early CD is a **CD-ONLY** that you will prepare and run in order services; this is the CD that you will either mail to the members or hand deliver to them to sign
- The TRID time frame applies, i.e., a mailed early CD will need to be mailed 6 business days prior to closing, and a hand delivered early CD will need to be signed 3 business days prior to closing
- An early CD may be given to the members prior to the loan's receiving a clear-to-close

Preparing the Early CD

- Request a preliminary CD from the title company if they have not already provided one
- Click on "document dates" under the doc prep path
 - For purchases and refinances of investment properties or second homes, fill in the closing documents date, scheduled loan signing date, and scheduled loan funding date
 - For refinances of primary homes, fill in the closing documents date, scheduled loan signing date, rescission date, and scheduled loan funding date
- Update the closing cost details screen
 - If you have received a preliminary CD from the title company, update the title fees to match their CD. **(If you incur a tolerance violation from the title fees; confirm that you have marked the BSV (borrower shopped for vendor) column correctly. If the title company is not on your service provider list, then the fee should be marked as yes – borrower shopped for. Do not complete a changed circumstance for a title fee violation.)**
 - If the loan is a purchase, add any prorations from page 3 of the title company's CD (these will be typed directly onto the closing disclosure in the system)
 - Update remaining fees/vendors as best you can. Please leave the VOE and recording fees as they were disclosed. We will update those later.
 - Add insurance and taxes due (if applicable) to the prepaids section
 - Update escrows if necessary
- Once the fees have been updated, go to order services and run the CD-only. **You do not need to send your CD to the title company or worry about balancing with them. NMS will still take care of that.**
- Mail the CD to the member or hand deliver to the member for their signature
- After running the early CD, go to the timing & delivery screen in the doc prep path.
 - Click on the link labeled "timing & delivery"
 - Scroll down to the closing disclosure section and select your CD delivery method from the dropdown options (Please note that if you choose "electronically," the system will calculate that as a mailout. If the members sign the CD and give it back to you like a hand delivery, either mark the box as hand delivery or complete the early receipt date section.)
- When you schedule your closing with NMS, please let us know that you've completed an early CD and when/how the CD was delivered to the member

Reminder: For early CD refinances, it is the credit union's responsibility to update the mortgagee clause on the homeowner's and/or flood insurance policies and to obtain payment information (balance due for escrowed loans or confirmation that payments are current for non-escrowed loans).

Secondary Market Hot Topics

Pricing Loans using the LLPA Matrix Chart

Pricing your loan using an LLPA matrix can be confusing. The good news is that you can also refer to the Pricing Adjustments Screen in Mortgage Cadence to review what your hits might be:

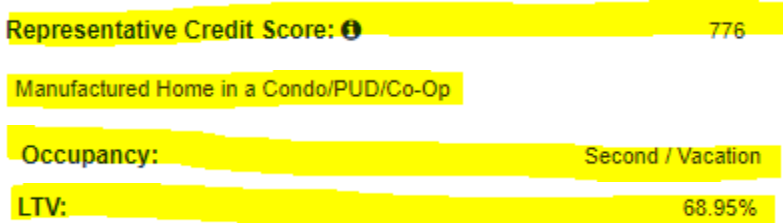


As long as you are updating your loan with any changes and repricing, this screen should always show you what your discount points might be. However, just in case you want to confirm using the Matrix chart, let's see an example.

Below is an example of hits you might see in that pricing adjustment screen:

Pricing	Rate	Discount Points
Base	6.375%	-2.375*
Adjustments		
0715 Manufactured Home		+0.500
0715 Fannie Credit Score =>720, LTV 60-70% or Credit Score >=740, LTV 70-75%		+0.250
0715 Second Home LTV 60.01 - 70%		+1.625
Adjusted Price *	6.750%	0.000

On the loan summary screen, you will see where these hits are coming from:



Now let's see where these hits are on the Matrix Chart on the next page:

Table 1: All Eligible Loans – LLPA by Credit Score/LTV Ratio

Representative Credit Score	LTV Range									
	Applicable for all loans with terms greater than 15 years									
	≤ 60.00%	60.01 – 70.00%	70.01 – 75.00%	75.01 – 80.00%	80.01 – 85.00%	85.01 – 90.00%	90.01 – 95.00%	95.01 – 97.00%	>97.00%	SFC
≥ 740	0.000%	0.250%	0.250%	0.500%	0.250%	0.250%	0.250%	0.750%	0.750%	N/A
720 – 739	0.000%	0.250%	0.500%	0.750%	0.500%	0.500%	0.500%	1.000%	1.000%	N/A
700 – 719	0.000%	0.500%	1.000%	1.250%	1.000%	1.000%	1.000%	1.500%	1.500%	N/A
680 – 699	0.000%	0.500%	1.250%	1.750%	1.500%	1.250%	1.250%	1.500%	1.500%	N/A
660 – 679	0.000%	1.000%	2.250%	2.750%	2.750%	2.250%	2.250%	2.250%	2.250%	N/A
640 – 659	0.500%	1.250%	2.750%	3.000%	3.250%	2.750%	2.750%	2.750%	2.750%	N/A
620 – 639	0.500%	1.500%	3.000%	3.000%	3.250%	3.250%	3.250%	3.500%	3.500%	N/A
< 620 ¹	0.500%	1.500%	3.000%	3.000%	3.250%	3.250%	3.250%	3.750%	3.750%	N/A

Table 2: All Eligible Loans – LLPA by Product Feature

PRODUCT FEATURE	LTV Range									
	≤ 60.00%	60.01 – 70.00%	70.01 – 75.00%	75.01 – 80.00%	80.01 – 85.00%	85.01 – 90.00%	90.01 – 95.00%	95.01 – 97.00%	>97.00%	SFC
Adjustable-rate mortgage	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.250%	0.250%	0.250%	N/A
Manufactured home ²	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	235
Investment property	2.125%	2.125%	2.125%	3.375%	4.125%	4.125%	4.125%	4.125%	4.125%	N/A

Table 2: All Eligible Loans – LLPA by Product Feature [continued]

PRODUCT FEATURE	LTV Range									
	≤ 60.00%	60.01 – 70.00%	70.01 – 75.00%	75.01 – 80.00%	80.01 – 85.00%	85.01 – 90.00%	90.01 – 95.00%	95.01 – 97.00%	>97.00%	SFC
High-balance loan ⁴										
Purchase or limited cash-out refinance	0.500%	0.750%	0.750%	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%	808
Cash-out refinance ³	1.250%	1.500%	1.500%	1.750%	N/A	N/A	N/A	N/A	N/A	808
ARM (pricing based on higher of LTV or CLTV)	0.750%	0.750%	0.750%	1.500%	1.500%	1.500%	1.750%	1.750%	1.750%	808
Second home	1.125%	1.625%	2.125%	3.375%	4.125%	4.125%	4.125%	4.125%	4.125%	N/A

Avoiding Secondary Market Fees

- **Duplicate Price Adjustment Fees:** Anytime there are multiple locks for the same property address committed during a 31-day period, there will be a DPA or duplicate price adjustment. To avoid a duplicate price adjustment, you must wait a minimum of 31 days to re-commit a lock to that property address once the previous commitment has been placed into fall out.
- **Extension Fees:** Extension fees happen when you need to extend the lock for longer than the original commitment. Extension fees are accrued per day and can be avoided by locking for longer periods of time. All locks can be committed for a period of up to 90 days and then extended an additional 30 days beyond that.
- **Pair off and Over Delivery Fees:** Pair off fees occur on Mandatory locks when the commitment is taken out for a higher amount than what the loan closes at. Over delivery fees occur on Mandatory locks when the commitment is taken out for less than what the loan closes at. Fannie allows leeway of \$10,000 higher or lower than the loan amount when delivering. Try to keep your loan amount as close to that \$20,000 span to avoid those fees.
- **Recapture fees:** Recapture fees occur when the loan is paid off within 120 days of it being sold to Fannie Mae. These fees can be avoided by waiting 120 days to refinance or pay off the existing mortgage.

What does NMS need from me to sell my loan to Fannie Mae?

- Items needed by Secondary Market to sell the loan to Fannie Mae:
 - Original Signed Note
 - Original Signed Allonge (can be found in the forms section of Mortgage Cadence)
Forms Selection

Select a form below and click the Continue button.

1008 Underwriting Transmittal
Allonge (AAACU)
Allonge (MTEFCU)
Allonge (NeighborhoodMortgage)
Appraisal Request Form
Appraisal Request Form (NeighborhoodMortgage)
Approval Letter
Assignment of Mortgage - NMS to CU (NeighborhoodMortgage)
Assignment of Mortgage - NMS to FNMA (NeighborhoodMortgage)
Binder Request
Borrower's Authorization to Release Information (FHAVA)
Borrowers Certification and Authorization
Closing Review Checklist (NeighborhoodMortgage)
Condo Warranty Limited Review
Condominium Project Questionnaire - Full

- Copy of the completed rate lock sheet

When do I notify Secondary Market of a change with my lock?

- Loan amount changes
- Product changes
- Rate changes
- When the lock needs to be extended
- When a lock needs to be placed into fall out
- When a case file ID has changed
- If a borrower needs to be removed or added

Pricing your loan, how do I do it?

We'll use an example!

Jack Porter is purchasing a home for \$92,000. He'd like to do this as a 30-year Conventional FNMA product. He has a .5 LLPA hit because his credit score is 753 and LTV is 75%. The credit union needs to make 102 on their loan.

You will want to take the amount the credit union needs to make and add the .5 hit. You are looking for a price of 102.5 on your rate sheet under the 30-year 110K Max Loan Amount tier. The credit union wants to lock for 60 days.

According to the rate sheet, the rate you will need to give your borrower is 3%:

30-Year Fixed Rate - 110k Max
Loan Amount

Rate	10 days	30 days	45 days	60 days	75 days	90 days
5	111.7209	111.6441	111.4513	111.3344	111.1566	111.0252
4.875	111.4679	111.3911	111.1983	111.0814	110.9036	110.7722
4.75	111.1389	111.0621	110.8693	110.7524	110.5746	110.4432
4.625	110.6026	110.5259	110.333	110.2162	110.0383	109.9069
4.5	110.355	110.2782	110.0854	109.9685	109.7907	109.6593
4.375	110.0186	109.9419	109.749	109.6322	109.4543	109.3229
4.25	109.6574	109.5806	109.3878	109.2709	109.0931	108.9617
4.125	109.3925	109.3477	109.1895	109.1019	108.9383	108.8207
4	109.0902	109.0454	108.8872	108.7996	108.636	108.5184
3.875	108.7297	108.6849	108.5268	108.4392	108.2756	108.1579
3.75	108.263	108.2182	108.06	107.9724	107.8088	107.6912
3.625	107.5127	107.4679	107.3098	107.2222	107.0586	106.9409
3.5	106.7225	106.6777	106.5195	106.4319	106.2683	106.1507
3.375	105.9656	105.8547	105.6965	105.6089	105.4453	105.3277
3.25	105.422	105.3027	105.0665	104.9045	104.677	104.4981
3.125	104.6887	104.5695	104.3332	104.1713	103.9437	103.7619
3	103.764	103.6447	103.4085	103.2465	103.019	102.8371
2.875	102.8747	102.7555	102.5192	102.359	102.1377	101.9628
2.75	102.1585	102.0695	101.842	101.6902	101.4768	101.3093
2.625	101.344	101.255	101.0275	100.8757	100.6623	100.4948
2.5	100.303	100.214	99.9865	99.8347	99.6213	99.4538
2.375	99.3748	99.2858	99.0582	98.9064	98.6931	98.5255
2.25	98.6005	98.5115	98.284	98.1322	97.9188	97.7513
2.125	97.0679	96.9714	96.7785	96.6711	96.5288	96.4351
2	96.1382	96.0416	95.8488	95.7414	95.599	95.5053

Pricing for RD loans:

Pricing for RD loans works the same as conventional with the exception of LLPA hits. There are no LLPA hits for a Rural Development file so you'll factor in only Credit Union income when pricing these loans.

Buying down points, how do I do it?

Let's start with an example!

John Smith is purchasing a home for \$295,000. He'd like to do this as a 30-year Conventional FNMA product. He has a .25 LLPA hit because his credit score is 790 and LTV is 95%. The credit union needs to make 102 on their loan.

You will want to take the amount the credit union needs to make and add the .25 hit. You are looking for a price of 102.25 on your rate sheet under the 30-year product. The credit union wants to lock for 45 days.

According to

the rate sheet, the rate you will need to give your borrower is 3.125%:

30-Year Fixed Rate

Rate	10 days	30 days	45 days	60 days	75 days	90 days
4.875	107.6491	107.5747	107.4165	107.3403	107.2193	107.147
4.75	107.3201	107.2457	107.0875	107.0113	106.8903	106.818
4.625	106.7839	106.7094	106.5513	106.4751	106.354	106.2817
4.5	106.4862	106.4118	106.2536	106.1774	106.0564	105.9841
4.375	106.1499	106.0754	105.9173	105.8411	105.72	105.6477
4.25	105.7886	105.7142	105.556	105.4798	105.3588	105.2865
4.125	105.8675	105.825	105.7016	105.6546	105.5478	105.4892
4	105.5652	105.5227	105.3993	105.3523	105.2455	105.1869
3.875	105.2047	105.1622	105.0388	104.9918	104.885	104.8265
3.75	104.738	104.6955	104.5721	104.5251	104.4183	104.3597
3.625	104.9519	104.8361	104.652	104.5472	104.3906	104.2831
3.5	104.5845	104.4687	104.2846	104.1798	104.0232	103.9157
3.375	104.1325	104.0167	103.8325	103.7277	103.5712	103.4637
3.25	103.5907	103.4749	103.2908	103.186	103.0294	102.9219
3.125	102.8575	102.7417	102.5575	102.4527	102.2962	102.1887
3	102.2614	102.1759	102.0004	101.9057	101.7478	101.6545
2.875	101.7308	101.6453	101.4698	101.3751	101.2172	101.1239
2.75	101.0773	100.9918	100.8163	100.7216	100.5637	100.4704
2.625	100.2628	100.1773	100.0018	99.9071	99.7492	99.6559

However, the borrower decided they want to buy the rate down to 2.75%. The price the credit union will receive at 2.75% is 100.8163. Now, you'll need to take the price you need to make which is 102.25 and subtract the price you would be making at the new rate of 2.75% which is 100.8163. This comes to 1.4337. Take your loan amount of \$295,000 and multiply it by the difference of 1.4337%. Your borrower will need to bring \$4,229.42 to close in order for the credit union to make their full price of 102.25

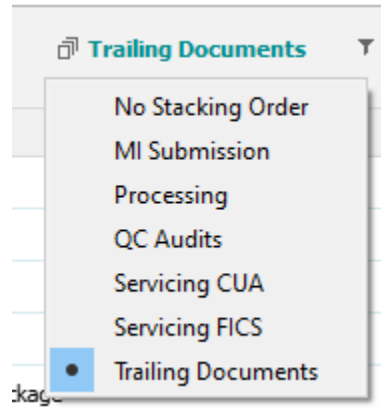
Additional Secondary Market Items to Remember:

- If you are locking a rate and the amount is higher than the tiers available, you will lock under the fixed product listed.
- RD locks: You must specify on your lock if it's an RD lock and include the loan number. RD locks are manually entered into the Fannie Mae system.
- You have 6 months from the date the loan closes to sell it to Fannie Mae.
- Extension fees are still charged by Fannie Mae, EVEN if the loan does not close.
- You should reprice your loan in Mortgage Cadence anytime there is a change, this may affect the LLPA's that are pulling into the Pricing Adjustment screen if not done.
- You'll want to make sure the items on the allonge match the final note in order for Fannie to fund the loan.
- Please make sure all lock sheets submitted to Secondary Market are fully completed including; casefile ID, product, number of days for the lock, lowest allowable price etc
- Make sure the last ran DU includes the property address before locking your loan.
- Fannie has done away with Worse Case Pricing Fees and have now implemented Duplicate Pricing Adjustment fees which are based on several items including market fluctuation. In order to avoid these fees, you will need to wait 31 days from the date your Best-Efforts lock was placed into fall out until you can relock a new commitment.

Post-Closing Hot Topics

VLF stacking orders and trailing docs

Below is a list of stacking orders within the VLF:



When Post Closing is checking for missing trailing documents- we use the trailing documents stacking order. You'll want to make sure you are always labeling your trailing documents as follows:

1	Recorded Mortgage	28
2	Assignment of Real Estate Mortgage	
3	Title Insurance Policy	

Items in red would appear to be missing from this file or mislabeled.

Regardless of the stacking order you choose, your documents will remain in the VLF, they just may appear in a different order.

If you need a list of all files that are currently missing trailing documents, please reach out to postclosing@gonms.org

Extracting and archiving your files

As a reminder, please make sure you're extracting and archiving your VLF files. NMS does extract and archive all Fannie Mae Closed files to our long-term storage. However, it is up to the Credit Union to make sure any files not sold and closed with Fannie Mae are being stored at the Credit Union and archived for deletion.

To access a list of files where a VLF was created, please refer to Ad Hoc reports. You will find a report for current year and previous year listing all loans on the system for your Credit Union with a VLF file.

When and what do I status my loan once closed?

- If this loan is a Fannie Mae file and will be sold to Fannie Mae through Secondary Market:
 - NMS will status the file to FNMA Funded once we've delivered the file
 - NMS will status the file to Archived once the file has been extracted
- If this loan is NOT a Fannie Mae file and will NOT be sold to Fannie Mae:

- You may status the file according to Credit Union guidelines
- You will want to make sure to archive the file once all items have been extracted
 - **Once archived and deleted, the file cannot be restored**

What documents do I need to send to NMS after the loan has closed?

- Items needed by post-Closing once the file has closed:
 - Digital copy of recorded mortgage (uploaded to the VLF)
 - Digital copy of recorded assignment of mortgage (uploaded to the VLF)
 - Final title policy

Once archived, how long will my items remain available for access?

- Your VLF file is available for access until month 12 from VLF creation date.
- The physical loan will remain on Mortgage Cadence for 2 years once the VLF has been deleted.
- Below is a schedule you can anticipate for billing depending on when the file has been statused to archive:

VLF Created	13th month on system	Date Archived	1st month on invoice	How many months billed
2017 January	2018 January	2018 April	2018 February	4-possibly 5
2017 February	2018 February	2018 February	2018 March	1-possibly 2
2018 January	2019 January	2018 November	Will not be on invoice	0
2018 February	2019 February	2018 July	Will not be on invoice	0

Additional Post-Closing Items to Remember:

- If Post-Closing has contacted your credit union regarding missing items, please notify us at postclosing@gonms.org once the missing items have been uploaded to the VLF. We will then extract the file to long term storage and archive for deletion.
- Mortgage Cadence begins their VLF billing cycle on the 13th month since VLF creation.
- Once a VLF is deleted, if any new item is uploaded, **there is a \$24 charge** for creating a new folder.
- You may store paper files in lieu of a digital copy but the file will still need to be archived for deletion.
- FNMA Funded files should ONLY be archived by NMS.
- Credit Unions are responsible for extracting and archiving ALL files that are not sold to Fannie Mae.
- Please make sure you are uploading the correct items to the correct VLF and that there are no errors on these items.
- Reports are created for every credit union listing all files with a VLF. The report lists files by date of VLF creation. These reports are available through Ad Hoc reports in Mortgage Cadence.
- Files missing items will not be extracted and archived until missing items have been uploaded and NMS has extracted the full file to long term storage.
- Fees to leave VLF files on the system is 54 cents per file, per month for the first 500 pages.
- NMS will send a report to Mortgage Cadence at the end of every month. All archived files that have reached month 12 on the system will be deleted.

Fannie Mae Requirements for Borrower Initiated Removal of PMI:

Written, signed request from the borrower stating the reason they feel the PMI can be removed:

- The loan has been paid down to 80% or less LTV (based on the original value)
- There have been improvements done to the home that have increased the value
- Market Values in their area have increased significantly

Borrower must have an acceptable payment history:

- Most recent payment is paid
- No payments 30 or more days past due in the last 12 months
- No payments 60 or more days past due in the last 24 months

A new appraisal is required (at the borrower's expense):

- Must be ordered by NMS and be in NMS's name
- Borrower must pay for the appraisal prior to NMS ordering
- If the original appraisal is not expired it can be used

Note: An appraisal used for a second lien mortgage cannot be used for PMI removal requests unless approved by Fannie Mae or your credit union.

LTV Requirement by Scenario:

Removal based on Original Value:

- No Seasoning required
- Borrower must pay down to 80% LTV
- New appraisal must be the same or more than the original appraisal

Removal based on Current Value with less than 2 years (24 payments) seasoning:

- Must be based on home improvements only
- New appraisal must support 80% LTV

Removal based on Current Value with 2 – 5 years seasoning:

- Can be based on home improvements and/or market value
- New appraisal must support 75% LTV – current value
- New appraisal must support 80% LTV – current value with substantial home improvements

Removal based on Current Value with more than 5 years seasoning:

- Can be based on home improvements and/or market value
- New appraisal must support 80% LTV

If you have questions regarding this process, please email Nicole Jaynes at: njaynes@gonms.org

1. Processing Payoffs and Payment Reminders

- **For CU*Answers FANNIE MAE payoffs** – Please contact servicing@gonms.org to prepare the payoff.
- **For FICS FANNIE MAE payoffs** that are received at your credit union – Please place the funds into your payment G/L Account and email: servicing@gonms.org with the payoff details. Someone in the Servicing Department will apply the payoff in FICS.
- **Payments in CU*Answers for delinquent loans (more than 30 days past due)** – These must be posted manually and please email the NMS Servicing Department at: servicing@gonms.org and they will figure the interest amount for you to apply.
 - Place a “3” freeze on mortgages that are more than one month behind
 - Put this comment on mortgages that are more than one month behind “Please email servicing@gonms.org for a payment breakdown if mortgage is delinquent”
 - Please remind your staff to see if mortgage is more than one month behind prior to applying mortgage payments in the system and to check for comments
- **FICS Payments for loans that are delinquent 1 or more months cannot be processed on Mortgage Teller**, please email: servicing@gonms.org and put payment in GL.

2. Payment Recast Modifications (principal reduction mods):

- The fee for NMS to process is \$150.
- The Modification only lowers the payment amount and doesn’t change the interest rate or term of the Mortgage.
- NMS will complete the Modification Form and email it to the credit union for the member(s) to sign.

3. A few CU*Answers Reminders:

- Please notify the NMS Servicing Department before transferring a Fannie Mae mortgage to a different account number.
 - The only reasons allowed for a Fannie Mae account transfer are:
 - Death
 - Fraud
 - Please ask members which account they would like their mortgage to be set up under if they have more than account with your credit union
- Please don’t re-use suffix numbers within the same year.

4. Escrow Analysis

- NMS processes escrow analysis for Fannie Mae Mortgages and Portfolio Mortgages (that we service):
 - CUA Portfolio escrow analysis: Payments change in April
 - CUA Fannie Mae escrow analysis: Payments change in May
 - FICS (all loan types) escrow analysis: Payments change in June
- Please remind staff to look at mortgage payment in system before making the payment to make sure the payment received is the correct amount. During the payment change months, we are seeing a lot of wrong payments being made due to the payment changes.

Assuming a FNMA Mortgage

What is an Assumable Mortgage? An assumable mortgage allows another party to take over the remaining payments on a mortgage loan, while keeping the existing loan rate, repayment period, principal balance and other terms intact. The rights and obligations of the original loan are essentially ported from one borrower to another without a new mortgage being created. The buyer agrees to make all subsequent loan payments going forward, as if they took out the original loan.

Not all loans are assumable, however, and the **lender must approve the assumption in most cases**. Similar to a standard purchase mortgage, whether the assumption is approved will depend on the ability to qualify for the loan and the ability to repay debts. There are generally two types of mortgage loan assumptions: Formal assumption and Simple assumption – today we are going to discuss FNMA Formal assumptions.

In order to qualify for a FNMA assumption, **there must be a verifiable hardship**. FNMA does not advise us as to what is a hardship and what is not. This is up to the Lender to determine if the mortgagors are facing a hardship – divorce for example is a hardship as well as a death is a hardship or losing a job, etc. If you find yourself talking to a member who is or has faced these situations, taking advantage of an assumable mortgage is a great option that makes financial sense.

To start, Initially, there is a formal assumption request form that must be completed prior to forwarding to NMS for review. There is also a \$500.00 non-refundable fee that must also be paid at the time of the request. This fee pays NMS to underwrite the formal assumption and find the requestor credit worthy and able to repay the debt.

Once the requestor is found eligible to assume the debt, the file then gets forwarded to a FNMA approved attorney to complete the remainder assumption process. The attorney and the requestor for the assumption will work hand in hand to complete the remainder steps involved (approving title, verifying the legality of the documents, preparing the Assumption of Mortgage documents and providing the Release of Liability). The charges by the attorney will be separate and paid by the member.

Once the assumption has been completed, the document will be recorded and NMS will either complete the maintenance on the servicing system or will provide the Credit Union with instructions on how to update their system with the new borrower information. We will notify FNMA of the changes and close out the assumption file.

Some information to ponder, **Rural Development** will not release their borrowers from the liability of the Note, therefore, we do not perform assumptions on RD loans.

Portfolio Held mortgages can be assumed at the discretion of the Credit Union.

All assumption requests will be completed under FNMA guidelines.

Please contact our NMS Loss Mitigation Department if you have any questions or would like more information in regards to this subject – 989-497-1651 opt. 8 / LOSSMIT@GONMS.ORG

LOSS MITIGATION CONTACTS

Diane Hubbard, Loss Mitigation Supervisor	989-497-1651 ext. 712
Linda McNeill, Loss Mitigation Specialist	989-497-1651 ext. 642
Jamie Specht, Loss Mitigation Specialist	989-497-1651 ext. 626

Compliance and Audits - Topics of Interest and Tips

USA Patriot Act Disclosure:

As of June 23, 2023, the USA Patriot Act Disclosure form is now in the Initial Disclosures Package. With this change, the lender is required to complete two forms (rows) of unexpired identification from each individual, applying for the loan. For this process:

- One row in the “Primary Forms of Identification-must display Borrower’s name” must be completed.
- For the second form of ID – Any additional row in the “Primary Forms of Identification-must display Borrower’s name” or in the “Secondary Forms of Identification-must display Borrower’s name” must be completed.
- The lender must also complete and sign the bottom portion of this form.
- The form must be uploaded in the loan’s VLF as soon as the lender has personally viewed and recorded two forms of identification and completed the bottom of the form.

Tips to Avoid Tolerance Violations and Paying Tolerance Cures:

- Credit Unions should check your fee templates to make sure that you have all of the fees with satisfactory amounts associated with your different loan types, so the appropriate fees appear on the original Loan Estimate. Please contact systemadmin@gonms.org for any needed updates.
- When the CU becomes aware of a situation that is determined to be a valid Changed Circumstance, the CU must deliver or place in the mail a revised Loan Estimate or a “CD Only” to re-set fees within 3 business days of receiving the information.
- Service Provider List: The list must identify at least one available provider for the required services for which the borrower can shop for as disclosed in section “C. Services You Can Shop For” on the Loan Estimate. The provider must be in business at the time the Loan Estimate is provided and the provider must be able to provide the services in the geographic area where the consumer or the property is located.

Title Fees:

- If the Title Services are provided by the Title Company **on** the Service Provider List, the Title Fees will be grouped with the Recording Fees (and other possible fees listed in Sec C on the Loan Estimate that were provided by a Provider on the SPL), and together they would fall into the category of “Charges Can Increase Up To 10% at Settlement” on the Changed Circumstance screen.
- If the Title Services are provided by the Title Company **not** on the Service Provider List, the Title Fees would fall into the category of “Charges Can Change at Settlement” on the Changed Circumstance screen. This means that any increases of the “Title Fees” from the amounts that were disclosed on the Loan Estimate to the amounts on the Final CD will be in the unlimited tolerance category.
- If a CU is an Affiliate to the Title Company that is **on** the Service Provider List, and that Title Company provides the Title Services, the Title Fees will need to go in the “Charges Cannot Increase at Settlement” on the Changed Circumstance screen. Each Title Fee is individually subject to a Zero Percent tolerance increase.

Redisclose on a “CD Only” when you have changes prior to the closing:

Only THREE changes require a new 3 business day review waiting period:

1. The APR increases by more than $\frac{1}{8}$ of a percent for fixed-rate loans or $\frac{1}{4}$ of a percent for adjustable loans.
2. A prepayment penalty is added.
3. The basic loan product changes, such as a switch from a fixed rate to an adjustable interest rate or to a loan with interest-only payments.

In the User Conference booklet, please reference the section called “Change in Circumstance – A Complete Step-by-Step Guide” that covers:

- TILA-RESPA Changed Circumstance Matrix (most common valid Changed in Circumstance reasons.
- Applying a Change in Circumstance to a Loan Estimate.
- Applying a Change in Circumstance to a Closing Disclosure.

USA PATRIOT Act Disclosure Borrower Identification

To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies every customer.

What this means for you: When you apply for a loan, we will ask for your name, address, date of birth, and other information that will allow us to identify you. We may also ask to see your driver's license or other identifying documents.

Please provide the following information. We require two forms of identification from each individual to comply with 31 U.S.C.A. § 5318(h) and 31 C.F.R. § 1020.220(a)(5).

Loan Number: **7376**

Date of Birth: **01/02/2004**

Borrower: **Alice Firstimer**
 Borrower's Address: **4265 E Wilder Rd, Bay City, MI 48706**

IMPORTANT- Information listed below must be exactly as indicated on the document.

Primary Forms of Identification-must display Borrower's name

Document	Country/State	ID Number	Issuance Date	Expiration Date
<input type="checkbox"/> State Issued Driver License				
<input type="checkbox"/> State Issued ID Card				
<input type="checkbox"/> Military ID Card				
<input type="checkbox"/> Passport				
<input type="checkbox"/> US Alien Registration Card				
<input type="checkbox"/> Canadian Driver License				

Secondary Forms of Identification-must display Borrower's name

Document	Name of Issuer on Form	ID Number	Issuance Date	Expiration Date
<input type="checkbox"/> Social Security Card				
<input type="checkbox"/> Government Issued Visa				
<input type="checkbox"/> Birth Certificate				
<input type="checkbox"/> Non-US/Canadian Driver License				
<input type="checkbox"/> Most Recent Signed Tax Returns				
<input type="checkbox"/> Property Tax Bill				
<input type="checkbox"/> Voter Registration Card				
<input type="checkbox"/> Organizational Membership Card				
<input type="checkbox"/> Bank/Investment/Loan Statements				
<input type="checkbox"/> Paycheck stub with name				
<input type="checkbox"/> Most Recent W-2				
<input type="checkbox"/> Home/car/renter insurance papers				
<input type="checkbox"/> Recent utility bill				
<input type="checkbox"/> Other:				

Comments:

I certify that I have personally viewed, and accurately recorded, the information from the documents identified above and have reasonably confirmed the identity of the listed Borrower.

 Certifier's Signature Date

 Certifier's Printed Name and Title



* 7 3 7 6 *



* M C P A T R I N F O *



Changed Circumstance

[Closing Cost Details](#) | [Lender Credits](#) | [Closing Disclosure - Edit](#)

[Print](#) | [Back](#) | [Save](#)

Apply changes to: Loan Estimate

	Disclosed	Current
APR	7.475%	7.475%
Product Name	10 Year Fixed Conventional FNMA	10 Year Fixed Conventional FNMA
Prepayment Penalty	No	No

[Help](#) | **Add Description for multiple Changed Circumstances** ⓘ

[Select All/Clear All](#)

Interest Rate			
	Disclosed Interest Rate	Current Interest Rate	Changed Circumstance? ⓘ
<input type="checkbox"/>	7.125%	7.125%	<input type="text"/> Add Description

Charges Cannot Increase at Settlement								
	Description	Disclosed Amount	Current Amount	Tolerance Amount	Variance	Tolerance Cure	Principal Reduction Tolerance Cure	Changed Circumstance? ⓘ
<input type="checkbox"/>	Discount Points	\$600.00	\$600.00	\$600.00	\$0.00	<input type="text"/>	<input type="text"/>	<input type="text"/> Add Description
<input type="checkbox"/>	Appraisal Fee	\$500.00	\$500.00	\$500.00	\$0.00	<input type="text"/>	<input type="text"/>	<input type="text"/> Add Description
<input type="checkbox"/>	Credit Report Fee	\$18.08	\$18.08	\$18.08	\$0.00	<input type="text"/>	<input type="text"/>	<input type="text"/> Add Description
<input type="checkbox"/>	Tax Service Fee	\$140.00	\$140.00	\$140.00	\$0.00	<input type="text"/>	<input type="text"/>	<input type="text"/> Add Description
<input type="checkbox"/>	Flood Certification Fee	\$20.00	\$20.00	\$20.00	\$0.00	<input type="text"/>	<input type="text"/>	<input type="text"/> Add Description
<input type="checkbox"/>	Verification of Employment	\$70.00	\$70.00	\$70.00	\$0.00	<input type="text"/>	<input type="text"/>	<input type="text"/> Add Description
<input type="checkbox"/>	Underwriting Fee - NMS	\$300.00	\$300.00	\$300.00	\$0.00	<input type="text"/>	<input type="text"/>	<input type="text"/> Add Description
<input type="checkbox"/>	Closing/Doc Prep Fee - NMS	\$125.00	\$125.00	\$125.00	\$0.00	<input type="text"/>	<input type="text"/>	<input type="text"/> Add Description
<input type="checkbox"/>	Processing Fee - NMS	\$275.00	\$275.00	\$275.00	\$0.00	<input type="text"/>	<input type="text"/>	<input type="text"/> Add Description
<input type="checkbox"/>	City/County Tax Stamps	\$1,726.00	\$1,726.00	\$1,726.00	\$0.00	<input type="text"/>	<input type="text"/>	<input type="text"/> Add Description
<input type="checkbox"/>	Administrative Fee	\$500.00	\$500.00	\$500.00	\$0.00	<input type="text"/>	<input type="text"/>	<input type="text"/> Add Description

Tolerance Threshold Calculations

1 Establish Tolerance

Tolerance Amount	\$1,141.35
plus 10% Tolerance Variance Allow	\$114.14
equals Tolerance Threshold	\$1,255.49

2 Determine if there is a Violation

Current Fee Total	\$1,141.35
minus Tolerance Threshold	\$1,255.49
equals Violation	\$0.00

3 Can Tolerance Be Reset For CC Type of >10%

Compare Adjusted Current Total to	\$1,141.35
Tolerance Threshold	\$1,255.49
Is Adjusted > Tolerance Threshold	No

4 Cure Information

Violation	\$0.00
minus Cure Amount	\$0.00
equals Amount Remaining to Cure	\$0.00

Charges Can Increase Up To 10% at Settlement

	CC Type	Description	Disclosed Amount	Current Amount	Tolerance Amount	Variance	Tolerance Cure	Principal Reduction Tolerance Cure	Changed Circumstance? ⓘ
<input type="checkbox"/>		Title - Closing Fee	\$400.00	\$400.00	\$400.00	\$0.00			<input type="text" value="Add Description"/>
<input type="checkbox"/>		Title - Lenders Coverage	\$586.35	\$586.35	\$586.35	\$0.00			<input type="text" value="Add Description"/>
<input type="checkbox"/>		Recording Fee	\$90.00	\$90.00	\$90.00	\$0.00			<input type="text" value="Add Description"/>
<input type="checkbox"/>		Additional Recording Fees	\$35.00	\$35.00	\$35.00	\$0.00			<input type="text" value="Add Description"/>
<input type="checkbox"/>		Recording Assignment	\$30.00	\$30.00	\$30.00	\$0.00			<input type="text" value="Add Description"/>

Charges Can Change at Settlement

Description	Disclosed Amount	Current Amount	Variance
Interim Interest	\$190.02	\$190.02	\$0.00
Hazard Insurance (1st Year)	\$1,200.00	\$1,200.00	\$0.00
Hazard Insurance Premium (Monthly)	\$200.00	\$200.00	\$0.00
County/Winter Property Taxes	\$468.00	\$468.00	\$0.00
Title - Owners Title Insurance (optional)	\$1,084.25	\$1,084.25	\$0.00

[Closing Cost Details](#) [Lender Credits](#) [Closing Disclosure - Edit](#)

Change in Circumstance - A Complete Step-by-Step Guide

- **When are revisions permitted to a revised Loan Estimate or a Closing Disclosure?**
- **How does the CU do the Change in Circumstance steps to a Loan Estimate or the Closing Disclosure to remove the red warning message at the top and other items in red on the Changed Circumstance screen?**

First Determination: The CU must **determine** if there is a **valid Change in Circumstance reason** for the change(s) and for adding a new fee or increasing a fee that was already disclosed to the borrower. Please refer below to the TILA-RESPA Changed Circumstance Matrix for the most common Change in Circumstance reasons.

TILA-RESPA Changed Circumstance Matrix												
APPLICABLE TO ALL LOAN APPLICATIONS TAKEN ON OR AFTER OCTOBER 3, 2015												
An "X" in the column indicates that the information may be changed due to the outlined changed circumstance. The facts and circumstances surrounding the request will determine the validity of the change of circumstance request.												
The information contained herein does not constitute legal advice. We encourage you to consult with your legal counsel for further information on these and all regulatory compliance matters.												
LE / CD Field or Section	Loan Information	Loan Terms	Projected Payments	Origination Charges ¹	Services You Cannot / Did not Shop For	Services You Can / Did Shop For	Recording Fees	Transfer Taxes	Prepays	Initial Escrow Payment at Closing	Other	Lender Credits
Acts of war, disaster or other emergencies			X		X	X			X	X	X	
Rate Lock / Lock Extension / Interest Rate	X	X	X	X								X
Applicants Added or Removed	X				X	X	X	X				
Loan amount changes		X	X	X ²	X	X		X	X	X		X
Sale Price / Estimated Prop Value changes	X							X	X	X	X	
Loan Term / Purpose / Product / Type changes	X	X	X	X	X	X	X		X			X
Underwriting conditions require additional services					X	X			X			
Property type change				X	X	X	X	X	X	X	X	X
Occupancy change	X	X	X	X	X		X	X	X	X		X
Borrower requested MI program change		X	X	X	X				X	X		X
Borrower requested change to escrow account selection			X	X						X		X
Unique property characteristic not known by mortgage consultant and/or not disclosed by the applicant at time of application that impacts the cost of the appraisal					X							

1. LLPA will only impact origination charges if discount is increased due to pricing change.
 2. Only if it is listed as a percentage of the loan amount.

IV. Policies and Procedures 1 of 1

Second Determination: The CU must **determine** if they are **within 3 business days of receiving** the information that a Change in Circumstance has occurred.

- If the CU answered "No" to either one of these determinations, the CU should put the "Variance" amount that they under-estimated/under-disclosed on the line for that specific fee in "Tolerance Cure" field; click on Save. No further action is needed.

Charges Cannot Increase at Settlement								
	Description	Disclosed Amount	Current Amount	Tolerance Amount	Variance	Tolerance Cure	Principal Reduction Tolerance Cure	Changed Circumstance? ⓘ
<input type="checkbox"/>	Lender Credit	\$250.00	\$250.00	\$250.00	\$0.00			<input type="text"/> Add Description History
<input type="checkbox"/>	Appraisal Fee	\$450.00	\$0.00	\$450.00	-\$450.00			<input type="text"/> Add Description History
<input type="checkbox"/>	Credit Report Fee	\$20.55	\$21.60	\$20.55	\$1.05			<input type="text"/> Add Description History
<input type="checkbox"/>	Tax Service Fee	\$70.00	\$70.00	\$70.00	\$0.00			<input type="text"/> Add Description History
<input type="checkbox"/>	Flood Certification Fee	\$14.00	\$14.00	\$14.00	\$0.00			<input type="text"/> Add Description History

- If the CU has answered “Yes” to both determinations, then the CU can proceed with doing the Change in Circumstance steps to the Loan Estimate or the Closing Disclosure.

Applying a Change in Circumstance to a Loan Estimate

Scenario: The borrower has told the CU that they want to lock in their Interest Rate and pay 1% in Discount Points, so the CU has made those changes to the loan and this is what the Changed Circumstance screen now looks like.

Changed Circumstance

- Please enter a changed circumstance for the Interest Rate.
- This loan has a tolerance violation in the Charges Cannot Increase at Settlement section!

[Closing Cost Details](#) [Lender Credits](#) [Print](#) [Back](#) [Save](#)

Apply changes to:

Help	Add Description for multiple Changed Circumstances ⓘ		
Select All/Clear All	<input type="text"/>		
<input type="checkbox"/>	<input type="text"/>		

Interest Rate

	Disclosed Interest Rate	Current Interest Rate	Changed Circumstance? ⓘ
<input type="checkbox"/>	4.000%	3.750%	<input type="text"/> Add Description

Charges Cannot Increase at Settlement

	Description	Disclosed Amount	Current Amount	Tolerance Amount	Variance	Tolerance Cure	Principal Reduction Tolerance Cure	Changed Circumstance? ⓘ
<input type="checkbox"/>	Discount Points	\$0.00	\$2,200.00	\$0.00	\$2,200.00			<input type="text"/> Add Description
<input type="checkbox"/>	Appraisal Fee	\$500.00	\$500.00	\$500.00	\$0.00			<input type="text"/> Add Description
<input type="checkbox"/>	Credit Report Fee	\$32.72	\$32.72	\$32.72	\$0.00			<input type="text"/> Add Description

On the Changed Circumstance screen, complete the following sections near the top of the screen that are listed here and also shown below:

- Apply changes to: Select Loan Estimate
- Select All/Clear All: Click on the box. This will cover multiple issues OR you can select the boxes individually.
- Select the dropdown Event that applies from one of the 8 choices below: We selected “Borrower Requested”.
 - Extraordinary Event
 - Inaccurate/Changed Info
 - New Information Specific to Transaction
 - Info affecting Eligibility
 - Borrower Requested
 - Changes because Rate Not Locked
 - Intent to Proceed Exp
 - Delayed Settlement Construction
- Directly in the box below the Event line, **“specifically describe” all** of the Changed Circumstances – which should be everything in red: We typed in “Locked rate, borrower paying 1% Discount Points.”

Changed Circumstance

- Please enter a changed circumstance for the Interest Rate.
- This loan has a tolerance violation in the Charges Cannot Increase at Settlement section!

[Closing Cost Details](#) [Lender Credits](#) Print Back Save

Apply changes to: Loan Estimate

	Add Description for multiple Changed Circumstances ?
Help Select All/Clear All <input checked="" type="checkbox"/>	<div style="border: 1px solid #ccc; margin-bottom: 5px;"> Borrower Requested </div> <div style="border: 1px solid #ccc; padding: 2px;"> Locked rate, borrower paying 1% Discount Points </div>

Interest Rate			
	Disclosed Interest Rate	Current Interest Rate	Changed Circumstance? ?
<input checked="" type="checkbox"/>	4.000%	3.750%	<div style="border: 1px solid #ccc; margin-bottom: 5px;"> Borrower Requested </div> <div style="border: 1px solid #ccc; padding: 2px;"> Hide Description Locked rate, borrower paying 1% Discount Points. </div>

Charges Cannot Increase at Settlement								
	Description	Disclosed Amount	Current Amount	Tolerance Amount	Variance	Tolerance Cure	Principal Reduction Tolerance Cure	Changed Circumstance? ?
<input checked="" type="checkbox"/>	Discount Points	\$0.00	\$2,200.00	\$0.00	\$2,200.00			<div style="border: 1px solid #ccc; margin-bottom: 5px;"> Borrower Requested </div> <div style="border: 1px solid #ccc; padding: 2px;"> Hide Description Locked rate, borrower paying 1% Discount Points. </div>

- Then click on Save in the top right corner. The screen will then say “Save Successful!” (see below). Please notice that the red warning messages at the top and the other red items are still on this screen.

Changed Circumstance

This loan has a tolerance violation in the Charges Cannot Increase at Settlement section!

Save Successful

[Closing Cost Details](#) [Lender Credits](#)

[Print](#) [Back](#) [Save](#)

Apply changes to: Loan Estimate

Help	Add Description for multiple Changed Circumstances
Select All/Clear All <input type="checkbox"/>	<input type="text"/>

Interest Rate			
	Disclosed Interest Rate	Current Interest Rate	Changed Circumstance?
<input type="checkbox"/>	4.000%	3.750%	Borrower Requested Edit Description

Charges Cannot Increase at Settlement								
	Description	Disclosed Amount	Current Amount	Tolerance Amount	Variance	Tolerance Cure	Principal Reduction Tolerance Cure	Changed Circumstance?
<input type="checkbox"/>	Discount Points	\$0.00	\$2,200.00	\$0.00	\$2,200.00			Borrower Requested

Now go to the Order Services tab. In the Select Service box, click on the drop-down arrow and select the “Initial Disclosure – Doc Center” line. Then click on Go!

od
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Pipeline
Loan Summary
URLA
Order Services
Loan Notes
Path

Order Services

Property Details

Loan Number: 5574 Loan Id: 5574
Address: 9090 Second Street
Lapeer, MI 48446

Borrowers

Alice Firstimer 77 Main Lapeer, MI 48446

Initial Disclosures - Doc Center Go!

Prior Orders
eSign Orders
Auto-Refresh: Enabled ↻

Prior Orders

Vendor	ID	Submitted	Received	Status	VLF Upload
<input type="checkbox"/> Initial Disclosures - Doc Center	22332	9/17/2021 12:35:29 PM	9/17/2021 12:36:38 PM	Success	
<input type="checkbox"/> Counseling Agencies - HUD	22331	9/17/2021 12:35:27 PM	9/17/2021 12:35:27 PM	Success	

The Mortgage Cadence system will take you back to the Changed Circumstance screen. Just glance at all the items still in red to make sure you “specifically described” each/all. If so, click on the “Continue” button on the top right of the screen.

Changed Circumstance

• This loan has a tolerance violation in the Charges Cannot Increase at Settlement section!

[Closing Cost Details](#) [Lender Credits](#)

[Print](#) [Back](#) [Continue](#) [Save](#)

Apply changes to: Loan Estimate

Help	Add Description for multiple Changed Circumstances ?
Select All/Clear All <input type="checkbox"/>	<input type="text"/>

Interest Rate			
	Disclosed Interest Rate	Current Interest Rate	Changed Circumstance? ?
<input type="checkbox"/>	4.000%	3.750%	<input type="text" value="Borrower Requested"/> Edit Description

Charges Cannot Increase at Settlement								
	Description	Disclosed Amount	Current Amount	Tolerance Amount	Variance	Tolerance Cure	Principal Reduction Tolerance Cure	Changed Circumstance? ?
<input type="checkbox"/>	Discount Points	\$0.00	\$2,200.00	\$0.00	\$2,200.00	<input type="text"/>	<input type="text"/>	<input type="text" value="Borrower Requested"/> Edit Description
<input type="checkbox"/>	Annual Fee	\$500.00	\$500.00	\$500.00	\$0.00	<input type="text"/>	<input type="text"/>	<input type="text" value="Borrower Requested"/> Edit Description

On this “Doc Center Initial Disclosures Order Screen”, the only field you need to consider changing is the “GFE/LE Only” dropdown box from “No” to “Yes”, if you don’t want the entire Initial Disclosures Package documents again. Then click on the “Submit” button.

Doc Center Initial Disclosures Order Screen

Order Initial Disclosures for Loan ID 5574?

Borrower Current Consent/Decline N/A
Date Issued (The date the Loan Estimate is provided to the borrower.) 9/17/2021
GFE/LE Only Yes
Include Demographic Information Addendum No

Values entered in the Overridden PAR/Undiscounted Rate and/or Overridden Bona Fide Discount Points fields will be sent to Document Center for the Interest Reduction Fee Disclosure. If the override fields are blank, the system calculated values will be sent to Document Center.

PAR/Undiscounted Rate – System Calculated 0.000%
Overridden PAR/Undiscounted Rate %
Bona Fide Discount Points
Overridden Bona Fide Discount Points

Cancel Submit

The Mortgage Cadence system will bring you back to Order Services tab. Wait until the Status says “Success” on the Initial Disclosures – Doc Center line you just ordered. Then click on the word “Success”. Click on the “Initial Disclosure Package – GFE/LE Only” line.

Pipeline Loan Summary URLA Order Services Loan Notes Path

Document Center Docs

Date Disclosures Were Printed: Not Yet Printed
Borrower Consent/Decline At Time Of Order: N/A

Disclosures

TITLE

 Initial Disclosure Package - GFE/LE Only



Back Update Printed Date

You should see the Change in Circumstance form (shown below) and the revised Loan Estimate. Please review the documents to ensure your changes are correct. Then the CU must deliver or place in the mail the Change in Circumstance form and the revised Loan Estimate to the consumer no later than 3 business days after receiving the valid Changed Circumstance information.

CHANGE IN CIRCUMSTANCE

Originator: **Loan Officer**
 Applicant(s): **Alice Firstimer**
 Property Address: **9090 Second Street, Lapeer, MI 48446**
 Re-disclosed Date: **9/17/2021**

DISCLOSURE SECTION & FEE NAME	CHANGE DATE	PREVIOUS DISCLOSED AMOUNT	NEW FEE AMOUNT	REASON
A - Discount Points	09/17/2021	\$0.00	\$2,200.00	Locked Rate, borrower paying 1% Discount Point.
A - Processing Fee	09/17/2021	\$250.00	\$250.00	Locked Rate, borrower paying 1% Discount Point.

Furthermore, click on the Loan Summary tab, then click on “Timing & Delivery” in the left column to complete all information related to pulling the revised Loan Estimate.

Loan Estimate

Initial Delivery Deadline	9/20/2021		
Integrated Disclosure Type	Alternate	Intent to Proceed Expiration	9/29/2021
Initial Issue Date	9/17/2021	Intent to Proceed Date	
Initial Order Date	9/17/2021 12:15 PM	Intent to Proceed Indicator	
Initial Delivery Method	Mail ▼	Intent to Proceed Method	
Revised Issued Date	9/17/2021		
Revised Delivery Method	Mail ▼		
Early Receipt Confirmation Date	<input type="text"/>		
Early Receipt Notes			

Finally, as a best practice recommendation:

- Go back to the Loan Summary tab,
- Click on Changed Circumstance on the left
- Confirm the red tolerance violation message at the top of the Changed Circumstance screen and the other items that were in red are gone.

Applying a Change in Circumstance to a Closing Disclosure

Scenario: The borrower has told the CU that they want to lock in their Interest Rate and pay 1% in Discount Points, so the CU has made those changes to the loan and this is what the Changed Circumstance screen now looks like.

Changed Circumstance

- This loan has a tolerance violation in the Charges Cannot Increase at Settlement section!

[Closing Cost Details](#) [Lender Credits](#)

Apply changes to : Closing Disclosure ▼

Help	Add Description for multiple Changed Circumstances ⓘ	
Select All/Clear All <input type="checkbox"/>	<div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;"> <input style="width: 100%;" type="text"/> </div> <div style="border: 1px solid black; height: 30px;"></div>	

Interest Rate			
	Disclosed Interest Rate	Current Interest Rate	Changed Circumstance? ⓘ
<input type="checkbox"/>	3.375%	3.250%	<div style="border: 1px solid black; padding: 2px; display: inline-block;">Borrower Requested ▼</div> Edit Description

Charges Cannot Increase at Settlement								
	Description	Disclosed Amount	Current Amount	Tolerance Amount	Variance	Tolerance Cure	Principal Reduction Tolerance Cure	Changed Circumstance? ⓘ
<input type="checkbox"/>	Discount Points	\$0.00	\$2,589.90	\$0.00	\$2,589.90			<div style="border: 1px solid black; padding: 2px; display: inline-block;">Borrower Requested ▼</div> Edit Description
<input type="checkbox"/>	Appraisal Fee	\$520.00	\$520.00	\$520.00	\$0.00			<div style="border: 1px solid black; padding: 2px; display: inline-block;">Borrower Requested ▼</div> Edit Description
<input type="checkbox"/>	Credit Report Fee	\$25.65	\$25.65	\$25.65	\$0.00			<div style="border: 1px solid black; padding: 2px; display: inline-block;">Borrower Requested ▼</div> Edit Description

On the Changed Circumstance screen, complete the following sections near the top of the screen that are listed here and also shown below:

- Apply changes to: Select Closing Disclosure
- Select All/Clear All: Click on the box. This will cover multiple issues OR you can select the boxes individually.
- Select the Event that applies from one of the 8 choices below: We selected "Borrower Requested".
 - Extraordinary Event
 - Inaccurate/Changed Info
 - New Information Specific to Transaction
 - Info affecting Eligibility
 - Borrower Requested
 - Changes because Rate Not Locked
 - Intent to Proceed Exp
 - Delayed Settlement Construction

- Directly in the box below the Event line, “**specifically describe**” all of the Changed Circumstances – which should be everything in red: We typed in “Locked rate, borrower paying 1% Discount Points.

Changed Circumstance

• This loan has a tolerance violation in the Charges Cannot Increase at Settlement section!

[Closing Cost Details](#) [Lender Credits](#) Print Back Save

Apply changes to : Closing Disclosure

[Help](#) Add Description for multiple Changed Circumstances ⓘ

Select All/Clear All Borrower Requested
 Locked rate, borrower paying 1% Discount Points

Interest Rate

	Disclosed Interest Rate	Current Interest Rate	Changed Circumstance? ⓘ
<input checked="" type="checkbox"/>	3.375%	3.250%	Borrower Requested Hide Description Locked rate, borrower paying 1% Discount Points

Charges Cannot Increase at Settlement

	Description	Disclosed Amount	Current Amount	Tolerance Amount	Variance	Tolerance Cure	Principal Reduction Tolerance Cure	Changed Circumstance? ⓘ
<input checked="" type="checkbox"/>	Discount Points	\$0.00	\$2,589.90	\$0.00	\$2,589.90			Borrower Requested Hide Description Locked rate, borrower paying 1% Discount Points

- Then click on Save in the top right corner. The screen will then say “Save Successful!” (see below). Please notice that the red warning messages at the top and the other red items are still on this screen.

Changed Circumstance

• This loan has a tolerance violation in the Charges Cannot Increase at Settlement section!

• Save Successful!

[Closing Cost Details](#) [Lender Credits](#) Print Back Save

Apply changes to : Closing Disclosure

[Help](#) Add Description for multiple Changed Circumstances ⓘ

Select All/Clear All

Interest Rate

	Disclosed Interest Rate	Current Interest Rate	Changed Circumstance? ⓘ
<input type="checkbox"/>	3.375%	3.250%	Borrower Requested Edit Description

Charges Cannot Increase at Settlement

	Description	Disclosed Amount	Current Amount	Tolerance Amount	Variance	Tolerance Cure	Principal Reduction Tolerance Cure	Changed Circumstance? ⓘ
<input type="checkbox"/>	Discount Points	\$0.00	\$2,589.90	\$0.00	\$2,589.90			Borrower Requested

Now go to the Order Services tab. In the Select Service box, click on the drop-down arrow and select the "Closing Docs – Doc Center" line. Then click on Go!

The screenshot shows the 'Order Services' page with the following sections:

- Property Details:** Loan Number: 5565, Loan Id: 5565, Address: 2820 Marietta Waterford, MI 48329
- Borrowers:** Alice Firstimer, 9991 Warford St, Dawson, IA 50066
- Service Selection:** A dropdown menu is set to 'Closing Docs - Doc Center' with a 'Go!' button next to it.
- Prior Orders:** A table with columns: Vendor, ID, Submitted, Received, Status, and VLF Upload.

Vendor	ID	Submitted	Received	Status	VLF Upload
Initial Disclosures - Doc Center	22264	9/14/2021 3:49:11 PM	9/14/2021 3:51:08 PM	Success	
Counseling Agencies - HUD	22263	9/14/2021 3:49:09 PM	9/14/2021 3:49:09 PM	Success	

The Mortgage Cadence system will take you back to the Changed Circumstance screen. Just glance at all the items still in red to make sure you "specifically described" each/all. If so, click on the "Continue" button on top right of screen.

The screenshot shows the 'Changed Circumstance' page with the following sections:

- Warning:** This loan has a tolerance violation in the Charges Cannot Increase at Settlement section!
- Buttons:** Print, Back, Continue, Save
- Apply changes to:** Closing Disclosure
- Add Description for multiple Changed Circumstances:** A text area for adding descriptions.
- Interest Rate Table:**

	Disclosed Interest Rate	Current Interest Rate	Changed Circumstance?
<input type="checkbox"/>	3.375%	3.250%	Borrower Requested
- Charges Cannot Increase at Settlement Table:**

	Description	Disclosed Amount	Current Amount	Tolerance Amount	Variance	Tolerance Cure	Principal Reduction Tolerance Cure	Changed Circumstance?
<input type="checkbox"/>	Discount Points	\$0.00	\$2,589.90	\$0.00	\$2,589.90			Borrower Requested

Click on the "Continue" button also on this "Uniform Closing Dataset – Closing Docs" screen.

Uniform Closing Dataset - Closing Docs

New fees have been added to the loan you will need to re-order PredProtect.

If you do not plan to sell this loan to a GSE select "No" below and continue.

UCD Required? Yes ▾

Print Back Continue Save

DU Casefile ID 2002173961 LPA Casefile ID UCD Casefile ID

Exclude DU Casefile ID in UCD Request Exclude LPA Casefile ID in UCD Request

AUS Select AUS Casefile ID

Name	State License Id	State License Issuing Authority Name	License Issuing Authority Website
Selling Agent Company Remax			
Selling Agent			

Regulation Z Data

Loan Fees - Included in Points and Fees

Doc Center Closing Docs Order Screen: On the top line that says "Document Package", click on the drop-down arrow and click on "Closing Disclosure Only". Then click on the "Submit" button.

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INS

Pipeline | Loan Summary | URLA | Order Services | Loan Notes | Path

Doc Center Closing Docs Order Screen

Order Information

Document Package **Closing Disclosure Only** ▼

Additional Documents Requested No Applicable Custom Docs

Order Type/Status Original

Date Issued: 9/20/2021
(The date the Closing Disclosure is provided to the borrower.)

Include Demographic Information Addendum: Yes ▼

Exclude Seller's Side of Summaries of Transaction

Borrower Information

Borrower	Signs	POA	Power Of Attorney
Alice Firstimer	All Documents ▼	<input type="checkbox"/>	<input type="text"/>

Non-Obligated Borrower(s)

[Show Non-Obligated Borrower\(s\)](#)

Mortgage Cadence system will bring you back to the Order Services tab. Wait until the Status says "Success" on the "Closing Disclosure Only – Doc Center" line you just ordered. Then click on the word "Success".

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Pipeline Loan Summary URLA Order Services Loan Notes Path

Order Services

Property Details	Borrowers
Loan Number: 5565 Loan Id: 5565 Address: 2820 Marietta Waterford, MI 48329	Alice Firstimer 9991 Warford St Dawson, IA 50066

Please visit Timing and Delivery page to complete all information after a successful response of pending order.

Select Service Go!

Prior Orders eSign Orders Auto-Refresh: Enabled ↻

Prior Orders

Vendor	ID	Submitted	Received	Status	VLF Upload
<input type="checkbox"/> Closing Disclosure Only - Doc Center	22348	9/20/2021 2:03:32 PM	9/20/2021 2:04:48 PM	Success	Send
<input type="checkbox"/> Initial Disclosures - Doc Center	22264	9/14/2021 3:49:11 PM	9/14/2021 3:51:08 PM	Success	
Counseling Agencies - HUD	22263	9/14/2021 3:49:09 PM	9/14/2021 3:49:09 PM	Success	

When the package opens, it will contain the Closing Disclosure and the Itemization of CD Fees. **You do not get a Change in Circumstance form.** Please review the documents to ensure your changes are correct. Then the CU must deliver or place these documents in the mail to the consumer no later than 3 business days after receiving the valid Changed Circumstance information.

Closing Disclosure

This form is a statement of final loan terms and closing costs. Compare this document with your Loan Estimate.

Closing Information	Transaction Information	Loan Information
Date Issued: 09/20/2021	Borrower: Alice Firstimer	Loan Term: 30 years
Closing Date: 10/14/2021	9991 Warford St	Purpose: Purchase
Disbursement Date: 10/14/2021	Dawson, IA 50066	Product: Fixed Rate
Settlement Agent: _____	Lender: Michigan Legacy Credit Union	Loan Type: <input checked="" type="checkbox"/> Conventional <input type="checkbox"/> FHA
File #: _____		<input type="checkbox"/> VA <input type="checkbox"/> _____
Property: 2820 Marietta		Loan ID #: 5565
Waterford, MI 48329		MIC #
Sale Price: \$178,000.00		

Loan Terms	Can this amount increase after closing?	
Loan Amount	\$172,660	NO
Interest Rate	3.25%	NO
Monthly Principal & Interest <i>See Projected Payments below for your Estimated Total Monthly Payment</i>	\$751.43	NO

Itemization of CD Fees

Loan Number: 5565

Date: September 20, 2021

Borrower(s): Alice Firstimer

Property Address: 2820 Marietta, Waterford, MI 48329

Originator: Michigan Legacy Credit Union

Disclosure of Costs Paid by Lender/Seller/Borrower/Other/POC/Cure

Section Type and Fee Name	Payee	Resp Party	Total Fee	Paid by Lender	Paid by Seller	Paid by Borrower	Paid by Other	POC Amount	POC Paid By	PFC	Cure Amount*
A Administrative Fee		Borrower	\$375.00	\$0.00	\$0.00	\$375.00	\$0.00	\$0.00	Borrower	Yes	\$0.00
A 1.5% of Loan Amount (Points)		Borrower	\$2,589.90	\$0.00	\$0.00	\$2,589.90	\$0.00	\$0.00	Borrower	Yes	\$0.00

Furthermore, click on the Loan Summary tab. Then click on "Timing & Delivery" in the left column to complete all information related to pulling the Closing Disclosure.

Closing Disclosure

Initial Issue Date: 9/20/2021

Revised Issue Date: _____

Revised Reason: _____

Revised Other Description: _____

Early Receipt Confirmation Date:

Early Receipt Notes:

Initial Delivery Method: Mail

Revised Delivery Method: _____

Finally, as a best practice recommendation:

- Go back to the Loan Summary tab,
- Click on Changed Circumstance in the left column
- Confirm the red tolerance violation message at the top of the Changed Circumstance screen and other items previously in red are gone (as shown below).

Changed Circumstance

[Closing Cost Details](#) [Lender Credits](#) Print Back Save

Apply changes to: Closing Disclosure

	Disclosed	Current
APR	4.034%	4.034%
Product Name	30 Year Fixed Conventional FNMA	30 Year Fixed Conventional FNMA
Prepayment Penalty	No	No

[Help](#) Add Description for multiple Changed Circumstances

Select All/Clear All

Interest Rate

	Disclosed Interest Rate	Current Interest Rate	Changed Circumstance?
<input type="checkbox"/>	3.250%	3.250%	<div style="border: 1px solid gray; height: 20px; width: 100%;"></div> Add Description History

Charges Cannot Increase at Settlement

	Description	Disclosed Amount	Current Amount	Tolerance Amount	Variance	Tolerance Cure	Principal Reduction Tolerance Cure	Changed Circumstance?
<input type="checkbox"/>	Discount Points	\$2,589.90	\$2,589.90	\$2,589.90	\$0.00	<div style="border: 1px solid gray; width: 50px; height: 20px;"></div>	<div style="border: 1px solid gray; width: 50px; height: 20px;"></div>	<div style="border: 1px solid gray; height: 20px; width: 100%;"></div> Add Description History

Sales Tips and Creating Efficiencies

What type of lender are you? Relationship vs. Transactional Selling

Building relationships – (Divorce Attorneys, Realtors, Rotary, HBAs, Homebuyer Seminars)

Attend Closings and Set Appointments vs. Walk-ins

Utilize Tellers and Member Service Representatives

Customized Business Cards with Items Needed from Borrower listed on the back

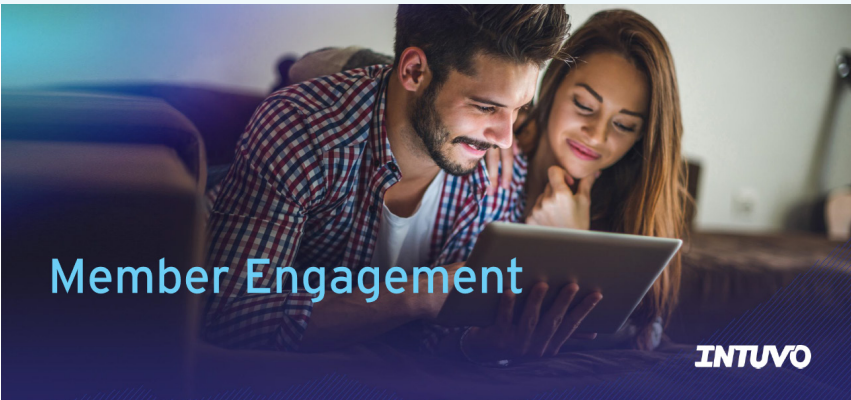
Intuvo – Creating efficiencies and closing more loans

NMS Retail Lending Division

Helpful information a MLO might need to know and keep track of throughout the process

Q&A: What mortgage trends are you seeing at your Credit Unions in this environment? Let's Discuss.

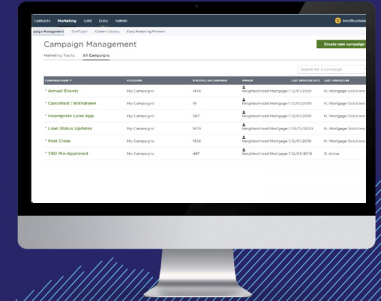
Q&A: What are the best practices at your CU? Where do you see success?



Member Engagement

Marketing Automation

CUSTOMER RELATIONSHIP MANAGEMENT



What can utilizing Intuvo through NMS do for your Credit Union?

Intuvo is a Customer Relationship Management (CRM) platform by CUDirect to decrease call volume and increase borrower engagement throughout their home buying journey.



Improve Loan Officer Productivity

- Syncs to Mortgage Cadence
- Decrease call volume
- Increase engagement



Engage your members throughout the process

- Emails on pre-set triggers
- Six pre-set campaigns
- Open rates in 50-70% range



Receive Reminders of Incomplete Apps

- Close more TBD loans
- We provide daily admin
- Group discount through NMS

A valuable investment in technology for your team and members.

Contact Brian for an overview of Intuvo and its benefits to your Credit Union's mortgage team.



Brian James

Sales & Member Dev. Officer
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 989.860.2372 (cell)

"Intuvo is really working for us; our unique open rate percentages are over 50% each week. We have noticed a real slowdown in calls and emails from borrowers once the file reaches the processing stage. We are also turning more of our TBDs to live deals."

Laurie Aultman, Vice President - Mortgage Lending
 San Antonio Citizens Federal Credit Union (Florida)

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CASINO ROYALE

2023 NMS USER CONFERENCE



neighborhood
MORTGAGE SOLUTIONS