



## MAIN CONFERENCE – THURSDAY – SEPTEMBER 26, 2024

<b>8 a.m.</b>	<b>BREAKFAST &amp; REGISTRATION</b>	
<b>9:15 a.m.</b>	<b>Opening Remarks</b>	Jamie York
<b>9:30 a.m.</b>	<b>System Admin</b>	Cathy Nihranz & Kayte Adado
<b>10:30 a.m.</b>	<b>Sponsor – MGIC</b>	Brian Karaszewski & Mark Rusher
<b>10:35 a.m.</b>	<b>Special Presentation – Success Signals for Communication</b>	Mark Rusher
<b>11:50 a.m.</b>	<b>LUNCH</b>	
<b>1 p.m.</b>	<b>Processing &amp; Closing</b>	Katelyn Collins & Team Members
<b>1:25 p.m.</b>	<b>Sponsor – Michigan Trusted Title Agency</b>	Rebecca Curtis
<b>1:30 p.m.</b>	<b>Underwriting Panel: Part 1 - Hot Topics</b>	Kristy Rahn & Underwriting Team
<b>2:45 p.m.</b>	<b>Sponsor – CU*Answers</b>	CU*Answers Representative
<b>2:50 p.m.</b>	<b>BREAK &amp; NETWORKING</b>	
<b>3 p.m.</b>	<b>Servicing &amp; Loss Mitigation</b>	Paula Skocelas, Diane Hubbard & Teams
<b>3:25 p.m.</b>	<b>QC &amp; Audit</b>	Jean Denton
<b>3:55 p.m.</b>	<b>Sponsor – Butler Rowse-Oblerle, PLLC</b>	Karen Rowse-Oberle
<b>4 p.m.</b>	<b>Retail Lending Division</b>	Brian James
<b>4:20 p.m.</b>	<b>MSHDA – New Program Details</b>	Darren Montreuil
<b>4:30 p.m.</b>	<b>Sponsor – Strategic Income Solutions</b>	Melinda Spada
<b>4:35 p.m.</b>	<b>Underwriting Panel: Part 2 - FAQs</b>	Kristy Rahn & Underwriting Team
<b>5:05 p.m.</b>	<b>Closing Remarks</b>	Jamie York
<b>6 p.m.</b>	<b>Meet &amp; Greet Event - Dueling Pianos!</b>	

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### 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
Unpaid Principal Balance	UPB
Up-Front Mortgage Insurance Premium	UFMIP

## Notes:

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.





# Neighborhood Marketing Store

**Your Neighborhood Marketing Store** offers the ability to order flyers, posters, stuffers, signage and more – customized with your Credit Union logo, brand color and contact info! We've made the process easy with pre-designed materials to suit your Credit Union's needs.

## Individual Options:

### Flyers – 11"H x 8.5"W

(full color, one-sided)

### Posters – 24"H x 18"W

(choose from: matte, glossy or sintra)

### Stuffers – 3.5"H x 8.5"W

(full color, two-sided)

### Outdoor banner – 3'H x 6'W

(vinyl with grommets for display)

### Outdoor sign – 24"H x 36" W

(corrugated plastic with "H" stake)

### Window cling – 8"H x 12" W

(great for office location entrances)

### Digital graphic\* – 1200 x 360 px

(Facebook and/or monitor display)

## Pre-built Packages!

Select one of our pre-built packages with special pricing – save money and time!



### Platinum Package

**Save \$75!**

- 10,000 stuffers
- 1,000 flyers
- 3 glossy posters
- 2 outdoor "H" signs
- Free digital graphic

**\$1000**



### Gold Package

**Save \$50!**

- 5,000 stuffers
- 750 flyers
- 3 matte posters
- 2 outdoor "H" signs
- Free digital graphic

**\$700**



### Silver Package

**Save \$25!**

- 2,500 stuffers
- 500 flyers
- 3 matte posters
- Free digital graphic

**\$400**

\*A digital graphic for social media and TV/monitor display (1200 x 360 px) is included **FREE** with a pre-built package order.

**Convenience:** Your Neighborhood Marketing Store was created with YOU, the Credit Union in mind.

Save money with no design costs. All items have been pre-designed for use and will be customized to feature your brand color, logo and contact info. For your convenience, total price will be placed on your monthly invoice.

All items will be shipped directly to your address(es) of choice upon completion. Please allow 10 business days from receipt of your order, receipt of CU logo file(s) and your proof approval(s) to receive your materials.



**Access:** [gonms.org](http://gonms.org) > Resources > NMS Marketing Store

**Questions?** I'm happy to assist should you have any questions. Thank you!



**Kellen Bickel, Marketing Director**

📞 989.497.1651 x 695

✉ [kbickel@gonms.org](mailto:kbickel@gonms.org)



**trusted solutions. credit union values.**

**85%** of consumers say they are more likely to do business with a company that uses professionally printed materials.

Your customers are listening. Speak to them with  
**CREDIBILITY.**

- Drive-Thru Envelopes
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- Statement Stuffers
- Member Mailings
- Brochures
- Rack Cards



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**99.2% +**

**4.9** ★★★★★  
Out of 5 stars  
Based on 3,626 reviews

*Where paper and possibilities connect.*

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3000 James Savage Rd | Midland, MI | **989.496.2955**



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## Mortgage Cadence – Reconsideration of Value (ROV)

Interagency Guidance on Reconsideration of Value of Residential Real Estate Valuations being the agencies below, updated requirements about implementing and disclosing a borrower-initiated reconsideration of value process.

### **AGENCY:**

- \*Board of Governors of the Federal Reserve System (Board)
- \*Consumer Financial Protection Bureau (CFPB)
- \*Federal Deposit Insurance Corporation (FDIC)
- \*National Credit Union Administration (NCUA)
- \*Office of the Comptroller of the Currency (OCC)

Additional details can be found in the Fannie Mae Selling Guide Announcement (SEL-2024-03), Freddie Mac Bulletin 2024-6, and FHA Mortgagee Letter 2024-07. For Fannie Mae and Freddie Mac, these requirements are effective as of October 31, 2024 (original implementation date was August 29, 2024). FHA has also extended the requirements of the ROVs, must be implemented for FHA case numbers assigned on or after October 31, 2024.

1. Required to be issued to the consumer at application and upon the receipt of the appraisal.
2. Effective use date is October 31, 2024, for applications taken on or after.
3. The 2 disclosures will and should always print together to meet the requirements:
  - a. Reconsideration of Value Disclosure
  - b. Request for Reconsideration of Value
4. ROVs have been added to the At App as of July 17, 2024
5. NMS will send out notifications when the ROVs will be added to the Initial Disclosure packages.
6. When the appraisal has been sent to the member, the ROVs need to be sent upon the receipt of the appraisal.
7. Mortgage Cadence has added an ROV that can be printed separately from the At App & Initial Disclosure packages. These are found in Order Services / Select Service / Custom Package – Doc Center (GO) / Appraisal Disclosures.

**\*\*Custom Package - Doc Center for Appraisal Disclosure = Reconsideration of Value now available in Order Services:**

## Order Services

Property Details		Borrowers	
Loan Number: 8210	Loan Id: 8210	Alice Firstimer	9090 Oliver
Address: 9000 Oliver Troy, MI 48084		Troy, MI 48084	

Custom Package - Doc Center

Go!

Prior Orders

eSign Orders

Auto-Refresh: Enabled



## Prior Orders

Vendor	ID	Submitted	Received	Status	VLF Upload
Select All Clear All					
<input type="checkbox"/> Initial Disclosures - Doc Center	38128	7/29/2024 9:42:02 AM	7/29/2024 9:44:21 AM	Success	
Counseling Agencies - HUD	38127	7/29/2024 9:42:00 AM	7/29/2024 9:42:00 AM	Success	
<input type="checkbox"/> AUS - Fannie Mae	38117	7/25/2024 12:12:57 PM	7/25/2024 12:13:32 PM	Approve/Eligible	Letter
<input type="checkbox"/> URLA Package - Doc Center	38116	7/25/2024 12:07:42 PM	7/25/2024 12:08:39 PM	Success	
<input type="checkbox"/> Credit Report - Mornet Plus	38115	7/25/2024 8:41:09 AM	7/25/2024 8:41:17 AM	Success	

Doc Center Custom Package for Appraisal Disclosure:

## Doc Center Custom Package Order Screen

Order a Custom Document Package for Loan ID 8210?

Custom Document Package Appraisal Disclosures

Cancel

Submit

Prior Orders

eSign Orders

Auto-Refresh: Enabled



## Prior Orders

Vendor	ID	Submitted	Received	Status	VLF Upload
Select All Clear All					
<input type="checkbox"/> Appraisal Disclosures - Doc Center	38163	8/2/2024 10:10:28 AM	8/2/2024 10:12:44 AM	Success	
<input type="checkbox"/> Initial Disclosures - Doc Center	38128	7/29/2024 9:42:02 AM	7/29/2024 9:44:21 AM	Success	
Counseling Agencies - HUD	38127	7/29/2024 9:42:00 AM	7/29/2024 9:42:00 AM	Success	
<input type="checkbox"/> AUS - Fannie Mae	38117	7/25/2024 12:12:57 PM	7/25/2024 12:13:32 PM	Approve/Eligible	Letter
<input type="checkbox"/> URLA Package - Doc Center	38116	7/25/2024 12:07:42 PM	7/25/2024 12:08:39 PM	Success	
<input type="checkbox"/> Credit Report - Mornet Plus	38115	7/25/2024 8:41:09 AM	7/25/2024 8:41:17 AM	Success	



## RECONSIDERATION OF VALUE DISCLOSURE

Borrower(s): **Alice Firstimer**Loan Number: **8210**Property Address: **9000 Oliver, Troy, MI 48084**Date: **August 26, 2024****Your Rights**

We may order an appraisal to determine the property's value and charge you for this appraisal. We will promptly give you a copy of any appraisal, even if your loan does not close. You can pay for an additional appraisal for your own use at your own cost.

Should your loan require an appraisal report, you have the right to appeal its findings if you believe the opinion of the value is:

- Unsupported, or
- Inaccurate or deficient due to unacceptable appraisal practices, or
- Reflects prohibited discriminatory practices.

NEIGHBORHOOD MORTGAGE SOLUTIONS, LLC has established procedures for handling a borrower initiated ROV request including:

- Completing a review of the appraisal by qualified personnel.
- Designate an underwriter or other appraisal subject matter expert to review the ROV request.
- Validate that the ROV contains sufficient details before providing to the appraiser, and if not we will work with you to obtain sufficient information.
- Provide the ROV information to the appraiser in alignment with Truth in Lending Valuation Independence requirements of 12 C.F.R. §1026.42.

**Clarifications & Corrections**

If you would like to request clarification or request corrections unrelated to the value of your appraisal please contact us at any of the numbers or email listed below under Contact Information.

**How to Request a Reconsideration of Value**

If you are requesting a reconsideration of value ("ROV"), please complete the information below under Request a Reconsideration of Value to support your basis for the ROV, and return the completed form to Neighborhood Mortgage Solutions, LLC. **Only one borrower initiated ROV is permitted per appraisal report and cannot be submitted after the loan has closed.** This process is in accordance with the guidelines established by Fannie Mae, Freddie Mac and FHA. Should you have any questions please contact NEIGHBORHOOD MORTGAGE SOLUTIONS, LLC or your Mortgage Loan Originator, Robert H Kennedy Jr., 1564396. Neighborhood Mortgage Solutions, LLC will acknowledge receipt of your ROV request as well as status updates and the results of your ROV request in writing. You may also be asked to provide additional information if your ROV request is unclear, deficient, or requires additional information. The ROV processing times may vary, but usually completed within (5) business days. Please note that there are no costs associated with the submission of an ROV.

Lender Name: **Neighborhood Mortgage Solutions LLC**Lender Address: **975 N. Main St., Suite D , Frankenmuth, MI 48734**Lender Telephone Number: **(989) 497-1651**Lender NMLS: **191693**

Mortgage Loan Originator Name: **Robert H Kennedy Jr.**

Mortgage Loan Originator Telephone Number: **(989) 295-7523**

Mortgage Loan Originator Email Address: **rkennedy@gonms.org**

Mortgage Loan Originator NMLS Number: **1564396**

### **ACKNOWLEDGMENT**

By signing below, you hereby acknowledge reading and understanding all of the information disclosed above, as well as receiving a copy of this disclosure on the date indicated below.

---

Borrower - **Alice Firstimer**

Date

## Request for Reconsideration of Value

**Appraisal Information**

Date of ROV Request:

Requested By: **Alice Firstimer** (Borrower(s))

Effective Date of Appraisal:

Appraiser Name:

Property Address: **9000 Oliver  
Troy, MI 48084**

FHA Case Number: **N/A**

Loan Number: **8210**

**Purpose of Reconsideration of value**

Please select the options below that are applicable to your request.(Select all that apply)

\_\_\_ Appraisal report is unsupported, inaccurate, or deficient.

\_\_\_ Concerns due to unacceptable appraisal practices.

\_\_\_ Concerns of appraiser bias or discrimination.

**Reason for Reconsideration of Value Request**

Please identify and describe the unsupported, inaccurate, or deficient areas in the appraisal report in the space below. The summary must provide an explanation as to why new data supports the ROV. Please attach all supporting evidence related to your ROV request. Supporting evidence may include, documentation of factual errors, details and documentation of additional comparable sales, and evidence of market changes.

If the request includes additional comparable sales for the appraiser to consider, please complete in the comparable section below. Up to five alternative comparable are for consideration are allowed.

**General Guidelines for Acceptable Comparable Sales**

- Comparable sales must be for a closed purchase.
- Comparable sales that have closed within the last 12 months prior to the effective date of your appraisal are only permitted.

- Comparable sales should be in proximity to the subject property. It's understood that proximity may vary in rural areas, however, , the closer the comparison sales is to the subject property can have an impact on whether the comparable sale is appropriate for use.
- If the subject property is located in a new (or recently converted) condominium project, subdivision, or PUD, it must be compared to other properties located in the same market area and to properties within the subject property's condominium project, subdivision, or PUD.
- Comparable sales should have similar physical and legal characteristics when compared to the subject property. These characteristics include, but are not limited to, site, room count, gross living area, style, and condition.

**Please do not exceed five comparable properties**

**1<sup>st</sup> Comparable Sale for ROV**

Please include additional data, information, comparable properties, and the related data sources (for example MLS number) in the space below.

**2<sup>nd</sup> Comparable Sale for ROV**

Please include additional data, information, comparable properties, and the related data sources (for example MLS number) in the space below.

**3<sup>rd</sup> Comparable Sale for ROV**

Please include additional data, information, comparable properties, and the related data sources (for example MLS number) in the space below.

**4<sup>th</sup> Comparable Sale for ROV**

Please include additional data, information, comparable properties, and the related data sources (for example MLS number) in the space below.

**5<sup>th</sup> Comparable Sale for ROV**

Please include additional data, information, comparable properties, and the related data sources (for example MLS number) in the space below.

**ACKNOWLEDGMENT**

I/We have read the above document and acknowledge receiving a copy of by signing below.

\_\_\_\_\_  
Borrower - **Alice Firstimer**

\_\_\_\_\_  
Date

**EConsent and ESignatures (Borrower):**

Your Member can sign up for eConsent and eSignatures at the same time they set up their User Name and Password when they are making application:

They have to consent to electronic disclosures in order to consent to eSignatures.

**Create a Login to Continue**

In order to save your application as you enter it, we require a username and password.

\* required fields

Create Login

Username * Required field	<input style="width: 90%;" type="text" value="wonderw131"/> ✓	Your username: No Special Characters Between 5 and 10 characters
Password * Required field	<input style="width: 90%;" type="password" value="....."/>	Your password:
Repeat Password * Required field	<input style="width: 90%;" type="password" value="....."/>	Must be at least 8 characters in length. ✓ Must contain at least 1 numeric character. ✓ Must contain at least 1 uppercase character. ✓ Must contain at least 1 lowercase character. ✓ Must contain at least 1 special character. ✓

**Electronic Communications and Disclosures**

By electing to enroll in eDelivery, you agree to be enrolled in electronic delivery and the terms and conditions of the [Electronic Communications Disclosure](#).

Enrolling in eDelivery enables you to receive electronic communications and documents rather than physical copies via mail. Notifications and communications will be sent to the email address provided by you. By choosing "Consent and enroll in eDelivery", you acknowledge that you agree to the terms of the *Electronic Communications Disclosure*, that you can access the [sample PDF](#) and that you consent to receive electronic disclosures and other communications as described in the disclosure. Alternatively, you may Decline. If you decline, your disclosures will be mailed via USPS.

To view statements online in PDF format, you will need Adobe Reader. If you don't have Adobe Reader installed on your computer, you can download it from the "Get Adobe Reader" button below.



Consent to Electronic Communications

\* Required field

☒ Consent and enroll in eDelivery

\* Required field  
Email Address

\* Required field  
Retype Email Address

☐ Decline

*You will receive disclosures by mail. This could delay the closing of your loan.*



Once they consent to Electronic Communications, another section for consenting to Esignature opens up for them to select 'Accept' or 'Decline':

Electronically Sign Documents

You will have loan documents that need to be signed and returned as part of the loan application process. To help expedite this we have a feature that allows all borrowers to electronically sign the documents.

To take advantage of this option and electronically sign your loan documents click "Accept", otherwise click "Decline". If you select "Accept" you will receive an email, which will contain a unique hyper-link that will take you to the secure loan document portal. Each borrower will receive a separate email, including a unique link to access the loan documents.

A secure Access Code will be required to sign the documents, which will be your 'First Name+Last Name+Last Four Digits of SSN'. Please make note of this Access Code.

For example:  
If the Borrower name is: Robert Smith and his SSN is 999-99-8888  
His Access Code would be: RobertSmith8888

Once you have provided the correct Access Code, you can create an account on the loan document portal to view and sign your documents. Be sure to remember your account information. If there are additional documents that you are invited to view, you will use this same account to access those documents.

Consent to Electronically Sign Documents

Set consent preference for electronic signatures

☒ Accept  
☐ Decline

Is one of our team helping you?

If you are working with a Loan Representative, please select their name from the list below:

Bailey, Anne

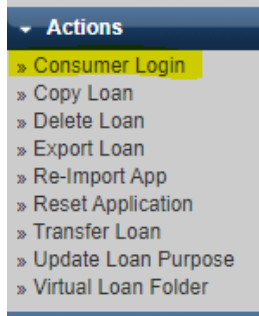
Continue

**\*Please Note\***

- You, as a User, will not see these same screens within the Consumer Application in Mortgage Cadence. You cannot accept to eConsent OR eSignatures on behalf of your Member(s).**

**EConsent and ESignatures (User):**

When you start an application for your Member(s) through **Consumer App**, you have to create a Username and a password on behalf of the borrower. In order for the borrower to get set up for eSigning, they need to log in online to consent. In order for the borrower to do this, once the application is submitted, you will go to **Loan Summary>Consumer Login** and click the Password Reset button. The Member will receive an email with a temporary password and a link to the application website.



## Consumer Login For Loan ID 8254

A login already exists for this loan.

Username: TestKA1

Borrower Email Address: kadado@gonms.org

To Kaytlynn Adado

Fri 8/30/2024 10:33 AM

Your password has been reset to:

|{=c;Gm\$

Please go to <https://NeighborhoodMortgage.stage.mortgagecadence.com/Login/App/ Login.asp?siteid=C28FE41C-73A4-4079-AEC3-8230537DD6FB&login=1> and enter your login ID and new password above. The temporary password provided above will expire within 1 day. You will be required to change to a permanent password after login in. If you received this in error or did not request a password reset, please contact [helpdesk@gonms.org](mailto:helpdesk@gonms.org).

When they click on the link in the email, they will be brought to a log in screen on the application website. They will login with the username you provide to them and the temporary password from the email that the system created and click login. The next screen will prompt them to input the current temporary password again and then create a new password:

### Login

Welcome back! Please enter your login and password below.

Do you already have mortgage credentials with us?

Username \*

[FORGOT?](#)

Password \*

[FORGOT?](#)

Contact Us

Login

Don't have a login yet? Then click [here](#) to start a new application.

- The current password is temporary. Please enter a new password.

Current Password

New Password

Confirm New Password

**Your username:**  
No special characters  
Between 5 and 10 characters

**Your password:**  
Must not be the same as your Username  
Must be at least 8 characters in length.  
Must contain at least 1 numeric characters.  
Must contain at least 1 uppercase characters.  
Must contain at least 1 lowercase characters.  
Must contain at least 1 special characters.  
Cannot be the same as the last 24 passwords.

Save

Once they create their new password and complete their 2-step verification by email or text, it will either bring them directly to the Electronic Disclosure Consent/Decline screen, or it will bring them to the Landing Zone where they can click on the “E-Disclosure Consent/Decline” button. It just depends where they are in the loan process.

### Your Application is: In Processing

Welcome to your loan status page. You can use this page to check the status of your loan, view your approval letter, view disclosures and importantly find out what happens next.

Please remember to read the E-Disclosure and Consent to receive documents electronically.

The benefits of E-Consent include

- Eliminating a possible closing date delay due to US Mail delivery timeframes
- Allowing enough time for mandatory review periods
- Receiving documents in a safe and secure manner



Intent to Proceed

To continue processing your loan application, we need to get your authorization. Please click on the Intent to Proceed button below if you are ready to proceed.

#### IMPORTANT ACTIONS

E-Disclosure Consent/Decline

#### LOAN DOCUMENTS ⓘ



Application (English)



Approval (English)

When they are on the E-Disclosure Consent/Decline page, once they click the “Consent and enroll in EDelivery” selection, they will enter their email address twice and click Update. Once they click Update, a link in a yellow bar on the left hand side will appear and they can click the link to get to the “Electronically Sign Documents” screen to opt into esignature. There is also a button in the Landing Zone to get to the Electronically Sign Documents screen.

### Electronic Disclosure Consent/Decline

You currently have not selected to Consent or Decline Electronic Disclosures.

By electing to enroll in eDelivery, you agree to be enrolled in electronic delivery and the terms and conditions of the [Electronic Communications Disclosure](#).

You can change your consent/decline selection for Electronic Communications at any time. If you withdraw your consent, the legal validity and enforceability of prior Electronic Communications will not be affected.

By choosing “Consent and enroll in eDelivery”, you acknowledge that you agree to the terms of the *Electronic Communications Disclosure*, that you can access the [sample PDF](#) and that you consent to receive electronic disclosures and other communications as described in the disclosure.

If you previously declined, please re-enter your e-mail address for verification and click on the Consent checkbox if you now wish to receive your disclosures electronically.



#### Consent to Electronic Communications \*

\* required field

☒ Consent and enroll in eDelivery

Email Address \*

kadado@gonms.org

Retype Email Address \*

kadado@gonms.org

☐ Decline

You will receive disclosures by mail. This could delay the closing of your loan.

Return to Loan Status

Update

Your current selection is Consent.

To take advantage of electronically signing your documents and expedite your loan process click here [Electronically Sign Documents](#)

By electing to enroll in eDelivery, you agree to be enrolled in electronic delivery and the terms and conditions of the [Electronic Communications Disclosure](#).

You can change your consent/decline selection for Electronic Communications at any time. If you withdraw your consent, the legal validity and enforceability of prior Electronic Communications will not be affected.

By choosing "Consent and enroll in eDelivery", you acknowledge that you agree to the terms of the *Electronic Communications Disclosure*, that you can access the [sample PDF](#) and that you consent to receive electronic disclosures and other communications as described in the disclosure.

If you previously declined, please re-enter your e-mail address for verification and click on the Consent checkbox if you now wish to receive your disclosures electronically.

**Consent to Electronic Communications** \*

**\* required field**

☒ Consent and enroll in eDelivery

Email Address \*

Retype Email Address \*

☐ Decline  
*You will receive disclosures by mail. This could delay the closing of your loan.*

## IMPORTANT ACTIONS

[Contact Us](#)

[E-Disclosure Consent/Decline](#)

[Electronically Sign Documents](#)

[Upload/View Loan Documents](#)

[Conditions Status](#)

On the "Electronically Sign Documents" screen, they must choose the Accept option. Once Accept is chosen, it will show each borrower with the email address that is listed for them in the URLA to verify the email address and update if needed. Once they click Save, they will be ready for eisgn. This consents esignature for all borrowers on the loan.

## Electronically Sign Documents

You currently have not selected to Accept or Decline Electronically Signing Documents.

The ability to accept/decline for electronically signing of documents is available at any time. If Borrower(s) consent has been withdrawn, the legal validity and enforceability of prior electronic signing will not be affected.

If previously declined, clicking "Accept" will allow the Borrower(s) to electronically sign the loan documents.

If the Borrower(s) select "Accept" they will receive an email, which will contain a unique hyper-link that will take them to the secure loan document portal. Each borrower will receive a separate email, including a unique link to access the loan documents.

**Consent to Electronically Sign Documents**

☒ Accept

☐ Decline

## Electronically Sign Documents

You currently have not selected to Accept or Decline Electronically Signing Documents.

Please note: you will only be able to electronically sign documents generated and provided to you after the date and time you have accepted.

The ability to accept/decline for electronically signing of documents is available at any time. If Borrower(s) consent has been withdrawn, the legal validity and enforceability of prior electronic signing will not be affected.

If previously declined, clicking "Accept" will allow the Borrower(s) to electronically sign the loan documents.

If the Borrower(s) select "Accept" they will receive an email, which will contain a unique hyper-link that will take them to the secure loan document portal. Each borrower will receive a separate email, including a unique link to access the loan documents.

A secure Access Code will be required to sign the documents, which will be your 'First Name+Last Name+Last Four Digits of SSN'. Please make note of this Access Code.

For example:  
 If the Borrower name is: Robert Smith and his SSN is 999-99-8888  
 His Access Code would be: RobertSmith8888

Once the Borrower(s) have been provided the correct Access Code, they can create an account on the loan document portal to view and sign the loan documents.

Be sure to remember the account information. If there are additional documents that the Borrower(s) are invited to view, they will use this same account to access those documents.

**Consent to Electronically Sign Documents**

☒ Accept

**\* required field**

**Alice Firstimer**

Email Address \*

Retype Email Address \*

☐ Decline

[Return to Loan Status](#)

[Save](#)

### Access to the Documents for eSignatures:

Once the Loan Officer has reviewed the file and updated fees in the Closing Cost Details screen, they will then order the Initial Disclosures through Order Services. The first set of Initial Disclosures will automatically be sent to the borrower via email for signing once ordered. Additional orders need to be sent by clicking the Send button in the Esign Orders tab. Borrowers can only esign document packages that were placed after they consented to esign. You can find the esign consent date above the orders on the Esign Orders tab

Prior Orders

eSign Orders

Auto-Refresh: Enabled

### eSign Orders

eConsent Status: Consent 8/30/2024 11:48 AM

eSign Status: Accept 8/30/2024 11:48 AM

Please visit Electronically Signed Documents task in the [Path](#) to view signing status.

eSign Package	ID	Submitted	Received	Status	Action	Package
Initial Disclosures - Doc Center	38386	8/30/2024 11:53:19 AM	8/30/2024 11:54:17 AM	<a href="#">Success</a>	<a href="#">Send</a>	
Initial Disclosures - Doc Center	38383	8/30/2024 11:49:58 AM	8/30/2024 11:52:09 AM	<a href="#">Success</a>	Submitted	

Each borrower will receive the below email to the email address listed in URLA. This email gives the borrower directions on what their Access Code is and how they will enter it to access the documents for signing.

They will want to click on the yellow "Access Documents" button and it will take them to the DocuSign website.

ACCESS DOCUMENTS

Dear Alice Firstimer,

Enclosed, please find the link to access your documents for your mortgage loan 8254. Please click on the Access Documents link and you will be able to view, and if enabled, sign your documents.

When you access your documents, you will be required to provide your access phrase, which will have been provided to you by your lender contact. The secure access code will be your First Name + Last Name + Last Four Digits of SSN (no spaces). For example:

1. If the members name was "Sue Smith-Jones", they would sign as "SueSmith-Jones1234", recognizing the hyphen in the last name.
2. If the members name was "Sue Smith Jones", they would sign as "SueSmith Jones1234", recognizing the space between the two last names.
3. If the members name was "Mary Kate Jones", they would sign as "Mary Kate.Jones1234", recognizing the space between the two first names.
4. If the members has an apostrophe in their name was: Catherine O'Connor, you will leave the apostrophe in the name and login: CatherineO'ConnorXXXX.

Providing the correct access code phrase will confirm your identity for the lender, and allow your access to the documents.



On the Docusign website, they will be brought to a page to enter their Access Code and click the “Validate” button.

The Access Code is their first name + last name + last 4 digits of SSN with no spaces like AliceFirstimer9991

- If there is a hyphen between 2 last names, include the hyphen:
  - Sue Smith-Jones, Access Code is **SueSmith-Jones1234**
- If there are 2 last names with a space or 2 first names with a space, include space between those names:
  - Sue Smith Jones, Access Code is **SueSmith Jones1234**
  - Mary Kate Jones, Access Code is **Mary KateJones1234**
- Suffixes like Jr and Sr are not included in the Access Code
- Access code is not case sensitive

Once they Click Validate, they will be brought to the Document signing page. They need to check the box to agree to the terms and click Continue.

Document	Country/State	ID Number	Issuance Date	Expiration Date
[ ] State Issued Driver License				
[ ] State Issued ID Card				
[ ] Military ID Card				

They will click the Start button and they will keep clicking “Next” until they are brought to the first signature line. They will Click the “Sign” button. The “Adopt Your Signature” box will pop up and the borrower can modify how their signature shows or just click “Adopt and Sign” to continue. This will sign that first line and then continue bringing them to the next pages and have them sign where needed.

DocuSign Envelope ID: 375FAFC6-CF6D-4851-B4FD-77D00707FBF7

DEMONSTRATION DOCUMENT ONLY  
PROVIDED BY DOCUSIGN ONLINE SIGNING SERVICE  
999 3rd Ave, Suite 1700 • Seattle • Washington 98104 • (206) 219-0200  
docuSign.com

### 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: **8254** Date of Birth: **11/05/1961**

Borrower: **Alice Firstimer**  
Borrower's Address: **9090 Oliver, Troy, MI 48084**

**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				

(4) Electronic Records **Required - Sign Here**

• The Lender and Other Loan Participants may keep any paper record and/or Electronic record of this application, whether or not the Loan is approved.

Borrower Signature: Alice Firstimer Date (mm/dd/yyyy) Aug-30-2024

(g) other actions permissible under applicable law.

### Adopt Your Signature

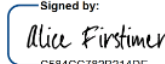

Confirm your name, initials, and signature.

\* Required

Full Name\*  Initials\*

**SELECT STYLE** DRAW UPLOAD

PREVIEW [Change Style](#)

Signed by:  Initial:   
C584CC782B214DE...

By selecting Adopt and Sign, I agree that the signature and initials will be the electronic representation of my signature and initials for all purposes when I (or my agent) use them on documents, including legally binding contracts.

**ADOPT AND SIGN** CANCEL

Once they have signed on every required line, they will see a Finish button to click at the bottom of their screen and then receive an option to download or print the document.

They will also receive an email confirming they have completed esign where they can download and save the document as well.

For Privacy Act and Paperwork Reduction Act Notice, see page 2. Mortgage Cadence Document Center © 1105 12/22

4508-C Request for Transcript of Tax Return - 1 1 of 2

**Ready to Finish?**  
You've completed the required fields. Review your work, then select **FINISH**.

**FINISH**

**You're Done Signing**

You may download or print using the icons above.

To learn more about signing, click [here](#).

**CONTINUE**

DocuSign Demo System <dse\_demo@docusign.net>  
To Kaytlynn Adado

Reply Reply All Forward

Fri 8/30/2024 11:

If there are problems with how this message is displayed, click here to view it in a web browser.

**Your document has been completed**

**REVIEW DOCUMENT**

## Your Credit Union Mortgage Team

All parties have completed Document package for loan 8254-Initial Disclosure - No Credit Score.

Dear Alice Firstimer,

Enclosed, please find the link to access your documents for your mortgage loan

## Using Override Eligibility to Price when you have Override Pricing in Place

The Pricing Loop of Terror! Override Pricing cannot be updated or cleared by pricing into a product in the Override Eligibility screen. You will get stuck in a loop trying to do this!

You have to price into an eligible product in order to clear pricing first. Then you can go back into the Price Loan screen and access the product in Override Eligibility screen. See directions below.

1. Go into Price Loan screen, click Clear Pricing.

**Override Page**

Product: 10 Year Fixed Conventional FNMA  
Pricing Override By: Adado, Kaylynn  
Last Updated: 8/30/2024 12:26:47 PM  
Last Priced: 8/30/2024 12:26:47 PM

*There were no LLPAs when this loan was last overridden.  
You will need to clear the override and re-price to get current LLPAs.  
\*The original discount points have been overridden.  
No Adjustments for this loan*

Pricing	Original	Override
Rate	5.000%	6.000%
Base Discount Points	*1.000	1.000
Total LLPAs		
Total Discount Points	*1.000	1.000
ARM Margin	0.000	0.000
Amortization Term	120	
Interthinx Product Code	10 Year Fixed	10 Year Fixed
Lock Offer Expiration Date	9/30/2024	

Cancel Clear Pricing Update

2. Choose any product that shows available in the Loan Consultant screen. It does not matter which product you choose, because we are going to reprice again in a few steps. **It cannot be a product in the Override Eligibility screen.**

If no products are showing available so you can reprice to clear pricing and you are not sure what is putting the loan outside of all product eligibility, please reach out to System Admin so we can review product guidelines rules that may be causing this.

3. Click Next. **Do not apply override pricing yet.**

**Loan Consultant**

Select	Loan Type	Interest Rate	Discount Points	Origination Fee	Closing Costs	Reserves	Requested Loan Amount	Loan Amount Available	Monthly Mortgage (P&I)	APR	
<input checked="" type="checkbox"/>	10 Year Fixed Conventional FNMA	5.000%	0.000	0.000%	\$10,402	\$1,833	\$220,000	\$220,000	\$2,333	5.402%	Next
<input type="checkbox"/>	10 Year Fixed Conventional HomeReady FNMA	5.000%	0.000	0.000%	\$10,402	\$1,833	\$220,000	\$220,000	\$2,333	5.402%	Override Eligibility
<input type="checkbox"/>	15 Year Fixed Conventional FNMA	5.125%	0.000	0.000%	\$10,402	\$1,833	\$220,000	\$220,000	\$1,754	5.408%	Override Pricing
<input type="checkbox"/>	15 Year Fixed Conventional HomeReady FNMA	5.125%	0.000	0.000%	\$10,402	\$1,833	\$220,000	\$220,000	\$1,754	5.408%	Back
<input type="checkbox"/>	20 Year Fixed Conventional FNMA	5.125%	0.875	0.000%	\$12,327	\$1,833	\$220,000	\$220,000	\$1,467	5.456%	

- Follow any additional prompts for PMI or refinance questions until you are back at the Loan Summary screen. **You have now completely cleared the override pricing!**

Loan ID:	8261	First P&I:	\$2,333.44
URLA Format:	New	Other P&I:	\$0.00
		Taxes:	\$351.00
	Credit Scores	Hazard Insurance:	\$150.00
Alice Firsttimer	703,710,715,715	Mortgage Insurance:	\$0.00
		HOA Dues:	\$0.00
Representative Credit Score: ⓘ	710	Supplemental Property Insurance:	\$0.00
		Other:	\$0.00
Property Address:		Proposed Payment:	\$2,834.44
3 Bavarian Way		Present Payment:	\$0.00
Frankenmuth, MI 48734			
Single Family/Detached			

Product:	10 Year Fixed Conventional FNMA	App Created Date	08/30/2024
Purpose:	Purchase	Application Date	08/30/2024
Occupancy:	Primary Residence	Sch. Loan Signing Date:	N/A
ATR/QM Status:	<u>Does Not Qualify</u>	Sch. Loan Funding Date:	09/30/2024
AUS Status:	Approve/Eligible	Lock Exp. Date:	N/A
AUS Engine:	Fannie Mae DU®	Funding Date:	N/A
Approval Status:	Approved	First Payment Date:	11/01/2024
RegsData Compliance Status:	Pass	Converted Date:	N/A
Loan Status:	Initial Loan Setup		
Intent to Proceed Status:			

Loan Amount:	\$220,000.00	Negative Rental Income:	\$0.00
Value For LTV Calculations:	\$300,000.00	Negative Subject Cash Flow:	\$0.00
LTV:	73.33%	Other Monthly Debts:	\$167.00
C.I.TV:	73.33%		

- Once back at the Loan Summary screen, go to Price Loan Screen.
- Now you can go into the Override Eligibility screen.

Loan Consultant											<div>Next</div> <div>Override Eligibility</div> <div>Override Pricing</div> <div>Back</div>	
Select	Loan Type	Interest Rate	Discount Points	Origination Fee	Closing Costs	Reserves	Requested Loan Amount	Loan Amount Available	Monthly Mortgage (P&I)	APR		
<input type="checkbox"/>	<a href="#">10 Year Fixed Conventional FNMA</a>	5.000% ▼	0.000 ▼	0.000%	\$10,402	\$1,833	\$220,000	\$220,000	\$2,333	5.402%		
<input type="checkbox"/>	<a href="#">10 Year Fixed Conventional HomeReady FNMA</a>	5.000% ▼	0.000 ▼	0.000%	\$10,402	\$1,833	\$220,000	\$220,000	\$2,333	5.402%		
<input type="checkbox"/>	<a href="#">15 Year Fixed Conventional FNMA</a>	5.125% ▼	0.000 ▼	0.000%	\$10,402	\$1,833	\$220,000	\$220,000	\$1,754	5.408%		
<input type="checkbox"/>	<a href="#">15 Year Fixed Conventional HomeReady FNMA</a>	5.125% ▼	0.000 ▼	0.000%	\$10,402	\$1,833	\$220,000	\$220,000	\$1,754	5.408%		

7. Choose your product, click Next

**Override Eligibility Available Products**

Select up to five products to see pricing options for your loan.

15 Year Fixed FHLMC

20 Year Fixed Conventional FNMA

20 Year Fixed Conventional Home Possible FHLMC

20 Year Fixed Conventional HomeReady FNMA

20 Year Fixed FHLMC

30 Year Fixed Conventional FNMA

30 Year Fixed Conventional Home Possible FHLMC

30 Year Fixed Conventional HomeReady FNMA

30 Year Fixed FHLMC

Fannie Mae 5 Year ARM - 6 Month Adj

Fannie Mae 7 Year ARM - 6 Month Adj

**NMS 10 Year Fixed**

NMS 15 Year Fixed

NMS 20 Year Fixed

NMS 30 Year Fixed

Next

Back

8. Click Next or input Override Pricing if needed.

You are free from the Pricing Loop of Terror!

### **First American Compliance – Running RegsData Reports**

#### 1. Primary Residence & Second Homes:

- Cannot exceed 3% for Points & Fees test.
- Qualified Mortgage or Rebuttable Presumption QM can be sold to Fannie Mae.
- If the loan is a High-Priced Mortgage Loans (HPML) has to have Escrow for 5 Year, full Appraisal and be fully underwritten.

#### 2. Investment Properties:

- \* Cannot exceed 5% for the Points & Fees test.
- \* Non-QM (Qualified Mortgage) can be sold to Fannie Mae.
- \* ATR/QM Exempt – (ATR=Ability to Repay) (Qualified Mortgage)

### **First American RegsData and Bona Fide Discount Point Calculation**

What is a Bona Fide Discount Point? Bona Fide discount points mean loan discount points that are knowingly paid by the consumer for the purpose of reducing, and that in fact result in a Bona Fide reduction of the interest rate applicable to the mortgage.

When running First American RegsData test, the system will use either the Application Date or the Lock Date. You ultimately want to use the lock date since the APOR (Average Prime Offer Rate) changes every Monday by the FFIEC (Federal Financial Institutions Examination Council). That is then updated by First American Mortgage Solutions every Monday.

Please Note: You can lock and unlock the file in Mortgage Cadence at any time, even if you have not locked the loan with Fannie or Freddie yet. You want to use the updated APOR for the week you are locking the loan. To test your file to make sure RegsData passes, lock the loan in Cadence and then run RegsData. You can then unlock the loan. Once the loan is locked with the investor, relock the loan in Cadence, using the correct lock date and rerun RegsData so the RegsData report is using the correct APOR for the week that the loan is locked. Always remember to reprice your loan before locking. RegsData Report reflects the Rate Lock Date at the top, right hand side of the report:

Loan Information		
Address:	9000 Oliver	Base Loan Amount: \$110,500
City:	Troy	Application Date: 08/28/2024
County:	Oakland	Rate Lock Date: 08/09/2024
State:	MI	Closing Date: 09/30/2024
Zip Code:	48064	Funding Date:
Loan Purpose:	Purchase	Lien Position: First
Occupancy:	Investment	Loan Type: Conventional

RegsData® Report

**Pricing the Loan and running First American Compliance RegsData Report Example:**

- \*Investment Property
- \*Purchase
- \*85.00% LTV
- \*Credit Score: 710
- \*Loan Amount: \$110,500.00
- \*30-day lock
- \*Using tiered pricing for \$125K max loan amount
- \*Interest Rate offer: 7.000%

- LLPA's are found in the Loan Summary, Pricing Adjustments. Always make sure your loan is repriced to bring in the correct LLPA's. Please always compare to Fannie Mae LLPA sheet for accuracy:
- Determine what your Overridden PAR/Undiscounted Rate is. This is done by taking all Loan Level Pricing Adjustments (LLPAs) and the CU revenue:

\$FNMA.PM.Invest 80.01-85		+4.125
\$FNMA.PM 700-719 80.01-85		+1.500

LLPAs Total = 5.625%

CU Revenue (example) = 1.25%

**Total pricing needed is 106.875%**

Review of the rate sheet for the day you are locking the loan, total pricing needed is **106.875%**.

\*PAR/Undiscounted Rate for the day is 8.625% - Pricing 106.2384.

\*We cannot go off sheet pricing. If the pricing is less than what is needed, you can only use the highest rate for the day.

\*The Overridden PAR/Undiscounted Rate is 8.625%, this is the rate you would input into the Overridden PAR/Undiscounted Rate when running First American – Compliance RegsData.

\*The interest rate being offered is 7% at 104.5332



## 30-Year Fixed Rate - 125k Max Loan Amount

Rate	10 days	30 days	45 days	60 days	75 days	90 days
8.625	106.2843	106.2384	106.1259	105.9885	105.8327	105.6608
8.5	105.7981	105.7521	105.6396	105.5022	105.3465	105.1746
8.375	105.3093	105.2634	105.1509	105.0135	104.8577	104.6858
8.25	104.8256	104.7796	104.6671	104.5297	104.374	104.2021
8.125	106.2471	106.2563	106.1923	106.1115	106.0154	105.906
8	105.7709	105.7801	105.716	105.6352	105.5392	105.4298
7.875	105.2984	105.3076	105.2435	105.1627	105.0667	104.9573
7.75	104.8109	104.8201	104.756	104.6752	104.5792	104.4698
7.625	105.3641	105.3549	105.2911	105.2264	105.1421	105.0405
7.5	105.7304	105.7212	105.6573	105.5927	105.5083	105.4068
7.375	105.4241	105.4149	105.3511	105.2864	105.2021	105.1005
7.25	104.9179	104.9087	104.8448	104.7802	104.6958	104.5943
7.125	105.0278	105.0369	104.9842	104.9277	104.8554	104.7695
7	104.524	104.5332	104.4805	104.4239	104.3517	104.2657
6.875	104.0328	104.0419	103.9892	103.9327	103.8604	103.7745
6.75	103.5015	103.5107	103.458	103.4014	103.3292	103.2432

Take the difference between in pricing of 106.875 – 104.5332 = 102.3418 to get the Discount Points. Both Mortgage Cadence and First American RegsData will round to 3 decimal places. When inputting the Overridden Bona Fide Discount Points, I've rounded to 2.342.

2.342 would be the Discount Points needed to equal the revenue on the file of 106.875.

$$\$110,500 \times 6.875\% = \$7,596.87 = \text{LLPA} + \text{CU Revenue}$$

$$**\text{Rate of } 7.00\% = \text{Loan Amount } \$110,500 \times 4.5332\% = \$5,009.18$$

$$**\text{Discount Points of } 2.342 = \text{Loan Amount } \$110,500 \times 2.342 = \$2,587.91$$

$$\$5,009.18 + \$2,587.91 = \$7,597.09$$

## Override Page

Pricing	Original	Override
Rate	5.625%	<input type="text" value="7.000%"/>
Base Discount Points	*-3.283	<input type="text" value="-3.283"/>
Total LLPA's	5.625	5.625
Total Discount Points	*2.342	<input type="text" value="2.342"/>
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="9/8/2024"/>	

This will take you to the Loan Consultant Page and if the Interest Rate and Discount Points are correct, then hit Next. (If this is not correct then reprice your loan again to correct.)

## Loan Consultant

Select	Loan Type	Interest Rate	Discount Points	Origination Fee	Closing Costs	Reserves	Requested Loan Amount	Loan Amount Available	Monthly Mortgage (P&I)	APR	
<input checked="" type="checkbox"/>	30 Year Fixed Conventional FNMA	<input type="text" value="7.000%"/> ▼	<input type="text" value="2.342"/> ▼	0.000%	\$9,565	\$1,309	\$110,500	\$110,500	\$735	8.006%	<input type="button" value="Next"/> <input type="button" value="Override Eligibility"/> <input type="button" value="Override Pricing"/> <input type="button" value="Back"/>

Rates effective as of: 8/27/2024 8:06:29 AM (ET)

Discount Points Amount and percentage used to calculate can be found in the Closing Cost Details screen:

Closing Costs									
	HUD	Amount	Override Amount	Description	% Used To Calculate	APR	POC	Paid By	BSV
<a href="#">Details</a>	802	\$2,587.91		Discount Points	2.342	Yes	\$0.00	B	

When running Compliance – First American RegsData report, make sure you are seeing the correct rate. You must input the correct Overridden PAR/Undiscounted Rate and Overridden Bona Fide Discount Points or the system will not be able calculate if there is any Bona Fide Discount Points.

Compliance - First American RegsData

## Compliance - First American RegsData

Order First American RegsData for LoanID : 8255?

### Additional Order Information

Values entered in the Overridden PAR/Undiscounted Rate and/or Overridden Bona Fide Discount Points fields will be sent to First American RegsData. If the override fields are blank the system calculated values will be sent to First American RegsData.

APR Calculation Type

Detailed

Interest Rate

7.0000

PAR/Undiscounted Rate – System Calculated 0.0000

Overridden PAR/Undiscounted Rate

8.6250

Bona Fide Discount Points

Overridden Bona Fide Discount Points

2.3420

Eligible to be Purchased/Guaranteed/Insured by

FNMA

### QM - BONA FIDE DISCOUNT POINT CALCULATION - (QM)



Item	Calculation
Loan Discount	\$2,587.91
Loan Discount %	2.342%
Requested BFDP (802A)	\$2,587.91
Starting Adjusted Rate	8.625%
Note Rate	7.000%
SAR minus Note Rate	1.625%
Rate Drop Test Eligible %	2.000%
SAR less than (APOR+1%)	No
SAR less than (APOR+2%)	Yes
APOR	6.690%
HOEPA Test Eligible %	1.000%
Lowest eligible %	1.000%
Included in fees test	\$1,482.91
Excluded BFDP	\$1,105.00

3% Points & Fees test will exclude either 1 or 2% based on the law below.

							Total:	\$3,845.41	
Excluded									
Line	Fee Name	Paid To	Total	Borrower Paid	Seller Paid	Lender/ Broker/ Paid	Seller Credit	Lender/ Broker Credit	Other Credit
802A	Bona Fide Discount Points	Lender	\$1,105.00	\$1,105.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
804	Appraisal Fee	Lender	\$650.00	\$650.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
805	Credit Report Fee	Lender	\$200.00	\$200.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

Note: Overridden PAR/Undiscounted Rate: 8.625% cannot exceed the two APOR calculations below.

Example file: APOR for week of 8.9.2024 = 6.690%

APOR + 1 -  $6.69 + 1 = 7.69$

APOR + 2 -  $6.69 + 2 = 8.69$

Since the Overridden PAR/Undiscounted Rate is 8.625% which is less than APOR + 2 total of 8.69%, this calculation was able to excluded 1 Bona Fide Discount Point in this scenario.

### Law

**If the Starting Adjusted Rate (aka Par or undiscounted rate) is less than (APOR + 1%), then up to 2 discount points may be excluded as bona fide; if the SAR is less than (APOR + 2%), then up to 1 point may be excluded.**

**The system may also check for a 0.25% rate drop between the SAR and Note rates in order to ensure that the discount points are bona fide.**

**Any portion of the loan discount that is bona fide will appear as an excluded fee, whereas any remaining portion will be included in points and fees.**

## Notes:

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

## Fixes for Common Issues

### *When you should reprice your loan*

- **When the loan amount or sales price changes.**
  - There are fees based on loan amount and sales price like origination charges, Title Co Lender, Title, & Escrow fees, transcript fees. Those fees will not update unless the loan is repriced.
  - PMI, RD fees, and VA Funding Fees are based off loan amount and LTVs, so its important to reprice the loan to update, add, or remove those fees.
- **When you have requested System Admin to add a Closing Cost option to a loan.** If a fee was just added to your options in the closing cost details screen, you need to reprice the loan to bring in the fee option on the loan.
- **When you have requested System Admin to make updates to your LLPAs.** Once System Admin has updates LLPAs, the loan will need to be repriced to bring in updated LLPAs.
- **After you have updated the Loan Purpose.** Always reprice the loan after using the Update Loan Purpose feature so correct fees are pulled in and the correct product is used.

### *Updating Declarations in URLA*

- **If a loan is copied to a different loan purpose, the Declarations will copy over with it, but the Declarations need to be reviewed and saved in order for the answers to be recognized.**
  - Question A in the Declarations affects the DTI calculation
  - Question A also controls if the Right to Cancel document generates in the Closing Documents.

### *Make sure that addresses in the URLA that should match, do match exactly.*

- **If the Current address, mailing address, and any of the REO address are the same address, make sure that they match exactly. If they are not listed exactly the same, this will cause the system to think they are different addresses. Differences like “Rd” vs “Road” or “St.” vs “St” or one address listing a unit number in the unit box and the other listing it within the Street Address field will cause an issue**
  - This affects the DTI calculation
  - This affects the Mailing Address Certification document in the Closing package. For a Purchase, if the Mailing address doesn’t match the borrower’s current address exactly, it will check the box on the Mailing Address Certification and list the borrower’s mailing address as it was at application on the document, instead of listing their new purchased property as the Mailing Address.

### *Receiving System Error when using the Update Loan Purpose feature*

- If the Home Equity Purpose in the Transaction Information screen in URLA is blank.
- If you copied the loan from a loan that used the 1003 Format, you may receive a system error due to certain fields in the 1003 that don’t convert to the URLA correctly. We would need to open a ticket with Mortgage Cadence to fix this issue. Mortgage Cadence advises not to copy from loans that used the 1003 format.

## Notes:

[illegible]



### Smooth Transitioning from Processing to Closing

Processing's initial review will request items that are needed for the loan right away and also items that are going to be needed by closing.

- Payoffs –
  - Credit card statements – needs to include member's name, account number, and customer service contact information
  - Mortgage and Installment Loan payoffs – needs to include member information, a valid good thru date and per diem
  - Payoffs can be uploaded closer to a CTC to ensure the dates are not expired
- Homeowner's Insurance
  - Purchases – Processing requests the quote at initial review, while it is not always required to receive a CTC, it is highly recommended to ensure the DTI is in line
  - Refinances – we need the current HOI dec page before we can issue the CTC
    - Make sure it includes the premium amount, subject property address and policy dates
  - On loans that will be closing as an Early CD, it is the loan officer's responsibility to obtain the updated HOI
    - For refinances, (if escrowed) we need proof it's paid in full or if there is a partial premium still due, we need that amount
    - For refinances, (non-escrowed) we need proof it is paid in full or if they are making payments, we need proof the payments are current
  - It is always the loan officer's responsibility to obtain HOI Binder and Invoice/Receipt on purchases
- Here is a list of mortgagee clauses for your reference:
  - **Portfolio – Serviced by NMS**  
(CU Name)  
c/o NMS ISAOA  
PO Box 228  
Frankenmuth, MI 48734
  - **Portfolio – Not Serviced by NMS**  
Clause can be found via Web Admin
  - **FNMA – FICS**  
NMS ISAOA  
c/o FICS  
PO Box 228  
Frankenmuth, MI 48734

- **FNMA – CU Answers**  
 NMS ISAOA  
 c/o (CU Name)  
 PO Box 228  
 Frankenmuth, MI 48734

### **NMS Processing Duties**

#### **Once Received in Processing:**

- Will confirm/Review information on Loan Summary Screen is correct
  - Loan Amount, Purchase Price, LTV Ratios, DTI Ratios all correct and eligible
  - Address Verification
  - Initial App and all Disclosures are in File
  - DU Eligible. (*if FNMA*)
- Complete Staff Assignment and Loan status to In Processing
- Run Flood report through Order Services
- Pull over Credit Report and Flood findings to VLF
- Order Title
- Order Appraisal
- Upload LDP/GSA's (only for RD loans)

#### **Reviewing a File:**

- Processor will review VLF and confirm minimum required Docs are in VLF
  - Income, Assets, Mortgage Statements/Payoff docs, HOI, Drivers Licenses, Credit Report, EMD, TRID info, Letters of Explanation's, and any other docs that may pertain to the file
  - We will update throughout the Process, if loan becomes short Funds for Closing, or if Assets are needed
  - Will order all misc. items as needed: Example --VOE's, VOM's, condo Docs, etc.
- Processor will Complete Vendor Information in Closing Cost Details, and update fees for Appraisal, and Title Lender fees. All others should be prefilled or completed from Initial disclosure. We will confirm Prepaids and Reserves are completed
- URLA: all pages will be reviewed for completion/accuracy. Conditions will be given on any missing input information. Income and Assets will be calculated/updated as needed

- PATH: Processor will complete the Process and Validate Path
- Appraisal Review – Processor will review appraisal for eligibility, and let LO know if any known issues. We will update Appraisal screen in PATH, and REO screens for current Value.
  - Will run XML through UCDP and run Early Check through Order Services on all FNMA loans (not required to run on In-house/PORT loans)
- Title Review – Processor will review. Will complete Title Screens in PATH. Confirm Loan amounts match, and will request any revisions as needed. Will review that Parcel numbers match to Appraisal, and confirm if there are additional liens that need discharged before closings
- Processor will submit loan to Underwriting for review, and will order payoffs. Once we have conditions, processor will work with Lender on needed items, and request revisions on Title/Appraisal as needed. Once we have a clear to close, processor will do a final review on the file, and issue a CTC email.

## Notes:

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

### 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](mailto: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
  - Order Services>Closing Docs-Doc Center>Closing Disclosure Only
- The TRID time frame applies
  - *Examples:* 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

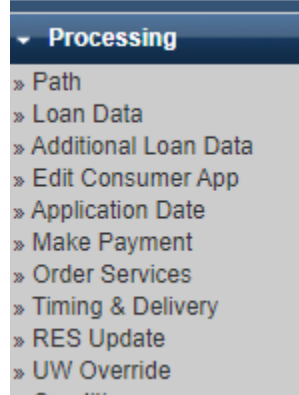
#### **Preparing the Early CD**

- Confirm the Loan is Locked in Mortgage Cadence
  - For loans sold to FNMA/Freddie Mac and RD: you will want to make sure that the loan is locked with our Secondary Market Dept.
- You will need to make sure that your loan is in an *Approved* status for RD and Portfolio Loans
 

Approval Status:
Override:Approved

  - From Loan Summary, left-hand side under **Processing**, you will click on *UW Override* and use the dropdown to select **Approved**. This

does not send out an approval but opens up *Path* for you to fill out the Document Dates



## Override Approval Status

To change the approval status on this loan, select the approval status on the loan, the approval status completed the override will display beneath the :

Approval Status: Approved ▼

- Request a preliminary CD from the Title Company if they have not already provided one
- Go to Path>Doc Prep>Document Dates
  - 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

Closing Documents Date	7/1/2024	
Scheduled Loan Signing Date	7/5/2024	
Rescission Date		
Scheduled Loan Funding Date	7/5/2024	
Lock Expiration Date	7/28/2024	
Scheduled First Payment	9/1/2024	

- For Refinances of Primary Homes, fill in the Closing Documents date, Scheduled Loan Signing Date, Rescission Date, and Scheduled Loan Funding Date

Closing Documents Date	7/8/2024	
Scheduled Loan Signing Date	7/8/2024	
Rescission Date	7/11/2024	
Scheduled Loan Funding Date	7/12/2024	
Lock Expiration Date	7/29/2024	
Scheduled First Payment	9/1/2024	

- 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 Selected Vendor)** column correctly

Closing Costs											
	HUD	Amount	Override Amount	Description	% Used To Calculate	APR	POC	Paid By	BSV	Vendor Name	Paid To

- If the Title Company is **NOT** on your Written Settlement Providers List, then the fee should be marked as Yes since the Borrower shopped for the fee. You do **NOT** complete a Changed Circumstance for a title fee violation

Processing

» Path  
 » Loan Data  
 » Additional Loan Data  
 » Edit Consumer App  
 » Application Date  
 » Make Payment  
 » Order Services  
 » Timing & Delivery  
 » RES Update  
 » UW Override  
 » Conditions  
 » Appendix Q  
 » Closing Disclosure  
 » Uniform Closing Dataset  
 » Denial Screen  
 » HMDA 2018  
 » Staff Assign  
 » Appraiser Information  
 » Service Provider List



<a href="#">Details</a>	1107	\$25.00	\$0.00	Title - Wire Fee	0.000	Yes ▼	\$0.00	B ▼	Yes ▼	Chicago Title Comj ▼	Third Party Provider ▼
<a href="#">Details</a>	1113	\$0.00	\$40.00	Title - Closing Protection Coverage	0.000	Yes ▼	\$0.00	B ▼	Yes ▼	Chicago Title Comj ▼	Third Party Provider ▼

Title Company

Advantage Title Service Inc.

1500W 3rd Street  
Cleveland, OH 44113

(216) 696-9313

Title Company

Fidelity National Title

5340 Meadow Lane Court  
Sheffield Village, OH 44035

(440) 285-5100

- 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 **Prepays** section in the Closing Cost Details screen

## Prepays

	HUD	Amount	Override Amount	Description	Amount	Days/Months	APR	POC	Paid By
<a href="#">Details</a>	901	\$262.30		Interim Interest	\$26.23	10	Yes	\$0.00	B
<a href="#">Details</a>	903	\$800.00	\$580.00	Hazard Insurance (Yearly)		12	No	\$0.00	B

[Add Prepaid](#)

Total Prepays: \$842.30

- Update Reserves/Impounds if necessary

## Reserves/Impounds

	HUD	Amount	Yearly Amount	Description	Monthly	Months	APR	POC	Paid By
<a href="#">Details</a>	1002	\$145.02	\$580.08	Hazard Insurance Premium (Monthly)	\$48.34	3	No	\$0.00	B
<a href="#">Details</a>	1004	\$250.78	\$1,504.68	County/Winter Property Taxes	\$125.39	2	No	\$0.00	B
<a href="#">Details</a>	1099	(\$48.34)	\$0.00	Aggregate Adjustment	(\$48.34)	1	No	\$0.00	B

[Add Reserve/Impound](#)

Total Reserves/Impounds: \$347.46

- Once the fees have been updated, go to Order Services>Closing Doc Center>Closing Disclosure 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, Electronically send OR Hand Deliver the CD to the Member for their signature

- After running the Closing Disclosure Only, go to Path>Doc Prep>Timing & Delivery and click on the link to take you to the appropriate screens

- Scroll down to the **Closing Disclosure** section and select your CD delivery method from

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

- the dropdown options

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).

- 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

### Heard Around the Mortgage World

National Association of Realtors (NAR) settled claims from home sellers for \$418 million.

What does this mean to you and me?

- Sellers are no longer expected or required to pay the buyers realtor commissions, which has been customary for many, many years
- Now the buyer will be able to negotiate their own agents' commissions and it will be a part of the formal purchase agreement and/or addendums.
  - The buyer will now have additional closing cost that they are responsible for paying and must be reflected on the LE/CD as a borrower charge.
  - The seller may contribute to pay a portion or all the buyer's commissions, if noted on the PA as a seller contribution
  - This contribution would be treated like any other seller contribution and would be an interested party contribution (IPC)
  - The IPC must meet the allowable limits per the LTV requirements.
- When does the buyer's realtor commission fee get disclosed?
  - At the time of initial Loan Estimate (LE). if the Purchase Agreement and/or agents' agreement is available to the lender, and it states the buyer is agreeing to pay the realtor commissions fees.
  - This charge must be disclosed in Section H. Other on the initial LE
  - Once the PA or agents' agreement has been received, you should re- disclose any fee and/or charges the buyer has agreed to pay, within 3 business days.

## Rural Development Updates

- Increased DTI
  - 34 / 41
- HOI update on deductibles
  - Hazard Insurance maximum deductible is 5% of the total coverage
  - Flood Insurance maximum deductible is \$10,000
- Gift funds
  - Evidence of the deposit to applicants account (Donor's asset statements not needed)
- Non-traditional tradeline
  - Added monthly subscriptions services, gym memberships, etc.
- Income limits
  - Increased on 7/12/24 (example area of Saginaw Co, MI / 5 persons \$148,450)
    - <https://www.rd.usda.gov/sites/default/files/rd-grhlimitmap.pdf>

### 1. Top most common errors

- Missing income (all applicants and HH members)
  - Income for borrower(s) and all adult household members must be provided to determine the household eligibility income amount.
- Missing Bank Statements (for all applicants and household members)
  - VOD or Full asset statements are required for borrower(s) and all adult household members for all asset accounts.
- Transaction histories in lieu of asset statements
  - Must provide full asset statements. Transaction history print out is not acceptable.

### 2. Pre-Approval & GUS submissions

- Complete loan files excluding a PA, Appraisal & Title
  - PA, Appraisal & Title are all needed for final GUS submission
- All household information including income and assets
  - Needed to determine household income and verification that sufficient funds are not available to obtain conventional financing
- Why it is not beneficial to submit to GUS when incomplete loans are received.
  - Incomplete documentation does not produce accurate GUS preliminary findings
  - Household income eligibility will not be verified as eligible
  - Assets cannot be verified as sufficient for funds needed to close

Additionally, the Underwriter is not able to submit a file for preliminary GUS findings if the application is not completed entirely. IE: ALL Employer information completed for current and previous employers; Asset accts must include acct. numbers, Title Information, etc. Property address can be TBD however State and County information will determine RD eligibility income for the area

## 1. Benefits of the FNMA Income Calculator

- All SE borrowers including 25% or less ownership
- How much does the FNMA Income Calculator cost? – **Free!**
- Biggest benefit is Relief of Reps and Warrants...
  - All lenders should be using this user-friendly tool to make sure they have the S/E income nailed down before giving a pre-approval to their borrower. **Certainty and Confidence!**
  - Enforcement relief from Reps and Warrants for Appraisals and now Income too!? Having this relief for both, in one loan, makes the file nearly bullet-proof from Fannie audit (S/E income calculation and documentation is consistently cited in the top 5 for audit fails).
  - Missing or inaccurate data will void any rep & warrant relief.
- Some income that is typically deducted when using SAM worksheet, is not necessarily deducted when using the calculator. For Instance...
  - Non-recurring income (normally deducted when using Sam), even if we don't have the 2 years tax returns to verify that an income truly is reoccurring, is not entered as a negative number in the FNMA Income Calculator. Enter the data into the FNMA Income Calculator EXACTLY as it appears on the tax return.
- Ordinary Income vs Distribution on K1's
  - Liquidity test is VERY forgiving on the FNMA Income Calculator and just requires a ratio over 1. This allows use of Ordinary Income (box 1) from the K1's more often than we normally would using the SAM Worksheet.
- For S/E borrowers, Fannie Mae cares about 3 things:
  - **History:** Borrower must have had 25% ownership (or more) in the business for at least 24 months (with rare exception described in Selling Guide).
  - **Documentation:** Must have at least 12 months of self-employment income represented on most recent tax return. But if DU requires 2 years returns (for S/E borrowers whose company has less than 5 yrs history) and the business originated in, say, mid-2022, the FNMA Income Calculator will take, for example, a 20-month average rather than a 24-month average...unlike the SAM Worksheet...giving you significantly more monthly income.
  - **Calculation:** When you use the FNMA Income Calculator, this is taken care of for you.

- Does the lender have to independently verify the beginning date of when the borrower began 25% ownership of the business?
  - Yes, when not included on the tax return itself like for sole proprietorship (1120s and 1065 business returns have dates the business started), lender must obtain business license or evidence online through the state as to the beginning of the borrower's ownership.
  - Heads up, if borrower is only 21 years old and the date on the 1120s or 1065 says the business incorporated 30 years ago, lender must determine when the borrower obtained 25% ownership (Articles of Incorporation?). Probably a family-owned business.
- Are we required to use the Income Calculator?
  - Fannie does not require the use of their Income Calculator. And as mentioned above, there are still times we will need to use the SAM Worksheet. But when allowable, NMS Underwriters will be using the Income Calculator to achieve enforcement relief from Reps and Warrants. We encourage lenders to do so also.
- What if my borrower owns multiple businesses? Do I need multiple Income Calculator evaluations?
  - Yes. Separate submissions are required for each self-employment/business ownership income.
- Are the Findings on the generated report important?
  - Yes! Just like with DU findings, it is imperative that the lender and underwriter read these conditions/findings carefully.
- FNMA Income Calculator cannot evaluate S/E income when:
  - Most recent tax return reflects less than 12 months of earnings
  - Employment start date is unknown or borrower has less than 24-mo history of S/E with the business (and the prior employment history is not consistent as described in the Selling Guide).
  - Tax returns are more than 3 yrs old.
  - Business operates in a non-calendar, fiscal year.
- Coming soon:
  - Rental Income
  - Multiple Schedule C's (in previous year) merged into 1 Schedule C (in most recent year).
  - Two years returns but there was a business structure change from a Schedule C (one year) into an S-Corp (the next year)
  - Dividends and Interest (Schedule B), Capital Gains (Schedule D), Rent, trust and royalty (Schedule E) and farm income (Schedule F).



## 2. Other Income

- Variable income (OT, Commission, Bonus)
  - If declining, use only YTD average. If increasing, take YTD + previous year + 2 years prior (if available/applicable) / number of total months.
  - Must have at least 12 months history (with strong compensating factors) otherwise 24 months is required.
- Employment related assets as qualifying income
  - IRA vested balance (made up of stocks/bonds/mutual funds)

**\*Minus\***

10% penalty

**\*Minus\***

Funds required for closing (down payment, closing costs, reserves)

**\*Divided by\***

Months of loan amortization (example: 30-yr fixed would be divided by 360)

## Top Misunderstood Guidelines

1. Divorce decree
  - (a) When the borrower owes ex-spouse funds
  - (b) Difference between submitting loan as cashout vs limited cashout
  - (c) What min documentation is required if divorce proceedings are just starting
2. Caregiver income
  - Follow foster care income requirements
3. Bonus, overtime, and commission income.
  - 12-month minimum requirement does not need to be consecutive.
4. Changing from w2 wage earner to self employed
  - (a) Minimum requirements reported to tax return
  - (b) Prev income earned must be equal to or greater than the SE income reported
  - (c) Must be similar/related field from previous to current
5. Walls in condo insurance requirement
6. Open 30- day accounts-how to handle
  - (a) FNMA versus Freddie
7. Disputed Accounts; when is further documentation required.
  - (a) DU issues a message indicating further information/documentation is required.
  - (b) When the borrower claims they are NOT responsible for the disputed account.
    - Borrower must provide documentation from collection/credit account holder stating the account does not belong to the borrower.
    - The credit report vendor may be able to assist and provide proof it is not the borrower's account.
  - (c) If the disputed account IS the borrower's responsibility.
    - Option would be to remove the dispute from the account, repull credit and DU.

## Rural Development

### Frequently Asked Questions

**Q. Are co-signers or non-occupant co-borrowers allowed?**

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

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

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

**Q. 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?**

A. 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.

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

A. Yes, assets must be verified whether they are required for funds to close or not. Assets may affect income eligibility.

**Q. Can a borrower print out a transaction statement, register, or list of their account activity and have it stamped by the banking institution in place of the official bank statements?**

A. No, the printouts need to be the most recent official monthly bank statements, or a verification of deposit provided by the banking institution. The applicants cannot print out a partial transaction statement, 30 or 60 days, that shows the URL and have the financial institution stamp and date it. Only the official monthly bank statement is allowable.

**Q. 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?**

A. 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.

**Q. The applicant has an outstanding judgement. Can it be paid in full at closing?**

A. 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.

**Q. An applicant has 2 credit scores, with the third credit score frozen. Does the third score need to be unfrozen?**

A. Yes, applicants must ensure credit data frozen at any credit repository is made available.

**Q. 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?**

A. No, GUS Accept files do not require credit score validation. No further trade lines are required.

**Q. 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?**

A. 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.

**Q. Are applicants able to purchase a duplex?**

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

**Q. The applicant currently lives in the subject property and entered into a contract for deed agreement with the seller.**

A. 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.

**Q. Is a ratio waiver required on a purchase transaction when the total debt ratio exceeds 41% on an "Accept with Full Documentation" GUS recommendation?**

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

Income and Documentation Matrix		
Income guidance: 7 CFR 3555, Sections 3555.152(a) and (b)		
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.		
Considerations for Income Calculations		
<ul style="list-style-type: none"> <li>• Lenders must verify the income for each adult household member for the previous 2 years.</li> <li>• Annual and adjusted annual income calculations must include all eligible income sources from all adult household members, not just parties to the loan note.</li> <li>• Annual income is calculated for the ensuing 12 months, based on income verifications, documentation, and household composition.</li> <li>• Include only the first \$480 of earned income from adult full-time students who are not the applicants, or a spouse of an applicants in annual and adjusted annual income.</li> <li>• Income from assets that meet the criteria of Section 9.4 must be included in annual and adjusted annual income.</li> <li>• 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.</li> <li>• Income used in repayment income calculations must be confirmed to continue a minimum of three years into the mortgage.</li> <li>• If the income is tax exempt, it may be grossed up 25 percent for repayment income.</li> <li>• “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.</li> </ul>		
Income Type	Annual Income	Repayment Income
Adoption Assistance or Subsidy	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><b>Required History:</b> 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"> <li>○ The applicants are currently receiving the income; and</li> <li>○ The amount of the income received each month.</li> </ul> <p>Benefits that do not include expiration dates on the documentation will be presumed to continue.</p>
<p><b>Documentation Source Options:</b></p> <ul style="list-style-type: none"> <li>• Benefit/Award letter to document the amount and duration of payments.</li> <li>• Online payment schedule from the Agency, bank statements, etc.</li> <li>• Federal income tax returns or IRS tax transcripts with all schedules.</li> </ul>		

Income Type	Annual Income	Repayment Income
<b>Automobile Allowance</b>	<p>Include amounts documented on the pay statements as taxable gross earnings that will be received in the ensuing 12 months.</p>	<p><b>Required History:</b> Two years</p> <p><b>Continuance:</b> 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><b>Documentation Source Options:</b></p> <ul style="list-style-type: none"> <li>• Paystub(s)/Earning statement(s).</li> <li>• Contract/agreement from employer to state terms and duration of payments.</li> <li>• Federal income tax returns or IRS tax transcripts with all schedules.</li> </ul>		
<b>Base Wages (Hourly or Salary) Full or Part Time</b>	<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 applicants, co-applicants, or a 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><b>Required History:</b> 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><b>Documentation Source Options:</b></p> <ul style="list-style-type: none"> <li>• Paystub(s)/Earning statement(s).</li> <li>• W-2's.</li> <li>• Written Verification of Employment (VOE) or electronic verifications.</li> <li>• Federal income tax returns or IRS tax transcripts with all schedules.</li> <li>• Section 9.3E provides additional information on employment verification options.</li> </ul>		

Income Type	Annual Income	Repayment Income
<b>Boarder Income</b>  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
<b>Bonus</b>	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).	<b>Required History:</b> One year in the same, or similar, line of work.  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.  <b>Continuance:</b> Income will be presumed to continue unless there is documented evidence the income will cease.
<b>Documentation Source Options:</b> <ul style="list-style-type: none"> <li>• Paystub(s)/Earnings statement(s).</li> <li>• W-2's.</li> <li>• Written VOE or electronic verifications.</li> <li>• Federal income tax returns or IRS tax transcripts with all schedules.</li> <li>• Section 9.3E provides additional information on employment verification options.</li> </ul>		
<b>Capital Gains</b>	Include amounts that will be received in the ensuing 12 months. Exclusions may apply under 7 CFR 3555.152(b)(5).	<b>Required History:</b> Two years  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.
<b>Required Documentation:</b> <ul style="list-style-type: none"> <li>• Federal income tax returns or IRS transcripts with all schedules.</li> <li>• Evidence of additional property or assets retained by the applicants through title, bank statements, etc.</li> </ul>		

Income Type	Annual Income	Repayment Income
<b>Child Support</b>	<p>Include amounts that will be received in the ensuing 12 months. Exclusions may apply under 7 CFR 3555.152(b)(5).</p> <p>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.</p>	<p><u>Court Ordered Payments:</u></p> <p><b>Required History:</b> Six months</p> <p>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.</p> <p><u>Voluntary Payment Agreements:</u></p> <p><b>Required History:</b> One year</p> <p>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.</p>
<p><b>Documentation Source Options:</b></p> <ul style="list-style-type: none"> <li>Final divorce decree, legal separation agreement, or court order (front and pertinent pages) to document the amount and timeframe of the obligation.</li> <li>Evidence of timely receipt/consistent amount for required history: bank statements, canceled checks, deposit slips, tax returns, etc.</li> </ul>		
<b>Commission</b>	<p>Include amounts that will be received in the ensuing 12 months. Exclusions may apply under 7 CFR 3555.152(b)(5).</p>	<p><b>Required History:</b> One year in the same, or similar, line of work.</p> <p>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.</p> <p><b>Continuance:</b> Income will be presumed to continue unless there is documented evidence the income will cease.</p>
<p><b>Documentation Source Options:</b></p> <ul style="list-style-type: none"> <li>Paystub(s)/Earning statement(s).</li> <li>W-2's.</li> <li>Written VOE or electronic verifications.</li> <li>Federal income tax returns or IRS tax transcripts with all schedules.</li> <li>Section 9.3E provides additional information on employment verification options.</li> </ul>		



Income Type	Annual Income	Repayment Income
<b>Contract / Employment Offer</b>	Include amounts that will be received in the ensuing 12 months based on employment verifications.	<p><b>Required History:</b> 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>Applicants 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 applicants have reserves available post loan closing to cover all monthly liability payments and the new mortgage obligation until employment begins.</p>
<p><b>Documentation Source Options:</b></p> <ul style="list-style-type: none"> <li>• Copy of signed employment contract/offer.</li> <li>• Paystub(s)/Earning statement(s) of current/former employer to confirm employment/income history.</li> <li>• W-2's.</li> <li>• Written Verification of Employment (VOE) or electronic verifications.</li> <li>• Federal income tax returns or IRS tax transcripts with all schedules.</li> <li>• Section 9.3E provides additional information on employment verification options.</li> </ul>		
<b>Depreciation/Depletion</b>	The amount(s) of straight-line depreciation and/or depletion documented on acceptable IRS forms may be deducted.	<p><b>Required History:</b> Two years</p> <p><b>Continuance:</b> 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><b>Required Documentation:</b></p> <ul style="list-style-type: none"> <li>• Federal income tax returns or IRS tax transcripts with all schedules.</li> </ul>		

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

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

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

Income Type	Annual Income	Repayment Income
<b>Housing or Parsonage Allowance</b>	Include the amounts that will be received in the ensuing 12 months. Exclusions may apply under 7 CFR 3555.152(b)(5).	<p><b>Required History:</b> One year</p> <p>The full amount of the allowance may be included. Do not offset the mortgage payment with the amount of the allowance.</p> <p><b>Continuance:</b> Income will be presumed to continue unless there is documented evidence the income will cease.</p>
<p><b>Documentation Source Options:</b></p> <ul style="list-style-type: none"> <li>• Paystub(s)/Earning statement(s).</li> <li>• Contract/Agreement from employer to state the terms and duration of payments.</li> <li>• Federal income tax returns or IRS tax transcripts with all schedules.</li> </ul>		
<b>Individual Retirement Account (IRA) Distributions</b>	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).	<p><b>Required History:</b> 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"> <li>○ The applicants are currently receiving the income; and</li> <li>○ The amount of income received each month.</li> </ul> <p><b>Continuance:</b> Income will be presumed to continue unless there is documented evidence the income will cease.</p>
<p><b>Documentation Source Options:</b></p> <ul style="list-style-type: none"> <li>• IRA documents, IRS 1099, evidence of current receipt, bank statements, etc.</li> <li>• Federal income tax returns or IRS tax transcripts with all schedules.</li> </ul>		
<b>Interest</b>	<p>Include income that will be received in the ensuing 12 months.</p> <p>Net family assets that do not exceed a cumulative total of \$50,000 are not required to be considered in the annual income calculation.</p>	<b>Required History:</b> Two years
<p><b>Required Documentation:</b></p> <ul style="list-style-type: none"> <li>• Account statements to support the balance, rate of interest, and payment amounts/continuance.</li> <li>• Federal income tax returns or IRS tax transcripts with all schedules.</li> </ul>		
<b>Live in Aides</b>	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><b>Required History:</b> One year</p> <p><b>Continuance:</b> 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>
<b>Documentation Source Options:</b> <ul style="list-style-type: none"> <li>• Paystub(s)/Earning statement(s).</li> <li>• Federal income tax returns or IRS tax transcripts with all schedules.</li> </ul>		
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><b>Required History:</b> One year College/Technical School attendance may be substituted.</p> <p><b>Continuance:</b> 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>
<b>Documentation Source Options:</b> <ul style="list-style-type: none"> <li>• Military Earnings and Leave Statement(s).</li> <li>• W-2's.</li> <li>• Written VOE or electronic verifications.</li> <li>• Federal income tax returns or IRS tax transcripts with all schedules.</li> <li>• Section 9.3E provides additional information on employment verification options.</li> </ul>		

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

Income Type	Annual Income	Repayment Income
<b>Overtime</b>	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><b>Required History:</b> One year in the same, or similar, line of work.</p> <p><b>Continuance:</b> 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><b>Documentation Source Options:</b></p> <ul style="list-style-type: none"> <li>• Paystub(s)/Earning statement(s).</li> <li>• W-2's.</li> <li>• Written VOE or electronic verifications.</li> <li>• Federal income tax returns or IRS tax transcripts with all schedules.</li> <li>• Section 9.3E provides additional information on employment verification options.</li> </ul>		



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

Income Type	Annual Income	Repayment Income
<p><b>Rental Income</b></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><b>Required History:</b> 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><b>Required Documentation:</b></p> <ul style="list-style-type: none"> <li>Federal income tax returns with all schedules, specifically Schedule E; or</li> <li>IRS transcripts with all schedules, confirm Schedule E is completed.</li> <li>Evidence of cash/check deposits, money order receipts, electronic payment receipt, etc. to document rents received for last 30 days.</li> <li>Signed lease of current occupants.</li> </ul> <p><b>GUS Instructions:</b></p> <ul style="list-style-type: none"> <li>Complete the applicable fields in the “Real Estate” page. Include the corresponding mortgage debt associated with the property, if applicable.</li> <li>Unless manually overwritten, GUS auto-calculates net rental income by employing a 25% vacancy factor. GUS uses 75% of the lender entered amount for monthly rental income and subtracts the lender entered amounts for monthly mortgage payment(s), insurance, taxes, association dues, etc.</li> </ul>		
<p><b>Restricted Stock Units (RSU)</b></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><b>Required History:</b> Two years</p>
<p><b>Required Documentation:</b></p> <ul style="list-style-type: none"> <li>RSU account statements or award letters.</li> <li>Paystubs, VOE’s, or other documentation from the employer to support previous and future payments.</li> </ul>		

Income Type	Annual Income	Repayment Income
<b>Retirement</b>	<p>Include amounts that will be received in the ensuing 12 months.</p> <p>Lump sum withdrawals or sporadic payments may be excluded under 7 CFR 3555.152(b)(5).</p>	<p><b>Required History:</b> 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"> <li>○ The applicants are currently receiving the income; and</li> <li>○ The amount of the income received each month.</li> </ul> <p><b>Continuance:</b> Income will be presumed to continue unless there is documented evidence the income will cease.</p>
<p><b>Documentation Source Options:</b></p> <ul style="list-style-type: none"> <li>• Benefit/Award verification letter, retirement documents, IRS 1099, evidence of current receipt, bank statements, etc.</li> <li>• Federal income tax returns or IRS tax transcripts with all schedules.</li> </ul>		
<b>Royalty Payments</b>	<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><b>Required History:</b> Two years</p> <p>Lenders must confirm the amount, frequency, and duration of these payments.</p>
<p><b>Required Documentation:</b></p> <ul style="list-style-type: none"> <li>• Royalty contract or agreement.</li> <li>• Federal income tax returns or IRS transcripts including all schedules.</li> </ul>		
<b>Schedule K-1</b>	<p>Include monetary amounts (cash distributions) that will be received in the ensuing 12 months.</p> <p>Distributions of equipment, shares of real estate interest/ownership, non-monetary items, etc. are not included in the annual income.</p>	<p><b>Required History:</b> Two years</p> <p>Schedule K-1 income may be utilized to qualify applicants 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.”</p> <p><b>Continuance:</b> These amounts will be presumed to continue unless there is documented evidence they will cease.</p>
<p><b>Required Documentation:</b></p> <ul style="list-style-type: none"> <li>• Federal tax returns or IRS transcripts with all schedules.</li> <li>• Schedule K-1 forms.</li> </ul>		

Income Type	Annual Income	Repayment Income
<b>Scholarships</b>	Include funds that will be received in the ensuing 12 months after deducting for tuition, fees, books and equipment.	<b>Required History:</b> Two years  Include remaining funds after deducting tuition, fees, books, and equipment.
<b>Required Documentation:</b> <ul style="list-style-type: none"> <li>Award letter to state the benefit/scholarship amount or tuition assistance and date of termination.</li> <li>Evidence to support the deductions required to arrive at any repayment amount.</li> </ul>		
<b>Seasonal Employment</b>	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.	<b>Required History:</b> 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 applicants are still an employee along with an anticipated return to work date.  <b>Continuance:</b> Income will be presumed to continue unless there is documented evidence the income will cease.
<b>Documentation Source Options:</b> <ul style="list-style-type: none"> <li>Paystub(s)/Earning statement(s).</li> <li>W-2's.</li> <li>Written VOE or electronic verifications.</li> <li>Federal income tax returns or IRS tax transcripts with all schedules.</li> <li>Section 9.3E provides additional information on employment verification options.</li> </ul>		
<b>Secondary Employment</b>	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.	<b>Required History:</b> One year of working primary and secondary employment concurrently.  <b>Continuance:</b> Income will be presumed to continue unless there is documented evidence the income will cease.
<b>Documentation Source Options:</b> <ul style="list-style-type: none"> <li>Paystub(s)/Earning statement(s).</li> <li>W-2's.</li> <li>Written VOE or electronic verifications.</li> <li>Federal income tax returns or IRS tax transcripts with all schedules.</li> <li>Section 9.3E provides additional information on employment verification options.</li> </ul>		

Income Type	Annual Income	Repayment Income
<b>Section 8 Housing Vouchers</b>	Do not include	<p><b>Required History:</b> 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><b>Required Documentation:</b></p> <ul style="list-style-type: none"> <li>Benefit/Award letter to verify the subsidy amount.</li> <li>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.</li> </ul> <p><b>GUS Instructions:</b></p> <ul style="list-style-type: none"> <li>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.</li> </ul>		
<b>Self-Employment Income and Independent Contractors (1099)</b>	<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><b>Required History:</b> 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><b>Required Documentation:</b></p> <ul style="list-style-type: none"> <li>Most recent two years of Federal income tax returns or IRS tax transcripts with all schedules; and</li> <li>YTD Profit and Loss Statement (audited or unaudited), used for income trend analysis.</li> </ul>		

Income Type	Annual Income	Repayment Income
<b>Separate Maintenance/Alimony</b>	<p>Include amounts that will be received in the ensuing 12 months.</p> <p>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.</p>	<p><u>Court Ordered Payments:</u></p> <p><b>Required History:</b> Six months</p> <p>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.</p> <p><u>Voluntary Payment Agreements:</u></p> <p><b>Required History:</b> One year</p> <p>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.</p>
<p><b>Required Documentation:</b></p> <ul style="list-style-type: none"> <li>• Final divorce decree, legal separation agreement, or court order (front and pertinent pages) to document the amount and timeframe of the obligation.</li> <li>• Evidence of timely receipt and consistent amount for required history: bank statements, canceled checks, deposit slips, tax returns, etc.</li> </ul>		
<b>Social Security Income</b>	<p>Include amounts that will be received in the ensuing 12 months. Exclusions may apply under 7 CFR 3555.152(b)(5).</p>	<p><b>Required History:</b> None, the income must be received at the time of submission to the Agency.</p> <p>Benefits that do not include an expiration date and are expected to be received for at least three years into the mortgage may be considered.</p> <p>Benefits received by applicants on behalf of minors (funds are intended for their support) may be utilized for repayment income if they are expected to be received for at least three years into the mortgage.</p> <p>Benefits received by applicants on behalf of an adult household member may be used for repayment income if they are expected to be received for at least three years into the mortgage when there is evidence they are the legal guardian for the non-applicant adult household member.</p>
<p><b>Documentation Source Options:</b></p> <ul style="list-style-type: none"> <li>• Benefit statement from the Social Security Office or Form SSA-1099/1042S, Social Security Benefit Statement.</li> <li>• Legal guardianship/payee status for adult household members.</li> </ul>		

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><b>Temporary Leave Income/Temporary Reduction to Income with current employer</b></p> <p>This guidance is for applicants that are currently employed. This guidance does not apply to applicants that are 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><b>Required History:</b> 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"> <li>○ Verification the applicants have the right to return to work following the leave;</li> <li>○ Documentation of the applicant's return date;</li> <li>○ Verification of the duration and amount of temporary leave income; and</li> <li>○ Documentation of regular employment prior to temporary leave.</li> </ul> <p>Applicants that will return to work prior to the first mortgage payment may use their pre-leave income.</p> <p>Applicants 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><b>Documentation Source Options:</b></p> <ul style="list-style-type: none"> <li>• All employer verifications required by this section.</li> <li>• Benefit statement/Contract.</li> <li>• Paystub(s)/Earning statement(s).</li> <li>• Written VOE or electronic verification.</li> <li>• Section 9.3E provides additional information on employment verification options.</li> </ul>		



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



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

Income Type	Annual Income	Repayment Income
<b>Variable Income (e.g. piece rate, union work, and other similar types of pay structures)</b>	Include amounts that will be received in the ensuing 12 months. Exclusions may apply under 7 CFR 3555.152(b)(5).	<p><b>Required History:</b> 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><b>Continuance:</b> Income will be presumed to continue unless there is documented evidence the income will cease.</p>
<b>Required Documentation:</b> <ul style="list-style-type: none"> <li>• Paystub(s)/Earning statement(s).</li> <li>• W-2's.</li> <li>• Written VOE or electronic verifications.</li> <li>• Federal income tax returns or IRS tax transcripts with all schedules.</li> <li>• Section 9.3E provides additional information on employment verification options.</li> </ul>		
<b>Worker's Compensation</b>	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).	<b>Required History:</b> Six months
<b>Required Documentation:</b> <ul style="list-style-type: none"> <li>• Award letter or settlement to state amount and duration of payments.</li> <li>• Earnings statements/Paystubs.</li> <li>• Written VOE from employer.</li> </ul>		

<b>Adjusted Annual Income Deductions</b>	
<b>7 CFR 3555.152(c)</b>	
<b>Dependent Deduction [7 CFR 3555.152(c)(1)]:</b>	<ul style="list-style-type: none"> <li>• \$480 deduction per eligible dependent at the time of submission to the Agency.</li> <li>• Applicants with shared custody may include their child(ren).</li> </ul>
<b>Documentation Source Options:</b>	<ul style="list-style-type: none"> <li>• Certify to the household number on Form RD 3555-21.</li> <li>• 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.</li> </ul>
<b>Child Care Expenses [7 CFR 3555.152(c)(2)]:</b>	<ul style="list-style-type: none"> <li>• Care for children age 12 and under.</li> <li>• Care is necessary to enable a family member to work, seek employment, or attend school.</li> <li>• Calculate anticipated child care expenses for the ensuing 12 months.</li> <li>• 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.</li> <li>• Child care expenses that exceed the earnings of the family member enabled to work are not permissible for deduction.</li> </ul>
<b>Documentation Source Options:</b>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.).</li> <li>• Child support payments and school tuition are not eligible deductions.</li> <li>• 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).</li> <li>• Calculations must be recorded on Attachment 9-B, the lender's Uniform Underwriting Transmittal Summary (FNMA Form 1008/Freddie Mac Form 1077), or equivalent.</li> </ul>
<b>Disability Expenses [7 CFR 3555.152(c)(3)]:</b>	<ul style="list-style-type: none"> <li>• Deduction for eligible expenses that exceed three percent of the annual income.</li> <li>• 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.</li> <li>• Examples include but are not limited to daily living assistance, wheelchairs, ramps, adaption needs, workplace equipment, etc.</li> <li>• Utilize documentation to estimate anticipated annual expenses.</li> </ul>
<b>Documentation Source Options:</b>	<ul style="list-style-type: none"> <li>• Third party verifications for caregivers/agencies for the dates, costs, and fees.</li> <li>• Receipts, itemized income tax returns, and other evidence to support the deductions.</li> <li>• Calculations must be recorded on Attachment 9-B, the lender's Uniform Underwriting Transmittal Summary (FNMA Form 1008/Freddie Mac Form 1077), or equivalent.</li> </ul>

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

<b>Assets and Reserves</b>	
<b>7 CFR 3555.152(d)</b>	
<p>Cash Reserves calculated by the system represent the amount of liquid assets that remain available to the applicants/borrowers 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>When assets are entered into GUS and used as reserves, lenders must ensure that the funds will be available to the applicants post-closing.</p> <p>Unverified funds are not an acceptable source of funds for down payment, closing costs, etc.</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>	
<b>Bridge Loan</b>	
<p><b>Documentation:</b></p> <ul style="list-style-type: none"> <li>Evidence of loan proceeds, where they are held (depository account, etc.), and balance remaining.</li> <li>Confirm corresponding liability for this debt is included in the total debt ratio if applicable.</li> </ul> <p><b>Reserves:</b> Eligible <b>Funds to Close:</b> Eligible</p>	
<b>Business Accounts</b>	
<p><b>Documentation:</b></p> <ul style="list-style-type: none"> <li>Two months of recent bank statements; or</li> <li>Verification of Deposit (VOD) and a recent bank statement (official electronic printout of monthly statement is acceptable).</li> </ul> <p><b>Reserves:</b> Eligible</p> <ul style="list-style-type: none"> <li>Lenders must use the balance as reflected on the most current bank statement, or on the verification of deposit if the date on the verification of deposit is dated after the bank statement (online transaction printouts, registers or lists are not permitted in lieu of bank statements).</li> </ul> <p><b>Funds to Close:</b> Eligible</p> <p><b>GUS Instructions:</b></p> <ul style="list-style-type: none"> <li>Enter as Asset Type "Other" in the "Other Assets You Have" section and select either "Other Liquid Asset" or "Other Non-Liquid Asset."</li> </ul>	
<b>Cash on Hand</b>	
<p><b>Documentation:</b></p> <ul style="list-style-type: none"> <li>Applicants must supply a letter of explanation to state how the funds were accumulated (how much weekly/monthly/etc.).</li> <li>Lender must determine reasonableness of accumulation based on income stream, spending habits, etc.</li> </ul> <p><b>Reserves:</b> Ineligible <b>Funds to Close:</b> Eligible</p>	

<b>Assets and Reserves</b>	
<b>Certificate of Deposit (CD)</b>	
<b>Documentation:</b>	<ul style="list-style-type: none"> <li>Recent account statement (monthly, quarterly, etc.) to evidence the account balance and early withdrawal penalty, if applicable.</li> </ul>
<b>Reserves: Eligible</b>	<ul style="list-style-type: none"> <li>Lenders may use the current vested balance, minus applicable fees/penalties.</li> </ul>
<b>Funds to Close: Eligible</b>	
<b>Depository Accounts: Checking, Money Market Accounts, and Savings</b>	
<b>Documentation:</b>	<ul style="list-style-type: none"> <li>Two months of recent bank statements; or</li> <li>Verification of Deposit (VOD) and a recent bank statement (official electronic printout of monthly statement is acceptable).</li> <li>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.</li> <li>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.</li> <li>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.</li> </ul>
<b>Reserves: Eligible</b>	<ul style="list-style-type: none"> <li>Lenders must use the ending balance as reflected on the most current bank statement, or on the verification of deposit if the date on the verification of deposit is dated after the bank statement. Lenders may also opt for a more conservative approach and use a lower figure at their discretion. Electronic printouts are not permitted, unless they are the official electronic statements provided by the banking institution. Deposited gift funds require further documentation and calculation. Refer to the "Gift Funds" section of this Attachment for further guidance.</li> </ul>
<b>Funds to Close: Eligible</b>	<ul style="list-style-type: none"> <li>In addition to the documentation requirements above, electronic printouts are permitted to verify cash to close.</li> </ul>
<b>Earnest Money</b>	
<b>Documentation:</b>	<ul style="list-style-type: none"> <li>Retain a copy of the check, money order receipt, etc. that was remitted for the earnest money.</li> </ul>
<b>Reserves: Eligible</b>	
<b>Funds to Close: Eligible</b>	
<b>GUS Instructions:</b>	<ul style="list-style-type: none"> <li>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.</li> <li>Refer to the "Gift Funds" section of this Attachment for additional guidance when gift funds are used for the Earnest Money deposit.</li> </ul>

<b>Assets and Reserves</b>	
<b>Foreign Assets (Assets located outside of the United States and its territories)</b>	
<b>Documentation:</b> <ul style="list-style-type: none"> <li>Documentation verifying assets have been exchanged to U.S. dollars and held in a Federal or State regulated financial institution prior to closing.</li> <li>Lender must verify funds availability and accompanying documentation that has been converted to English, or provide a translation attached to each document, and ensure the translation is complete and accurate.</li> </ul> <b>Reserves:</b> Eligible <b>Funds to Close:</b> Eligible	
<b>Gift of Equity, Sweat Equity, or Rent Credits</b>	
<b>Documentation:</b> <ul style="list-style-type: none"> <li>These gifts or credits must be applied as a reduction to the purchase price of the dwelling.</li> <li>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.</li> <li>The borrower may not receive cash back at loan closing for these gifts and/or credits.</li> </ul> <b>Reserves:</b> Ineligible <b>Funds to Close:</b> Ineligible	
<b>Gift Funds</b>	
<b>Documentation:</b> <ul style="list-style-type: none"> <li>Gift funds are considered the applicant's own funds, therefore excess gift funds are eligible to be returned to the applicant at loan closing.</li> <li>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.).</li> <li>Cash on hand is not an acceptable source of donor gift funds.</li> <li>A gift letter must be obtained to specify the donor, the dollar amount of the gift, and include a statement that the funds do not have to be repaid.</li> <li>The lender must verify that sufficient funds to cover the gift have been transferred to the applicant's account, or will be documented as received by the closing agent at the time of closing. Acceptable documentation includes: <ul style="list-style-type: none"> <li>Evidence of the applicant's deposit;</li> <li>A copy of the donor's funds by check/electronic transfer to the closing agent; or</li> <li>A copy of the Closing Disclosure showing receipt of the donor's funds.</li> </ul> </li> </ul> <b>Reserves:</b> Ineligible <b>Funds to Close:</b> Eligible <b>GUS Instructions:</b> <ul style="list-style-type: none"> <li>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.</li> <li>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.</li> </ul>	

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



<b>Assets and Reserves</b>	
<b>Retirement: 401(k), IRA, etc.</b>	
<b>Documentation:</b>	<ul style="list-style-type: none"> <li>Recent account statement (monthly, quarterly, etc.) to evidence the account balance, vested balance available for withdrawal, and early withdrawal penalty, if applicable.</li> <li>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.</li> </ul>
<b>Reserves:</b> Eligible	<ul style="list-style-type: none"> <li>60 percent of the vested amount available to the applicants may be used as reserves.</li> <li>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.</li> </ul>
<b>Funds to Close:</b> Eligible	
<b>Sales Proceeds: Real Estate Owned</b>	
<b>Documentation:</b>	<ul style="list-style-type: none"> <li>Closing disclosure or acceptable alternative.</li> <li>Verify where the proceeds are held and confirm they are available to the applicants.</li> </ul>
<b>Reserves:</b> Eligible	<ul style="list-style-type: none"> <li>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.</li> <li>Net equity/sales proceeds manually entered on a loan application must have supporting documentation.</li> </ul>
<b>Funds to Close:</b> Eligible	
<b>Secured Loan from Personal Asset</b>	
<b>Documentation:</b>	<ul style="list-style-type: none"> <li>Document the amount of the secured loan proceeds and the source (e.g. Certificate of Deposit, stocks, etc.).</li> <li>Confirm corresponding liability for this debt is included in the total debt ratio, if applicable.</li> <li>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.</li> </ul>
<b>Reserves:</b> Eligible	
<b>Funds to Close:</b> Eligible	
<b>Stocks, Stock Options, Bonds, Mutual Funds, and Investments</b>	
<b>Documentation:</b>	<ul style="list-style-type: none"> <li>Recent account statement (monthly, quarterly, etc.) to evidence the account balance, vested balance available for withdrawal, and early withdrawal penalty, if applicable.</li> </ul>
<b>Reserves:</b> Eligible	
<b>Funds to Close:</b> Eligible	
<b>Trust Accounts</b>	
<b>Documentation:</b>	<ul style="list-style-type: none"> <li>Verify applicants have access to the funds, amounts, circumstances, requirement to repay withdrawal, etc.</li> <li>Recent account/trust statement (monthly, quarterly, etc.) to evidence the account balance.</li> </ul>
<b>Reserves:</b> Eligible	
<b>Funds to Close:</b> Eligible	

Assets and Reserves	
<b>Unsecured Loan: Borrowed Funds</b>	
<b>Documentation:</b> <ul style="list-style-type: none"><li>• Document the amount of the loan proceeds and the source (e.g. signature loan, line of credit, credit card advance/loan, overdraft protection, etc.).</li><li>• Confirm corresponding liability for this debt is included in the total debt ratio, if applicable.</li></ul> <b>Reserves:</b> Ineligible <b>Funds to Close:</b> Ineligible	
<b>ASSET CHANGES AFTER CONDITIONAL COMMITMENT ISSUANCE</b> <p>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 the following are met:</p> <ol style="list-style-type: none"><li>1. The application was approved with zero months of cash reserves; or</li><li>2. The application will continue to have a minimum of four months of cash reserves.</li></ol>	

### Income Calculator

<https://incomecalculator.fanniemae.com/#/home/welcome>

#### **How the Income Calculator Works:**

- 1.** Borrower provides lender with tax returns during the application process.
- 2.** Lender inputs borrower tax return data into Fannie Mae's Income Calculator web interface. No NPI is collected.
- 3.** Income Calculator generates an immediate response. The Findings Report is displayed to the originator on the web interface.
- 4.** Lender reviews the Income Calculator Findings Report, paying careful attention to the documentation and data integrity messages.
- 5.** Lender retains the Findings Report in the loan file.
- 6.** Lender ensures the monthly qualifying income used for DU or manual underwriting is not more than the Income Calculator amount. Income Calculator never overrides data submitted to DU.
- 7.** Lender ensures the loan file contains the documentation per the Income Calculator Findings Report.
- 8.** Prior to delivery, the lender ensures the DU casefile ID is associated to Income Calculator. No Special Feature Code (SFC) is required.
- 9.** If all conditions are met, the loan is eligible for enforcement relief from reps and warrants related to the income calculation.

**We have included several screen shots to show the simplicity of this site.**

**There are also reference videos online at the Income Calculator screen to review to help you get started.**

# Welcome to Income Calculator

Use Income Calculator to quickly and accurately determine monthly qualifying income from self-employment or business ownership.

- ✓ Easy to Use
- ✓ Immediate Results
- ✓ Originate with Confidence



**Notice:** Income Calculator is not intended for consumer use and must only be used by Mortgage Professionals. Consumers should contact a mortgage lender to understand their personal financing options and qualifying income.

- ☒ I acknowledge that I have read the Privacy Notice and agree to the Terms and Conditions. I further certify I am a Mortgage Professional.

Continue

## Reference videos to help you get started

Income Calculator  
**The Basics**

Basics (2:45)

Income Calculator  
**How It Works**

How It Works (2:31)

Income Calculator  
**Application Screens**

Application Screens (2:58)

- 🔍 Welcome
- 🔍 Start
- 🔍 Income Type
- 🔍 Employment Name
- 🔍 Length of Employment
- 🔍 Desktop Underwriter
- 🔍 Business Structure
- 🔍 Select Tax Year
- 🔍 Select Tax Forms
- 📁 Input Tax Data
- 🔍 Findings Report

## Start

### New Evaluation

☒ Enter Data ⓘ

☐ Import ⓘ

Originator NMLS ID ⓘ *Optional*

Start New Evaluation

OR

### Existing Evaluation

☒ Search Income Calculator ID ⓘ

Search Existing Evaluation

## Employment Name (Optional)

Please do not input personally identifiable information in this box (e.g., no individual names or addresses).

[Back](#)[Continue](#)

# Length of Employment

Provide the employment start date ⓘ

10/19/2021

Back

Continue

## Business Structure

Thinking about the business you want Income Calculator to evaluate, select the business structure.

- ☐ Sole Proprietorship (Schedule C) ⓘ
- ☐ S Corporation ⓘ
- ☒ Partnership ⓘ
- ☐ Corporation ⓘ
- ☐ Limited Liability Company (LLC) ⓘ
- ☐ I don't know ⓘ

Describe the borrower's current ownership share in this Partnership ⓘ

- ☒ The borrower has an ownership share of 25% or more in the business
- ☐ The borrower has an ownership share of less than 25% in the business

Back

Continue



## Select Tax Year

Has the borrower filed tax returns for tax year 2023?

☒ Yes

☐ No

Back

Continue

## Select Tax Forms

Thinking about the business you want Income Calculator to evaluate, what IRS tax return form(s) do you have? (select all that apply)

### Tax Year - 2023

- ☒ 2023 Form 1040 - U.S. Individual Income Tax Return
- ☐ 2023 Form 1040SR - U.S. Tax Return for Seniors
- ☐ 2023 Form 1040NR - U.S. Nonresident Alien Income Tax Return
- ☒ 2023 Form 1065 - U.S. Return of Partnership Income
- ☐ 2023 Form 1120 - U.S. Corporation Income Tax Return
- ☐ 2023 Form 1120S - U.S. Income Tax Return for an S Corporation

### Tax Year - 2022

- ☒ 2022 Form 1040 - U.S. Individual Income Tax Return
- ☐ 2022 Form 1040SR - U.S. Tax Return for Seniors
- ☐ 2022 Form 1040NR - U.S. Nonresident Alien Income Tax Return
- ☒ 2022 Form 1065 - U.S. Return of Partnership Income
- ☐ 2022 Form 1120 - U.S. Corporation Income Tax Return
- ☐ 2022 Form 1120S - U.S. Income Tax Return for an S Corporation

☐ I don't have any tax returns

Back

Continue

- Welcome

Start

Income Type

Employment Name

Length of Employment

Desktop Underwriter

Business Structure

Select Tax Year

Select Tax Forms

Input Tax Data

2023 Forms

Form 1040

Form 1040 Sch 1

K-1

Form W2

Form 1120S

Form 4562

Losses And Expenses

Findings Report

Input Data: Form 1040 (2023)

For the business you want Income Calculator to evaluate, find IRS tax return form 1040 for 2023. Provide all requested data exactly as it appears on the tax returns.

Line 1a

Enter Total amount from Form(s) W-2, box 1

\$65,438

There is no amount on this line

Line 1z

Enter Wages, Salaries, Tips, etc. (add lines 1a-1h)

\$65,438

There is no amount on this line

Line 8

Enter Other Income Schedule 1

\$38,195

There is no amount on this line

Line 9

Enter Total Income

\$105,374

There is no amount on this line

Line 11

Enter Adjusted Gross Income

\$105,374

There is no amount on this line

Line 15

Enter Taxable Income

\$83,885

There is no amount on this line

BackContinue



164 %

Form **1040**

Department of the Treasury—Internal Revenue Service

**U.S. Individual Income Tax Return****2023**

OMB No. 1545-0074

IRS Use Only—Do not write or staple in this space.

For the year Jan. 1–Dec. 31, 2023, or other tax year beginning \_\_\_\_\_, 2023, ending \_\_\_\_\_, 20\_\_\_\_ See separate instructions.

Your first name and middle initial

Last name

Your social security number

If joint return, spouse's first name and middle initial

Last name

Spouse's social security number

Home address (number and street), if you have a P.O. box, see instructions.

Apt. no.

**Presidential Election Campaign**  
 Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund.  
☐ You ☐ Spouse

City, town, or post office. If you have a foreign address, also complete spaces below.

State

ZIP code

Foreign country name

Foreign province/state/county

Foreign postal code

**Filing Status**☐ Single☐ Head of household (HOH)

Check only one box.

☐ Married filing jointly (even if only one had income)☐ Married filing separately (MFS)☐ Qualifying surviving spouse (QSS)

If you checked the MFS box, enter the name of your spouse. If you checked the HOH or QSS box, enter the child's name if the qualifying person is a child but not your dependent: \_\_\_\_\_

**Digital Assets**At any time during 2023, did you: (a) receive (as a reward, award, or payment for property or services); or (b) sell, exchange, or otherwise dispose of a digital asset (or a financial interest in a digital asset)? (See instructions.) ☐ Yes ☐ No**Standard Deduction**Someone can claim: ☐ You as a dependent ☐ Your spouse as a dependent☐ Spouse itemizes on a separate return or you were a dual-status alien**Age/Blindness**You: ☐ Were born before January 2, 1959 ☐ Are blindSpouse: ☐ Was born before January 2, 1959 ☐ Is blind**Dependents** (see instructions):If more than four dependents, see instructions and check here ☐

(1) First name	Last name	(2) Social security number	(3) Relationship to you	(4) Check the box if qualifies for (see instructions):	Child tax credit	Credit for other dependents
				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Income**

Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld.

If you did not get a Form W-2, see instructions.

<b>1a</b>	Total amount from Form(s) W-2, box 1 (see instructions)	<b>1a</b>	
<b>b</b>	Household employee wages not reported on Form(s) W-2	<b>1b</b>	
<b>c</b>	Tip income not reported on line 1a (see instructions)	<b>1c</b>	
<b>d</b>	Medicaid waiver payments not reported on Form(s) W-2 (see instructions)	<b>1d</b>	
<b>e</b>	Taxable dependent care benefits from Form 2441, line 26	<b>1e</b>	
<b>f</b>	Employer-provided adoption benefits from Form 8839, line 29	<b>1f</b>	
<b>g</b>	Wages from Form 8919, line 6	<b>1g</b>	
<b>h</b>	Other earned income (see instructions)	<b>1h</b>	
<b>i</b>	Nontaxable combat pay election (see instructions)	<b>1i</b>	
<b>z</b>	Add lines 1a through 1h	<b>1z</b>	
<b>2a</b>	Tax-exempt interest	<b>2a</b>	
<b>3a</b>	Qualified dividends	<b>3a</b>	
<b>4a</b>	IRA distributions	<b>4a</b>	
<b>5a</b>	Pensions and annuities	<b>5a</b>	
<b>6a</b>	Social security benefits	<b>6a</b>	
<b>c</b>	If you elect to use the lump-sum election method, check here (see instructions)		<input type="checkbox"/>
<b>7</b>	Capital gain or (loss). Attach Schedule D if required. If not required, check here	<b>7</b>	
<b>8</b>	Additional income from Schedule 1, line 10	<b>8</b>	
<b>9</b>	Add lines 1z, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your <b>gross income</b>	<b>9</b>	
<b>10</b>	Adjustments to income from Schedule 1, line 2	<b>10</b>	
<b>11</b>	Subtract line 10 from line 9. This is your <b>adjusted gross income</b>	<b>11</b>	

Attach Sch. B if required.

**Standard Deduction for**

- Single or Married filing separately, \$13,850
- Married filing jointly or Qualifying surviving spouse, \$27,700
- Head of household,

### Fannie Mae / Freddie Mac – Underwriting Hot Topics

**Q. My borrower is less than 25% self-employed and receives a K1. Can I use the K1 income to qualify:**

A. Need two years personal tax returns and 2 years k1's. K1 must demonstrate that the income was distributed to the borrower or business has adequate liquid funds. U/w discretion of what may be required to demonstrate business liquidity.

**Q. When can per diem, expense stipends and reimbursements be used as qualifying income?**

A. Reimbursements for expenses such as travel or meals are not considered wages as they are provided to borrower to offset specific expense. When income is provided for discretionary use (not to offset) an expense, the lender can evaluate the income to be possibly be used. For fields such as travelling nurses, etc. it is key to get a copy of the contract.

**Q. If a student loan is in forbearance or deferment, can it be excluded?**

A. Must use 1% of outstanding balance or fully amortized payment using documented repayment terms.

**Q. If my borrower has been self-employed less than 2 years, can I use the income to qualify?**

A. The guidance is that (1) twelve months of self-employment income must be reported to most recent years tax return and (2) previous income must be in similar field and previous income earned must be equal or greater than self-employment income being used to qualify.

**Q. Can crypto currency be used for funds to close or reserves?**

A. Any income paid to the borrower in the form of virtual currency, such as crypto currency is not eligible to be used. Borrower must liquidate the virtual currency and deposit into asset account prior to closing.

**Q. When can I use a power of attorney?**

A. Power of attorney can be used for purchase transactions or rate/term refinance. Requirements are: (1) lender must receive a copy of the POA prior to closing to review; (2) name on power of attorney must match loan documents; (3) POA must be dated to be in alignment with loan documents; (4) must be notarized and (5) must reference the address of the subject property.

**Q. Land contract seasoning**

A. When the proceeds of a mortgage loan are used to pay off the outstanding balance of an installment land contract that was executed within 12 months preceding the date of the application, it will be considered a purchase money loan. The LTV ratio will be determined by dividing the new loan amount by the less of the total acquisition cost or the appraised value.

When the installment land contract was executed more than 12 months before the date of the loan application, it will be considered a limited cashout refinance. LTV is determined by dividing the new loan amount by the appraised value.

**Q. Are single wide manufactured homes eligible for FNMA or FHLMC?**

A. Yes, loan purpose must be purchase or limited cashout refi. Appraisal requirements are two comps that are closed sales or active listings that are single-wide manufactured home. If the property has additions or modifications for FNMA-need inspection from licensed contractor that any additions or modifications are deemed to be structurally sound. Freddie Mac requires an engineer cert to reflect that the anchoring system complies.

**Q. What are the differences between gifts for FNMA vs Freddie?**

A. FNMA allows gifts prior to and at closing. Freddie requires gifts to be received prior to closing only. Eligible sources for FNMA are a relative or a non-relative that shares a familial relationship with the borrower as defined as domestic partner. Freddie allows gifts from a related person, a trust by a related person, estate of related person, wedding gifts, graduation gifts.

**Q. When is non- traditional credit required?**

A. For FNMA, if at least one borrower has a credit score and the other borrower has no score, if the borrower with the credit score is contributing more than 50% of qualifying income, the lender is not required to document a nontraditional credit history for the borrower without a score. If the borrower with a credit score is not contributing 50% of the qualifying income, the lender must document a non-traditional credit history for each borrower without a score.

For DU case files, where no borrower has a credit score, must receive approve eligible findings, loan must be a fixed rate mtg, must be a purchase or limited cashout refi and must be a principal residence. Nontraditional credit history must be documented for each borrower without a score.

**Q. Can SSI be grossed up?**

A. Social security can be grossed up 15% for both FNMA and Freddie. To gross up 25%, tax returns are required to demonstrate that the social security has no taxable portion.

Example for Social Security income 15%

- Benefit amount: \$1,500
- Nontaxable amount:  $\$1,500 \times 15\% = \$225$
- Gross-up amount:  $\$225 \times 25\% = \$56$  (rounded to the nearest dollar)
- Qualifying income: \$1,556 (does not require additional documentation)

**Q. How is non-taxable Caregiver income calculated?**

A. Follow the “foster care” requirements for documentation. (If income has been received for at least 12 months, but less than 2 years. You cannot use more than 30% of that foster care/caregiver, but MJ said you can reduce the foster care/caregiver income to 30% and use that income if needed).

**Q. Can a borrower get cash back on a purchase transaction from seller concessions given?**

A. If there are sufficient seller concessions to cover closing cost that were paid POC, the borrower is allowed to be reimbursed for the amount paid POC and receive that cash back.

**Q. Is an Amazon Prime Membership an allowable alternative for a non-traditional credit lines?**

A. This would fall under voluntary payments, which would be acceptable. However, it is not as robust as a monthly required payment like a phone or utility bill, but if the loan is strong enough and you have a strong housing verification. This would be acceptable.

### Notes:

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.



## Secondary Market Hot Topics

### Pricing FNMA 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:

Representative Credit Score: ⓘ	776
Manufactured Home in a Condo/PUD/Co-Op	
Occupancy:	Second / Vacation
LTV:	68.95%

Now let's see where these hits are on the FNMA LLPA Matrix Chart:

Table 1: All Eligible Loans – LLPA by Credit Score/LTV Ratio										
Representative Credit Score	LTV Range									SFC
	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%	
≥ 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 <sup>1</sup>	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									SFC
	≤ 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%	
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 <sup>2</sup>	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									SFC
	≤ 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%	
High-balance loan <sup>4</sup>										
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 <sup>3</sup>	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

**\*\*Note- Freddie Mac loans are priced the same way but you must use the Freddie Mac Credit Fees Matrix\*\***

#### Avoiding Secondary Market Fees from Fannie Mae

- **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 or Freddie Mac?

- Items needed by Secondary Market to sell the loan to Fannie Mae and Freddie Mac:
  - 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 FNMA 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

**\*\* Please note that Fannie Mae is using live market pricing so the pricing does fluctuate all day long.\*\***

### 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 FNMA 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:

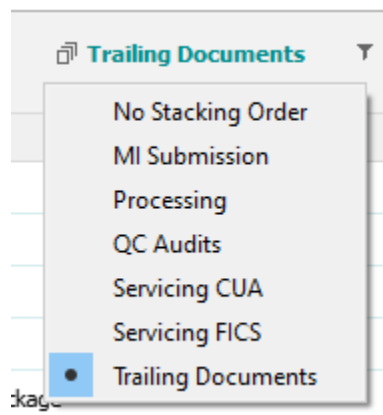
- If you are locking a rate and the amount is higher than the tiers available, you will lock under the fixed product listed.
- RD locks: You must specify on your lock if it's an RD lock and include the loan number. RD locks are manually entered into the Fannie Mae system.
- You have 6 months from the date the loan closes to sell it to Fannie Mae/Freddie Mac.
- Extension fees are still charged by Fannie Mae/Freddie Mac, 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/credit fees 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/LP Key Number, 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.

## Notes:

[illegible]

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](mailto: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/Freddie Mac 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/Freddie Mac 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/Freddie Mac file and will be sold to Fannie Mae/Freddie Mac through Secondary Market:
  - NMS will status the file to FNMA Funded or FHLMC 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/Freddie Mac file and will NOT be sold to Fannie Mae/Freddie Mac:
  - 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](mailto: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 13<sup>th</sup> 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/Freddie Mac 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/Freddie Mac.
- 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](mailto:njaynes@gonms.org)

## 1. Processing Payoffs and Payment Reminders

- **For CU\*Answers FANNIE MAE payoffs** – Please contact [servicing@gonms.org](mailto:servicing@gonms.org) to prepare the payoff. Never use Escrow funds to pay off a Fannie Mae mortgage directly from the escrow account. You may transfer the escrow funds to the savings and then apply the total mortgage funds from savings to pay off the loan.
- **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](mailto:servicing@gonms.org) with the payoff details. Someone in the Servicing Department will apply the payoff in FICS.
- **Payments in CU\*Answers for FNMA delinquent loans (more than 30 days past due)** – These must be posted manually and please email the NMS Servicing Department at: [servicing@gonms.org](mailto: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](mailto: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
  - This will greatly cutdown on the credit union having to do reversals and NMS having to do the Fannie Mae participation side of the reversal
  - This will also help alleviate getting Fannie Mae rejects for the wrong interest calculated
- **FICS Payments for loans that are delinquent 1 or more months cannot be processed on Mortgage Teller**, please email: [servicing@gonms.org](mailto:servicing@gonms.org) and put payment in GL.
  - **Please do not use the transfer function to apply a payoff. This does not apply the payoff correctly.**
  - **Please also do not select Principal only for the Method for posting payment, please select Payment.**
  - **Please tell all the front-line tellers and employees who payoff loans the above information.**

## 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.
- We now accept electronic signatures
- We need the recorded mortgage before a modification can be done
- Member must be current

## 3. Escrow Analysis

- NMS processes escrow analysis every year for the life of the loan for Fannie Mae Mortgages and Portfolio Mortgages (that we service):

### Escrow Analysis Schedule:

Credit Union	Loan Type	Month to Run	Effective Payment Change Date
CU*Answers Credit Unions	Fannie Mae & I/H	March	May 1
CU*Answers Credit Unions	Freddie Mac	March	May 1
FICS Credit Unions	All Loan Types	April	June 1

- 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.
- This will greatly cutdown on the credit union having to do reversals and NMS having to do the Fannie Mae participation side of the reversals
- This will also help alleviate getting Fannie Mae rejects for short payments.
- Members receive an escrow analysis statement 30 days prior to payment change.
- New loans** – If possible, at closing please let members know that their TOTAL payment may go up each year they have their mortgage. This is mainly due to their taxes and insurance going up or their first-year taxes having to be estimated. When members receive their letters, they are very concerned and will call asking why their payment went up. They will tell us this was never explained to them.

## 4. Auto-pay Setup

### FICS:

- NMS will set up auto-pay for credit unions
- Members can fill out form at credit union and then credit union can email form to NMS or member can mail form to NMS
  - Members can also set up auto-pay on the FICS online banking site E-status Connect:  
E-status Connect site: <https://gonms.estatusconnect.com/User/Login>

### CU\*Answers:

CU\*Answers sets up all their own auto-pay.

## 5. FICS Mortgage Teller

- If a loan is delinquent, they cannot make any additional principal payment on the loan. If you try, you will get a warning. Please do not bypass this warning. Back out of payment and then only apply the normal mortgage payment. If you bypass the payment, this causes a Fannie Mae reject and we have to reverse and reapply the payment.
- When making a payment and you don't balance, please do not force balance. Back out of the payment and start again. If you need help, you can always call and we will help you with the payment.
- Please also never put anything into the **Misc Ins Adjustment box**, this box is not used for payments.
- Please tell all the front-line tellers and employees who use Mortgage Teller the above information.

## 6. Partial discharge or split of property

- If a member inquires about one, please send us an email if it is a Fannie loan -- These have to be approved by Fannie
- If a member inquires about one, and we service your in-house portfolio loans, this is a credit union decision to approve the split or partial discharge. Please email us and let us know so we can inform our tax tracking company and also maintenance the member tax screen.

## 7. Freddie Loans:

### CU\*Answers

If you are wanting to start doing Freddie loans, please email both Paula Skocelas and Elizabeth Hecht at the following emails:

Paula Skocelas: [pskocelas@gonms.org](mailto:pskocelas@gonms.org)

Elizabeth Hecht: [ehocht@gonms.org](mailto:ehocht@gonms.org)

We will set up an appointment with our trainer and she will help you set up the Freddie Investor program for your credit union.

Please do not take any applications or set up any new Freddie loans until your credit union is set up with the investor. Freddie is a completely separate investor and cannot be combined in any way with the Fannie Investor.

### FICS

NMS is all set up for Freddie.

## 8. A Few Reminders:

- NMS does not accept bi-weekly payments or partial payments for loans, we only accept the full regular loan payment amount.
- Principle only payments can only be made on loans that are current.
- **CU\*Answers**  
Please **always** 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 don't re-use suffix numbers within the same year.

Please ask members which account they would like their new mortgage to be set up under if they have more than account with your credit union.

### FNMA Hardship Assumptions

Formal assumptions have been making a strong comeback after being stifled for many years. There really has not been a need to complete formal assumptions until recently and the main reason is divorce or the death of the mortgagor. The ability to keep the same interest rate from origination makes this a “hot commodity” product for many borrowers who are facing a financial hardship.

Per the FNMA Servicing Guide, a hardship assumption is a viable solution to help prevent imminent default. The process is simple – If you have a member experiencing divorce or the death of a spouse or parent, or another qualifying hardship, they may be eligible to formally assume the mortgage and if needed, remove the obligation/liability of the Note from the non-assuming member. (Rural Development insured loans are not eligible for assumptions due to RD not allowing their insured borrowers to be released from liability).

FNMA requires that the assuming party be credit qualified and provide proof of their ability to pay their debts solely on their income including the full mortgage payment. Once found credit worthy, the file then moves on to a FNMA approved attorney, also required by FNMA. The attorney will order the title work, draft the Assumption and Release documents, review all documentation for errors and schedule the file for a closing at a title company. All parties will meet for the closing where the transaction will be finalized and the documents sent for recording.

NMS has been providing formal assumptions for the past year to our credit union partners. There are fees and costs involved as the file moves from the application side to the processing side and onto the closing and finalization platform. The fees will differ from case to case based on the balance of the loan, the amount of time and work the attorney will have to put into the file, and the finalization at the closing from the title company.

To align with the requirements of FNMA, we have made an adjustment to our (NMS) fee charged for a formal assumption as follows: There will be a \$400.00 minimum otherwise the fee will be 1% of the current principal balance not to exceed \$900.00. This is the same amount we will charge to qualify a Successors in Interest assumption which would result from the death of a mortgagor. The assuming party will be responsible for all costs charged by the attorney and the title company. These are out of pocket expenses and cannot be rolled into the assumption and would have to be paid prior to closing.

There is a Formal Assumption request form as well as a Borrower’s authorization from that allows NMS to pull credit which must be signed by the member and provided back to us with the initial NMS fee in order to get the file started. We also request proof of income, current year tax returns, last 2 months bank statements, judgment of divorce, recorded quit claim deed, etc. for divorce cases, and the death certificate, copy of Will, probate paperwork, etc. for a Successors in Interest formal assumption.

With the assistance of the credit unions and the expert help from NMS and our FNMA approved attorneys, this loss mitigation help option will show your members the continued dedication to our philosophy of “People helping People”.

**If you have any questions, please feel free to contact the Loss Mitigation Department by email at [lossmit@gonms.org](mailto:lossmit@gonms.org) or by calling us at 989-497-1651 option 8.**



trusted solutions.  
credit union values.



975 N. Main St., Suite D  
Frankenmuth, MI 48734

FORMAL ASSUMPTION REQUEST FORM

CURRENT MORTGAGOR(S) NAME: \_\_\_\_\_

MORTGAGE ACCOUNT NUMBER: \_\_\_\_\_ CREDIT UNION \_\_\_\_\_

PROPERTY ADDRESS: \_\_\_\_\_

I, \_\_\_\_\_, do hereby submit my request to formally assume the above referenced mortgage account which is currently being serviced by Neighborhood Mortgage Solutions (NMS).

In conjunction with this request, I have included payment of the fee charged by NMS in the amount of \$\_\_\_\_\_, which is, per investor guidelines, the greater of \$400.00 or 1% of the UPB of the mortgage loan – up to a maximum of \$900.00. The current UPB of this loan is \$\_\_\_\_\_.

In addition to the NMS fee, I agree to pay upfront, from my own funds, any costs or charges that incur to credit qualify me for the assumption of this mortgage. Such costs may include charges to obtain a mortgage credit report, title commitment fees, and any other costs involved in qualifying me for this assumption.

If approved for the assumption, I understand that, at the requirement of the Investor of this mortgage, the file will be forwarded to an approved attorney who will complete the remainder requirements for the assumption transaction. I acknowledge that I am fully responsible for all costs and fees charged by the attorney and will pay all costs and fees directly to the attorney.

If denied for the assumption, NMS will stop the qualifying process and I will be informed of the denial. There will be no refund for any of the costs, fees, or expenses incurred.

With full understanding and acknowledgement

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
email address / phone number

**Preferred method of contact:** \_\_\_\_\_ email or \_\_\_\_\_ phone (text)

## 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](mailto: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

### Additional Details for Services You Can Shop For

To get you started with shopping, this list identifies some providers for the services you can shop for (see Section C on page 2 of your Loan Estimate).

## Service Provider List

**You can select these providers or shop for your own providers.**

[illegible]

**APPLICANTS: Alice Firsttimer**

DATE ISSUED: August 25, 2023

LOAN ID #: 7376



## 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

<a href="#">Help</a>	<b>Add Description for multiple Changed Circumstances</b> ⓘ
<a href="#">Select All/Clear All</a>	<div><input type="text"/></div> <div><input type="text"/></div>

Interest Rate			
	Disclosed Interest Rate	Current Interest Rate	Changed Circumstance? ⓘ
<input type="checkbox"/>	7.125%	7.125%	<div><input type="text"/></div> <a href="#">Add Description</a>

Charges Cannot Increase at Settlement		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"/>	<div><input type="text"/></div> <a href="#">Add Description</a>
<input type="checkbox"/>	Appraisal Fee	\$500.00	\$500.00	\$500.00	\$0.00	<input type="text"/>	<input type="text"/>	<div><input type="text"/></div> <a href="#">Add Description</a>
<input type="checkbox"/>	Credit Report Fee	\$18.08	\$18.08	\$18.08	\$0.00	<input type="text"/>	<input type="text"/>	<div><input type="text"/></div> <a href="#">Add Description</a>
<input type="checkbox"/>	Tax Service Fee	\$140.00	\$140.00	\$140.00	\$0.00	<input type="text"/>	<input type="text"/>	<div><input type="text"/></div> <a href="#">Add Description</a>
<input type="checkbox"/>	Flood Certification Fee	\$20.00	\$20.00	\$20.00	\$0.00	<input type="text"/>	<input type="text"/>	<div><input type="text"/></div> <a href="#">Add Description</a>
<input type="checkbox"/>	Verification of Employment	\$70.00	\$70.00	\$70.00	\$0.00	<input type="text"/>	<input type="text"/>	<div><input type="text"/></div> <a href="#">Add Description</a>
<input type="checkbox"/>	Underwriting Fee - NMS	\$300.00	\$300.00	\$300.00	\$0.00	<input type="text"/>	<input type="text"/>	<div><input type="text"/></div> <a href="#">Add Description</a>
<input type="checkbox"/>	Closing/Doc Prep Fee - NMS	\$125.00	\$125.00	\$125.00	\$0.00	<input type="text"/>	<input type="text"/>	<div><input type="text"/></div> <a href="#">Add Description</a>
<input type="checkbox"/>	Processing Fee - NMS	\$275.00	\$275.00	\$275.00	\$0.00	<input type="text"/>	<input type="text"/>	<div><input type="text"/></div> <a href="#">Add Description</a>
<input type="checkbox"/>	City/County Tax Stamps	\$1,726.00	\$1,726.00	\$1,726.00	\$0.00	<input type="text"/>	<input type="text"/>	<div><input type="text"/></div> <a href="#">Add Description</a>
<input type="checkbox"/>	Administrative Fee	\$500.00	\$500.00	\$500.00	\$0.00	<input type="text"/>	<input type="text"/>	<div><input type="text"/></div> <a href="#">Add Description</a>

### Tolerance Threshold Calculations

#### 1 Establish Tolerance

Tolerance Amount	\$1,141.35
plus 10% Tolerance Variance Allow	\$114.14
<b>equals Tolerance Threshold</b>	<b>\$1,255.49</b>

#### 2 Determine if there is a Violation

Current Fee Total	\$1,141.35
minus Tolerance Threshold	\$1,255.49
<b>equals Violation</b>	<b>\$0.00</b>

#### 3 Can Tolerance Be Reset For CC Type of >10%

Compare Adjusted Current Total to	\$1,141.35
<b>Tolerance Threshold</b>	<b>\$1,255.49</b>
<b>Is Adjusted &gt; Tolerance Threshold</b>	<b>No</b>

#### 4 Cure Information

<b>Violation</b>	<b>\$0.00</b>
minus Cure Amount	\$0.00
<b>equals Amount Remaining to Cure</b>	<b>\$0.00</b>

### 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](#)

[Print](#) [Back](#) [Save](#)

## 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 <sup>1</sup>	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 <sup>2</sup>	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 R 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			<div></div> <div><a href="#">Add Description</a> <a href="#">History</a></div>
<input type="checkbox"/>	Appraisal Fee	\$450.00	\$0.00	\$450.00	-\$450.00			<div></div> <div><a href="#">Add Description</a> <a href="#">History</a></div>
<input type="checkbox"/>	Credit Report Fee	\$20.55	\$21.60	\$20.55	\$1.05			<div></div> <div><a href="#">Add Description</a> <a href="#">History</a></div>
<input type="checkbox"/>	Tax Service Fee	\$70.00	\$70.00	\$70.00	\$0.00			<div></div> <div><a href="#">Add Description</a> <a href="#">History</a></div>
<input type="checkbox"/>	Flood Certification Fee	\$14.00	\$14.00	\$14.00	\$0.00			<div></div> <div><a href="#">Add Description</a> <a href="#">History</a></div>

- 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 : Loan Estimate

[Help](#)

Add Description for multiple Changed Circumstances ⓘ

Select All/Clear All

☐

#### Interest Rate

	Disclosed Interest Rate	Current Interest Rate	Changed Circumstance? ⓘ
<input type="checkbox"/>	4.000%	3.750%	<div></div> <div><a href="#">Add Description</a></div>

#### 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			<div></div> <div><a href="#">Add Description</a></div>
<input type="checkbox"/>	Appraisal Fee	\$500.00	\$500.00	\$500.00	\$0.00			<div></div> <div><a href="#">Add Description</a></div>
<input type="checkbox"/>	Credit Report Fee	\$32.72	\$32.72	\$32.72	\$0.00			<div></div> <div><a href="#">Add Description</a></div>

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

[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"/>	4.000%	3.750%	<div><span>Borrower Requested</span></div> <div> <a href="#">Hide Description</a>            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><span>Borrower Requested</span></div> <div> <a href="#">Hide Description</a>            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 <span>?</span>
<a href="#">Select All/Clear All</a> <input type="checkbox"/>	<input type="text"/>

Interest Rate			
	Disclosed Interest Rate	Current Interest Rate	Changed Circumstance? <span>?</span>
<input type="checkbox"/>	4.000%	3.750%	<span>Borrower Requested</span> <a href="#">Edit Description</a>

Charges Cannot Increase at Settlement								
	Description	Disclosed Amount	Current Amount	Tolerance Amount	Variance	Tolerance Cure	Principal Reduction Tolerance Cure	Changed Circumstance? <span>?</span>
<input type="checkbox"/>	Discount Points	\$0.00	\$2,200.00	\$0.00	\$2,200.00			<span>Borrower Requested</span> <span></span>

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!

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.



[Pipeline](#)
[Loan Summary](#)
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[Order Services](#)
[Loan Notes](#)
[Path](#)

## Changed Circumstance

- This loan has a tolerance violation in the Charges Cannot Increase at Settlement section!

[Closing Cost Details](#)
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[Print](#)
[Back](#)
[Continue](#)
[Save](#)

Apply changes to : Loan Estimate

[Help](#)

Add Description for multiple Changed Circumstances

☐

[Select All/Clear All](#)

☐

Interest Rate			
	Disclosed Interest Rate	Current Interest Rate	Changed Circumstance?
<input type="checkbox"/>	4.000%	3.750%	<div>Borrower Requested</div> <div>Edit Description</div>

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			<div>Borrower Requested</div> <div>Edit Description</div>
<input type="checkbox"/>	Annual Fee	\$500.00	\$500.00	\$500.00	\$0.00			<div>Borrower Requested</div> <div>Edit Description</div>

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

9/17/2021

(The date the Loan Estimate is provided to the borrower.)

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 Firsttimer**  
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	<div></div>		

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](#)

[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%	<div style="border: 1px solid black; padding: 2px; display: flex; justify-content: space-between;"> <span>Borrower Requested</span> <span>▼</span> </div> <a href="#">Edit Description</a>

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: flex; justify-content: space-between;"> <span>Borrower Requested</span> <span>▼</span> </div> <a href="#">Edit Description</a>
<input type="checkbox"/>	Appraisal Fee	\$520.00	\$520.00	\$520.00	\$0.00			<div style="border: 1px solid black; padding: 2px; display: flex; justify-content: space-between;"> <span>Borrower Requested</span> <span>▼</span> </div> <a href="#">Edit Description</a>
<input type="checkbox"/>	Credit Report Fee	\$25.65	\$25.65	\$25.65	\$0.00			<div style="border: 1px solid black; padding: 2px; display: flex; justify-content: space-between;"> <span>Borrower Requested</span> <span>▼</span> </div> <a href="#">Edit Description</a>

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%	<div>Borrower Requested</div> <div> Hide Description <div>Locked rate, borrower paying 1% Discount Points</div> </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	\$2,589.90	\$0.00	\$2,589.90			<div>Borrower Requested</div> <div> Hide Description <div>Locked rate, borrower paying 1% Discount Points</div> </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 :
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%	<div>Borrower Requested</div> <div> Edit Description </div>

#### 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>Borrower Requested</div>

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!

Pipeline

Loan Summary

URLA

Order Services

Loan Notes

Path

## Order Services

Property Details

Loan Number: 5565      Loan Id: 5565

Address: 2820 Marietta  
Waterford, MI 48329

Borrowers

Alice Firstimer      9991 Warford St      Dawson, IA 50066

Closing Docs - Doc Center

Go!

Prior Orders

eSign Orders

Auto-Refresh: Enabled

## Prior Orders

Vendor	ID	Submitted	Received	Status	VLF Upload
<a href="#">Select All</a> <a href="#">Clear All</a>					
<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	

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.

Pipeline

Loan Summary

URLA

Order Services

Loan Notes

Path

## 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 :

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%	<div>Borrower Requested</div> <div>Edit Description</div>

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>Borrower Requested</div> <div>Edit Description</div>

Click on the “Continue” button also on this “Uniform Closing Dataset – Closing Docs” screen.

IONS

PipelineLoan SummaryURLAOrder ServicesLoan NotesPath

### 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.

PrintBackContinueSave

UCD Required? Yes

DU Casefile ID2002173961

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.

Pipeline

Loan Summary

URLA

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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

Non-Obligated Borrower(s)

Show Non-Obligated Borrower(s)

Cancel

Submit

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
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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	<a href="#">Send</a>
<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.*

<b>Closing Information</b> Date Issued 09/20/2021 Closing Date 10/14/2021 Disbursement Date 10/14/2021 Settlement Agent _____ File # _____ Property 2820 Marietta Waterford, MI 48329 Sale Price \$178,000.00	<b>Transaction Information</b> Borrower Alice Firstimer 9991 Warford St Dawson, IA 50066 Lender Michigan Legacy Credit Union	<b>Loan Information</b> Loan Term 30 years Purpose Purchase Product Fixed Rate Loan Type <input checked="" type="checkbox"/> Conventional <input type="checkbox"/> FHA <input type="checkbox"/> VA <input type="checkbox"/> _____ Loan ID # 5565 MIC #
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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

Initial Delivery Method

Mail

Revised Issue Date

Revised Delivery Method

Revised Reason

Revised Other Description

Early Receipt Confirmation Date

Early Receipt Notes

**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 :

	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 [i](#)

Select All/Clear All

☐

#### Interest Rate

	Disclosed Interest Rate	Current Interest Rate	Changed Circumstance? <a href="#">i</a>
<input type="checkbox"/>	3.250%	3.250%	<input type="text"/>

[Add Description](#) [History](#)

#### Charges Cannot Increase at Settlement

	Description	Disclosed Amount	Current Amount	Tolerance Amount	Variance	Tolerance Cure	Principal Reduction Tolerance Cure	Changed Circumstance? <a href="#">i</a>
<input type="checkbox"/>	Discount Points	\$2,589.90	\$2,589.90	\$2,589.90	\$0.00	<input type="text"/>	<input type="text"/>	<input type="text"/>

[Add Description](#) [History](#)

### **What is this new division?**

- NMS assists credit unions in the loan origination process, and we become the origination arm for a credit union. Credit Unions can still make income with this program without doing all the heavy lifting.

### **Who is responsible for licensing?**

- NMS employs professional dedicated licensed MLOs that are assigned to your credit union. There is no cost to you for this.

### **Who should utilize this program?**

- Every credit union can benefit from this program.

### **What are the benefits?**

- If a credit union doesn't have the infrastructure to facilitate a mortgage program, this division can make that possible as we become the infrastructure. You still have a connection with your member throughout the process.
- It is great for disaster recovery and overflow.
- Your credit union has the first right of refusal on every loan application to decide if it will go in your portfolio or if it will go to the secondary market.
- Your dedicated MLO will provide you with monthly activity reports of what is happening with your members.
- The MLO will also look for cross selling opportunities whenever possible and sends those leads back to you. These leads are also labeled in the monthly report you receive.

### **What is the cost to the credit union?**

- There is zero cost to the credit union under this relationship. NMS covers the monthly expense of Mortgage Cadence LOS. We also cover the cost of Intuvo (CRM) for each of these relationships. NMS also covers the cost of wages, and the benefits of our MLOs.

### **What products do we offer under this relationship?**

- Your members have access to FNMA/FHLMC/RD and the MSHDA product for MI credit unions.
- We also handle in-house portfolio loans on your credit unions' behalf, this can include Fixed products, ARMs, Balloons, HELOCs, HE and Construction. You still have the benefit of waiving UW conditions on the loans you decide to portfolio as you always have.

### **What do we provide your credit union?**

- We provide you with a Mortgage Cadence site including the online application portal with your name and logo, Intuvo Arc MX (CRM) and up to \$500 in marketing material to help create a successful launch!

**Is there a monthly minimum loan requirement?**

- No

**What is the length of the agreement?**

- We ask for 30 days' notice if you want to leave or take it back in house.

**Will you still offer sub-servicing of the credit union portfolio loans?**

- Yes, we can still sub-service your loans which include escrow analysis and loss mitigation. We cannot sub-service your HELOCs.

**Can our members still have the option of making payments at our credit union.**

- Yes!

**Can your credit union have a correspondent relationship and the Retail/Broker relationship dually at the same time with NMS.**

- Yes, it is great to be able to interchange between relationships as your business and staffing changes.

**Google Review Testimonials:**

*"I had an excellent experience with Brett Volz at Neighborhood Mortgage Solutions! He was knowledgeable, quick to reply, and always available to answer our questions throughout the buying process. We received our clear to close within 17 days of our offer being accepted. I recommend Brett & NMS to anyone looking for a mortgage company with 5-star service!"*

*"We had a great experience with Tina Mireles. She went above and beyond for our first time home buying. I can't Thank Her Enough. I Highly Recommend this company and Tina."*

*"I HIGHLY recommend Robert Kennedy! I can't thank him enough for all he has done to go above and beyond to help us in refinancing! We got a much lower rate and he was ALWAYS available for any questions we had with answers! Followed up weekly during the process with either a call or email! EVERYTHING he said he would do he did it in a timely manner I'm very pleased and would recommend you guys to everyone! Robert Kennedy is the BEST!"*

*"Had a great experience with NMS, worked with Brett Volz and Rob Kennedy. and they did an amazing job. Easy to work with and a man of his word. Everyone I talked to was knowledgeable, friendly and patient."*

*"I recently inquired about a loan, and I was impressed by the loan officer's (Tina Mireles) knowledge and prompt responses. Her expertise made things easy to understand. Highly recommended Tina for all your mortgage needs."*

*"I had the pleasure of working with Rob Kennedy at NMS and I could not ask for a better experience. He handled everything and then some. Extremely knowledgeable at what he does. He provides customer service on a personal level, which is becoming a rare trait these days."*