

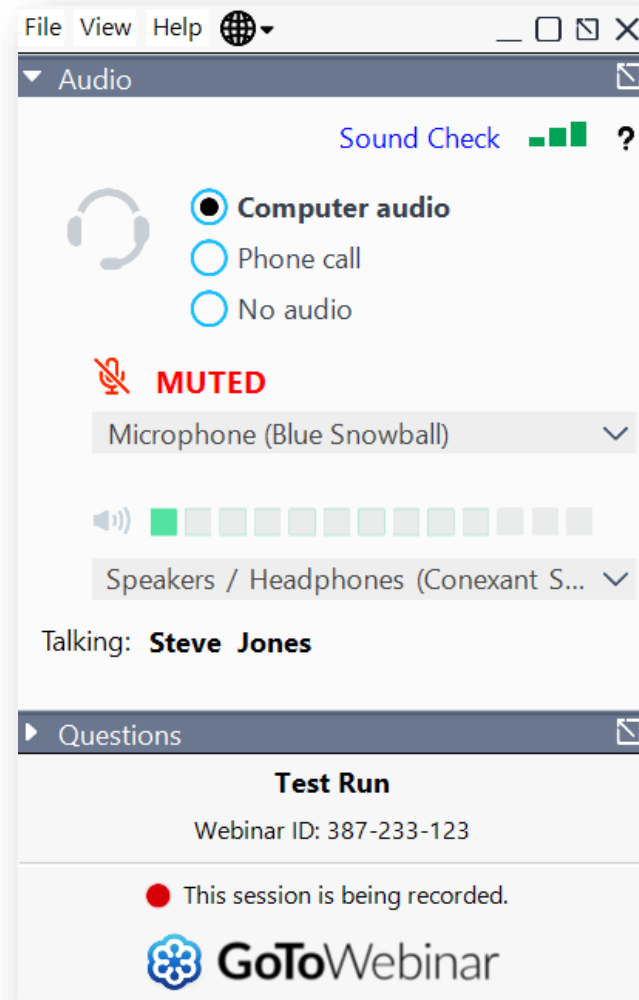
# Asset Review

## Fannie Mae and Freddie Mac Guidelines

December 2023

Enact Mortgage Insurance Corporation and Enact Mortgage Insurance Corporation of North Carolina  
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orange arrow to  
open the box.



# Asset Review

## Fannie Mae and Freddie Mac Guidelines

December 2023

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# Agenda

## What we will cover

- What are the Required Funds
- What are Reserves
- Asset Section of the URLA
- Documentation and Best Practices
- Asset Types
- Fannie Mae Guidelines
- Freddie Mac Guidelines
- Resources and Best Practices
- Enact Website

**Only Conventional Loans Are Covered In Today's Session**

# Cash From/To Borrower \$\$

## L4. Qualifying the Borrower – Minimum Required Funds or Cash Back

DUE FROM BORROWER(S)	
A. Sales Contract Price	\$ _____
B. Improvements, Renovations, and Repairs	\$ _____
C. Land (if acquired separately)	\$ _____
D. For Refinance: Balance of Mortgage Loans on the Property to be paid off in the Transaction (See Table 3a. Property You Own)	\$ _____
E. Credit Cards and Other Debts Paid Off (See Table 2c. Liabilities — Credit Cards, Other Debts, and Leases that You Owe)	\$ _____
F. Borrower Closing Costs (including Prepaid and Initial Escrow Payments)	\$ _____
G. Discount Points	\$ _____
<b>H. TOTAL DUE FROM BORROWER(S) (Total of A thru G)</b>	\$ <b>0.00</b>
TOTAL MORTGAGE LOANS	
I. Loan Amount Loan Amount Excluding Financed Mortgage Insurance (or Mortgage Insurance Equivalent) \$ _____ Financed Mortgage Insurance (or Mortgage Insurance Equivalent) Amount \$ _____	\$ _____ 0.00
J. Other New Mortgage Loans on the Property the Borrower(s) is Buying or Refinancing (See Table 4b. Other New Mortgage Loans on the Property You are Buying or Refinancing)	\$ _____
<b>K. TOTAL MORTGAGE LOANS (Total of I and J)</b>	\$ <b>0.00</b>
TOTAL CREDITS	
L. Seller Credits (Enter the amount of Borrower(s) costs paid by the property seller)	\$ _____
M. Other Credits (Enter the sum of all other credits — Borrower Paid Fees, Earnest Money, Employer Assisted Housing, Lease Purchase Fund, Lot Equity, Relocation Funds, Sweat Equity, Trade Equity, Other)	\$ _____
<b>N. TOTAL CREDITS (Total of L and M)</b>	\$ <b>0.00</b>
CALCULATION	
TOTAL DUE FROM BORROWER(S) (Line H)	\$ 0.00
LESS TOTAL MORTGAGE LOANS (Line K)	\$ 0.00
LESS TOTAL CREDITS (Line N)	\$ 0.00
<b>Cash From/To the Borrower (Line H minus Line K and Line N)</b>	\$ <b>0.00</b>

**NOTE: This amount does not include reserves or other funds that may be required by the Lender to be verified.**

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

## Uniform Residential Loan Application

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

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

### 1a. Personal Information

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

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

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

Marital Status  
 Married  
 Separated  
 Unmarried  
 (Single, Divorced, Widowed, Civil Union, Domestic Partnership, Registered Reciprocal Beneficiary Relationship)

Dependents (not listed by another Borrower)  
 Number \_\_\_\_\_  
 Ages \_\_\_\_\_

Current Address  
 Street \_\_\_\_\_  
 City \_\_\_\_\_

How Long at Current Address? \_\_\_\_\_ Years \_\_\_\_\_ Months Housing  No primary

If at Current Address for LESS than 2 years, list Former Address  Does not apply  
 Street \_\_\_\_\_  
 City \_\_\_\_\_

How Long at Former Address? \_\_\_\_\_ Years \_\_\_\_\_ Months Housing  No primary

Mailing Address - if different from Current Address  Does not apply  
 Street \_\_\_\_\_  
 City \_\_\_\_\_

### 1b. Current Employment/Self-Employment and Income Does not apply

Employer or Business Name \_\_\_\_\_ Phone \_\_\_\_\_  
 Street \_\_\_\_\_  
 City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_

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

Check if this is:  
 I am employed property seller, early to the time

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

## Uniform Residential Loan Application — Lender Loan Information

This section is completed by your Lender.

### L1. Property and Loan Information

Community Property State  
 At least one borrower lives in a community property state.  
 The property is in a community property state.

Transaction Detail  
 Conversion of Contract for Deed or Land Contract  
 Renovation  
 Construction-Conversion/Construction-to-Permanent  
 Single-Closing  Two-Closing  
 Construction/Improvement Costs \$ \_\_\_\_\_  
 Lot Acquired Date \_\_\_\_\_ (mm/dd/yyyy)  
 Original Cost of Lot \$ \_\_\_\_\_

Refinance Type  
 No Cash Out  
 Limited Cash Out  
 Cash Out

Refinance Program  
 Full Documentation  
 Interest Rate Reduction  
 Streamlined without Appraisal  
 Other \_\_\_\_\_

Energy Improvement  
 Mortgage loan will finance energy-related improvements.  
 Property is currently subject to a lien that could take priority over the first mortgage lien, such as a clean energy lien paid for through property taxes (e.g., the Property Assessed Clean Energy program).

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

### L2. Title Information

Title to the Property Will be Held in What Name(s):  
 Fee Simple  
 Leasehold (Expiration Date \_\_\_\_\_ (mm/dd/yyyy))  
 Life Estate  
 Tenancy in Common  
 Other \_\_\_\_\_

For Refinance: Title to the Property is Currently Held in What Name(s):  
 Title Will be Held by an Inter Vivos (Living) Trust  
 Title Will be Held by a Land Trust  
 Indian Country Land Tenure  
 Fee Simple On a Reservation  
 Individual Trust Land (Allotted/Restricted)  
 Tribal Trust Land On a Reservation  
 Tribal Trust Land Off Reservation  
 Alaska Native Corporation Land

### L3. Mortgage Loan Information

Mortgage Type Applied For  
 Conventional  USDA-RD  
 FHA  VA  Other \_\_\_\_\_

Terms of Loan  
 Note Rate \_\_\_\_\_ %  
 Loan Term \_\_\_\_\_ (months)  
 First Lien  
 Subordinate Lien

Amortization Type  
 Fixed Rate  
 Adjustable Rate  
 Other (Specify) \_\_\_\_\_

Proposed Monthly Payment for Property  
 First Mortgage (P & I) \$ \_\_\_\_\_  
 Subordinate Lien(s) (P & I) \$ \_\_\_\_\_  
 Homeowner's Insurance \$ \_\_\_\_\_  
 Supplemental Property Insurance \$ \_\_\_\_\_  
 Property Taxes \$ \_\_\_\_\_  
 Mortgage Insurance \$ \_\_\_\_\_  
 Association/Project Dues (Condo, Co-Op, PUD) \$ \_\_\_\_\_  
 or \$ \_\_\_\_\_  
**TOTAL \$ 0.00**

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# What are Reserves?

**The following items are considered elements of "Reserves":**

- Principal and Interest
- Hazard, flood and/or mortgage insurance premiums (as applicable)
- Real Estate Taxes
- Ground rent and/or special assessments
- Owner's association dues or monthly coop corporation fees
- Any subordinate financing payments

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# Reserves

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

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

**Your AUS report will indicate the amount of assets that must be verified.**

## **General Levels of Documentation:**

- If using an AUS, follow the findings report or feedback for documentation requirements
- If manually underwriting, most recent two months asset statements are required
- Asset documentation valid for four months for both existing and new construction
- Borrowers may be required to provide proof of liquidation for certain non-liquid assets used for closing such as stock, bonds, cash value of life insurance or retirement accounts

<https://selling-guide.fanniemae.com/>

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

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# Total Required Funds from the Borrower

Purchase Price (or refinance of all debt to be paid off)

- Earnest Money Deposit (only if verified)

- Other Financing (if applicable)

- Loan Amount Applied for

+ Closing Costs

+ Prepaids and escrows

+ Judgments, collections, garnishments and debt to be brought current, paid down or off prior to/or at closing.

+ Required Reserves

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= Total Required Funds



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# Required Funds to Close

## **Establish assets were not borrowed from an unacceptable source**

- Borrowed funds secured by an asset are an acceptable source of funds for the down payment, closing costs, and reserves, since borrowed funds secured by an asset represent a return of equity.
- Assets that may be used to secure funds include automobiles, artwork, collectibles, real estate, or financial assets, such as savings accounts, certificates of deposit, stocks, bonds, and 401(k) accounts.

## **Document that the borrower has the minimum contribution needed for the transaction**

- Certain loan programs may require a minimum contribution from borrower's own funds (Such as a second home or 2-4 unit property with LTV > 80%)

<https://selling-guide.fanniemae.com/>

# Assets – URLA Section 2a

## Review the Financial Information Section

- What are the types of assets the borrower has listed?
- Are these accounts properly documented in your file?
- Request the proper documentation for all assets being used in the transaction

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

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

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

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

Account Type – use list above	Financial Institution	Account Number	Cash or Market Value
<input type="text"/>	<input type="text"/>	<input type="text"/>	\$ <input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	\$ <input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	\$ <input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	\$ <input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	\$ <input type="text"/>
<b>Provide TOTAL Amount Here</b>			\$ <b>0.00</b>

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# Assets – URLA Section 2a

**Checking/Savings:** Amount held in applicant's account as of the most recent bank statement

**Stocks:** Number of shares and current price or amount of evaluation as per Brokerage account balance

**Money Market Fund/Mutual Funds:** Amount held in applicant's account as of the most recent statement

**Certificate of Deposits (CD):** Amount held in applicant's account as of the most recent statement

**Vested Interest in Retirement Funds:** Includes certain pension, 401K and IRA accounts

**Trust Funds:** Evidence of ownership, value and evidence of ability to withdrawal

**Other Liquid Assets** Cash Value of Life Insurance

**Savings Bonds:** Evidence of ownership and liquidation value

<https://selling-guide.fanniemae.com/>

B3-4.2-01

<https://guide.freddiemac.com/app/guide/section/5501.3>

# Assets – URLA Section 2b

## Review the Other Assets and Credits Section

- What are the types of assets/credits the borrower has listed?
- Are these accounts properly documented in your file?
- Are these types of assets/credits allowed on this type of transaction?
- Request the proper documentation for all assets being used in the transaction

**2b. Other Assets and Credits You Have**  *Does not apply*

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

<b>Assets</b>			<b>Credits</b>		
• Proceeds from Real Estate Property to be sold on or before closing	• Proceeds from Sale of Non-Real Estate Asset	• Secured Borrowed Funds	• Earnest Money	• Relocation Funds	• Sweat Equity
		• Unsecured Borrowed Funds	• Employer Assistance	• Rent Credit	• Trade Equity
		• Other	• Lot Equity		

Asset or Credit Type – use list above	Cash or Market Value
	\$
	\$
	\$
	\$
<b>Provide TOTAL Amount Here</b>	\$ 0.00

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# Assets – URLA Section 2b

**Equity/Sale Proceeds from an Existing Home:** The net proceeds that will be received prior to closing as evidenced by the Closing Disclosure

**Earnest Money:** Funds on deposit in a purchase transaction

**Funds to be Saved:** From payroll or Tax Refund if documented

**Sale of personal assets:** Car, boat, gun collection...

**Gift Deposited:** Amount of Gift received from an acceptable donor (Exclude this amount from the account balances previously listed, list separately in your LOS)

**Gift Not yet Deposited:** This amount should be equal to the verified assets from the acceptable donor and match the gift letter(s)

# Assets (Gifts or Grants) – URLA Section 4d

## Review the Other Assets and Credits Section

- What are the types of assets/credits the borrower has listed?
- Are these accounts properly documented in your file?
- Are these types of assets/credits allowed on this type of transaction?
- Request the proper documentation for all assets being used in the transaction

**4d. Gifts or Grants You Have Been Given or Will Receive for this Loan**  *Does not apply*

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

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

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

# Assets

Asset Documentation Reminders and Best Practices



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# Asset Documentation Requirements

## When reviewing bank statements look for the following:

- The bank statement: is the borrower's name, account #, and address consistent with URLA?
- Verify statement includes an account number (it can be truncated-last 4 digits required but not blacked out)
- Did the applicant provide the most recent one or two months statements?
- Are all large deposits explained and sourced?
- Review also for:
  - Regular payroll deposits should be verified against pay statements
  - ***Automatic loan payment withdrawals***
  - If a purchase transaction, review to see if the earnest money check has cleared
  - Alterations, cutting and pasting, white-out, deletions or cross-outs
  - ALL pages of the statement have been provided
  - Does the time period in the statement cover 30 days worth of transactions?
  - Are there overdrafts or insufficient funds?



# Asset Documentation – Financial Statement

<b>First Bank of Midland</b>		<b>Monthly Statement</b>	
P.O. Box 180126 Midland, Michigan		Account Number: 1-046-6567-8110 Statement Period: Mar 15, 2023 through Apr 14, 2023	
Debra Fox 120 Main Street Bay City, MI 48706		Page 1 of 2 <b>To Contact Bank</b> Toll Free By Phone: 1-800-555-1222 Internet: firstbankoakland.com	

<b>FIRST BANK SILVER ELITE CHECKING</b>		<i>Member FDIC</i>	
<b>Account Summary</b>		Account Number: 1-046-6567-8110	
Beginning Balance on Feb 13	\$ 743.72	Number of Days in Statement Period	31
Deposits / Credits	22,692.58	Average Account Balance	\$ 600.45
Card Withdrawals	14.00 -	Customer Segment	Regular
Other Withdrawals	\$ 3,332.65 -		
<b>Ending Balance on Apr 14, 2023</b>	<b>\$ 20,089.65</b>		

<b>Deposits / Credits</b>			
<i>Date</i>	<i>Description of Transaction</i>	<i>Ref Number</i>	<i>Amount</i>
Mar 15	Electronic Deposit REF=16071008709149	From HUNT VALLEY CHAPEL PAYROLL 1223281865	\$ 1,316.29
Mar 29	Mobile Banking Visa Terminal	Account 204784202135 SQC* Cash	50.00 19,000.00
Mar 31	Electronic Deposit REF=16089006726259N	From HUNT VALLEY CHAPEL PAYROLL 1223281865	1,316.29
Mar 24	Visa Direct Transfer	SQC*Brooke Brown	10.00
Apr 13	Mobile Banking Transfer	From Account 204784202135	1,000.00
<b>Total Deposits/Credits</b>			<b>\$ 22,692.58</b>

<b>Card Withdrawals</b>			
<i>Date</i>	<i>Description of Transaction</i>	<i>Ref Number</i>	<i>Amount</i>
Mar 21	Debit Purchase - VISA SHAKOPEE THEATRE	On 031817 SHAKOPEEMIN REF # 24055236079071031896209	\$ 14.00-
<b>Card 9435 Withdrawals Subtotal</b>			<b>\$ 14.00-</b>
<b>Total Card Withdrawals</b>			<b>\$ 14.00-</b>

<b>Other Withdrawals</b>			
<i>Date</i>	<i>Description of Transaction</i>	<i>Ref Number</i>	<i>Amount</i>
Mar 15	Electronic Withdrawal REF=1067500388494 N	From AHFC PMT AHFC PMT A953472715	\$ 402.84-
Mar 16	Mobile Banking Transfer	To Account 204665678120	100.00-
Mar 16	Internet Banking Transfer	To Account 204665678120	400.00-
Mar 17	Electronic Withdrawal REF=1067500388494 N	To AMEX EPAYMENT 0005000008ACH PMT M7452	765.26-
Mar 25	Electronic Withdrawal REF=1067500388494 N	To AMEX EPAYMENT 0005000008ACH PMT M7452	377.02-
Apr 1	Mobile Banking Transfer	To Account 204665678120	100.00-
Apr 1	Mobile Banking Transfer	To Account 204665678120	300.00-
Apr 6	Internet Banking Transfer	To Account 204665678120	65.00-
Apr 7	Electronic Withdrawal REF=1067500388494 N	To AMEX EPAYMENT 0005000008ACH PMT M7452	419.69-

# Asset Documentation – VOD or Printout

**Fannie Mae**

## Request for Verification of Deposit

**Privacy Act Notice:** This information is to be used by the agency collecting it or its assignees in determining whether you qualify as a prospective mortgagor under its program. It will not be disclosed outside the agency except as required and permitted by law. You do not have to provide this information, but if you do not your application for approval as a prospective mortgagor or borrower may be delayed or rejected. The information requested in this form is authorized by Title 38, USC, Chapter 37 (if VA); by 12 USC, Section 1701 et seq. (if HUD/FHA); by 42 USC, Section 1452b (if HUD/CPD); and Title 42 USC, 1471 et seq. or 7 USC, 1921 et seq. (if USDA/FmHA).

**Instructions:** Lender – Complete items 1 through 6. Have applicant(s) complete item 9. Forward directly to depository named in item 1.  
 Depository – Please complete items 10 through 18 and return DIRECTLY to lender named in item 2.  
 The form is to be transmitted directly to the lender and is not to be transmitted through the applicant(s) or any other party.

**Part I – Request**

1. To (Name and address of depository) \_\_\_\_\_ 2. From (Name and address of lender) \_\_\_\_\_

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

3. Signature of lender \_\_\_\_\_ 4. Title \_\_\_\_\_ 5. Date \_\_\_\_\_ 6. Lender's No. (Optional) \_\_\_\_\_

**7. Information To Be Verified**

Type of Account	Account in Name of	Account Number	Balance
			\$
			\$
			\$

**To Depository:** I/We have applied for a mortgage loan and stated in my financial statement that the balance on deposit with you is as shown above. You are authorized to verify this information and to supply the lender identified above with the information requested in items 10 through 13. Your response is solely a matter of courtesy for which no responsibility is attached to your institution or any of your officers.

8. Name and Address of Applicant(s) \_\_\_\_\_ 9. Signature of Applicant(s) \_\_\_\_\_

**To Be Completed by Depository**

**Part II – Verification of Depository**

10. Deposit Accounts of Applicant(s)

Type of Account	Account Number	Current Balance	Average Balance For Previous Two Months	Date Opened
		\$	\$	
		\$	\$	
		\$	\$	

11. Loans Outstanding To Applicant(s)

Loan Number	Date of Loan	Original Amount	Current Balance	Installments (Monthly/Quarterly)		Secured By	Number of Late Payments
				\$	per		
		\$	\$	\$	per		
		\$	\$	\$	per		
		\$	\$	\$	per		

12. Please include any additional information which may be of assistance in determination of credit worthiness. (Please include information on loans paid-in-full in item 11 above.) \_\_\_\_\_

13. If the name(s) on the account(s) differ from those listed in item 7, please supply the name(s) on the account(s) as reflected by your records. \_\_\_\_\_

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

14. Signature of Depository Representative \_\_\_\_\_ 15. Title (Please print or type) \_\_\_\_\_ 16. Date \_\_\_\_\_

17. Please print or type name signed in item 14 \_\_\_\_\_ 18. Phone No. \_\_\_\_\_

Fannie Mae Form 1006 July 96

**America's Choice Credit Union** Page 1

## Verification of Deposit

Member Name: JOHN HOMEOWNER

Account Number: 7676672-9

**Deposit Information**

Suffix/ID	Description	Open Date	Current Balance	60 Day Avg Bal
1	Share Savings	03/10/2000	6,566.32	4,397.20
2	Share Savings 2	09/22/2011	32.31	32.31
9	Checking	03/10/2000	26.77	26.77

**Loan Information**

Suffix/ID	Description	Current Balance	Current Payment	Credit Limit OR Original Balance	Due Date	Date Open
1	Personal Loan 1	0.00	174.00	1,000.00	10/20/2001	03/31/2001
2	Auto Loan 2	0.00	162.00	8,999.00	11/05/2013	09/22/2011
3	Auto Loan 3	5,429.20	199.00	11,013.16	04/05/2016	08/10/2013
6	Visa Platinum	0.00	0.00	6,000.00	03/28/2016	08/10/2013
9	Line of Credit	0.00	25.00	200.00	05/30/2015	05/26/2000

Joan Thompson Date: 03/15/2017

Joan Thompson

1-800-999-1111

<https://singlefamily.fanniemae.com/media/13886/display>

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# Asset Statement Review

Review for a Large Deposit. A large deposit is any single deposit that exceeds 50% of the total monthly qualifying income for the loan.

- If using the funds, lenders must obtain borrower's written explanation and documentation of the source of large deposits that are reflected on bank statements
- If the source of a large deposit is readily identifiable on the account statement, such as direct deposits where the source of the deposit is printed on the statement, lenders do not need to obtain further explanation or documentation.
- But the lender still has questions as to whether the funds may have been borrowed, the lender should obtain additional documentation

Lenders must investigate accounts opened within 90 days of the application date and account balances that are considerably greater than the average balance reflected on the *Verification of Deposit Form 1006*. Freddie Mac has a specific policy for VODs

Review the date of the statement. Asset statements that are older than 45 days from application, lenders should request an updated statement

Review the ownership of the account. Use of business assets is acceptable but lenders must perform a cash flow analysis to determine if any withdrawal will have a negative impact on the business and the borrowers must listed as an owner on the account

# Earnest Money Verification

## Review Purchase Agreement for Amounts Paid

- What is the source of the Earnest Money or “Deposit”?
- Do you have a copy of the check?
- Is it from an account you have verified?
- Is it cancelled or cleared?
- Did the borrower explain it was a gift? If so, gift documentation applies.
- Does the check amount match the contract amount?
- Were additional deposits paid?
- Do these amounts match what the title company or escrow agent has?

**PURCHASE PRICE AND CLOSING**

2. **PURCHASE PRICE** (U.S. currency):.....\$ 200,000.00

(a) Initial deposit to be held in escrow in the amount of **(checks subject to COLLECTION)** .....\$ 2,000

The initial deposit made payable and delivered to “Escrow Agent” named below  
**(CHECK ONE):** (i)  accompanies offer or (ii)  is to be made within \_\_\_\_\_ (if left blank, then 3) days after Effective Date. IF NEITHER BOX IS CHECKED, THEN OPTION (ii) SHALL BE DEEMED SELECTED.

Escrow Agent Information: Name: Clarence Louise  
Address: 599 Parent Rd, Anytown, MO  
Phone: 417 555-1680 E-mail: ClarenceL@yahoo.com Fax: 417 555-1860

→ (b) Additional deposit to be delivered to Escrow Agent within n/a (if left blank, then 10) days after Effective Date..... \$ \_\_\_\_\_

(All deposits paid or agreed to be paid, are collectively referred to as the “Deposit”)

# Proceeds from Real Estate

Home Pending Sale-Review purchase and sale agreement for existing home to determine estimated net proceeds; When will transaction close? Will it close in time?

If just listed obtain a copy of listing agreement and estimate; Always obtain a copy of the document

1c. 10. \$ 399,700 Full Purchase Price, paid as outlined below  
11. \$ 20,000 Earnest money \_\_\_\_\_  
12. \$ \_\_\_\_\_  
13. \$ \_\_\_\_\_  
14. \_\_\_\_\_  
15. \_\_\_\_\_  
16. \_\_\_\_\_  
17. Earnest Money is in the form of:  Personal Check  Wire Transfer  Other \_\_\_\_\_  
18. Upon acceptance of this offer, the Earnest Money, if any, will be deposited with:  Escrow Company  Broker's Trust Account.  
19. **IF THIS IS AN ALL CASH SALE:** A Letter of Credit or a source of funds from a financial institution documenting the availability of  
20. funds to close escrow *is* attached hereto.  
1d. 21. **Close of Escrow:** Close of Escrow ("COE") shall occur when the deed is recorded at the appropriate county recorder's office.  
22. Buyer and Seller shall comply with all terms and conditions of this Contract, execute and deliver to Escrow Company all closing  
23. documents, and perform all other acts necessary in sufficient time to allow COE to occur on  
24. October 31, 2022 ("COE Date"). If Escrow Company or recorder's office is closed on the COE Date,  
MONTH DAY YEAR  
25. COE shall occur on the next day that both are open for business.

# Proceeds from Real Estate

Review purchase and sale agreement for existing home to determine estimated net proceeds:  
Sales Price minus commissions, repairs, mortgage balances (from credit report).  
Will borrower net sufficient funds? Will transaction close in time??

9. **CLOSING COSTS; TITLE INSURANCE; SURVEY; HOME WARRANTY; SPECIAL ASSESSMENTS:**  
**(a) COSTS TO BE PAID BY SELLER:**

- Documentary stamp taxes and surtax on deed, if any
- Owner's Policy and Charges (if Paragraph 9(c)(i) is checked)
- Title search charges (if Paragraph 9(c)(iii) is checked)
- Other: \_\_\_\_\_
- HOA/Condominium Association estoppel fees
- Recording and other fees needed to cure title
- Seller's attorneys' fees

Seller shall pay the following amounts/percentages of the Purchase Price for the following costs and expenses:  
(i) up to \$ \_\_\_\_\_ or \_\_\_\_\_ % (1.5% if left blank) for General Repair Items ("General Repair Limit"); and  
(ii) up to \$ \_\_\_\_\_ or \_\_\_\_\_ % (1.5% if left blank) for WDO treatment and repairs ("WDO Repair Limit"); and  
(iii) up to \$ \_\_\_\_\_ or \_\_\_\_\_ % (1.5% if left blank) for costs associated with closing out open or expired building permits and obtaining required building permits for any existing improvement for which a permit was not obtained ("Permit Limit").

# Proceeds from Real Estate

## Review the CD for Net Proceeds

**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>	<b>Transa</b>	<b>Loan Information</b>
Date Issued 4/15/2013	<b>Borrow</b> <b>Your Borrower</b>	Loan Term 30 years
Closing Date 4/15/2013	<b>Property being sold</b>	Purchase
Disbursement Date 4/15/2013		Fixed Rate
Settlement Agent Epsilon Title Co.		pe <input checked="" type="checkbox"/> Conventional <input type="checkbox"/> FHA
File # 12-3456		<input type="checkbox"/> VA <input type="checkbox"/>
Property 456 Somewhere Ave	Lender Anytown, ST 12345	Loan ID # 123456789
Anytown, ST 12345	Ficus Bank	MIC # 000654321
Sale Price \$180,000		

Loan Terms	Can this amount increase after closing?	
Loan Amount	\$162,000	NO
Interest Rate	3.875%	NO
Monthly Principal & Interest <small>See Projected Payments below for your Estimated Total Monthly Payment</small>	\$761.78	NO
<b>Does the loan have these features?</b>		
Prepayment Penalty	YES	As high as \$3,240 if you pay off the loan during the first 2 years
Balloon Payment	NO	

Projected Payments		
Payment Calculation	Years 1-7	Years 8-30
Principal & Interest	\$761.78	\$761.78
Mortgage Insurance	+ 82.35	+ —
Estimated Escrow <small>Amount can increase over time</small>	+ 206.13	+ 206.13
<b>Estimated Total Monthly Payment</b>	<b>\$1,050.26</b>	<b>\$967.91</b>
<b>Estimated Taxes, Insurance &amp; Assessments</b> <small>Amount can increase over time See page 4 for details</small>	<b>\$356.13</b> a month	<b>In escrow?</b> <input checked="" type="checkbox"/> Property Taxes YES <input checked="" type="checkbox"/> Homeowner's Insurance YES <input checked="" type="checkbox"/> Other: Homeowner's Association Dues NO <small>See Escrow Account on page 4 for details. You must pay for other property costs separately.</small>

Costs at Closing	
<b>Closing Costs</b>	<b>\$9,712.10</b> Includes \$4,694.05 in Loan Costs + \$5,018.05 in Other Costs - \$0 in Lender Credits. See page 2 for details.
<b>Cash to Close</b>	<b>\$14,147.26</b> Includes Closing Costs. See Calculating Cash to Close on page 3 for details.

CLOSING DISCLOSURE PAGE 1 OF 5 - LOAN ID # 123456789

# Sold/Pending Sale

What did the seller (your borrower) net?  
 Is it sufficient for the transaction?  
 Are they using other sources of funds as well?  
 Do you see an existing mortgage paid off?

**Calculating Cash to Close** Use this table to see what has changed from your Loan Estimate.

	Loan Estimate	Final	Did this change?
Total Closing Costs (J)	\$8,054.00	\$9,712.10	YES • See Total Loan Costs (D) and Total Other Costs (I)
Closing Costs Paid Before Closing	\$0	-\$29.80	YES • You paid these Closing Costs <b>before closing</b>
Closing Costs Financed (Paid from your Loan Amount)	\$0	\$0	NO
Down Payment/Funds from Borrower	\$18,000.00	\$18,000.00	NO
Deposit	-\$10,000.00	-\$10,000.00	NO
Funds for Borrower	\$0	\$0	NO
Seller Credits	\$0	-\$2,500.00	YES • See Seller Credits in Section L
Adjustments and Other Credits	\$0	-\$1,035.04	YES • See details in Sections K and L
<b>Cash to Close</b>	<b>\$16,054.00</b>	<b>\$14,147.26</b>	

**Summaries of Transactions** Use this table to see a summary of your transaction.

BORROWER'S TRANSACTION		SELLER'S TRANSACTION	
<b>K. Due from Borrower at Closing</b>	<b>\$189,762.30</b>	<b>M. Due to Seller at Closing</b>	<b>\$180,080.00</b>
01 Sale Price of Property	\$180,000.00	01 Sale Price of Property	\$180,000.00
02 Sale Price of Any Personal Property Included in Sale		02 Sale Price of Any Personal Property Included in Sale	
03 Closing Costs Paid at Closing (J)	\$9,682.30	03	
04		04	
<b>Adjustments</b>		05	
05		06	
06		07	
07		08	
<b>Adjustments for Items Paid by Seller in Advance</b>		<b>Adjustments for Items Paid by Seller in Advance</b>	
08 City/Town Taxes to		09 City/Town Taxes to	
09 County Taxes to		10 County Taxes to	
10 Assessments to		11 Assessments to	
11 HOA Dues 4/15/13 to 4/30/13	\$80.00	12 HOA Dues 4/15/13 to 4/30/13	\$80.00
12		13	
13		14	
14		15	
15		16	
<b>L. Paid Already by or on Behalf of Borrower at Closing</b>	<b>\$175,615.04</b>	<b>N. Due from Seller at Closing</b>	<b>\$115,665.04</b>
01 Deposit	\$10,000.00	01 Excess Deposit	
02 Loan Amount	\$162,000.00	02 Closing Costs Paid at Closing (J)	\$12,800.00
03 Existing Loan(s) Assumed or Taken Subject to		03 Existing Loan(s) Assumed or Taken Subject to	
04		04 Payoff of First Mortgage Loan	\$100,000.00
05 Seller Credit	\$2,500.00	05 Payoff of Second Mortgage Loan	
<b>Other Credits</b>		06	
06 Rebate from Epsilon Title Co.	\$750.00	07	
07		08 Seller Credit	\$2,500.00
<b>Adjustments</b>		09	
08		10	
09		11	
10		12	
11		13	
<b>Adjustments for Items Unpaid by Seller</b>		<b>Adjustments for Items Unpaid by Seller</b>	
12 City/Town Taxes 1/1/13 to 4/14/13	\$365.04	14 City/Town Taxes 1/1/13 to 4/14/13	\$365.04
13 County Taxes to		15 County Taxes to	
14 Assessments to		16 Assessments to	
15		17	
16		18	
17		19	
<b>CALCULATION</b>		<b>CALCULATION</b>	
Total Due from Borrower at Closing (K)	\$189,762.30	Total Due to Seller at Closing (M)	\$180,080.00
Total Paid Already by or on Behalf of Borrower at Closing (L)	-\$175,615.04	Total Due from Seller at Closing (N)	-\$115,665.04
<b>Cash to Close</b> <input checked="" type="checkbox"/> From <input type="checkbox"/> To Borrower	<b>\$14,147.26</b>	<b>Cash</b> <input type="checkbox"/> From <input checked="" type="checkbox"/> To Seller	<b>\$64,414.96</b>



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# The Use of Gift Funds

A borrower of a mortgage loan secured by a principal residence or second home may use funds received as a personal gift from an acceptable donor.

Gift funds may fund all or part of the down payment, closing costs, or financial reserves, subject to the minimum borrower contribution requirements.

Gifts are not allowed on an investment property.

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# Gift Funds – Availability & Transfer of Funds

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

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

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



# Fannie Mae

Desktop Underwriter<sup>®</sup> Asset and Reserve Requirements



# Assets – Minimum Borrower Contribution

## Fannie Mae

The following table describes the minimum borrower contribution requirements for transactions that contain gifts.

LTV, CLTV, or HCLTV Ratio	Minimum Borrower Contribution Requirement from Borrower's Own Funds	
80% or less	One- to four-unit principal residence Second home	A minimum borrower contribution from the borrower's own funds is not required. All funds needed to complete the transaction can come from a gift.
Greater than 80%	One-unit principal residence	A minimum borrower contribution from the borrower's own funds is not required. All funds needed to complete the transaction can come from a gift.
	Two- to four-unit principal residence  Second home	The borrower must make a 5% minimum borrower contribution from his or her own funds. <sup>1</sup> After the minimum borrower contribution has been met, gifts can be used to supplement the down payment, closing costs, and reserves.  See <a href="#">B5-6-03, HomeReady Mortgage Underwriting Methods and Requirements</a> , for HomeReady mortgage minimum borrower contribution and down payment requirements.

1. If the borrower receives a gift from a relative or domestic partner who has lived with the borrower for the last 12 months, or from a fiancé or fiancée, the gift is considered the borrower's own funds and may be used to satisfy the minimum borrower contribution requirement, as long as both individuals will use the home being purchased as their principal residence.

<https://selling-guide.fanniemae.com/>

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# Assets – Fannie Mae

The lender can use any of the following types of documentation to verify that a borrower has sufficient funds for closing, down payment, and/or financial reserves:

**1. Request for Verification of Deposit (VOD)** ([Form 1006](#) or [Form 1006\(S\)](#)). The information must be requested directly from the depository institution, and the complete, signed, and dated document must be sent directly from the depository institution.

B3-4.2-01, Verification of Deposits and Assets

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# Assets – Fannie Mae

The lender can use any of the following types of documentation to verify that a borrower has sufficient funds for closing, down payment, and/or financial reserves:

## **2. Copies of Bank Statements or Investment Portfolio Statements.**

*Purchase*-The statements must cover the most recent full two-month period of account activity (60 days, or, if account information is reported on a quarterly basis, the most recent quarter).

*Refinance*-The statements must cover the most recent full one-month period of account activity (30 days, or, if account information is reported on a quarterly basis, the most recent quarter).

The statements must:

- clearly identify the borrower as the account holder,
- include at least the last four digits of the account number,
- include the time period covered by the statement,
- include all deposits and withdrawal transactions (for depository accounts),
- include all purchase and sale transactions (for financial portfolio accounts), and
- include the ending account balance.

B3-4.2-01, Verification of Deposits and Assets

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# Assets – Fannie Mae

The lender can use any of the following types of documentation to verify that a borrower has sufficient funds for closing, down payment, and/or financial reserves:

**3. Lender’s Internal Verification**-If the lender is the holder of the borrower's account, the lender may produce a printout or other alternative verification of the asset(s) directly from its system. The printout or alternative verification is acceptable as long as all required data (below) is supplied and documented.

- clearly identify the borrower as the account holder,
- include at least the last four digits of the account number,
- include the time period covered by the statement,
- include all deposits and withdrawal transactions (for depository accounts),
- include all purchase and sale transactions (for financial portfolio accounts), and
- include the ending account balance.

B3-4.2-01, Verification of Deposits and Assets

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# Assets – Fannie Mae

The lender can use any of the following types of documentation to verify that a borrower has sufficient funds for closing, down payment, and/or financial reserves:

**Direct Verification by a third-party Asset Verification Vendor.** These verifications are acceptable as long as:

- the borrower provided proper authorizations for the lender to use the verification method,
- the verified information provided must conform with the information that would be provided on Form 1006, Form 1006(S), or on bank statements,
- the date of the completed verification is in compliance with B1-1-03, Allowable Age of Credit Documents and Federal Income Tax Returns,
- the lender has determined that the vendor maintains reasonable practices that ensure reliable and authorized verifications of deposit and asset information (see A4-1-01, Maintaining Seller/Servicer Eligibility), and
- the lender understands it will be held accountable for the integrity of the information obtained from this source.

B3-4.2-01, Verification of Deposits and Assets

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# Assets – Fannie Mae

The lender can use any of the following types of documentation to verify that a borrower has sufficient funds for closing, down payment, and/or financial reserves:

**Copies of Retirement Account Statements.** They must be the most recent statements, and they must identify the borrower’s vested amount and the terms.

Best practices include:

- Investment accounts can be retirement accounts so carefully review for evidence of the account type
- Look for loans taken out against the account; you must subtract those when determining available assets to enter into your loan system
- If used for reserves, verify account allows for “withdrawals” regardless of current employment status
- If less than 100% vested, you can use only the vested portion

B3-4.2-01, Verification of Deposits and Assets

<https://selling-guide.fanniemae.com/>

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# Assets – Fannie Mae

## Stocks or Bond Account Messages:

- Non-vested stock options and non-vested restricted stock are not acceptable sources of funds for the transaction

**21** When **fully vested stock or bond account(s)** are needed to support the amount of funds required for **reserves**, the value entered may be 100 percent of the value of the account. Document the value with a current brokerage account statement, copy of the stock certificate accommodated by a newspaper stock list.

Section B3-4.3: Verification of Non-Depository Assets

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# Assets – Fannie Mae

20 The value entered for the **mutual fund** account may be 100 percent of the value of the account if the funds are used as **reserves**. Document the value with a current brokerage account statement.

Except for DU Refi Plus, when the mutual fund account will be used for the **down payment or closing costs** and the estimated liquidation value is at least 20% more than the amount of funds needed for the down payment and closing costs, documentation of the borrower's receipt of the funds from the sale or liquidation of the assets is not required. Otherwise, receipt of funds realized from the sale or liquidation must be verified. (MSG ID 1259)

## Mutual Funds and Other Non-liquid Account Types:

- Proof of liquidation

## Proof Of Liquidation

- When used for the down payment or closing costs, if the value of the asset is at least 20% more than the amount of funds needed for the down payment and closing costs, no documentation of the borrower's actual receipt of funds realized from the sale or liquidation is required

## Applicable for loans submitted to DU and manually underwritten loans; Non-liquid Account Type Applies to:

- Stocks, Bonds, and Retirement Accounts in the form of stocks, bonds and mutual funds

Section B3-4.3-01 Stocks, Stock Options, Bonds and Mutual Funds

<https://selling-guide.fanniemae.com/>

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# Gift Funds – Acceptable Donor, Fannie Mae

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

- a relative, defined as the borrower's spouse, child, or other dependent, or by any other individual who is related to the borrower by blood, marriage, adoption, or legal guardianship; or
- a non-relative that shares a familial relationship with the borrower defined as a domestic partner (or relative of the domestic partner), individual engaged to marry the borrower, former relative, or godparent.

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

# Assets – Fannie Mae

## Gifts

### Personal Gifts

We updated the following *Selling Guide* policies related to personal gifts.

#### Acceptable donors

We expanded the list of acceptable gift donors to include a non-relative that shares a familial relationship with the borrower, specifically a former relative, relative of domestic partner, and godparent. The following table lists all acceptable donors and how to enter in DU®.

Acceptable Donor	Source field in DU
Relative (as defined in the <i>Selling Guide</i> )	Relative
Domestic partner Individual engaged to marry the borrower	Unmarried partner
Former relative Godparent Relative of domestic partner	Unrelated friend

**NOTE:** *DU will be updated in a future release to recognize the source option of “Unrelated friend” as an acceptable donor of gift funds or gift of equity. Use “Other” as the source option within DU until this update is made.*

#### Transfer of gift funds

We clarified that evidence of electronic transfer of funds from a donor’s account to the borrower’s account or to the closing agent represents acceptable documentation to meet the requirement for verifying donor availability of funds and transfer of gift funds.

B3-4.3-04, Personal Gifts (12/14/2022)

<https://selling-guide.fanniemae.com/>

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# Assets – Fannie Mae

## **Sale of Personal Assets-** The lender must document the following:

- The borrower's ownership of the asset for all asset types that are titled assets, for example automobile title.
- The value of the asset, as determined by an independent and reputable source, if the proceeds represent more than 50% of the total monthly income used in qualifying. The lender must use the lesser of the estimated value (as determined by the independent source) or actual sales price when determining the amount of funds for the transaction. For example, a borrower plans to sell their vehicle. The value as determined by an independent source is \$10,000; the sales price of the vehicle is \$12,000. \$10,000 can be added to the borrower's available funds even if the sale has already occurred.
- The transfer of ownership of the asset, as documented by either a bill of sale or a statement from the purchaser.
- The borrower's receipt of the sale proceeds from documents such as deposit slips, bank statements, copies of the purchaser's canceled check or an equivalent payment source.

B3-4.3-18, Sale of Personal Assets (12/16/2020)

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# Assets – Fannie Mae

## **Borrower’s Business Accounts-**

Business assets may be an acceptable source of funds for the down payment, closing costs, and financial reserves when a borrower is self-employed and the individual federal income tax returns have been evaluated by the lender, including, if applicable, the business federal income tax returns for that particular business (non-Schedule C). The borrower must be listed as an owner of the account and the account must be verified in accordance with B3-4.2-01, Verification of Deposits and Assets. \*The lender must perform a business cash flow analysis to confirm that the withdrawal of funds for this transaction will not have a negative impact on the business. See Section B3–3.2, Self-Employment Income, for additional information on the analysis of a self-employed borrower.

*\*When self-employment income is not being used to qualify for the loan, but the borrower is using assets from their business towards down payment, closing costs, and/or financial reserves. The lender is not required to perform a business cash flow analysis, provided the borrower is listed as an owner of the account and the account is verified in accordance with B3-4.2-01, Verification of Deposits and Assets.*

B3-4.2-02, Depository Accounts

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# Assets – Fannie Mae

## Trust Accounts-

Funds disbursed from a borrower's trust account are an acceptable source for the down payment, closing costs, and reserves provided the borrower has immediate access to the funds.

To document trust account funds, the lender must:

- obtain written documentation of the value of the trust account from either the trust manager or the trustee, and
- document the conditions under which the borrower has access to the funds and the effect, if any, that the withdrawal of funds will have on trust income used in qualifying the borrower for the mortgage.

B3-4.3-02, Trust Accounts (04/01/2009)

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# Assets – Fannie Mae

## Retirement Accounts

Vested funds from individual retirement accounts (IRA/SEP/Keogh accounts) and tax-favored retirement savings accounts (401(k) accounts) are acceptable sources of funds for the down payment, closing costs, and reserves. The lender must verify the ownership of the account and confirm that the account is vested and allows withdrawals regardless of current employment status.

If the retirement assets are in the form of stocks, bonds, or mutual funds, the account must meet the requirements of B3-4.3-01, Stocks, Stock Options, Bonds, and Mutual Funds, for determining value and whether documentation of the borrower's actual receipt of funds is required when used for the down payment and closing costs. When funds from retirement accounts are used for reserves, Fannie Mae does not require the funds to be withdrawn from the account(s).

B3-4.3-03, Retirement Accounts (06/30/2015)

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# Assets – Fannie Mae

## Stocks and Mutual Funds

The lender must determine the value of the asset (net of any margin accounts) by obtaining either

- the most recent monthly or quarterly statement from the depository or investment firm; or
- a copy of the stock certificate, accompanied by a newspaper stock list that is dated as of or near the date of the loan application.

B3-4.3-01, Stocks, Stock Options, Bonds, and Mutual Funds

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# Assets – Fannie Mae

## Stocks Options

The value of vested stock options can be documented by

- a statement that lists the number of options and the option price, and
- using the current stock price to determine the gain that would be realized from exercise of an option and the sale of the optioned stock.

**Note:** Non-vested stock options are not an acceptable source of funds for the down payment, closing costs, or reserves and should not be entered on the loan application.

B3-4.3-01, Stocks, Stock Options, Bonds, and Mutual Funds

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# Assets – Fannie Mae

## Government Bonds

The value of government bonds must be based on their purchase price unless the redemption value can be documented.

B3-4.3-01, Stocks, Stock Options, Bonds, and Mutual Funds

<https://selling-guide.fanniemae.com/>

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# Assets – Fannie Mae

## Credit Card Financing

Fannie Mae permits certain costs that must be paid early in the application process, such as lock-in fees, origination fees, commitment fees, credit report fees, and appraisal fees, to be charged to the borrower's credit card because these fees do not represent extraordinary amounts and the credit card debt is considered in the borrower's total monthly debt-to-income ratio. Borrowers are not required to pay off these credit card charges before closing. Under no circumstances may credit card financing be used for the down payment.

Lenders may allow credit card financing for the payment of common and customary fees paid outside of closing up to a maximum of 2% of the loan amount if the lender:

- confirms that the borrower has sufficient liquid funds (financial reserves) to cover these charges (in addition to funds needed for other closing costs and the down payment that he or she will be paying); or
- recalculates the credit card payment, per B3-6-05, Monthly Debt Obligations, to account for the new charges and includes the updated payment in the qualifying ratio calculation.

For DU, lenders must apply this policy manually. The fees charged to the borrower's credit card must be included as a closing cost in the loan application, and removed from any Borrower Paid Fees entered as an other credit for the fees paid outside of closing. Alternatively, the monthly credit card payment in the liabilities section of the loan application must be increased to include the charges if not reflected in the credit report.

B3-4.3-16, Credit Card Financing and Reward Points (08/04/2021)

<https://selling-guide.fanniemae.com/>

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# Assets – Fannie Mae

## Credit Card Reward Points

Fannie Mae permits credit card reward points as acceptable funds for use towards closing costs, down payment and financial reserves, provided the reward points are converted to cash prior to the closing of the loan. The following requirements apply:

- If the credit card reward points are converted to cash and deposited into the borrower's depository account (for example, checking or savings), no additional documentation is required unless the deposit is considered a large deposit. In this event, the lender must follow the requirements in Evaluating Large Deposits in B3-4.2-02, Depository Accounts.
- If the credit card reward points are converted to cash, but not deposited into a borrower's depository account, the lender must provide evidence the reward points were
  - available to the borrower prior to the conversion, including verification of the cash value (for example, credit card reward statement prior to conversion); and
  - converted to cash prior to the closing of the loan.

For DU loan casefiles, if the reward points are not already converted to cash and deposited into a depository account, lenders must enter the cash value of the reward points as an Asset with an Account Type of "Other" and a description of "Liquid Asset". See B3-4.4-02, Requirements for Certain Assets in DU for more information.

B3-4.3-16, Credit Card Financing and Reward Points (08/04/2021)

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# Assets – Fannie Mae

## Virtual Currency

Virtual currency that has been exchanged into U.S. dollars is acceptable for the down payment, closing costs, and financial reserves provided the following requirements are met:

- there is documented evidence that the virtual currency has been exchanged into U.S. dollars and is held in a U.S. or state regulated financial institution, and
- the funds are verified in U.S. dollars prior to the loan closing.

A large deposit may be from virtual currency that was exchanged into U.S. dollars. The lender must obtain sufficient documentation to verify the funds originated from the borrower's virtual currency account.

Virtual currency may not be used for the deposit on the sales contract (earnest money) for the purchase of the subject property.

B3-4.1-04, Virtual Currency (05/04/2022)

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# Assets – Fannie Mae

## Borrower's Earned Real Estate Commission

Earned real estate commission refers to the borrower's portion of a real estate commission earned from the sale of the subject property being purchased when the borrower is acting as their own real estate agent. Lenders may use the borrower's earned real estate commission as an eligible source of funds for down payment and closing costs provided the borrower is a licensed real estate agent and will receive a sales commission from the purchase of the subject property.

The lender must document the following:

- the settlement statement must reflect the commission earned by the borrower, and
- the earned commission amount must be credited towards the mortgage loan.

**Note:** For DU loan casefiles, earned real estate commission must be entered as a Credit Type of "Other" in Section 2b of the online loan application.

B3-4.3-21, Borrower's Earned Real Estate Commission (04/05/2023)

<https://selling-guide.fanniemae.com/>



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# Assets – Fannie Mae

## Foreign Assets

- The lender must document all sources of funds used for down payments, closing costs and financial reserves. All documents of a foreign origin must be completed in English, or the originator must provide a translation, attached to each document, and ensure the translation is complete and accurate.
- When the source of those funds originates from assets located outside of the U.S. and its territories, those assets require
  - documented evidence of the foreign assets exchanged into U.S. dollars and held in a U.S. or state regulated financial institution, and
  - verification of the funds in U.S. dollars prior to the loan closing.

B3-4.2-05, Foreign Assets (05/04/2022)

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# Assets

Observation Section Lists Total Assets Entered By Type; Underwriting Analysis Report Lists Total Funds Required, *Including Any Reserves*

## Assets Entered By Type

### Assets

19 Verify assets totaling \$25,325.00 from the liquid assets listed on the 1003. Refer to the Selling Guide for additional information. (MSG ID 0063)

## Total Funds Required

Total Available Assets	\$27,886.14	Net Cash Back	\$0.00
Funds Required to Close	\$25,325.72	Excess Available Assets, not required to be verified by DU	\$2,560.42
Reserves Required to be Verified	\$0.00	Months Reserves	0
Total Funds to be Verified	\$25,325.72		
Cash Back	\$0.00		

# Sample DU Findings Report

## Verification Messages Broken out by Topic:

- Assets and Reserves
  - Amount to verify, liquidation and documentation requirements

### Assets

- 19 Verify assets totaling \$25,325.00 from the liquid assets listed on the 1003. Refer to the Selling Guide for additional information. (MSG ID 0063)
- 20 A miscellaneous other credit has been entered on the loan application.
- Verify that the minimum borrower contribution is made for the transaction.
  - Verify that contributions by others do not exceed the limits permitted in the Selling Guide.
- All credits applied in this section must be eligible and documented according to the requirements of the Selling Guide. (MSG ID 0976)
- 21 If depository assets are needed to support the amount of funds required and reserves:
- Verify these assets with a verification of deposit or bank statements covering a two-month period,
  - Refer to the Selling Guide for guidance on evaluating un-sourced large deposits, and
  - Direct verifications provided by a third party asset verification vendor are acceptable if completed in accordance with the Selling Guide.
- (MSG ID 1880)
- 22 Earnest money is listed as another credit on the details of transaction.
- If the deposit is used to make any part of the borrower's minimum contribution that must come from his or her own funds, the source of funds for the deposit must be verified. (MSG ID 1887)

# Assets and Reserves – Fannie Mae

## DU Findings Report -Funds Section

- Summary of “Funds” section found on Underwriting Analysis Section
- Submit only assets to cover “required” to be verified or \$25,325.72 in this example

<b>Total Available Assets</b>	\$27,886.14	<b>Net Cash Back</b>	\$0.00
<b>Funds Required to Close</b>	\$25,325.72	<b>Excess Available Assets, not required to be verified by DU</b>	\$2,560.42
<b>Reserves Required to be Verified</b>	\$0.00	<b>Months Reserves</b>	0
<b>Total Funds to be Verified</b>	\$25,325.72		
<b>Cash Back</b>	\$0.00		

Documentation requirements for the verification of assets for certain refinance transaction underwritten in DU. Assets will not have to be documented when the funds required to be verified are \$500 or less. On refinance transactions eligible for this flexibility, DU will issue a message specifying that assets do not need to be verified for the transaction.

# Reserves – Fannie Mae

## Read The Findings Report for Reserves Needed to be Verified

<b>Total Available Assets</b>	\$27,886.14	<b>Net Cash Back</b>	\$0.00
<b>Funds Required to Close</b>	\$25,325.72	<b>Excess Available Assets, not required to be verified by DU</b>	\$2,560.42
<b>Reserves Required to be Verified</b>	\$0.00	<b>Months Reserves</b>	0
<b>Total Funds to be Verified</b>	\$25,325.72		
<b>Cash Back</b>	\$0.00		

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# Assets Needed for Reserves

## Unacceptable sources of reserves

- Funds that are not vested
- Funds that cannot be withdrawn under circumstances other than the account owner's retirement, employment termination, or death
- Stock held in an unlisted corporation
- Non-vested stock options and non-vested restricted stock
- Certain types of unsecured borrowed funds (cash advance on a credit card, overdraft on a checking account)
- Interested party contributions or IPCs
- Proceeds from a cash-out refinance on the subject property
- Cash on hand
- Proceeds of a PPP or Payroll Protection Program loan or grant

<https://selling-guide.fanniemae.com/#Unacceptable.20Sources.20of.20Reserves>

# Reserves – Fannie Mae Multiple Financed Properties

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

### Calculation of Reserves for Multiple Financed Properties

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

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

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

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

B3-4.1-01, Minimum Reserve Requirements (10/07/2020)

**Applies When The Subject Transaction Is A Second Home Or Investment Property AND The Borrower is Personally Obligated On The Financing**

# Reserves – Fannie Mae Multiple Financed Property Examples

B3-4.1-01, Minimum Reserve Requirements (10/07/2020)

**Example 1: Three Financed Properties**

Occupancy	Outstanding UPB	Monthly PITIA	Reserves Calculations	
Subject: Second Home	\$78,750	\$776	2 Months PITIA =	\$1,552
Principal	\$0	\$179	N/A	\$0
Investor	\$87,550	\$787	\$230,050 x 2% =	\$4,601
Investor	\$142,500	\$905		
	<b>\$230,050</b>		<b>Total =</b>	<b>\$6,153</b>

**Applies When The Subject Transaction Is A Second Home Or Investment Property AND The Borrower is Personally Obligated On The Financing**





# Freddie Mac

Loan Product Advisor<sup>®</sup> Asset and Reserve Requirements



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# Minimum Borrower Contribution – Freddie Mac

## **Borrower's Own Funds *Freddie Mac Seller Servicer Guide (Chapter 5501.3(b)(i))***

- No requirement for >80% LTV loans where:
  - Mortgage is secured by a 1 and 2 unit Primary Residence and
  - Gift or gift of equity received from eligible donor used as source of funds or
  - \*Employer Assisted Homeownership (EAH) Benefit is used as source of funds


## Freddie Mac Selling Guide Chapter **5501.3**

\*An Employer Assisted Homeownership (EAH) Benefit may be used as a source of funds to qualify the Borrower for the Mortgage transaction if the terms of the EAH Benefit comply with the following:

- 1.The EAH Benefit is provided to an employee from the employer pursuant to an established, ongoing and documented employer benefit program, provided (i) the employer is not an interested party (as described in [Section 5501.5](#)) and (ii) the funds were not obtained from an interested party either directly or through a third party
- 2.The Mortgage is secured by a 1- to 4-unit Primary Residence

General requirements Freddie Mac Selling Guide Chapter 5501.4

# Minimum Borrower Contribution – Freddie Mac

 <a href="#">Seller/Service Guide</a> <a href="#">Guide Home</a> <a href="#">Seller/Service Relationship</a> <a href="#">Selling</a> <a href="#">Servicing</a>			
Minimum contribution from Borrower personal funds			
Mortgage type	Guide section number	Mortgages with LTV/TLTV/HTLTV ratios ≤ 80%	Mortgages with LTV/TLTV/HTLTV ratios > 80%
Mortgage secured by a 1-and 2-unit <u>Primary Residence</u>	N/A	None	
Mortgage secured by a 3- and 4-unit <u>Primary Residence</u>	N/A	None	N/A
Mortgage secured by a second home	<a href="#">5501.3(c)</a>	None	5% of value, when gift funds or grants are used for the transaction
Mortgage secured by an <u>Investment Property</u>	<a href="#">4201.16</a>	All funds used for the transaction must be Borrower personal funds	
Mortgages with shared equity plans	<a href="#">4204.5</a>	5% of value (must be <u>Owner-Occupant's</u> personal funds)	

---

# Asset General Documentation Requirement– Freddie Mac

Most recent one or two months asset statements (depending on documentation path–  
Streamline or Standard)

All accounts held in financial institutions must be owned by the Borrower and the Borrower must have access to the funds. Funds in accounts that are owned jointly by the Borrower and a non-Borrower are considered Borrower personal funds. Accounts held in the name of a Living Trust are considered to be owned by the Borrower when the Borrower is the Settlor of the Living Trust. When the Borrower is a Living Trust, the Underwritten Settlor is considered to be the owner of accounts held in the name of the trust.

For Loan Product Advisor Mortgages, the Documentation Level shown on the Feedback Certificate indicates the minimum level of documentation acceptable for a Loan Product Advisor Mortgage.

Asset documentation valid for 120 days for both existing and new construction

You are required to provide proof of liquidation for certain non-liquid of assets used for closing such as stock, bonds, cash value of life insurance in most cases

# Asset – Freddie Mac

- ✓ Are all the assets per LPA verified plus any additional that are needed to payoff a judgment or collection?
- ✓ Evidence of liquidation if needed?
- ✓ Additional reserves?
- ✓ Loan Product Advisor does not validate if the maximum seller paid fees (Interested Party Contributions IPC's) have been exceeded. You must calculate the maximum allowable financing concession based off the TLTV.

L4. Qualifying the Borrower – Minimum Required Funds or Cash Back	
DUE FROM BORROWER(S)	
A. Sales Contract Price	\$
B. Improvements, Renovations, and Repairs	\$
C. Land (if acquired separately)	\$
D. For Refinance: Balance of Mortgage Loans on the Property to be paid off in the Transaction (See Table 3a. Property You Own)	\$
E. Credit Cards and Other Debts Paid Off (See Table 2c. Liabilities — Credit Cards, Other Debts, and Leases that You Owe)	\$
F. Borrower Closing Costs (including Prepaid and Initial Escrow Payments)	\$
G. Discount Points	\$
H. TOTAL DUE FROM BORROWER(S) (Total of A thru G)	\$ 0.00

2c. Liabilities – Credit Cards, Other Debts, and Leases that You Owe <input type="checkbox"/> Does not apply					
List all liabilities below (except real estate) and include deferred payments. Under Account Type, choose from the types listed here: • Revolving (e.g., credit cards) • Installment (e.g., car, student, personal loans) • Open 30-Day (balance paid monthly) • Lease (not real estate) • Other					
Account Type – use list above	Company Name	Account Number	Unpaid Balance	To be paid off at or before closing	Monthly Payment
Other	Tax Lien		\$ 10,988.00	<input checked="" type="checkbox"/>	\$
			\$	<input type="checkbox"/>	\$
			\$	<input type="checkbox"/>	\$
			\$	<input type="checkbox"/>	\$
			\$	<input type="checkbox"/>	\$

Freddie Mac Selling Guide Chapter 5501.5

# Freddie Mac Feedback Certificate – Asset and Reserve Messages

## Assets and Reserves Messages

CODE	MESSAGE
FAR0050	Based on Loan Product Advisor's overall assessment, the loan is not eligible for asset representation and warranty relief; however, it may be eligible for relief offered through Freddie Mac's selling representation and warranty framework.
FAR0013	The following asset(s) total \$13,000.00 and are eligible sources of funds: Savings: \$13,000.00.
FAR0123	Required Borrower Funds are calculated as \$0.00 based on information submitted: alterations, improvements and repairs (\$0.00) + refinance amount (\$136,841.00) - loan amount (\$142,000.00) + transaction costs (\$4,103.38) - proceeds from subordinate financing (\$0.00).
FAR0082	No reserves are required.
FAR0107	Depository accounts: For each account (checking, savings, money market, CDs, and other depository accounts) used to qualify the borrower, obtain an account statement covering a 1-month period or a direct verification.

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# Assets - Freddie Mac

All funds used in the transaction must come from eligible sources.

For purchases, document the borrower has sufficient funds verified from eligible sources.

For refinances, verification of assets is not required when the amount of borrower funds needed for the transaction is < \$500, and LPA does not require reserves and the loan received a LPA Risk Class of Accept.

# Assets- Freddie Mac

FAR0107 Depository accounts: For each account (checking, savings, money market, CDs, and other depository accounts) used to qualify the borrower, obtain an account statement covering a 1-month period or a direct verification.

Direct account verifications and asset account statements used to verify the Borrower's accounts held in financial institutions must meet the following additional requirements:

Direct account verifications (i.e., verification of deposit form (VOD)) must:

- Identify the financial institution
- Identify the account owner(s)
- Identify the account number, which at a minimum must include the last **four** digits
  - When verification is obtained through a 3<sup>rd</sup> party, The verification may identify the account with a minimum of the last **two** digits of the account number
- Identify the type of account
- Identify account open date
- Identify the current account balance
- Identify the average balance for the previous two months
- Identify any outstanding loans secured by the asset
- Include the title, signature and phone number of the depository representative who completed the verification



# Assets- Freddie Mac

FAR0107 Depository accounts: For each account (checking, savings, money market, CDs, and other depository accounts) used to qualify the borrower, obtain an account statement covering a 1-month period or a direct verification.

Direct account verifications and asset account statements used to verify the Borrower's accounts held in financial institutions must meet the following additional requirements:

Direct account verifications (i.e., verification of deposit form (VOD)) must:

- Identify the financial institution
- Identify the account owner(s)
- Identify the account number, which at a minimum must include the last **four** digits
- Identify the type of account
- Identify account open date
- Identify the current account balance
- Identify the average balance for the previous two months
- Identify any outstanding loans secured by the asset
- Include the title, signature and phone number of the depository representative who completed the verification
- For purchase transactions, when using a direct account verification, the Seller must include documentation of the source of funds when an account is opened within 90 days of verification and/or when the current balance in an account exceeds the average balance by more than 50% of the sum of:
  - The total monthly qualifying income for the Mortgage, and
  - The amount derived from the asset calculation for establishing the debt payment-to-income ratio in accordance with the requirements of [Section 5307.1](#), if applicable

---

# Assets - Freddie Mac

## **Mutual Funds and Other \*Non-liquid Account Types:**

- Proof of liquidation

## **Proof Of Liquidation**

- When used for the down payment or closing costs, if the value of the asset is at least 20% more than the amount of funds needed for the down payment and closing costs, no documentation of the borrower's actual receipt of funds realized from the sale or liquidation is required

## ***\*Non-liquid Account Type Applies to:***

- *Stocks, Bonds, and Retirement Accounts in the form of stocks, bonds and mutual funds*

---

# Assets - Freddie Mac

## Securities

Securities that are traded on an exchange or marketplace, generally available to the public such as:

- Stocks
- Vested stock options
- Bonds
- Mutual funds
- United States government securities
- Other securities\*

Value must not include margin accounts.

Stock with limitations on its accessibility (e.g., restricted stock which has not vested and been distributed to the recipient) is not eligible.

---

# Assets - Freddie Mac

## Securities Documentation

Provide an account statement covering a **one-month period/two-month period** or a direct account verification (i.e., VOD)

If the Borrower does not receive a stock/security account statement:

- Provide evidence the security is owned by the Borrower, and
- Verify value using current stock prices from a financial publication or website

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# Assets - Freddie Mac

## Trust Account

The Borrower must be the beneficiary and have access to the funds as of the date of the loan closing.

The Borrower's portion of undistributed trust funds may be used as **reserves** only.

Provide a copy of the trust agreement or a signed statement from the trustee or trust manager that documents the following information:

- Identifies the Borrower as the beneficiary
- Confirms that the Borrower has access to all or a certain specific amount of the funds
- Confirms that the trust has sufficient assets to disburse funds needed by the Borrower

When trust funds are needed for closing, evidence of receipt of the disbursed funds from the trust is required.

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# Assets - Freddie Mac

## Trust Account

The Borrower must be the beneficiary and have access to the funds as of the date of the loan closing.

The Borrower's portion of undistributed trust funds may be used as **reserves** only.

Provide a copy of the trust agreement or a signed statement from the trustee or trust manager that documents the following information:

- Identifies the Borrower as the beneficiary
- Confirms that the Borrower has access to all or a certain specific amount of the funds
- Confirms that the trust has sufficient assets to disburse funds needed by the Borrower

When trust funds are needed for closing, evidence of receipt of the disbursed funds from the trust is required.

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# Assets - Freddie Mac

## **Retirement accounts (401k or IRA)**

- Accounts that allow for withdrawals only in connection with the borrower's employment termination, retirement, or death, or the account does not allow for any type of withdrawal should not be entered

## **Look For Indications That the Account is an IRA or Retirement Account - Borrowers Do Not Always Tell You**

- Many investment accounts can be retirement accounts, so carefully review for evidence of the account type
- If less than 100% vested, you can use only the vested portion
- Look for any loans taken out against the account, as you must subtract those when determining available assets
- Borrowers must have access to the account and it must allow for withdrawals, regardless of current employment status

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# Assets - Freddie Mac

**Borrower's Business Accounts-** Funds from a Borrower's business account may be used to qualify the Borrower for the Mortgage transaction, provided they meet the requirements of Freddie Mac's Selling Guide, Chapter 5501.3, except as stated below.

- Documentation of large deposits, as described in Section [5501.3\(a\)\(iii\)](#), is not required provided that the Seller:
  - Reviews a minimum of the most recent two months of the business account statements, and
  - Determines the deposits are typical for the Borrower's business
- See [Section 5304.1\(f\)](#) for additional requirements when self-employed income from the business is used for qualifying.



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# Sale of Personal Asset – Freddie Mac

**Sale of Borrower's Assets** (other than real property or exchange-traded securities).

Provide:

- A signed Bill of Sale documenting the asset and transfer of ownership
- Evidence of receipt of the proceeds

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# Gift Funds – Acceptable Donor, Freddie Mac

Gift funds or a gift of equity are an eligible source of funds for a Mortgage secured by a Primary Residence or second home provided that funds do not have to be repaid and the donor is:

- A Related Person, or
- A trust established by a Related Person, or
- The estate of a Related Person

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

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# Gift Funds and Gift Letters- Freddie Mac

In support of expanding access to credit for First-Time Homebuyers, we have updated our requirements to permit graduation gifts from a related or unrelated person(s) as an eligible source of funds for a purchase of a Primary Residence. The Seller must obtain the following:

- Evidence of graduation from an educational institution (e.g., diploma or transcripts) that supports the date of graduation
- A verification of the gift funds in the Borrower's depository account. Gift funds must be deposited within 90 days of the date of graduation.

In addition, we have updated our requirements to allow gift letters to state the maximum amount of the gift funds or gift of equity **or** the actual amount. This change will eliminate the need for Sellers to obtain a corrected gift letter, should the actual amount of the gift be less than the amount stated on the gift letter. As a reminder, this flexibility does not eliminate the requirements for resubmission to Loan Product Advisor® per [Section 5101.6](#).

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# Credit Card Reward Points– Freddie Mac

Credit Card reward points are an eligible source of funds used to qualify the Borrower for the Mortgage transaction when the points are redeemed for cash. The Seller must obtain the following when the funds are not yet deposited in the Borrower's account:

- Evidence of the Borrower's ownership of the reward points and their cash value, and
- Evidence the reward points are redeemed for cash prior to closing, which may include a direct transfer of the cash to the settlement or closing agent

For reward points redeemed for cash and deposited in the Borrower's account prior to closing, refer to our requirements for evaluation of deposits in the Borrower's accounts in [Section 5501.3\(a\)\(iii\)](#).

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# Funds Outside the US– Freddie Mac

## **Source of funds from outside the United States and its territories**

When the source of funds needed for closing is, or otherwise originates from, asset(s) located outside the United States and its territories:

- Funds must be transferred into a United States or State regulated financial institution and verified in U.S. dollars prior to the closing of the Mortgage transaction, or
- Combined value of the assets must be at least 20% greater than the amount from these assets needed for closing

*See [Section 5102.3\(b\)](#) for additional requirements when funds from outside the United States and its territories are used to qualify the Borrower for the Mortgage transaction.*



# Resources And Best Practices



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# Asset and Reserve Best Practices

## Some Reminders:

- Enter each asset separately according to account type
- Verify you have all pages to the asset statement
- Do not double count earnest money
- Break out gift funds as a separate entry in your LOS
- Review for large deposits and remove any unsourced funds that are not needed
- Do you need one or two months statements?
- Do you have consecutive and most recent statements?
- Does transaction require reserves? Don't just rely on AUS results
- Additional funds needed to payoff a judgment, tax lien, pay down an account?
  - See new section of the Details of Transaction on the URLA
- Multiple Financed properties guidelines met? Fannie Mae guidelines are different than Freddie Mac
- Support bank statements with VOD or VOD with bank statements

# Enact MI Top Decision Errors

## MI Decision Tips



2<sup>nd</sup> Quarter 2023

Enact's Risk Quality Assurance team creates this report to help underwriters and processors submit quality originations. Each quarter, you can use this report to discover the most frequently made GSE and MI decision errors and learn how to avoid them. You will find the specific GSE guideline requirement along with best practices and links to Enact's online training modules. Remember, loans requiring an exception to Enact published guidelines must be sent in for an Enact underwrite.

Assets – Analyzing the Borrower's Assets		
Defect	Underwriting Guideline	Best Practices & Examples
Source of Funds not Properly Documented for Large Deposits	Enact will accept GSE standard underwriting guidelines for asset assessment or the least restrictive of the agencies' guidelines on manually underwritten loans.	<b>Example 1:</b> Missing documentation of source of funds for large deposits (11/15 \$15,000) into (savings) account at Zolve.
Insufficient Funds for Closing and/or Reserves	If funds from a large deposit are required for closing/reserves, documentation must be obtained to ensure those funds are from an acceptable source. If another Borrower account is the source for the large deposit that account must be documented and present in the loan file.  Lender must document sufficient funds required for closing based on the final Closing Disclosure and reserves, if applicable for your program.  For additional details on Assets, visit Fannie Mae Chapter B3-4: Asset Assessment or Freddie Mac Chapter 5501: Assets in their respective Selling Guides	<b>Example 2:</b> Insufficient verified funds to close as EMD of \$1,000 wasn't verified. Without it Borrower is short funds for closing of \$570.97.  <b>Best Practices:</b> Review bank statements carefully for any large deposit (any single deposit exceeding 50% of total monthly qualifying income) and validate statements are complete and not expired. Remember large deposits could indicate undisclosed debts may have been incurred to source a down payment.  Add a condition on your loan approval that states the amount of assets verified and available for closing. Instruct the closing department that if what is required at closing is more than the amount on the approval, the loan must go back through underwriting for review.  <b>Enact Asset Training:</b> <b>Asset Review</b>

## Assets – Analyzing the Borrower's Assets

Defect	Underwriting Guideline	Best Practices & Examples
Source of Funds not Properly Documented for Large Deposits	Enact will accept GSE standard underwriting guidelines for asset assessment or the least restrictive of the agencies' guidelines on manually underwritten loans.	<b>Example 1:</b> Missing documentation of source of funds for large deposits (11/15 \$15,000) into (savings) account at Zolve.
Insufficient Funds for Closing and/or Reserves	If funds from a large deposit are required for closing/reserves, documentation must be obtained to ensure those funds are from an acceptable source. If another Borrower account is the source for the large deposit that account must be documented and present in the loan file.  Lender must document sufficient funds required for closing based on the final Closing Disclosure and reserves, if applicable for your program.  For additional details on Assets, visit Fannie Mae Chapter B3-4: Asset Assessment or Freddie Mac Chapter 5501: Assets in their respective Selling Guides	<b>Example 2:</b> Insufficient verified funds to close as EMD of \$1,000 wasn't verified. Without it Borrower is short funds for closing of \$570.97.  <b>Best Practices:</b> Review bank statements carefully for any large deposit (any single deposit exceeding 50% of total monthly qualifying income) and validate statements are complete and not expired. Remember large deposits could indicate undisclosed debts may have been incurred to source a down payment.  Add a condition on your loan approval that states the amount of assets verified and available for closing. Instruct the closing department that if what is required at closing is more than the amount on the approval, the loan must go back through underwriting for review.  <b>Enact Asset Training:</b> <b>Asset Review</b>



# Enactmi.com

The screenshot shows a web browser window with the URL `enactmi.com`. The browser's address bar and tabs are visible at the top. The website's navigation bar is green and contains the following items: **TRAINING**, **OUR BLOG**, a search bar with a magnifying glass icon and the text "Search", and a **LOG IN** button. Below the navigation bar is a white section with the **Enact** logo on the left and a menu of links: **GET A QUOTE**, **UNDERWRITING** (with a dropdown arrow), **SOLUTIONS** (with a dropdown arrow), **RESOURCES** (with a dropdown arrow), and **ABOUT US** (with a dropdown arrow). The main content area features a hero image of several people's hands pointing at a laptop screen. Overlaid on the bottom right of this image is a white login form titled **My Enact MI**. The form contains the following elements: a text input field for "Username or Email", a text input field for "Password", a checkbox labeled "Remember Username", and a link for "Forgot Password?".

enactmi.com

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Password

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Welcome to your new MI Site  
An improved online experience  
focused on you

# Enact Rate *Express*®

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ABOUT US ▾

## Rate Express®

\* Required

Your Information    Loan Information    MI Information

Enter email address to access Rate *Express*.

Email \*

[Continue](#)

Need to register? [GET ACCESS](#)

# Enact Underwriting Guidelines

The screenshot shows the Enact website's navigation bar with links for TRAINING, OUR BLOG, a search bar, and LOG IN. Below the navigation is the Enact logo and a menu with GET A QUOTE, UNDERWRITING, SOLUTIONS, RESOURCES, and ABOUT US. The main content area features the title "Enact MI Underwriting Guidelines" and a paragraph explaining the importance of the document. A large grey box contains the sub-header "Underwriting Guidelines and Credit Policy Updates" and a paragraph of text. At the bottom of this box are two PDF links: "Underwriting Guidelines" (Effective Date 1-10-2022, ARCHIVE) and "Credit Policy Bulletin 2022-02" (Effective Date 2-10-2022). On the right side, there are two promotional boxes: "Our COVID-19 Responses and Resources" with a "Check it out" button, and "UNDERWRITING TIPS" with the text "Best practices for reducing file errors" and a "Get info" button. A "Feedback" button is also visible at the bottom right.

TRAINING | OUR BLOG | Search | LOG IN


**Enact** GET A QUOTE | UNDERWRITING ▾ | SOLUTIONS ▾ | RESOURCES ▾ | ABOUT US ▾


## Enact MI Underwriting Guidelines

One of the most important documents on our website! Download the Enact MI Underwriting Guidelines for details on how we evaluate loans submitted for mortgage insurance. You can also access Credit Policy updates, LTV recaps, and information about our Peak Portfolio program.


### Underwriting Guidelines and Credit Policy Updates


Looking for a specific guidelines like Jumbo loans? Construction to permanent? For specific guidelines, try searching within the document or use the linked Table of Contents. For more underwriting resources, check out our selection of underwriting courses in Training Resources.

 **Underwriting Guidelines**  
Effective Date 1-10-2022 ARCHIVE

 **Credit Policy Bulletin 2022-02**  
Effective Date 2-10-2022

**Our COVID-19 Responses and Resources**  
Check it out

 **UNDERWRITING TIPS**  
Best practices for reducing file errors  
Get info

 Feedback

# Enact Training Resources

The screenshot shows the Enact MI Training Catalog website. At the top left is the Enact logo. The navigation menu includes links for Getting Started, My Progress, Catalog, Live Calendar, Calculators, and EnactMI.com. A search bar with a magnifying glass icon and a Log In link are on the right. The main banner features the text "Enact MI Training Catalog" in green, with a background image of hands typing on a green laptop keyboard and floating green plus signs. Below the banner are four category tiles, each with a green plus sign icon and a label: Assets (orange background with small plus signs), Income (teal background with small dots), Credit/Liabilities (white background with a dashed grid and small plus signs), and Appraisal/Collateral (yellow background with horizontal lines).

# Enact Training Resources

## Income Calculation Tools by Enact MI

We get it, mental math is hard. That's why Enact provides a collection of downloadable calculators and reference guides to help you analyze a self-employed borrower's average monthly income and expenses.

Please note that these tools offer suggested guidance, they don't replace instructions or applicable guidelines from the GSEs.

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



### Income Calculation Worksheet

Use this form to calculate income.      UPDATED



### Fannie Mae Form 1084 Calculator (2022-2021)

Calculate and analyze cash flow to help you complete Fannie Mae form 1084.      UPDATED



### Fannie Mae Form 1084 Calculator XLS (2022-2021)

Calculate and analyze cash flow to help you complete Fannie Mae form 1084.      UPDATED

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# Your Enact Resources

- ActionCenter® : 800 444.5664
- Your Local Enact Regional Underwriter
- Your Enact Sales Representative

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