

# Legal & Training Disclaimer

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# Liquid Assets

# OBJECTIVES



1 PURPOSE OF ASSETS

2 EARNEST MONEY DEPOSITS

3 TYPES OF LIQUID ASSETS

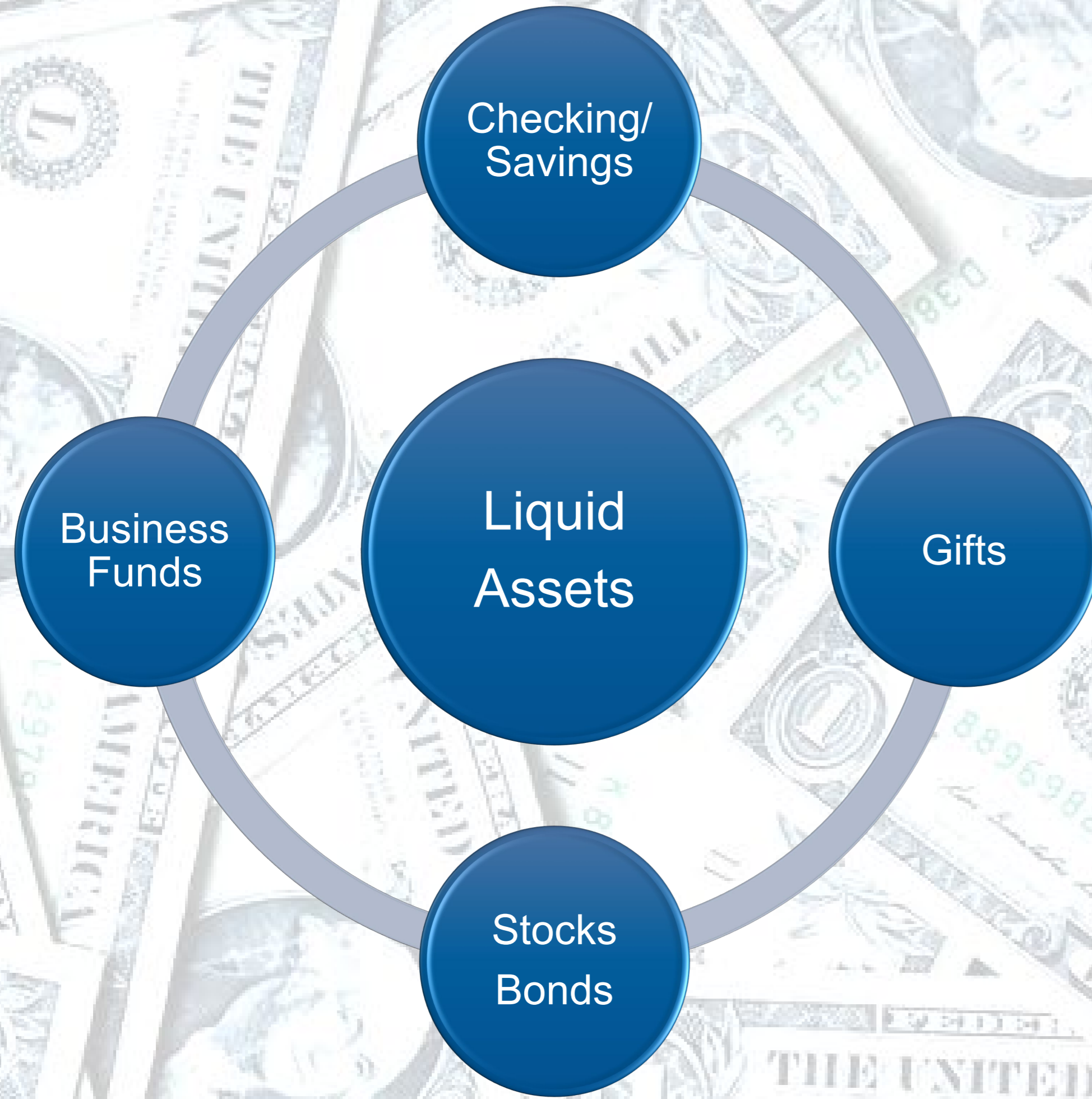
4 UNACCEPTABLE ASSETS

# WHY LIQUID ASSETS?



Down Payment  
+ Closing Costs  
+ Reserves  
= *Cash required for Closing*





# Types of Liquid Assets

# Earnest Money Deposit

## Document with:

Copy of Cancelled Check  
(Front & Back)

Bank Statement showing  
checked cleared

Letter from Escrow Agent  
or Attorney

# CHECKING & SAVINGS ACCOUNTS

2 Month Bank Statements or Verification of Deposit (VOD)

## Asset Red Flags:

- Large Deposits
- Balance Increases
- New Account
- Additional Account Owners



**WHY DO WE WANT THE BORROWER TO HAVE THEIR OWN FUNDS IN THE TRANSACTION?**

# 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 8. 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)  My Bank 123 N Main St Anywhere, PA 12345	2. From (Name and address of lender)  Lend to Anyone Mortgage Corp 567 Uptown Street Ghosttown, PA 12346
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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  [Redacted]	4. Title  Loan Officer	5. Date  01/23/2020	6. Lender's No. (Optional)
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7. Information To Be Verified			
Type of Account	Account in Name of	Account Number	Balance
Checking	Jane Doe	1234567	\$ 5,000.00
			\$
			\$

**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)  Jane Doe	9. Signature of Applicant(s)  [Redacted]
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## 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
Checking	123456789	\$ 5,000.00	\$ 3,257.00	06/01/2020
		\$	\$	
		\$	\$	

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		

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  [Redacted]	15. Title (Please print or type)  Teller	16. Date  06/07/2020
17. Please print or type name signed in item 14  John Smith	18. Phone No.  215-555-1313	





# CERTIFICATE OF DEPOSITS

## The Basics

Terms

Withdrawing prior to the full term can incur penalties

Validate current balance



Verifying a CD  
Verification of Deposit  
(VOD)

Copy of  
Certificate of Deposit

Bank statements

# OWNERSHIP OF ACCOUNTS

The Documentation Required

## JOINT ACCOUNT

### WITH DOMESTIC PARTNER

(Only one is applying for the mortgage)

#### Verification of Relationship:

Leases, Utilities, or Driver's license

## JOINT ACCOUNT

### WITH DOMESTIC PARTNER

(Both are applying for the mortgage)

#### Traditional Documentation

All funds in the account can be used

## MARRIED COUPLE

### – JOINT ACCOUNT

(Only one is applying for the mortgage)

#### Traditional Documentation

All funds in the account can be used

## SHARED ACCOUNT

### (NON-SPOUSE/DOMESTIC PARTNER))

(Both are applying for the mortgage)

#### Determine % of fund legally owned by borrower

*Access letter  
from co-owner*

*Tax Returns –  
Schedule B*

*Primary owner on  
Letters or 1099*

# OWNERSHIP OF ACCOUNTS

The Documentation Required

## IMPORTANT TIPS TO REMEMBER

Most accounts are “or” accounts where either party can withdraw funds without the approval or permission from the other owner(s). (Joint accounts)

“And” accounts are accounts that typically require all owners on the account to sign or give permission for withdrawal.

In most instances neither of these designations are included in the title, so the presumption may be that the account is joint.



## GIFT LETTER

Applicant(s): \_\_\_\_\_

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

I, \_\_\_\_\_, do hereby certify the following:  
(Donor)

(1) I have made a gift of \$ \_\_\_\_\_ to \_\_\_\_\_  
(Amount) (Recipient)

Whose relationship is: \_\_\_\_\_  
(Relationship)

(2) This gift is to be applied toward the purchase of the property located at:

\_\_\_\_\_  
(Property Address)

(3) No repayment of the gift is expected or implied in the form of cash or by future services of the recipient.

(4) The funds given to the homebuyer were not made available to the donor from any person or entity with an interest in the sale of the property including the seller, real estate agent or broker, builder, loan officer, or any entity associated with them.

(5) The source of this gift is: \_\_\_\_\_  
(Source)

\_\_\_\_\_  
Donor Signature Date Borrower Signature

\_\_\_\_\_  
Donor Name (Print or Type) Borrower Signature

\_\_\_\_\_  
Donor Address

( ) \_\_\_\_\_

Donor Phone Number

**WARNING:** Our signatures above indicate that we fully understand that it is a Federal Crime punishable by fine, imprisonment, or both to knowingly make any false statement concerning any of the above facts as applicable under the provision of Title 18, United States Code, Section 1012 and 1014.

# Gift Funds

Requires two documents:

*Gift Letter*

*Evidence of Transfer  
from Donor to Borrower*

When a fiancé, fiancée or domestic partner are gifting funds and the borrower is purchasing a single-family primary residence, no letter of occupying intent is required from the donor.



# DETERMINING THE VALUE OF AN ASSET

## The Documentation Required

### STOCKS

(Shares of ownership in a public held corporation)

- Dividend income can be generated from stock ownership
  - Share price and values will vary

### GOVERNMENT BONDS

(Investments in someone's loan or debt)

Return a yield (interest rate)  
Backed by the Government  
Can be backed by corporations, local municipalities or foreign governments

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

- Copy of the actual bond
- Copy of paperwork from bank that verifies the sale of the bond and receipt of funds

### MUTUAL FUNDS

(Blends of investments in stocks, bonds and even money market accounts)

- Managed by a Fund Manager

# DETERMINING THE VALUE OF AN ASSET

## The Documentation Required

### IMPORTANT TIPS TO REMEMBER

The lender must document and confirm:

- Borrower is the owner
- Dollar value at time of liquidation/sale of the account
- Receipt of funds from the liquidation/sale of the account

Required to have recent monthly or quarterly statements from investment firm

Reserves allow 100% of account to be considered

# Sample Trade Confirmation

**E\*TRADE**  
**FINANCIAL**<sup>®</sup>  
Trading • Investing • Banking

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**E\*TRADE Securities**  
**Investment Account**

## TRADE CONFIRMATION

**Account Number:** 123-4567890

**Account Name:**

**Account Type:**

Training Sample

E\*TRADE Securities LLC  
P.O. Box 1542  
Merrifield VA 22116-1542  
1-800-ETRADE-1 (1-800-387-2331)  
etrade.com

### Customer Update

Tax Season is approaching. Your tax documents will be available by February 1, 2010.  
Questions? Go to [www.etrade.com/taxcenter](http://www.etrade.com/taxcenter) for more information.

TRADE DATE	SETL DATE	MKT / CPT	SYMBOL / CUSIP	BUY / SELL	QUANTITY	PRICE	ACCT TYPE			
02/18/10	02/23/10	6 1	BAC	SELL	100	\$15.6805	Cash	PRINCIPAL	\$1,568.05	
BANK OF AMERICA CORP									COMMISSION	\$9.99
									FEE	\$0.02
									<b>NET AMOUNT</b>	<b>\$1,558.04</b>

# STOCK OPTIONS

An agreement to buy or sell their employer's stock at an agreed upon price at a future time

## Non-Qualified

Reflected in the 1099 Statement  
Difference between Sales Price and Stock Cost  
May be discounted from stock value

## Qualified

Sometimes called "incentive stock options"  
Capital gains are reflected  
on Schedule D

Stock options must be **vested** in order to be used as liquid assets.

There must be a statement listing the shares granted and the option price.



**Business account funds can be used as long as there is no impact on the viability of the business.**

**Borrower's who are self employed may use business account funds under certain circumstances.**

**Two years of signed personal and business tax returns are required to support the viability of the business.**

# **Business Account Funds**

**The business must show sufficient liquidity to withdraw the funds.**

**Must demonstrate ownership of the business and evidence that they are allowed to access the funds.**

**Document ownership and lender must perform a business cash flow analysis.**

# UNACCEPTABLE SOURCES OF FUNDS

Gift funds that are a loan

Credit Card Advances

Cash on Hand

Sweat Equity

Personal Unsecured Loans

Uniform Transfers to Minors Act (UTMA )  
or Uniform Gift to Minors Act (UGMA)







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Look for additional resources, updates and training in the “**Thank You**” email.

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