

Uniform Residential Loan Application Help Instructions

Check the corresponding box to indicate whether you intend to use the income or assets of another person for a basis of qualification then sign at the top of page 1.

I. TYPE OF MORTGAGE AND TERMS OF LOAN

VA, FHA, Conventional: Fill out if you know what type of loan you would like to apply for or you may leave blank to discuss with your lender. Please disregard the USDA/Rural as they are not applicable to this area.

Amount/No of Months/Amortization: It is important to indicate the loan amount you would like to apply for and the term (i.e. number of months, 30 year = 360 months, 20 =240, etc). You may discuss with your loan officer the pros & cons of a fixed or adjustable rate mortgage (ARM).

II. PROPERTY INFORMATION AND PURPOSE OF LOAN

Subject Property Address (street, city, state, & zip): Input the full address of the property that will be the collateral for the requested loan. Make sure that you input the street address and any unit number if the property is a condominium or is in a Planned Unit Development (PUD). You may abbreviate road, street, avenue, circle, court, boulevard, etc.. Indicate the state with the first two letters of the state and use the 5-digit zip code.

Legal Description of Subject Property: If you do not know the legal description of the property, please leave this area blank. The lender will obtain the legal description on the subject property from a title company.

Number of Units: Please indicate the number of units of the property. If the property is a duplex, please indicate that it has two units, etc.

Year Built: Indicate the year that the property was built. If you are not sure, estimate it or it blank.

Purpose of Loan: Please indicate whether the loan will be used to purchase or refinance residential property. If the loan is for residential construction, indicate that as well.

Property Type: Three types of properties may be used as collateral:

- **Primary Residence** - The property that you occupy is your permanent residence.
- **Secondary Residence** - This property is commonly known as a second home or a vacation property; it is never rented.
- **Investment Property** - This property receives rental income and is not a property you intend to occupy.

Complete this line if construction or construction-permanent loan. You may discuss the details of the construction loan with your loan officer.

Year Acquired: Indicate the year that you purchased the lot.

Original Cost: Indicate the original cost of the lot.

Existing Liens: Indicate the current balance of any loan or obligation where the lot was used as collateral/security.

Present Value of Lot: Indicate your estimate of the value of the lot. If the lot has been appraised recently, indicate the appraiser's value, if known.

Cost of Improvement: Indicate the cost of the improvement. You can use the written bid from your building contractor for the cost of the improvement.

Complete this line if this is a refinance:

Year Acquired: Indicate the year that you purchased the property.

Original Cost: Indicate the sales price of the property when you purchased it.

Amount of Existing Liens: Indicate the unpaid principle balance of the existing loan on the property. You can call your lender for this amount or use the balance on your monthly statement, if given. If you do not know the amount, leave this area blank.

Purpose of Refinance: Please indicate whether it is for a better rate/term or for cash-out.

Describe Improvements: You may have already made improvements to your property and desire to pay yourself back, or you may want to make improvements on the property with the proceeds from the loan. Indicate your motivation and amount of the improvements (completed or proposed).

Title Will Be Held in What Name(s): Indicate the names of the parties that will hold title to the property. Make sure the names in this section will be the same names on the note and other legal documents required for loan closing. Additionally, when the parties sign the loan documents, they must sign them as indicated in this area.

Manner of Title: There are several ways that people can take title to a property. Some of the common forms are:

- **Joint Tenancy:** Each person has an undivided interest in the property.
- **Tenants in Common.** Indicates the percentage of ownership in the property. It is not an undivided interest as in Joint Tenancy; for example, one party may own 30% and another party may own 70%.
- **Sole and Separate:** Allows an individual to have 100% title to the property. A single or unmarried person may have this type of title.

It is recommended that borrowers seek legal advice before choosing an appropriate form of ownership.

Source of Down Payment, Settlement Charges and/or Subordinate Financing (explain): If you are purchasing a property, there will generally be a down payment and various costs to close the loan. The funds may come from a savings account, sale of stocks or bonds, proceeds from the sale of another property, etc. Please indicate the source of the funds. If there will be other financing or subordinate financing on the property, indicate the source of funds. For example, subordinate financing may be a loan from a seller or from a 3rd party source such as a realtor.

Estate ownership type: There are two types of real estate ownership which are:

- **Fee Simple:** This estate allows the property owner to own the land and the real property attached to the land. It is considered the highest form of ownership.
- **Leasehold:** This estate allows the property owner to own the real estate that is attached to the land but leases the land for some period of time. Generally, the lease must be longer than the term of the loan. If the loan is for 30 years, then the term of the lease must be at least 30 years also. If the property is leased, please indicate the term of the lease.

BORROWER INFORMATION

Borrower's Name: Input your full name; include Jr. or Sr., if applicable.

Age: Input your age as of today.

Social Security Number: Input your Social Security Number. You may leave this field blank if you like and supply at a later time.

Home Phone: Input your personal home phone number, including the area code. The format should appear as 408-555-1212.

Years in School: Input the number of years you attended school. High school graduate = 12 years, four years of college = 16 years, etc.

Marital Status: Input your current status: Married, Separated, or Unmarried (includes single, divorced, and widowed).

Dependents: List number and ages of children or other dependents not listed by Co-Borrower. Spouse is not a dependent if included on application.

Present Address (Street, City, State Zip): Input the full address where you are currently living, including any unit number. Abbreviate road, street, avenue, circle, court, boulevard, etc. Indicate the state with the first two letters and use the 5-digit zip code.

Own or Rent: Indicate whether you rent or own your current residence.

Years at Current Residence: Indicate the number of years and months in fractions.

Previous Address(es): If you have lived at the current address for less than two years, list addresses for the past two years.

Co-Borrower's Name: Input Co-Borrower's full name; include Jr. or Sr. if applicable.

Age: Input Co-Borrower's age as of today.

Social Security Number: Input the 9-digit number.

Home Phone: Input the Co-Borrowers personal home phone number, including area code, if it is different from the Borrower's. Format should appear as 408-555-1212. Indicate if the number is the same as the Borrower's by inputting "Same".

Years in School: Input the number of years of school for the Co-Borrower. High school graduate = 12 years, four years of college = 16 years, etc. etc.

Marital Status: Input Co-Borrower's current status: Married, Separated, or Unmarried (includes single, divorced, and widowed).

Dependents: (not listed by Borrower) List number and ages of children or other dependents not listed by Borrower. Spouse is not a dependent if included on application.

Present Address (Street, City, State, Zip): Input the full address of the Co-Borrower if it is different than the Borrower's, including any unit number. Abbreviate road, street, avenue, circle, court, boulevard, etc. Indicate the state with the first two letters and use the 5-digit zip code.

Own or Rent: Indicate whether the Co-Borrower rents or owns the property they occupy.

If residing at present address for less than two years: If you or the Co-Borrower have lived at the current address less than two years, both you and Co-Borrower must indicate your previous address. Please show the last two years where you and the Co-Borrower have resided.

Years at Current Property: Indicate the number of years living at this property. If less than one year, indicate the months in fractional format (6 months would be 6/12 or 1/2 year).

Previous Address: If the the Co-Borrower has lived at the current address for less than two years, please indicate any previous addresses for the last two years.

IV. EMPLOYMENT INFORMATION

Employment Information: The lender will need a two-year employment history. Input the information requested on your current employer. If you have been employed less than two years with your current employer, input the information requested on your previous employer.

Name & Address of Employer: Input the name of your employer, or if self-employed, the name of your company. Indicate the full address making sure you input the street address and any suite number. Abbreviate road, street, avenue, circle, court, boulevard, etc. Indicate the state with the first two letters and use the 5-digit zip code.

Years on This Job: Input the number of years on this job. Indicate any fractional year (6/12 or 1/2 year).

Years Employed in This Line of Work/Profession: Indicate the number of years you have worked in this profession. Similar work at another job should be included.

Position/Title/Type of Business: Indicate your current position with the company and the type of business. For example -- Teacher/Education, Manager/Bank, Engineer/Computers.

Business Phone: Input your company's main phone number making sure the area code is included. The format should appear as XXX-XXX-XXXX.

Name & Address of Previous Employer: Input the name of your previous employers. Indicate the full address making sure you input the street address and any suite number. Abbreviate road, street, avenue, circle, court, boulevard, etc.. Indicate the state with the first two letters and use the 5-digit zip code. If you are self-employed, please indicate.

Dates (from - to): Input the dates you were employed with this company using months and years (June 1993 to September 1993 = 6/93 to 9/93).

Monthly Income: Indicate your monthly income. Include in this figure your salary, commissions, bonuses, and overtime (if annual, calculate by month). Do not include expense reimbursements or car allowances.

Position/Title/Type of Business: Indicate your previous position with the company and the type of business. For example -- Teacher/Education, Manager/Bank, Engineer/Computers.

Business Phone: Input your previous company's main phone number making sure your area code is included. The format should appear as XXX-XXX-XXXX.

V. MONTHLY INCOME AND COMBINED HOUSING EXPENSE INFORMATION

Gross Monthly Income: In order to determine your ability to repay the mortgage loan that you have requested, the lender must be informed of your monthly income. Your monthly income and any Co-Borrower's will be used in this determination. One of method used in underwriting a residential loan is to calculate the ratio of your monthly income and the mortgage debt and the ratio of your monthly income and the total monthly obligation (house payment plus any other monthly credit obligations). The monthly mortgage debt to income ratio is generally in the 28% range and the total monthly debt to income ratio is generally in the 36% range. Though these ratios are an important part of the credit underwriting process, there are many other areas on the application that are used in rendering a decision on a loan. Please include all the income as requested on the application for yourself and any Co-Borrowers. Make sure you add all the income in the proper categories.

Base Employment Income: Input the monthly base salary for yourself and any Co-Borrower. If the income is hourly calculate the monthly income by multiplying the weekly number of hours worked times 52 and divide that number by 12. If the income is weekly, calculate the monthly income by multiplying the weekly income times 52 and divide that number by 12. If the income is paid bi-monthly, multiply the bi-monthly income times two for the monthly income. Add in incomes of yourself and any Co-Borrower in the Total Income Box.

Overtime: Calculate any monthly overtime for yourself and any Co-Borrower. Consistent overtime can be used in qualifying for a residential loan. Determine your past monthly overtime amount and probable overtime in the future when imputting overtime. You may want to review a current pay stub in determining your past overtime amount. Add the overtime for yourself and any Co-Borrower in the Total Income Box.

Bonuses: Determine any bonuses that you and any Co-Borrower expect this year or have been paid in past years. Calculate the annual bonuses in this calendar year and divide that number by 12 for the monthly bonus amount. For example if you have been paid an annual bonus for the past two years in an amount of \$20,000 and expect to receive \$10,000 this year, your monthly bonus would be \$833 ($\$20,000 + \$10,000 = \$30,000$ -- divide \$30,000 by 36 months). Generally bonuses are averaged over a two- year period. Add any bonuses for yourself and for the Co-Borrower in the Total Income Box.

Commissions: Determine any commissions that you and any Co-Borrower expect this year or have been paid in past years. Generally, commissions are paid monthly or quarterly. If commissions are paid quarterly, semi-annually, or annually, divide the amount by 4, 6, or 12 respectively. For example if you were paid a quarterly commission of \$3,000, your monthly commission used on the application would be \$1,000 ($\$3,000/3$ months). Generally commissions are averaged over two-year periods. Add any commissions for yourself and any Co-Borrower in the Total Income Box.

Dividends/Interest: Determine monthly income for yourself and any Co-Borrower that is derived from dividends and/or interest. Interest income may come from Certificates of Deposit, U.S Treasury Securities, mortgage notes, corporate bonds, mutual funds, etc. Most institutions and stock brokerage firms provide a monthly statement that indicates monthly income.

Another source to determine interest is your Federal Income Tax Return Schedule B, under Interest and Dividends. Dividends are paid by corporations to owners of their stock or from mutual funds that invest in stocks. Generally dividends are paid quarterly and you can calculate the monthly dividend amount by dividing the quarterly amount by 3. Add any dividends/interest for yourself and any Co-Borrower in the Total Income Box.

Net Rental Income: If you or any Co-Borrower have rental property that provides monthly net income after any monthly payments and expenses are paid, input that amount. For example, if you owned a rental property where the tenants made \$1,500 rental payments and your monthly expenses (payments = \$900, property taxes = \$100, hazard = \$50, and miscellaneous expenses = \$100) were \$1,150, the net monthly income would be \$350. Add any net rental income for yourself and any Co-Borrower in the Total Income Box.

Other: Please input all other income in a monthly format.

Total Income: Total all income for yourself and any Co-Borrower and input that amount. (This is done automatically).

Combined Monthly Housing Expenses: This area reflects your present monthly housing expenses and the proposed monthly housing expenses on the loan you have requested.

Present Rent: If you currently are renting, indicate the monthly rental payment under Rent. If you own the property that you currently occupy, indicate each portion of your monthly housing expenses.

First Mortgage (P&I): Input the principal and interest payments that are made to your lender every month. This amount only reflects the payment that is required according to the mortgage note. The Principal and Interest Payment can be obtained from your current lender's monthly statement or from the mortgage note. You may also call your lender for the monthly principal and interest payment.

Other Financing (P&I): If you have secondary mortgage financing on the property, input the monthly Principle and Interest amount. Secondary mortgage financing is a junior lien to the first mortgage. This loan may have been used when you originally purchased the home and you may make monthly payments to the past seller/owner.

This loan may also be a Home Equity Loan that you obtained to do improvements on your property. Generally there will be monthly principal and interest payments or interest only payments on Secondary Financing. If you are unsure of the monthly payments, please call the entity where you make payments for information.

Hazard Insurance: Lenders require fire or hazard insurance on the property for the loan you are requesting. Sometimes the hazard insurance policy includes homeowner's insurance as well. The policy must, at a minimum, be in an amount equal to the loan you are requesting.

Generally the hazard insurance premiums are paid annually but can be collected by the lender on a monthly basis; the lender will then make the annual premiums every year on your behalf. You can determine the hazard insurance premium by contacting your insurance agent or refer to your existing policy. Your lender may provide a monthly statement that indicates the monthly hazard insurance premium. After determining your annual premium, divide it by 12 and input that amount in the space provided.

Real Estate Taxes: Local municipalities assess taxes on real property and collect them twice yearly (November 1st and February 1st). Sometimes the lenders collect the taxes as well as the hazard insurance on a monthly basis as a part of your monthly payment. The lender will then make the tax installment payments twice a year on your behalf.

Otherwise, the taxes are paid by the borrower directly to the tax collector. Because the taxes are part of your total housing expenses, the monthly equivalent of your property taxes must be included. You can determine your property taxes by calling the tax collector in your county, by referring to the tax amount on your title policy, or by contacting your lender. After determining your annual property taxes, divide the number by 12 and input that amount.

Mortgage Insurance: Sometimes lenders require private mortgage insurance on loans that exceed 80% of the value of the real property. If you had obtained a loan that was 95% of the value of your property, chances are that the lender required mortgage insurance.

Sometimes the mortgage insurance is part of the monthly payment and the monthly mortgage insurance premium will be difficult to determine. You can call your lender for information on any mortgage insurance premium or review the HUD 1 (loan closing cost itemization) that was issued when you closed your existing loan. If you determine that there is private mortgage insurance, input the monthly amount (or annual premium divided by 12).

Homeowner Association Dues: If your property is a condominium or Planned Unit Development (PUD), there are probably monthly dues for the Homeowner Association. If you have to make payments to an association, please input the monthly amount.

Other: If there are other fees related to your property for things such as sewer assessment or road maintenance, you need to input those monthly (or monthly equivalent fees).

Total: The total will automatically calculate after you have input all of the categories under Existing Monthly Housing Expenses.

Proposed: This area of section V will reflect your proposed Monthly Housing Expense. Most of the explanations regarding items that make up the monthly housing expenses can be queried from the Hypertext items. The application is set up to automatically estimate most of your proposed Monthly Housing Expenses.

First Mortgage: The First Mortgage Principal and Interest (P&I) amount will be calculated from your previous inputs from section I.

Other Financing: If there will be other financing, please indicate the monthly payment amount under Proposed Other Financing. Leave blank if there will be no secondary or junior lien financing.

Hazard Insurance and Property Taxes: The hazard insurance and monthly property tax amount will be automatically calculated based on the loan requested in Section I. If you believe that these figures are in error, you may override them simply by inputting your figures.

Mortgage Insurance: A mortgage insurance premium will be input automatically. If you believe that the loan you are requesting is 80% or less than the value, you should enter 0 in this area.

Homeowner Association Dues: If there is Homeowner Association Dues on the property, you need to input the monthly equivalent of the fees. Click on this area for hints on how to determine the Homeowner Association Dues.

Other: If there are any additional monthly expenses that you consider to be a part of the Monthly Housing Expense, input those also. Click on this area for samples of Other Expenses.

Total: The total will calculate automatically after you have input all of the categories under Proposed Monthly Housing Expense.

V. ASSETS AND LIABILITIES

Completed Jointly or Not Jointly: Indicate how the Borrower's and Co-Borrower's Assets and Liabilities section will be completed. If they can be joined together in a clear and meaningful manner, such as husband or wife, use one Asset and Liability Financial Statement. If the Borrower and Co-Borrower have different banks, credit cards, loans, real estate owned, the Co-Borrower will need to complete a separate Financial Statement. If two statements are needed, you may indicate so at the end of this section and a new statement will appear for the Co-Borrower to complete.

Assets and Liabilities: Please begin on the Asset portion of the statement and indicate the Cash or Market Value of your assets. After you have completed the asset portion, continue on to the Liability section. Indicate on the Liability section the Monthly Payment and Number of Months left to pay on each Liability and the Unpaid Balance.

Assets: Indicate all of your personal assets in the space provided.

Cash Deposit toward Purchase held by: If the loan you are requesting is to purchase a property, indicate the amount of the Cash Deposit. Additionally, indicate who is holding your deposit --it may be an escrow company, real estate company, title company, attorney, etc.

Name and address of Bank, Savings and Loans, Wall Street Firms, and Credit Union: Indicate the full name of the financial institutions where you have checking and/or savings accounts. Start with the institution that holds the largest amount of your money. Input the full address of the institution, City, State, and ZIP code. You may abbreviate if necessary. An example of the format may be:

First Major Bank, FSB
1234 1st Street
Big City, CA 12345

Indicate the account number and amount in the account. You can use a current statement from the institution or call the institution for the information. List all of the financial institutions in the spaces provided. If the space provided is not adequate to identify all of your accounts, use the Continuation Sheet/Residential Loan Application.

Stocks & Bonds (Company name/number & description): Indicate the name of any stocks or bonds you may own, the number of shares, and the cash or market value of the asset. An example of the format may be:

US Treasury Bond: 25 @ \$1,000 = \$25,000
IBM: 300 shares @ \$70.00 = \$21,000

Many times Wall Street firms and investment companies hold the stocks or bonds in their name on behalf of your account. Generally, these firms provide monthly statements that reflect the value of your investments. If possible, use these statements as a guide for inputting the information. Input your stock and bond investment using the highest dollar amount first in the space provided.

Life Insurance Net Cash Value: Indicate if you have any cash value on a life insurance policy. If you believe that there is cash value and are unsure of the amount, call the life insurance agent or company for information. Many times life insurance companies provide information periodically on your policy. Indicate the face amount of the policy and the net cash amount.

Vested Interest in Retirement Fund: Retirement funds may be 401ks, IRAs, defined pension plans, etc. Indicate the amount of your retirement fund. Generally, your retirement fund administrator will provide a monthly or quarterly statement indicating the net value of the fund.

Net Worth of Business(es) Owned (attach financial statement): Input the net worth of any business(es) that you own. The net worth of a company will be the difference between the assets and liabilities; use the most recent financial statement for the net worth amount. The lender will notify you of any request for additional information on your business(es) after the application has been reviewed.

Automobiles owned (make and year): Indicate the make, the year, and the value of your automobiles. The following format can be used: Honda Civic - 1993 -- \$9,500

Subtotal Liquid Assets: This will automatically calculate your total liquid assets. If you had to use the Continuation Sheet/Residential Loan Application to list additional assets, the lender will make the adjustments.

Schedule of Real Estate Owned (enter market value from schedule): If you own any real estate, please click the Schedule of Real Estate Owned, and input the information as requested. If you do not own any real estate, the totals of the Schedule of Real Estate Owned section will default to 0 and this area will automatically calculate based on that default number.

- **Property Address:** Please indicate the full address of the property (street, unit, city, state, and zip).
- **Property Status:** Indicate if the property is sold, pending sale, or being rented.
- **Type of Property:** Indicate if the property is a single family residence, condominium, a unit in a planned development, multifamily dwelling, commercial, land or office building.
- **Present Market Value:** Indicate your estimate of value of the property. You can use the value indicated from a recent appraisal if available.
- **Amount of Mortgages & Liens:** Indicate the current balance of any mortgages (1st, 2nd, etc.) against the property and the amount of any liens (mechanic liens) as well.
- **Gross Rental Income:** Indicate the monthly gross rental income derived from the property.
- **Mortgage Payments:** Indicate the monthly payments on any mortgage loans that are against the property. Include payments on all mortgages (1st, 2nd, etc).
- **Insurance, Maintenance, Taxes, & Misc.:** Indicate your monthly incidental expenses on the property. Please convert taxes and insurance to monthly amounts.
- **Net Rental Income:** Subtract your mortgage payments and expenses from the gross income for the net rental income.
- **Totals:** This will automatically calculate the totals for each portion of the Schedule of Real Estate Owned.

Other Assets (itemize): Indicate any other assets that are a part of your personal financial statements. If you need additional room, you may use the Continuation Sheet/Residential Loan Application. The following format can be used:

Furniture = \$20,000
Jewelry = \$3,000
Paintings = \$2,000

Liabilities: Indicate all of your liabilities. If you need additional space, you may use the Continuation Sheet/Residential Loan Application. You may combine your credit card debt in one or two boxes. You may follow this format:

VISA -- 123-22445-554433 - \$50.00 (5% of balance) - \$1,000
MACYS -- 0009-8876-990000 - \$20.00 (5% of balance) - \$200

Name and Address of Company: Indicate the name the creditor, the street address, city, state, and zip code of any entity you are making monthly credit payments to and have an outstanding balance. Indicate the account number, the monthly payment and remaining months on the obligation, and the unpaid principal balance. You can refer to your monthly statement for information on the account numbers, monthly payments, and unpaid principal balance. If you have installment debt, such as a car loan, you can refer to your original loan documents for information or from the payment books that may have been provided. If you cannot find the required information, please call the company with whom you have an account.

Alimony/Child Support/Separate Maintenance -- Payments Owed to: Please indicate any payments and to whom. Convert to monthly totals, if necessary.

Job Related Expenses (child care, union dues, etc.): Indicate any expenses that are incidental to your work. Convert to monthly totals, if necessary.

Total Monthly Payments: The total monthly payment will self-calculate. Please validate the summation of monthly obligations. If it is different, input the proper amount.

Total Liabilities: The total liabilities will self-calculate. Please validate the summation of liabilities. If it is different, input the proper amount.

Net Worth: Your net worth will be your assets less your liabilities. Your net worth will self-calculate. Please validate your net worth, and if incorrect, input the proper amount.

VII. DETAILS OF TRANSACTION

Alterations, Improvement, Repairs: If you are making alterations, improvements, or repairs to the property that will be part of the loan transaction, please indicate the cost in the space provided. For example, you may be adding an addition or repairing a roof and the loan proceeds will be used to pay for them.

Land (if acquired separately): If you purchased the land separately and then built a home on the land using short term construction financing (bank loan), the proceeds from the loan may be used to pay part of the acquisition cost of the land and the loan for the improvements. Please indicate the cost of the land in the space provided.

Refinance (incl. debts to be paid off): You may have an existing loan on your property and want to refinance it with the proceeds from the loan you are requesting. Furthermore, you may have other debts that will be paid off from the proceeds from the loan you are requesting. Please indicate all debts you will be paying off from the loan proceeds in the space provided.

Estimated Prepaid Items: After you have made a formal request for the loan from the lender, you will receive a detailed estimate of the prepaid items that you will be required to pay on the loan. Some of these costs may include property taxes, hazard insurance, prepaid interest, etc. Because this line in section VII will be used for loan qualification purposes only, the prepaid item input is a very rough estimate. Use the following guide for estimating the prepaid items:

Multiply ____ times the loan amount for the prepaid items and input the number in the space provided.

Example: The loan amount is \$200,000 and the prepaid items are 1% of the loan. The prepaid expenses are \$2,000 ($\$200,000 \times .01$).

Estimated Closing Cost: After you have made a formal request for the loan from the lender, you will receive a detailed estimate of your closing costs that will be required on the loan you are requesting. Some of the cost may include loan fees, title fees, appraisal fees, credit report fees, etc. Because this line in section VII will be used for loan qualification purposes only, the closing cost input is a very rough estimate. Use the following guide for the estimating the closing cost:

Multiply ____ times the loan amount for the closing cost and input the number in the space provided.

Example: The loan amount is \$200,000 and the closing costs are 1% of the loan. The closing costs will be \$2,000 ($\$200,000 \times .01$).

If you believe that your loan will be less than 80% of the value of the property, your closing cost estimate can be calculated by multiplying ____ times the loan amount. After you have determined the amount, please input it in the space provided.

PMI, MIP, Funding Fee: PMI or Private Mortgage Insurance is required by lenders on some loans that exceed 80% of the value of the property. This insurance may also be required by the ultimate investor of your loan (FNMA or FHLMC). These policies generally insure the top portion of the loan. If there is a default on the loan and the property is sold through a foreclosure sale, the insurance company may pay a claim to the lender or the investor based on the coverage. For example, a private mortgage insurance company may write a policy that covers the top 25% of the loan. If the loan was \$100,000 and the lender sold the property through a foreclosure sale at \$75,000, the insurance company would pay the lender \$25,000.

MIP or Mortgage Insurance Premium is required on FHA loans. On FHA loans, the Federal Government writes the mortgage insurance policy. Though the lender is the beneficiary of the mortgage insurance policy, the borrower is responsible for the premium.

Generally, there is an up-front premium that is required before the loan is closed and subsequent premium payments made as part of the monthly payment. After you have made a formal request for the loan from the lender, you will receive a detailed estimate of your PMI, if required, on the loan you are requesting. Because this line in section VII will be used for loan qualification purposes only, the closing cost input is a very rough estimate. Use the following guide for estimating the PMI:

- If you believe that your loan will be more than 80% but less than 90% of the value of the property, your closing cost estimate can be calculated by multiplying ____ times the loan amount. After you have determined the amount, input it in the space provided.

- If you believe that your loan will be more than 90% but less than 95% of the value of the property, your closing cost estimate can be calculated by multiplying _____ times the loan amount. After you have determined the amount, input it in the space provided.

Example: Loan amount is \$200,000 and is 75% of the value of the property. The estimated cost of the loan is 2.0%. By multiplying \$200,000 times 2.0%, the closing cost will be \$4,000 ($\$200,000 \times .02$).

Discount (if borrower will pay): Sometimes there will be a loan discount fee charged on a loan which is used to supplement the overall investor yield requirement.

Example: Loan A may have a note rate of 8.50% and 1 point loan origination fee. If a borrower desires a rate of 8.25% on loan A, the investor will require that someone pay an additional fee or discount to meet the yield requirement of 8.50%. Depending upon the maturity of the mortgage, the discount on this loan may be 1 point. Therefore the total fees on loan A with a note rate of 8.5% would be 1 point origination fee and a 1 point discount fee.

This lender does not charge separate discount fees on the loans it provides. Each loan program has specific fees associated with specific interest rates. In essence, the loan origination fee and the loan discount fee combined will be reflected in the overall loan fees.

Total Costs (add items a through h): The total cost will be a summation of your inputs. If you did not input a line, it will consider it to be 0. The summation will be done automatically. Please validate the summation and if there is a difference, please make your own input.

Subordinate Financing: Any loans, other than the loan you are requesting from this application, that may be used to finance the acquisition of the property are considered subordinate financing. For example, the seller of a property may carry back a second note and deed of trust as part of proceeds on the purchase of a property. In this example, the purchase price may be \$150,000 and the first mortgage may be \$100,000. The borrower has \$30,000 for the down payment and the seller carries back a second note for \$20,000 for some three years. The \$20,000 note is subordinate financing and takes a secondary position behind the first mortgage. If there is subordinate financing on the transaction, please indicate the amount.

Borrower's Closing Cost Paid by Seller: Sometimes the seller will pay some or all of the borrower's closing cost. However, sellers cannot pay for prepaid items, such as taxes and insurance. If the seller will pay any of your closing cost, please indicate the amount in the space provided. If the loan request is for a refinance, please leave this area blank.

Other Credits (explain): If there are any other credits, please indicate the amount in the space provided. If there are none (chances are that there will be none), please leave this area blank.

Loan Amount (exclude PMI, MIP, Funding Fee Financed): The loan amount indicated in Section I will automatically be inputted in this area.

PMI, MIP, Funding Fee Finance: You may be able to finance the first year premium of the PMI and include it in your loan amount. If your loan requires PMI and you desire the first year premium to be financed, input the amount from item (g) in this section.

Loan Amount (add m & n): This will calculate automatically. Please validate the summation and, if incorrect, input the proper amount.

Cash From/To Borrower (subtract j,k,l & o from i): This will calculate automatically. Please validate the summation and, if incorrect, input the proper amount.

VIII. DECLARATIONS

The lender requires you and your Co-Borrower, if applicable, to answer several questions prior to rendering a credit decision on the loan you are requesting. Please answer the questions truthfully in this section and fully explain any question that is answered with a "yes". The lender will be ordering a credit report on you and the Co-Borrower to validate the answers to the questions.

a. **Judgments:** Legal claims against someone that are obtained through court proceedings.

b. **Bankruptcies:** There are several types of bankruptcies completed through the courts.

c. **Foreclosure:** Foreclosure occurs when a lender takes title to a property through a legal process when the borrower does not make payments as stipulated in the mortgage note. Generally, a foreclosure takes many months to complete and is considered the last alternative for the lender if a borrower is unable to meet the terms of the

mortgage note. **c-1: Deed in Lieu:** A deed in lieu of foreclosure occurs when a borrower deeds the property to the lender prior to a foreclosure sale.

d. Lawsuit: There is a plaintiff and defendant in a lawsuit. Lawsuits are filed in a court of law and if necessary are brought to trial where a jury or judge determines the outcome of the lawsuit.

e. Directly or Indirectly Been Obligated on Any Loan: Sometimes people will co-sign on a note, but may not have title to the asset that is the collateral for the note. If the asset is repossessed or foreclosed upon, the co-signer may be obligated under the terms of the note.

f. Delinquent or In Default: A loan is considered late after the payments are due and become delinquent or in default after a certain time period that is stipulated in the note.

g. Alimony/Child Support/Separate Maintenance: DEFINITION

h. Down Payment Borrowed: If any portion of the down payment is to be borrowed, you and/or your Co-Borrower must indicate. For example, if your parents will be lending you some money that will be used for the down payment on the house you are purchasing, you must indicate the amount that will be borrowed.

i. Co-Maker or Endorser on a Note: DEFINITION

j. U.S. Citizen: If you were born in the U.S. or have received your citizenship status, you are a U.S. Citizen.

k. Permanent Resident Alien: DEFINITION

l. Primary Residence: A primary residence is a property you are purchasing or refinancing that you intend to occupy as your main residence.

m. Ownership Interest in a Property: Ownership in a property may be considered your primary residence or main residence; the ownership may be a second or vacation home; or the ownership may be an investment property that is not considered an owner occupied dwelling and you receive rent or considered it to be an investment.

IX. ACKNOWLEDGEMENT AND AGREEMENT

Your signature indicates that the information you provided is true & correct to the best of your knowledge and that you authorize the lender to verify or obtain information relating to the loan (i.e. pull credit). Read the statement above for full disclosure.

X. INFORMATION FOR GOVERNMENT MONITORING PURPOSES

The following information is requested by the federal government for certain types of loans related to a dwelling in order to monitor the lender's compliance with equal credit opportunity, fair housing, and home mortgage disclosure laws. You are not required to furnish this information, but are encouraged to do so. You may select one or more designations for "Race." The law provides that a lender may not discriminate on the basis of this information, or on whether you choose to furnish it. However, if you choose not to furnish the information and you have made this application in person, under federal regulations the lender is required to note ethnicity, race, and sex on the basis of visual observation or surname. If you do not wish to furnish the information, please check below.

CONTINUATION SHEET/RESIDENTIAL LOAN APPLICATION

Use this continuation sheet if you need more space to complete the Residential Loan Application. Mark B for Borrower or C for Co-Borrower.

Signature at the bottom states that you fully understand that it is a Federal crime to knowingly make any false statements concerning any of the above facts.