

## DU Underwriting Findings

### SUMMARY

Recommendation	Approve/Eligible		
Primary Borrower	Teffany Malone		Co-Borrower
Lender Loan Number	600125931	Casefile ID	1408881906
Submission Date	06/14/2019 12:55PM	Submitted By	1571elne
First Submission Date	05/24/2019 07:09PM	DU Version	10.3
Submission Number	11		

### Mortgage Information

LTV/CLTV/HCLTV	92.00% / 92.00% / 92.00%	Note Rate	4.750%
Housing Expense Ratio	24.94%	Loan Type	Conventional
Debt-to-Income Ratio	38.30%	Loan Term	360
Total Loan Amount	\$483000.00	Amortization Type	Fixed Rate
Sales Price	\$525000.00	Loan Purpose	Purchase
Actual/Estimated Appraised Value	\$525000.00	Refi Purpose	

### Property Information

Property Address	882 Shortland Way Manteca, CA 95337	Number of Units	1
Property Type	Detached	Occupancy Status	Primary Residence

### RISK/ELIGIBILITY

- 1 The risk profile of this loan casefile appears to meet Fannie Mae's guidelines.
- 2 This loan casefile appears to meet Fannie Mae's eligibility requirements.

### REPRESENTATIONS AND WARRANTIES

- 3 The following message was issued by Collateral Underwriter:

Message ID	Message Text
FNM1102	Based on the CU results for the appraisal submitted under DocFileID 11012H2EEF on 05/20/2019 04:59 PM this loan is not eligible for the enforcement relief on representations and warranties related to property value.

### FINDINGS

- 4 The following risk factors represent strengths in the borrower's loan application:  
Number of Borrowers

### VERIFICATION MESSAGES/APPROVAL CONDITIONS

- 5 This loan is subject to all lender specified conditions and must comply with all applicable federal, state, and local laws and regulations.
- 6 Based on the credit report obtained through DU, this loan casefile must close on or before 09/13/2019. All credit documents must be no more than four months old on the

note date. Refer to the Selling Guide for guidelines on the age of the appraisal or property inspection report.

- 7 A Lender Credit has been entered in the Details of Transaction. The lender must review the transaction as lender credits may not be used to fund any portion of the down payment. If the lender credit is the result of premium pricing, or a lender funded contribution, the amount of the Lender Credit should not exceed the amount of borrower paid closing costs, discount points, and prepaids. If the lender is affiliated with an interested party to the transaction, verify that the lender credits plus the seller contributions do not exceed the interested-party contribution limits specified in the Selling Guide. If the lender credit plus the seller credits exceed the IPC limits, the property's sales price must be adjusted downward to reflect the amount of contribution that exceeds the maximum IPC; recalculate the LTV/CLTV ratios using the lower of the reduced sales price or the appraised value, and ensure LTV/CLTV complies with Selling Guide limits.
- 8 If there is a home equity line of credit secured against the subject property the maximum allowable HCLTV is 97 percent, verify the terms of the home equity line of credit for compliance with the Selling Guide, and calculate the HCLTV using the maximum credit limit of the equity line.
- 9 Loan Level Price Adjustments may be applied when this loan is delivered to Fannie Mae. Refer to the Selling Guide and Loan-level Price Adjustment (LLPA) Matrix on [fanniemae.com](https://fanniemae.com) for specific details.
- 10 Mortgage insurance is required. The lender may either obtain mortgage insurance coverage of at least 16% with an MI loan-level price adjustment or obtain mortgage insurance coverage of 30%. Refer to the Loan-level Price Adjustment Matrix on [fanniemae.com](https://fanniemae.com). Verify the mortgage insurance premium is accurately reflected in the loan application.

## **Employment and Income**

- 11 Document Teffany Malone's income using a paystub and a W-2 from the prior year, or using a standard Verification of Employment (1005). The paystub must be dated no earlier than 30 days prior to the initial loan application date, include all year-to-date earnings, and include sufficient information to appropriately calculate income. Otherwise, additional documentation must be obtained. If a W-2 is not available from the prior year, the lender must determine if the income would still be acceptable per the Selling Guide. If a standard Verification of Employment (1005) will be obtained it must include all year-to-date earnings as well as prior year earnings if a W-2 is not being provided. Direct verifications provided by a third party employment verification vendor are acceptable if completed in accordance with the Selling Guide.
- 12 Perform and document a verbal verification of employment for each borrower. For all borrowers who are not Self-Employed no more than 10 business days prior to the note date, or Self-Employed within 120 calendar days prior to the note date. Direct verification by a third party employment verification vendor is acceptable if completed within the same timeframes, and the information is not more than 35 days old (120 days old if self employed) as of the note date. If the borrower is in the military, obtain either a Military Leave and Earnings Statement within 31 calendar days prior to the note date or a verification of employment through the Defense Manpower Data Center (<https://mla.dmdc.osd.mil/mla/#/home>). Lenders also have the option of obtaining the

verbal verification of employment after the note date (and prior to delivery of the loan to Fannie Mae), but when using this option must ensure compliance with the Selling Guide.

- 13 Obtain a completed and signed Form 4506-T for each borrower at or before closing. If all of a borrower's income has been validated through the DU validation service, a completed and signed Form 4506-T is not required for that borrower. Form 4506, Form 4506T-EZ, or Form 8821 may be used in lieu of Form 4506-T. Refer to the Selling Guide for additional information.
- 14 Julius Malone's income, including bonus and/or overtime income must be supported by a paystub and W-2s that covers the most recent two-year period, or a fully completed standard Verification of Employment (1005). When a paystub is obtained it must be dated no earlier than 30 days prior to the initial loan application date, include all year-to-date earnings, and include sufficient information to appropriately calculate income. Otherwise, additional documentation must be obtained. If a standard Verification of Employment (1005) is obtained it must include all year-to-date earnings, and all prior year earnings if a W-2 is not being provided. Refer to the Selling Guide for guidance on borrowers with less than a two-year history of receiving bonus income, or for any additional information on the verification of bonus income. Direct verifications provided by a third party employment verification vendor are acceptable if completed in accordance with the Selling Guide.

- 15 DU did not receive report data from the vendor(s) shown below.

Borrower	Vendor and Rep Type	Rep ID	Reason
Teffany Malone	The Work Number (VOI/VOE)	Missing	Report was not ordered, or vendor did not have report on the borrower, or report ID and borrower SSN do not match those provided to the vendor.
Julius Malone	The Work Number (VOI/VOE)	Missing	Report was not ordered, or vendor did not have report on the borrower, or report ID and borrower SSN do not match those provided to the vendor.

- 16 DU could not validate borrower employment shown below for the reason provided.

Borrower	DU Employer	Vendor and Rep Type	Rep ID	Vendor Match	Reason
Teffany	San Lorenzo	Missing	Missing	Missing	No

Malone	Unified School District				VOI/VOE report
Julius Malone	Frase Enterprises Inc	Missing	Missing	Missing	No VOI/VOE report

- 17 DU could not validate borrower income shown below for the reason provided.

Borrower	DU Income Type	Vendor and Rep Type	Rep ID	Vendor Match	DU Reported Amount	Reason
Teffany Malone	Base Employment Income	Missing	Missing	Missing	\$4,960.83	No report received by DU that validates this income type
Julius Malone	Base Employment Income	Missing	Missing	Missing	\$7,916.13	No report received by DU that validates this income type
Julius Malone	Bonuses	Missing	Missing	Missing	\$756.50	No report received by DU that validates this income type

### Assets

- 18 Verify assets totaling \$37873 from the liquid assets listed on the 1003. Refer to the Selling Guide for additional information.
- 19 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.
- 20 Earnest money is listed as an other 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.

- 21 Verify the gift by obtaining a signed gift letter, documenting the transfer of the funds, and ensuring the gift comes from an eligible source (as defined in the Selling Guide) and does not come from an interested party to the transaction. If the gift is a grant that the borrower is obligated to repay enter a corresponding liability in Section VI to be included in the debt-to-income ratio and document the terms of the loan.

### Property and Appraisal Information

- 22 DU returned the following standardized address and census tract for the subject property: 882 SHORTLAND WAY,MANTECA, CA 95337-8568, 005114. This is the address that DU used in its property valuation and fieldwork recommendation. Regardless of the property fieldwork required by DU, if this address is not valid for the subject property, an appraisal based on an interior and exterior property inspection reported on Form 1004 is required for this transaction. If the subject property is located in a condominium project, the appraisal must be reported on Form 1073.
- 23 Obtain an appraisal based on an interior and exterior property inspection on Form 1004.

### OBSERVATIONS

- 24 This case was submitted to Desktop Underwriter version 10.3 by LDWholesale. The following information is associated with this loan: Casefile ID is 1408881906 and Submission number is 11. If the loan is delivered to Fannie Mae, the Casefile ID must be provided at delivery.
- 25 The following list of special feature codes is provided to assist you in determining which codes may be associated with this loan. Other codes may be required. Refer to the Special Feature Codes list on fanniemae.com for a comprehensive list.

Special Feature Code	Description
127	DU Loan

- 26 Based on the data entered, this loan casefile has been identified as a First Time Homebuyer case. Correctly identify the borrower as a First Time Homebuyer at delivery. Refer to the Selling Guide Glossary for additional information on the identification of a first time homebuyer.
- 27 The following Credit Report is associated with this submission:

Borrower Name	Credit Agency	Credit Report ID	Credit Report Date
Teffany Malone	CoreLogic Credco	113385578970000	05/13/2019
Julius Malone	CoreLogic Credco	113385602350000	05/13/2019

- 28 The following credit scores are included in the credit report:

Borrower	Credit Scores
Julius Malone	666 694 698
Teffany Malone	663 689 702

- 29 DU has identified the following authorized user tradelines on the credit report:

Creditor	Account Number



FIRST PREMIER

5178006393260569

- 30 The following sources of income were used in the underwriting analysis:

Borrower	Income Type	Amount
Teffany Malone	Base employment income	4960.83
Julius Malone	Bonuses	756.50
Julius Malone	Base employment income	7916.13

- 31 The following assets were counted towards available funds. With the exception of cash on hand, all available funds greater than the amount required to close have been added to cash reserves.

Borrower	Asset Type	Institution Name	Amount
Teffany Malone	Savings Account	BANK OF THE WEST	10283.92
Teffany Malone	Gift funds	GIFT	3000.00
Teffany Malone	Checking Account	BANK OF THE WEST	8174.65
Julius Malone	Savings Account	Chase Bank	4332.31
Julius Malone	Checking Account	Chase Bank	17829.65

## Underwriting Analysis Report

Recommendation	Approve/Eligible		
Primary Borrower	Teffany Malone		
Lender Loan Number	600125931	Co-Borrower	
Submission Date	06/14/2019 12:55PM	Casefile ID	1408881906
		Submitted By	1571elne

### PROPERTY INFORMATION

Property Address	882 Shortland Way	Number of Units	1
	Manteca, CA 95337	Occupancy Status	Primary Residence
Property Type	Detached		

### MORTGAGE INFORMATION

Loan Type	Conventional	LTV/CLTV/HCLTV	92.00% / 92.00% / 92.00%
Amortization Type	Fixed Rate	Loan Amount	\$483000.00
Balloon	No	Financed MI Amount	\$0.00
Community Lending	No	Total Loan Amount	\$483000.00
Payment Frequency	Monthly	Sales Price	\$525000.00
Lien Type	First Mortgage	Actual/Estimated Appraised Value	\$525000.00
Amt. Subordinate Fin.	\$0.00	P&I	\$2519.56
Loan Purpose	Purchase	Note Rate	4.750%
Refi Purpose		Qualifying Rate	4.750%
Owner Existing Mtg.		Bought Down Rate	0.00%

Buydown	No	Term (Months)	360
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INCOME		QUALIFYING RATIOS	
Base	\$12876.96	Housing Expense	24.94%
Commission	\$0.00	Debt-to-Income	38.30%
Bonus	\$756.50	EXPENSE RATIOS	
Overtime	\$0.00		
Other	\$0.00	Including ≤ 10 Mos.	38.30%
Positive Net	\$0.00	With Undisclosed Debt	38.30%
Rental			
Subj. Pos. Cash	\$0.00		
Flow			
Total	\$13633.46		

PROPOSED MONTHLY PAYMENT			
First P&I (Qualifying)	\$2519.56	Negative Net Rental	\$0.00
Second P&I	\$0.00	Subj. Neg. Cash Flow	\$0.00
Hazard Insurance	\$124.01	All Other Payments	\$1821.44
Taxes	\$478.38	Total Expense Payment	\$5221.12
Mortgage Insurance	\$277.73		
HOA Fees	\$0.00	Present/Principal Housing Payment	\$2.00
Other	\$0.00		
Total Housing Payment	\$3399.68		

FUNDS			
Total Available Assets	\$43620.53	Cash Back	\$0.00
Funds Required to Close	\$37873.76	Net Cash Back	\$0.00
Reserves Required to be Verified	\$0.00	Excess Available Assets, not required to be verified by DU	\$5746.77
Total Funds to be Verified	\$37873.76		

The recommendation for this case is: Approve/Eligible

## CU Findings

- 1 The messages below were issued by Collateral Underwriter and the Uniform Collateral Data Portal for the appraisal submitted under DocFileID 11012H2EEF on 05/20/2019 04:59 PM. These messages are the result of an automated analysis and were not prepared by a state-licensed or a state-certified appraiser. Lenders remain responsible for the appraisal report in accordance with the Fannie Mae Selling Guide, must analyze CU Findings in context of the appraisal report to determine an appropriate course of action, may not use CU Findings to interfere with the independent judgment of the appraiser, and may not encourage appraisers to provide inaccurate or otherwise misleading conclusions to conform with automated output from CU. CU Findings may not be used as the lender's basis for accepting or rejecting the appraisal, may not be used as basis for a credit decision, do not need to be cleared, do not impact the DU risk assessment, and do not impact the lender's ability to deliver the associated loan to Fannie Mae.

### COLLATERAL UNDERWRITER MESSAGES

- 2 Collateral Underwriter issued the following Risk Score and submission status message(s):

Message ID	Message Text
FNM1000	The Collateral Underwriter Risk Score is 2.6 on a scale of 1 to 5 where 5 indicates highest potential collateral risk. A score of 999 indicates no Collateral Underwriter Risk Score available.
FNM1007	The Fannie Mae UCDP Submission Status is Successful.

- 3 Collateral Underwriter issued the following Data Discrepancy message(s):

Message ID	Message Text
FNM0422	The quality rating for comparable #3 is materially different than what has been reported by other appraisers.

NOTICE: The DU Underwriting Findings report does not constitute an approval or denial of the loan application. Lenders must comply with all laws and regulations, including those related to privacy and nonpublic personal information, when handling the DU Findings Report.