# Test Case DI-C02: Three Borrower Purchase ARM

The purpose of this test case is to show lenders how to collect information on the redesigned URLA forms and create an XML submission file to DU for a purchase of a four-unit investment property for three borrowers.

# Narrative for Data Integrity Suite Test Case DI-C02:

In this use case, three URLA-Borrower forms and one URLA Continuation Sheet are used, along with the URLA-Lender form.

## Key Loan Characteristics

* Conventional
* ARM – Fannie Mae ARM Plan
* 4-Unit
* Purchase
* Investment

## Other Data Elements Stressed in the Test Case

* Borrower order and configuration (one individual and a married couple)
* Four unit property
* Income from Other Sources
* Other Liabilities and Expenses
* Declaration “Yes” answer for one Borrower
* ARM Plan ID
* ARM Index
* ARM Margin

## Section 1: Borrower Information

John P. and Mary O. Homeowner are joining with their longtime friend, Homer Loanseeker, to purchase a four-unit investment property in Washington, DC. John and Mary reside in Washington, DC in the home they have owned for 25 years. Homer lives at his home in Higley, AZ which he has owned for 15 years.

Homer has self-employment income from his company Loan Seeker Mortgage. John’s primary employment is with NIH and Mary’s primary employment is with Children’s Hospital. In addition, Homer receives a pension of $2,200, and John draws Social Security of $600. John P. Homeowner’s, Mary O. Homeowner’s and Homer Loanseeker’s remaining personal, employment and income information are found in this section of Form 1003.

## Section 2: Financial Information – Assets and Liabilities

John P. Homeowner’s, Mary O. Homeowner’s and Homer Loanseeker’s asset and liability information are found in this section of Form 1003.

## Section 3: Financial Information – Real Estate

John P. Homeowner’s, Mary O. Homeowner’s and Homer Loanseeker’s real estate information are found in this section of Form 1003.

## Section 4: Loan and Property Information

John P. Homeowner’s, Mary O. Homeowner’s and Homer Loanseeker’s loan and property information are found in this section of Form 1003. They aren’t receiving any other new mortgages on the property or any gifts or grants for this loan. The gross rental income (and estimated net rental income) from the property they are purchasing appears in section 4c.

## Section 5 Declarations, Section 6, Section 7 Demographics, and Section 8 Loan Originator

## John P. Homeowner, Mary O. Homeowner and Homer Loanseeker answered all the declarations, signed the loan application and provided their ethnicity, gender, and race information on the Form 1003s. The loan originator also provided their information.

Homer Loanseeker answered “Yes” to Declaration Question K regarding completion of a short sale within the past 7 years.

## Lender Loan Information

## John Done at ABC Mortgage offered the borrowers a 30-year conventional, Adjustable Rate loan in the amount of $450,000, at an interest rate of 5.250%. This initial rate will stay fixed for 10 years and then be adjusted annually based on movement of the 1-Year Weekly Average CMT Index (Fannie Mae ARM Plan 1437). The Disclosed Index Rate Percent is 3.000% with a Margin Rate Percent of 2.250%.

The estimated closing costs are a total of $15,425 which includes prepaid items of $6,000. ABC Mortgage is giving them a Lender Credit of $5,500, and Borrower Paid Fees of $720 are a Purchase Credit.