Introduction to Mortgage Lending

Fun Fact !

The term “mort” is derived from the French word “dead” and “gage is derived from the English word “pledge”

What is Mortgage

A **mortgage loan** is a loan secured by real property through the use of a mortgage note which evidences the existence of the loan and the encumbrance of that realty through the granting of a mortgage which secures the loan.

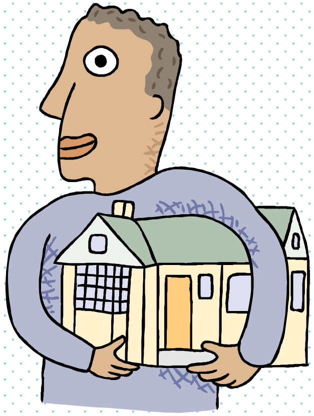
What does the mortgage lending industry do?

Makes (mortgage loans)

Sells (mortgage loans)

Services (mortgage loans)

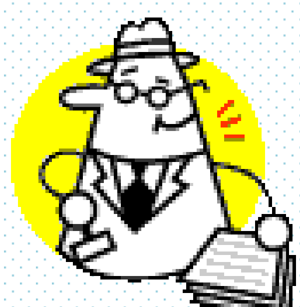
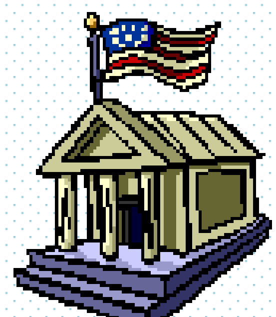
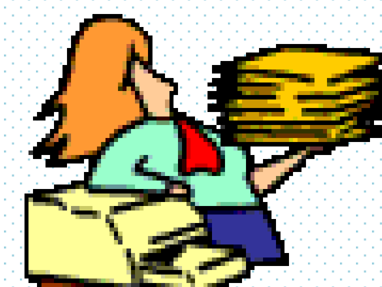
Mortgage Lending Activities









Mortgage Lending Activities

- Origination – creation of loans
- Processing – collection of Loan documents
- Underwriting – evaluation of loan application
- Closing – signing and recording
- Funding – Disbursement of funds
- Warehousing – financing
- Shipping & Delivery – packaging
- Loan Administration - servicing

Mortgage Origination

- The creation of a new mortgage.
- Mortgage origination involves the necessary legal papers, the marketing of the mortgage to consumers, the qualifying of the buyer and the placement of the mortgage on the lender's books.
- Loan origination is a specialized version of new account opening for financial services organizations.
- Certain people and organizations specialize in loan origination.
- Mortgage brokers and other mortgage originator companies serve as a prominent example.

Mortgage Processing

- Assembling and managing a mortgage transaction's records and information, including the appraisal, credit report, and employment and asset confirmation.
- The underwriting department later gets the processing file for the loan decisions.

Mortgage Underwriting

- The process by which a lender decides whether a potential creditor is creditworthy and should receive a loan.
- **Mortgage underwriting** is the process a lender uses to determine if the risk (especially the risk that the borrower will default) of offering a mortgage loan to a particular borrower is acceptable.
- Most of the risks and terms that underwriters consider fall under the four C's of underwriting: capital, capacity, collateral and character.
- It is always up to the underwriter to make the final decision on whether to approve or decline a loan.

Mortgage Closing

- Closing is the signing and recording of loan documentation, plus the disbursement of loan funds. It is the point in the loan transaction that the loan request becomes a mortgage lien. The finalizing of the sale of a property, as its title is transferred from the seller to the buyer. also called settlement.

- Closing procedures vary from state to state and even county to county, but the following parties will generally be present at the closing or settlement meeting:
  - Closing agent, who might work for the lender or the title company.
  - Attorney: The closing agent might be an attorney representing the borrower or the lender. Both sides may have attorneys.
  - Title company representative: To provide written evidence of the ownership of the property.
  - Home seller.
  - Seller's real estate agent.
  - The mortgagor.
  - Lender, also known as the mortgagee.

- The closing agent conducts the settlement meeting and makes sure that all documents are signed and recorded and that closing fees and escrow payments are paid and properly distributed.

Mortgage Funding

- Mortgage funding is the process where in the mortgage closer writes the cheques to the different parties and making sure that the all the documents and signed and the loan is closed.
- This is the disbursement of the mortgage fund to the respective parties involved in the mortgage loan process.

Mortgage Warehousing

- Warehousing is the financing of loans from Closing until the sale to the Investor. Many mortgage firms borrow funds on a short-term (line of credit) basis in order to originate loans, which are to be sold later in the secondary mortgage market (or to investors).
- The warehousing bank or lender typically holds the loan documents as collateral to protect in the event of default by the mortgage banker.
- A loan is warehoused with the warehousing bank or other lender until the mortgage banker has pooled enough similar loans together to ship to the investor to satisfy the commitment to that investor.

Shipping & Delivery

- The phase of pooling similar loans for shipping to investors is known as loan delivery.
- It is the packaging of closed loan files for delivery to an investor. The loan has to be delivered according to investor guidelines.

Mortgage Servicing

- Administering a mortgage. Includes calculating principal and interest, collecting payments from the mortgagor, acting as an escrow agent, and foreclosing in the event of a default.
- Loan administration is the collection recording and remittance of monthly mortgage payments to investors.
- The servicing of loans consists of the administrative tasks necessary to manage closed loans, which includes administration of escrows for the payment of property taxes, hazard insurance, and mortgage insurance premiums.
- This function is typically the largest contributor to net income for a mortgage banker and therefore is vital to the success of the company.

Industry Partners

- Mortgage Lenders
- Mortgage Brokers
- Loan Officers
- Mortgage Insurance Companies
- Hazard Insurance Companies
- Credit Reporting Agencies
- Title Companies
- Appraisers

Mortgage Lenders

- A lender is any institution or Individual who loans a borrower money.
- Essentially, a mortgage lender is the term used to describe companies, institutions and organizations who loan money to people for the purchase of real estate. These include banks, credit unions, trust companies, life insurance companies or a private company that lends money to buy land, houses and other real estate.

Types of Mortgage Lenders

- Mortgage Bankers
- Portfolio Mortgage Lenders
- Correspondent Mortgage Lenders
- Wholesale Mortgage Lenders
- Retail/Direct Mortgage Lenders
- Prime Mortgage Lenders
- Subprime Mortgage Lenders
- Alt-A Mortgage Lenders
- Warehouse Mortgage Lenders

Mortgage Bankers

- Mortgage bankers are essentially “mortgage lenders” that originate and sell their loans in pools on the secondary market to investors such as Freddie Mac and Fannie Mae, along with private investors.
- If they are non-depository institutions, they finance the loans with warehouse lines of credit extended by other lenders, but quickly sell them off on the secondary market so they can originate new loans.
- Countrywide and Wells Fargo Home Mortgage are two are the largest examples, though much smaller operations also share this distinction.

Portfolio Mortgage Lenders

- Portfolio mortgage lenders originate and fund their own loans, and may service them for the entire life of the loan. Because they typically offer deposit accounts to consumers, they are able to hold onto the loans they fund.
- They are also able to offer more flexibility in loan products and loan programs because they don’t need to adhere to the guidelines of secondary market buyers. That means unique program guidelines and special offerings that other banks can’t offer.
- Once their loans are serviced and paid for on time for at least a year, they are considered “seasoned” and can be sold on the secondary market more easily.
- Countrywide and Washington Mutual are examples of portfolio mortgage lenders.

Correspondent Mortgage Lenders

- Correspondent mortgage lenders originate and fund loans in their own name, then sell them off to larger mortgage lenders, who in turn service them, or sell them on the secondary market.
- The loans can be underwritten by the correspondent mortgage lenders, but the loan programs are usually based on terms approved by the larger mortgage lender, or “sponsor”.
- Correspondents usually have a array of products from different sponsors, and act as an extension for those larger lenders.
- In other words, a small correspondent mortgage lender may resell Wells Fargo products and/or Countrywide products under their own name.

Wholesale Mortgage Lenders

- Wholesale mortgage lenders are similar to mortgage bankers in that they originate and service loans, and sell them on the secondary market.
- Most mortgage bankers have wholesale and retail divisions, although wholesale lenders can be independent entities as well.
- A wholesale mortgage lender works with independent mortgage brokers and loan officers to originate loans.
- Brokers and loan officers work on the retail end with borrowers, and once they secure a deal, they send that deal to a wholesale mortgage lender for underwriting and processing.
- The wholesale mortgage lender will fund the loan, and usually sell it on the secondary market within a month or two.
- Wholesale mortgage lenders have lower rates than retail lenders because brokers can manipulate the rate based on their yield-spread-premium.

Retail/Direct Mortgage Lenders

- A direct mortgage lender is simply a bank or lender that works directly with a homeowner, with no need for a middleman or broker.
- Mortgage bankers and portfolio lenders usually fall under this category if they have retail operations.
- Examples include Washington Mutual, Wells Fargo and Bank of America, though smaller entities could share this distinction as well.

Prime Mortgage Lenders

- A prime mortgage lender is simply a bank or lender that works directly with a homeowner, with good credit score and who are eligible for the prime rate mortgages.
- Prime mortgage lenders do their lending operations following secondary market investors (FNMA, Freddie Mac)regulations and guidelines.

Sub Prime Mortgage Lenders

- Sub prime lenders tend to focus on homeowners with less than stellar credit.
- While the definition of sub prime varies from lender to lender, most in the industry characterize it as lending to borrowers with credit scores below 620.
- But other issues may persist, including limited income and assets, or inability to provide documentation.
- As a result, interest rates provided by sub prime mortgage lenders will be much higher than those at standard lenders.
- Essentially, sub prime lenders are willing to take on more risk for a greater reward (a sky-high interest rate).

Alt-A Mortgage Lenders

- Alt-A mortgage lenders typically offer mortgages to borrowers with limited documentation, limited or no down payment, and/or credit scores mostly between 620-720.
- This type of mortgage lender falls somewhere between a prime lender and a sub prime lender.
- Borrowers may use an Alt-A mortgage lender because they have a tricky loan scenario or a sticking point that makes it difficult or impossible to close with a traditional mortgage lender.
- The risk appetite of an Alt-A lender is medium-high

Warehouse Mortgage Lenders

- Warehouse lenders provide financing to other mortgage lenders so they can originate their own mortgages.
- This short-term funding provides smaller lenders with liquidity so they can focus on making more mortgages while selling existing ones on the secondary market.
- Smaller mortgage bankers and correspondent lenders rely on warehouse lines of credit to finance their operations.
- They pay back the warehouse lines of credit when loans are sold, and may give a cut to the warehouse lender for each loan that is eventually sold.
- The mortgages are used as collateral for the temporary financing.

Mortgage Brokers

- Mortgage brokers negotiate or originate loans – they bring borrowers and lenders together to consummate a mortgage transaction.
- Mortgage brokers work independently with both banks/mortgage lenders and borrowers, and need to be licensed. Their job is to contact borrowers and bring in potential deals. Once they have a deal, they can send it to a mortgage bank or a wholesale lender.
- They need to process the loan once it is approved, and can negotiate pricing with the bank or mortgage lender to receive a rebate, known as a yield spread premium.
- Mortgage brokers **DO NOT** fund loans and they DO NOT service loans.

Mortgage Loan Officers

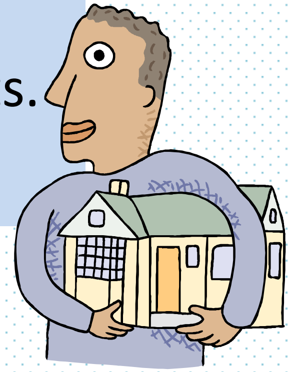
- Loan officers work under mortgage brokers, and basically do the same thing a broker would do, except they don’t need to be licensed.
- They solicit borrowers using direct mail, telemarketing, and similar practices.
- Brokers usually equip them with office supplies and leads, and each take a split of the total commission.

Mortgage Insurance Companies

- MI companies work with lenders to provide insurance on a mortgage to protect the lender from default.
- On a conventional loan, lenders will typically require mortgage insurance on all loans with a total loan to value (LTV) of 80% or more.

Hazard Insurance Companies

- All mortgage lenders require that the borrower have some type of homeowners insurance to protect their investment against loss to the property.
- Homeowners insurance (also called hazard, or fire insurance) ensures that the property will be replaced or the damage will be repaired up to the amount of coverage obtained.
- In most states, coverage must be equal to the loan balance or the value of the home, whichever is greater.
- The homeowner's policy must meet the lender requirements.



Flood Insurance Companies

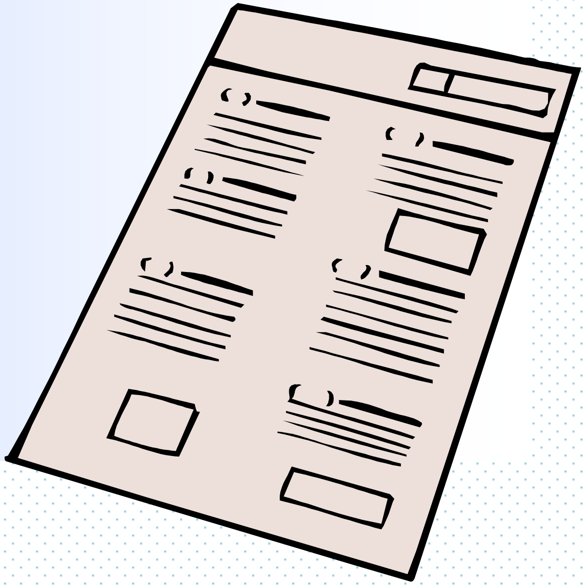
- Homeowners insurance does not cover flood-related damage. If applicant think, his/her home is at risk, he/she might want to consider purchasing flood insurance.

- The National Flood Insurance Program (NFIP), established by Congress, enables property owners to purchase insurance protection against losses from flooding. It is administered by the Federal Emergency Management Agency (FEMA).

- If the applicant's home is in a special flood hazard area flood insurance is required as a condition of granting a mortgage loan. Applicants may consult special flood insurance maps, published by the FEMA, to determine if the property is in a special flood hazard area (SFHA). These maps are usually kept on file at local town hall or county building and are available for review. Or these maps may be ordered by phone or fax from FEMA.

Credit Reporting Agencies

- Credit Reporting Agencies collect information from credit companies about borrowers' bill paying habits. This information is typically collected each month and is stored for an indefinite period of time. Credit reports are available to lenders and other companies requesting the report in exchange for a fee.
- 3 Major Credit Bureaus are:
  - Experian
  - Trans Union
  - Equifax



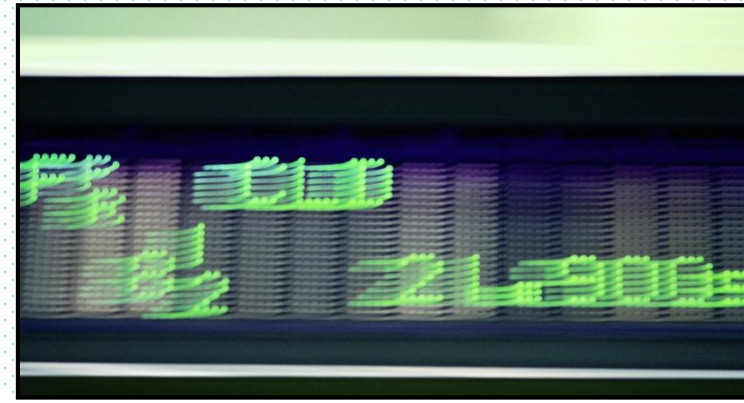
Title Companies

- The title company will do an ***"abstract of title"*** which means searching the real estate records in the county where that particular piece of property is located.
- An abstract will (1) determine the legal owner of the property; (2) reveal any mortgages, liens, judgments, or unpaid taxes that will have to be satisfied before the property is conveyed; and (3) detail any existing easements, restrictions, or leases that affect the property.
- Title companies are used to "close" or "consummate" a mortgage transaction. The title company is a neutral party that will obtain the necessary signatures on a loan package and disburse the funds according to the lenders instructions.
- After the closing, the title company will record the legal documents (deed, mortgage, assignments, etc.) at the county courthouse and then return the original documents to the correct party.

Appraisers

- **Real estate appraisal**, **property valuation** or **land valuation** is the process of valuing real property. The value usually sought is the property's Market Value.
- Specialist qualified appraisers are needed to advise on the value of a property.
- The appraiser usually provides a written report on this value to his or her client. These reports are used as the basis for mortgage loans, for settling estates and divorces, for tax matters, and so on. Sometimes the appraisal report is used by both parties to set the sale price of the property appraised.
- In some areas, an appraiser doesn't need a license or any certification to appraise property. Usually, however, most states or regions require that appraisals are done by a licensed or certified appraiser (in many countries known as a *Property Valuer* or *Land Valuer* and in British English as a "valuation surveyor").

The Secondary Market



- A market where investors purchase mortgage loans from mortgage lenders
- The investor acquires the right to receive the principal and interest payments made by the borrower
- The investor typically pays the lender roughly the same as the loan amount
- Most lenders want to sell their loans so they can repay their funding source (warehouse line)
- Secondary marketing is the sale of existing loans to investors, and management of the risk associated with mortgages.
- In other words, it is the market where lenders and investors buy and sell existing mortgages thereby providing greater availability of funds for additional mortgage lending.

Mortgage-Backed Securities

- A large block of loans designated as collateral for an issue of securities.
- Typically sold to investors in the market place.

Underwriting Agencies

- Federal National Mortgage Association (FNMA or Fannie Mae)
- Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac)
- Government National Mortgage Association (GNMA or Ginnie Mae)
- Federal Agricultural Mortgage Corporation (FAMC or Farmer Mac)

Underwriting Agencies – What They Do!

- They were initially created by the government and authorized to underwrite loan pools
- They issue "underwriting certificates", which is a 100% guarantee of the cash flow from the loans within the pool
- Prior to issuing an underwriting certificate, the agency must ensure that the loans in the pool conform to the specific requirements

Fannie Mae / FNMA

- Federal National Mortgage Association.
- First underwriting agency to be created by the federal government in 1938.
- It's initial purpose was to buy and re-sell FHA loans to establish a national secondary market.
- Fannie Mae became a private corporation in 1972 and was authorized to expand its loan purchases to include conventional mortgage loans.
- Refer: http://en.wikipedia.org/wiki/Fannie_Mae

Freddie Mac / FHLMC

- Federal Home Loan Mortgage Corporation.
- Freddie Mac was established in 1970 as part of the savings and loan association system.
- Its purpose was to provide a national secondary market for loans originated by the savings associations.
- Congress subsequently restructured Freddie Mac in the same way as Fannie Mae.
- Today, Freddie Mac is authorized to purchase conventional loans that conforms to its requirements.
- Refer: http://en.wikipedia.org/wiki/Freddie_Mac

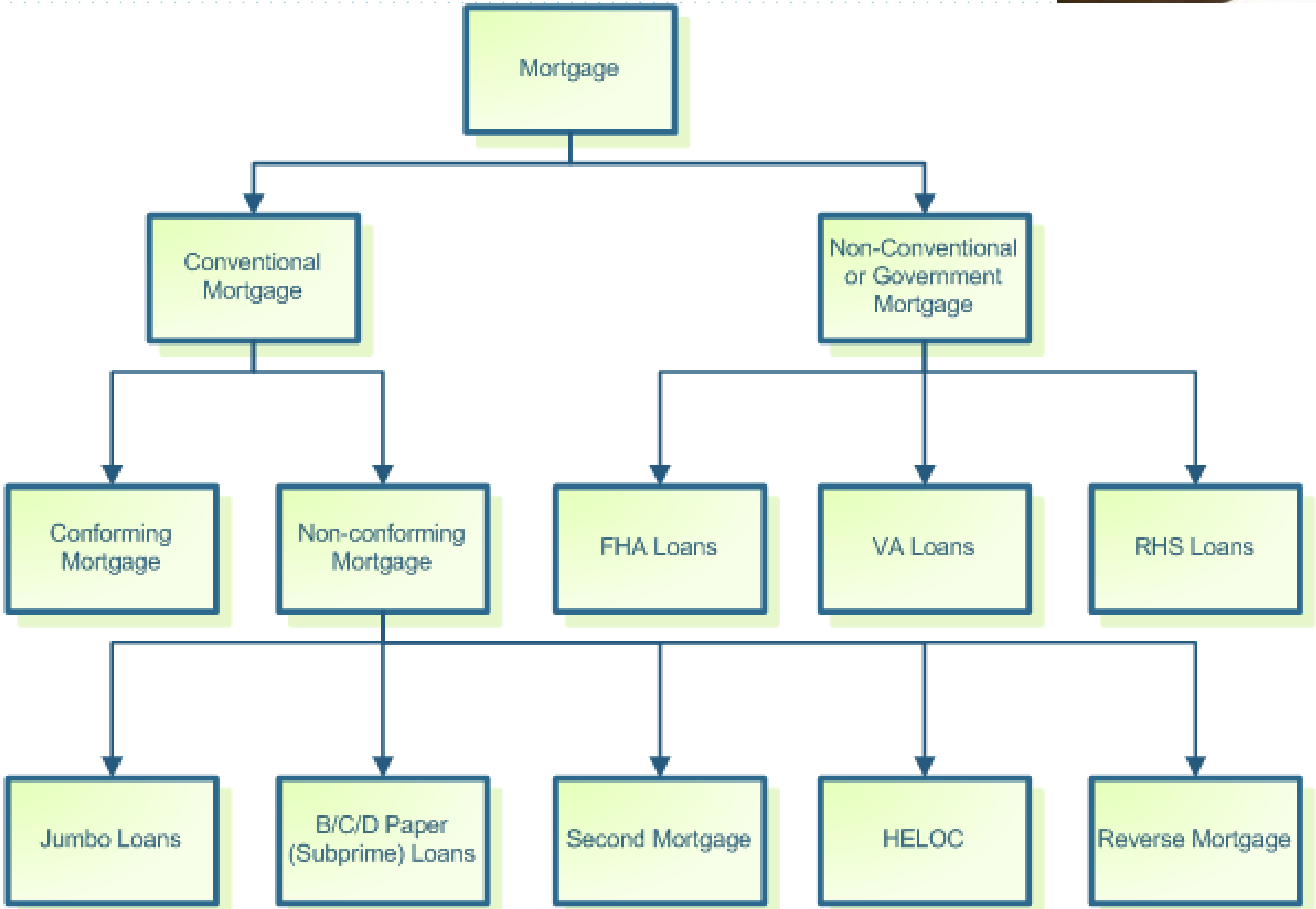
Ginnie Mae / GNMA

- Government National Mortgage Association.
- Ginnie Mae was a spin off of Fannie Mae and established in 1968.
- Ginnie Mae is the only underwriting agency that is wholly owned by the federal government.
- Ginnie Mae is under the Department of Housing & Urban Development (HUD).
- Ginnie Mae neither originates nor purchases mortgage loans nor buys, sells or issues securities in the U.S. capital markets.
- Ginnie Mae is the guarantor of MBS issued by government-approved securities issuers who participate in Ginnie Mae's program.
- Ginnie Mae's loan pool is restricted to FHA, VA & Farmer Administration Loans.
- Refer: http://en.wikipedia.org/wiki/Ginnie_Mae

Farmer Mac / FAMC

- Federal Agricultural Mortgage Corporation.
- Farmer Mac is a stockholder-owned, publically traded company that was chartered by the US Federal Government in 1987.
- It serve as a secondary market in agricultural loans such as mortgages for agricultural real estate and rural housing.
- FAMC purchases loans from agricultural lenders, and sells instruments backed by those loans. FAMC also works with the United States Department of Agriculture. It is based in Washington, D.C.
- Refer: http://www.fca.gov/info/farmer_mac.html
- http://en.wikipedia.org/wiki/Federal_Agricultural_Mortgage_Corporation

Types of Mortgages



Conventional Loans

- By definition, a conventional loan is any mortgage that is not guaranteed or insured by the federal government. A conventional loan is generally referring to a mortgage loan that follows the guidelines of government sponsored enterprises (GSE's) like **Fannie Mae** or **Freddie Mac**.
- To be eligible for an **Conventional mortgage**, borrower’s monthly housing costs (mortgage principal and interest, property taxes and insurance) must meet a specified percentage of your gross monthly income (28% ratio).
- Borrower’s credit background will be fairly considered. At least a 620 FICO credit score is generally required to obtain a Conventional loan approval.
- Borrower must also have enough income to pay your housing costs plus all additional monthly debt (36% ratio).

Conforming & Non-conforming Loans

- Conventional loans may be either "conforming" and "non-conforming".
- Conforming loans are such loans that follow the terms and conditions set by Fannie Mae and Freddie Mac.
- Nonconforming loans are such loans that don't meet Fannie Mae or Freddie Mac guidelines, but they are also considered conventional.

Jumbo Loans or B/C/D Paper (Sub-prime) Loans

- Loans above the maximum loan amount established by Fannie Mae and Freddie Mac are known as 'jumbo' loans. When FNMA and FHLMC limits don't cover the full loan amount, the loan is referred to as a "jumbo mortgage". The average interest rates on jumbo mortgages are typically higher than for conforming mortgages.

- Loans that do not meet the borrower credit requirements of Fannie Mae and Freddie Mac are called 'B', 'C' and 'D' paper loans vs. 'A' paper conforming loans. B/C loans are offered to borrowers that may have recently filed for bankruptcy, foreclosure, or have had late payments on their credit reports. Their purpose is to offer temporary financing to these applicants until they can qualify for conforming "A" financing. The interest rates and programs vary, based upon many factors of the borrower's financial situation and credit history.

Second Mortgage / Home Equity Loan

- Second and junior mortgages are any mortgage liens recorded behind the first mortgage lien. These types of loans are sometimes referred to as junior mortgages, because it is possible to have a third and additional mortgage lien—behind the actual second mortgage.
- Second mortgages are often called home equity loans, since they are normally secured by the property's available equity.
- A home equity loan is a mortgage loan that converts your property’s equity into cash.
- For example, Adam’s home is worth $200,000. He currently has a mortgage of $120,000; this means that he has available equity of $80,000 ($200,000 - $120,000). If Adam is qualified, he can obtain a home equity loan of up to $80,000.

Use of Second Mortgage

- Debt Consolidation – A consolidation loan combines several debts into one, usually lower payment. For example to consolidate the credit cards balances and save on the interest paid.
- Home Improvement - Homeowners wishing to remodel their kitchens, build an addition or make any other (relatively) small improvements to their home find home equity loans and credit lines to be handy financing options.
- Cash-Out for personal use - Similar to a cash-out refinances and the preceding cash-out for capital, many homeowners use home equity loans or credit lines to obtain cash-out for personal use.
- Cash-Out for Investment - . A real estate investor can take out a home equity loan or credit line on a currently owned property, and then use those proceeds as down payment on another property.
- Avoiding Mortgage Insurance - Home buyers may also use second mortgages to eliminate mortgage insurance.

Home Equity Line of Credit (HELOC)

- The home equity line of credit is similar to the home equity loan. The primary difference is that the line of credit provides the borrower with a checkbook, instead of one lump-sum check.
- The borrower can use the home equity credit line checkbook to withdraw funds for any purpose. The main advantage of the credit line is its flexibility and potential savings. The borrower can "disburse" loan funds as he or she needs them, and the borrower is only charged interest on the current balance.
- The line of credit is a cross between a mortgage loan and a credit card.
- For example, if Nora (in the preceding example) obtained a home equity line of credit for the $200,000, she can space out her withdrawals to fit her business needs and minimize interest charges. She can take out $50,000 now and perhaps $100,000 a couple of months later. She will only be charged interest on her current balance.

Reverse Mortgage

- A **reverse mortgage** is a form of equity release (or lifetime mortgage) available in the United States. It enables eligible homeowners to access a portion of their equity. The homeowners can draw the mortgage principal in a lump sum, by receiving monthly payments over a specified term or over their (joint) lifetimes, as a revolving line of credit, or some combination thereof.
- To qualify for a reverse mortgage in the United States, the borrower must be at least 62 years of age and must occupy the property as their principal residence.
- As long as the borrower lives in and continues to own the home, the reverse mortgage loan will require no mortgage payment. The interest is charged and the unpaid interest is added to the principal balance.
- If the borrower sells or moves out of the property, the loan will come due. In the case of a property sale, the sale proceeds will first be used to pay off the entire mortgage balance (as with any normal sale). Any profits left over will go to the borrower (seller).

Non-Conventional/ Govt Loans

- Non-conventional mortgage loans are basically government loans: VA (Veterans Administration), FHA (Federal Housing Administration) and FmHA (Farm Housing Agency)—now RHS (Rural Housing Service)—loans.
- Ginnie Mae, the Government National Mortgage Association, is the agency responsible for securitizing much of these non-conventional, government loans.
- Contrary to what many people may believe, the VA and FHA normally do not fund loans.
- These two governmental agencies only guarantee certain portions of a mortgage loan. But these are powerful and effective guarantees. These guarantees are reassuring to lenders in that they lower the lender's overall risk exposure.

VA – Veterans Administration

- The Veterans Administration (VA) was created in 1930 to aid military veterans and current military personnel.
- The VA loan soon followed to aid veterans and military personnel in finding affordable mortgage loans.
- The VA office acts as a co-signer by guaranteeing a portion of the loan.
- Standard banks and lenders will originate, fund and service the loan. When the borrower defaults, the VA will reimburse bank losses.
- Most veterans and current members (both active and reserve) of the United States armed services are qualified for the loan. However, a minimum requirement of six full and continuous months of active duty must be satisfied.
- The veteran applicant must present a copy of his or her DD Form 214, which is provided to the veteran when military service ends.
- There is no down payment requirement for VA loans, unless the lender establishes one as a condition for the loan. Providing a down payment will often improve the conditions of the loan, so many borrowers do choose to pay some down payment.

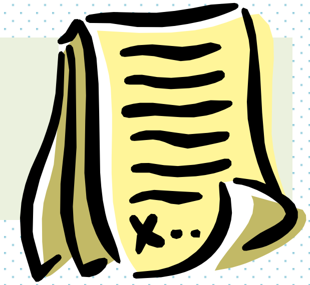
FHA – Federal Housing Administration

- The Federal Housing Administration (FHA) is an agency of the U.S. Department of Housing and Urban Development (HUD).
- The National Housing Act of 1934 created the Federal Housing Administration (FHA), which was established primarily to increase home construction, reduce unemployment, and operate various loan insurance programs.
- FHA does not make loans. Rather, it insures loans made by private lenders.
- An **FHA insured loan** is a Federal Housing Administration mortgage insurance backed mortgage loan which is provided by a FHA-approved lender.
- FHA insured loans are a type of federal assistance and have historically allowed lower income Americans to borrow money for the purchase of a home that they would not otherwise be able to afford.
- To obtain mortgage insurance from the Federal Housing Administration, a *mortgage insurance premium* (MIP) equal to 1 percent of the loan amount at closing is required, and is normally financed by the lender and paid to FHA on the borrower's behalf.

RHS – Rural Housing Service

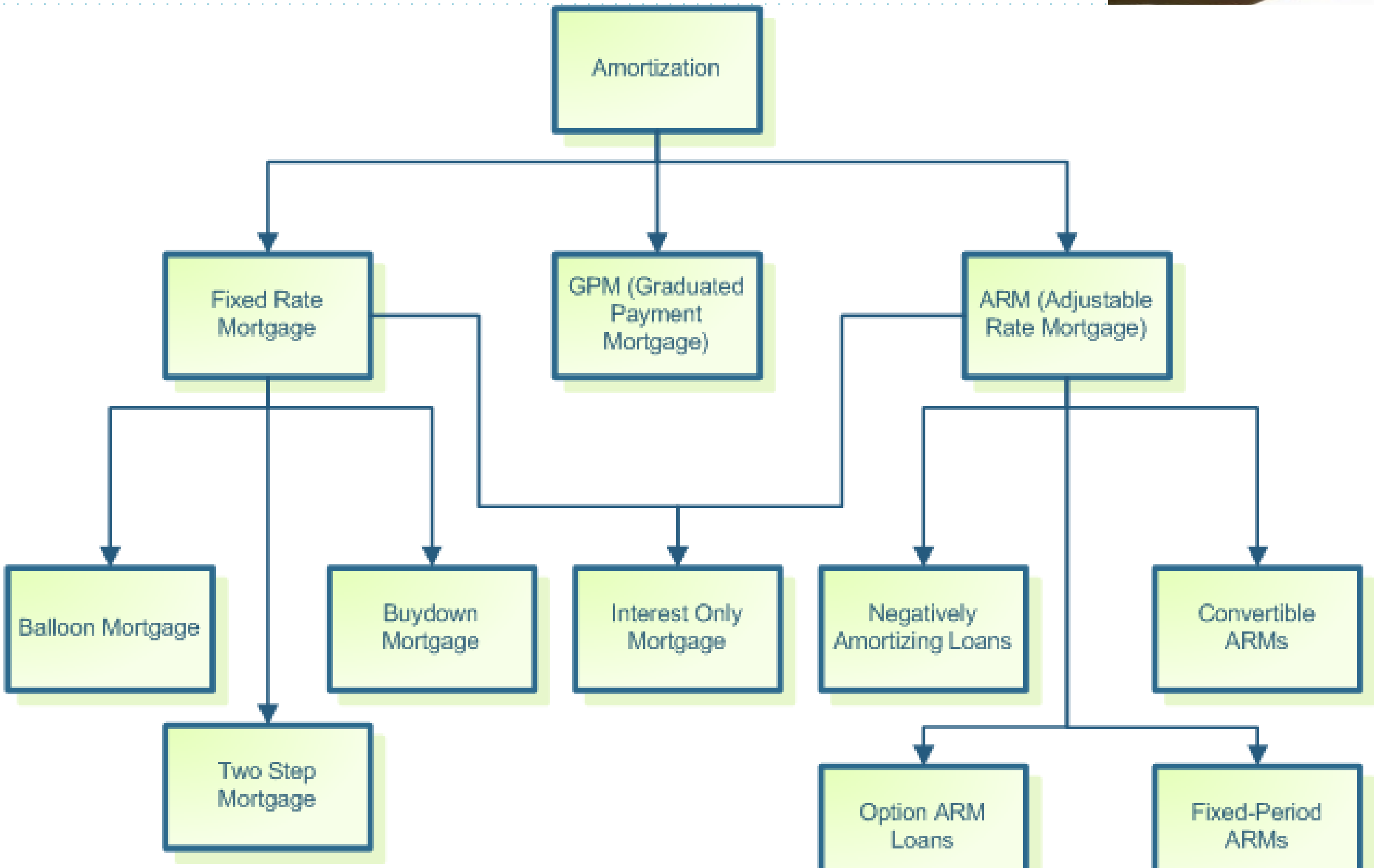
- The **Rural Housing Service** (RHS) is an agency of the United States Department of Agriculture (USDA).
- The Rural Housing Service (RHS) of the U.S. Dept. of Agriculture guarantees loans for rural residents with minimal closing costs and no down payment.
- RHS administers direct loans, loan guarantees and grants. Direct loans are made and serviced by USDA staff; loan guarantees are made to banks or other private lenders, and grants are made directly to a person or organization.
- RHS operates a broad range of programs to provide:
  - homeownership options to individuals; housing rehabilitation and preservation funding rental assistance to tenants of RHS-funded multi-family housing complexes; farm labour housing;
  - help to developers of multi-family housing projects, like assisted housing for the elderly and disabled, or apartment buildings community facilities, such as libraries, child care centres, schools, municipal buildings, and fire fighting equipment to Indian groups, non-profit organizations, communities and local governments.
  - Refer: http://www.rurdev.usda.gov/wy/rhs.htm for more information.

Amortization



- Amortization is the process of decreasing, or accounting for, an amount over a period.
- The paying off of debt in regular instalments over a period of time.
- When used in the context of a home purchase, amortization is the process by which your loan principal decreases over the life of your loan.
- With each mortgage payment that you make, a portion of your payment is applied towards reducing your principal and another portion of your payment is applied towards paying the interest on the loan.
- An amortization table shows this ratio of principal and interest and demonstrates how your loan's principal amount decreases over time.

Types of Amortization



Fixed Rate Mortgage

- With fixed rate mortgage (FRM) loan the interest rate and your mortgage monthly payments remain fixed for the period of the loan.

- Fixed-rate mortgages are available for 40, 30, 25, 20, 15 years and 10 years. The most popular fixed mortgage terms are 30 and 15 years.

- The payments on fixed rate fully amortizing loans are calculated so that at the end of the term the mortgage loan is paid in full.

- During the early amortization period, a large percentage of the monthly payment is used for paying the interest. As the loan is paid down, more of the monthly payment is applied to principal.

Balloon Loans

- Balloon loans are short-term fixed rate loans that have fixed monthly payments based usually upon a 30-year fully amortizing schedule and a lump sum payment at the end of its term. Usually they have terms of 3, 5, and 7 years. The 5-year and 7-year balloons are the standard balloon programs.
- The payments are calculated as a 30-year loan; but at the end of the 5-year or 7-year term, the remaining balance must be paid off, refinanced or converted.
- Balloon loans with refinancing option allow borrowers to convert the mortgage at the end of the balloon period to a fixed rate loan, based upon the outstanding principal balance, if certain conditions are met. If Borrower refinance the loan at maturity he/she need not be requalified, nor the property reapproved. The interest rate on the new loan is a current rate at the time of conversion. There might be a minimal processing fee to obtain the new loan.
- The most popular terms are 5/25 Balloon, and 7/23 Balloon.

Two-Step Mortgage

- A mortgage in which the borrower receives a below-market interest rate for a specified number of years (most often seven or 10), and then receives a new interest rate adjusted (within certain limits) to market conditions at that time. The lender sometimes has the option to call the loan due with 30 days notice at the end of seven or 10 years.
- Two-Step mortgages have a fixed rate for a certain time, most often 5 or 7 years, and then interest rate changes to a current market rate. After that adjustment the mortgage maintains new fixed rate for the remaining 23 or 25 years.
- At the adjustment date, the borrower might have the option of choosing between a fixed-interest rate (based on current market rates) for the remaining term of the mortgage, or a variable interest rate structure for the remaining term of the mortgage.

Buy down Mortgage

- A **buy down** is a mortgage financing technique where the buyer attempts to obtain a lower interest rate for at least the first few years of the mortgage
- A mortgage buy down is essentially paying to have a lower interest rate. You will pay an upfront fee and in return get a lower rate on your loan. This lower rate is temporary however.
- Borrower will take the current rate being offered, perhaps 5.5 percent, and then buy it down to 3.5 percent. The loan will be fixed at 5.5 percent for the entire thirty years, but the first year it will be at 3.5 percent, then the second year it will be 4.5 percent, and then the third year it will expand to the initial rate of 5.5 percent for the rest of the life of the loan.
- The difference in the actual interest rate, and the lower rate, must be paid by the buyer or the seller at closing. So a lump sum will be paid and in exchange the buyer has a lower rate for a few years.
- Buy down can be a permanent one or temporary one.

Interest Only Mortgage

- An **interest-only loan** is a loan in which, for a set term, the borrower pays only the interest on the principal balance, with the principal balance unchanged. At the end of the interest-only term the borrower may enter an interest-only mortgage, pay the principal, or (with some lenders) convert the loan to a principal and interest payment (or amortized) loan at his/her option.

- In the United States, a five- or ten-year interest-only period is typical. After this time, the principal balance is amortized for the remaining term. In other words, if a borrower had a thirty-year mortgage loan and the first ten years were interest only, at the end of the first ten years, the principal balance would be amortized for the remaining period of twenty years.

Graduated Payment Mortgage

- A **graduated payment mortgage loan**, often referred to as GPM, is a mortgage with low initial monthly payments which gradually increase over a specified time frame.
- These plans are mostly geared towards young men and women who cannot afford large payments now, but can realistically expect to do better financially in the future.
- For instance a medical student who is just about to finish medical school might not have the financial capability to pay for a mortgage loan, but once he graduates, it is more than probable that he will be earning a high income.
- It is a form of negative amortization loan.

Adjustable Rate Mortgage

- Variable or adjustable loan is loan whose interest rate, and accordingly monthly payments, fluctuate over the period of the loan. With this type of mortgage, periodic adjustments based on changes in a defined index are made to the interest rate. The index for your particular loan is established at the time of application.
- An adjustable-rate mortgage (ARM) allows the lender to change the interest rate—at periodic intervals—without altering other conditions of the loan agreement. When the interest rate is adjusted, the monthly principal & interest (P&I) payment is also readjusted.
- When the lender adjusts the ARM loan's interest rate, they must do so according to the agreement set forth in the original promissory note signed at the closing. The standard method for adjusting ARM interest rate is to add the defined "margin" to the current "index" rate.
- The margin is fixed percentage points added to the index to compute the interest rate.
- It is the index that changes and underlies the ARM loan's adjustments. The interest rate on ARM loans is tied to the rates of securities, financial papers or a basket of indicators that adequately reflect market conditions. This indicator rate is normally called the index rate.

ARM Continued

- Well known ARM indexes include:
  - Constant Maturity Treasury (CMT)
  - Treasury Bill (T-Bill)
  - 12-Month Treasury Average (MTA or MAT)
  - Certificate of Deposit Index (CODI)
  - 11th District Cost of Funds Index (COFI)
  - Cost of Savings Index (COSI)
  - London Inter Bank Offering Rates (LIBOR)
  - Certificates of Deposit (CD) Indexes
  - Bank Prime Loan (Prime Rate)
  - Fannie Mae's Required Net Yield (RNY)
  - National Average Contract Mortgage Rate
- The most popular and commonly known are the LIBOR, U.S. Treasury Bills and the Prime Rate.

ARM Continued

	Rates adjust every	Term	Amortization
3-month	3 months	30 years	30 years
6-month	6 months	30 years	30 years
1-year	1 year	30 years	30 years
3-year	3 years	30 years	30 years

	Rates adjust every	Term	Initial Amortization
3/1	1 year; after the 3rd year	30 years	30 years
5/1	1 year; after the 5th year	30 years	30 years
7/1	1 year; after the 7th year	30 years	30 years
10/1	1 year; after the 10th year	30 years	30 years
2-year/6-month	6-month; after the 2nd year	30 years	30 years

As you can see from the above table, the ARM period does not affect the term and amortization. The ARM period merely indicates how often the loan's interest rates and consequently, its monthly payments are adjusted.

For example, a 3/1 ARM is basically a one-year ARM loan with one-year periods. However, for the first three years, the ARM loan's rate is fixed (will NOT adjust). After the third year, the ARM loan's rate will begin adjusting as normal.

The 2-year/6-month ARM is primarily used by non-conforming loan programs. The interest rate is fixed for the first two years; after that fixed period, the loan's interest rates begin adjusting every six months.

ARM Caps

- Caps protect the borrower by limiting the movement of the interest rate, payments and principal balances, normally associated with ARM loans.
- At the anniversary (one-year, six-month, etc., depending on period) of the ARM loan, the lender adjusts the interest rates and payments by adding the constant loan margin to the index rate.
- However, this raw index-plus-margin number is not necessarily the borrower's new interest rate. This preliminary rate must be within the restrictions established by the specific loan program's caps. The new interest rate and monthly payment is the index plus margin, less whatever restrictions are required by the program's caps.
- There are four types of caps that can be involved with each ARM loan:
  - Periodic Cap
  - Life Time Cap
  - Payment Cap
  - Principal Cap

Periodic Caps

- The periodic cap limits how much the loan's interest rate may change from one period to the next. The norm for most conforming lenders is a periodic cap of one (1) or two (2) percentage points.
- For example, if the loan program specifies a periodic cap of 2.00 percentage points, then the borrower's loan rate cannot increase (or decrease) by more than two (2) percentage points from one period to the next.
- Thus, if the borrower had an interest rate of 6.50%, even if the index shot up to 19.00%, the most that the borrower's new rate can be is 8.50%.
- Start rate: 6.50%
  Periodic cap: 2.00%
  Maximum 2nd year rate: 8.50%
- A periodic or adjustment cap limits how much your interest rate can rise at one time.
  - The initial interest rate is 6%, the index is 5%, and the margin is 3%,
    then the new interest rate = 5% + 3% = 8%.
    If the periodic cap is 1% then
    the actual new interest rate will be 6% + 1% = 7%.

Life Time Caps

- The lifetime cap establishes a maximum—and sometimes minimum—level that the interest rate may never surpass during the entire life of the loan. Most conforming loan programs set a lifetime cap of five (5) or six (6) percentage points, applied to the start rate.

- For example, an ARM loan with a six (6) percent life cap and a starting rate of 5.50% would have a maximum limit of 11.50%. This means that even if the index would increase to 17.50% (which has happened in recent history), this ARM loan's interest rate would never exceed 11.50%.

- For many ARM loans, the start rate is the lifetime "floor" cap. The loan's interest rate will never go below that start rate. Obviously, this is a great benefit for lenders when rates really drop.

Payment Caps

- The payment cap limits how much the loan's monthly payment (not rate) may change from one period to the next.

- The typical payment cap, if any, would be 7%-12% of the current payment. For example, if an ARM loan had a payment cap of 7% and a current mortgage payment of $100, the new payment would be a maximum of $107 per month ($100 * 1.07).

- But payment caps do not limit the increases of interest rates. Consequently, payment caps may induce negative amortization, which means that the principal balance increases instead of decreases.

- Check the ARM disclosure to be sure. Just because the payment increases are restricted does not mean that the interest calculated need not be paid.

Principal Caps

- The principal cap often accompanies loans with payment caps, by placing a ceiling on negative amortization, so the principal amount increase will not exceed 125% of the original loan balance.
  - Starting loan amount: $200,000.00
  - Principal Cap: 120%
  - Maximum loan amount (with Negative Amortization): $240,000.00

Negative Amortization Mortgage

- Negative amortization occurs whenever the monthly payments are not enough to cover the interest due on the debt. Unless the loan explicitly waives this unpaid interest, that deficit amount is added to the principal balance.

- This unfavorable situation is a regular byproduct of ARM loans with payment caps. Often, the payment caps so limit the payment adjustment that the new payment calculation is not enough to cover the interest due on the loan. Worse yet, as unpaid interest is added to the principal balance, the borrower will be charged interest on the unpaid interest.

- Because this situation could lead to endlessly increasing principal balances, ARM loans with payment caps usually also contain principal caps, as a protection against negative amortization. Principal caps still allow negative amortization to increase the principal balance, but sets limits on how high the principal may increase.

- Most principal caps limit negative amortization increases to 125% of the original loan balance. Thus, an ARM loan with negative amortization and an original balance of $100,000, can have its principal increase to $125,000. Any unpaid interest after that limit is reached is usually waived by the lender.

Fixed Period ARMs

- With fixed-period ARMs homeowners can enjoy from three to ten years of fixed payments before the initial interest rate change. At the end of the fixed period, the interest rate will adjust annually.

- Fixed-period ARMs -- 30/3/1, 30/5/1, 30/7/1 and 30/10/1 -- are generally tied to the one-year Treasury securities index.

- ARMs with an initial fixed period beside of lifetime and adjustment caps usually have also first adjustment cap. It limits the interest rate you will pay the first time your rate is adjusted. First adjustment caps vary with type of loan program.

- The advantage of these loans is that the interest rate is lower than for a 30-year fixed (the lender is not locked in for as long so their risk is lower and they can charge less) but you still get the advantage of a fixed rate for a period of time.

Convertible ARMs

- Some ARMs come with option to convert them to a fixed-rate mortgage at designated times (usually during the first five years on the adjustment date), if you see interest rates starting to rise. The new rate is established at the current market rate for fixed-rate mortgages.

- The conversion is typically done for a nominal fee and requires almost no paperwork. The disadvantage is that the conversion interest rate is typically a little higher than the market rate at that time.

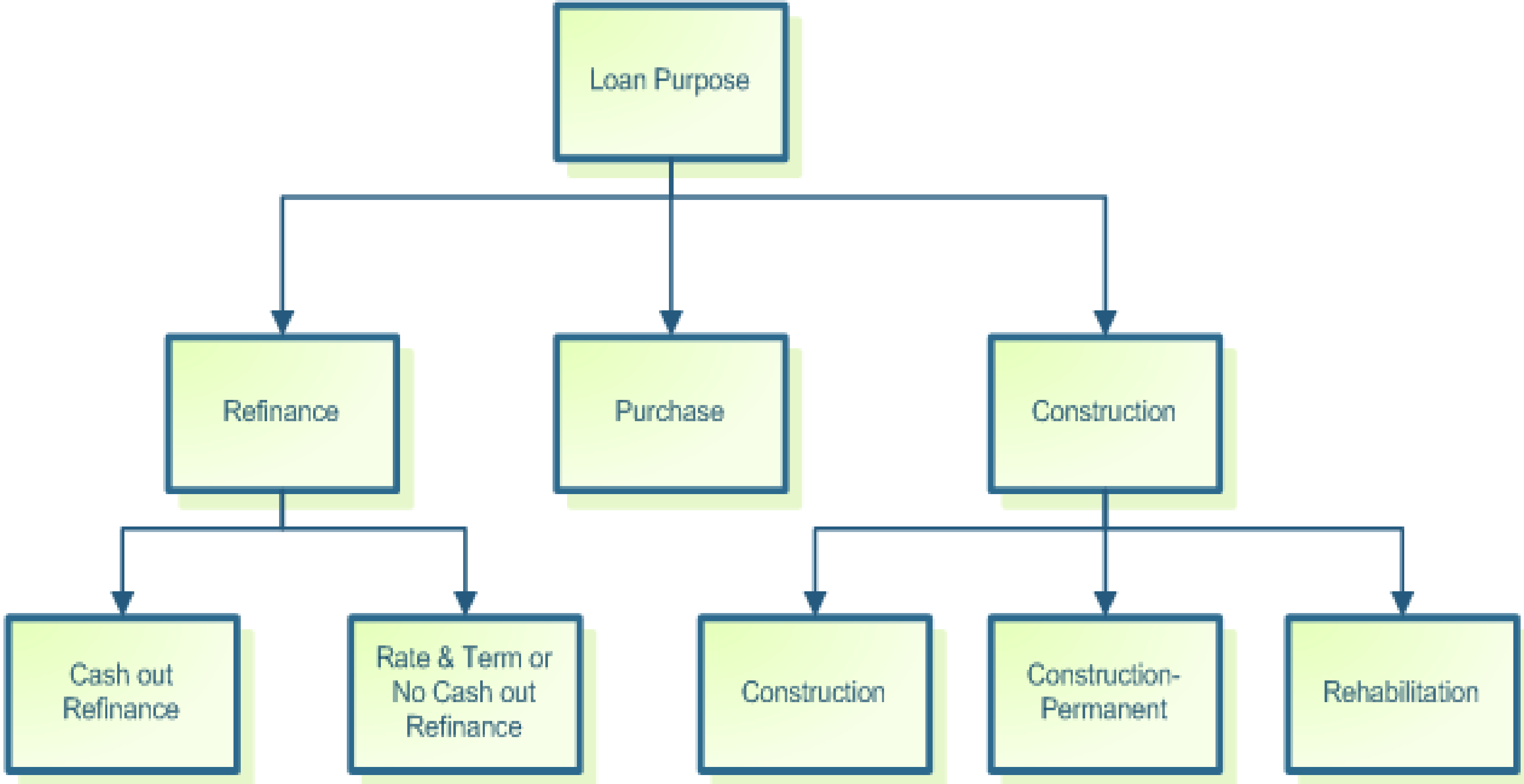
- The other kind of convertible mortgage is a fixed rate loan with rate reduction option. If rates had dropped since the time of closing it allows you, under some prescribed conditions, for a small conversion fee to adjust your mortgage to going market rate.

- Generally the interest rate or discount points may be a little higher for a convertible loan.

Option ARMs

- This loan program is an adjustable rate mortgage with added flexibility of making one of several possible payments on your mortgage every month, in order to better manage your monthly cash flow. It's low introductory start rate allows you to make very low initial mortgage payments and low qualifying rates enable you to qualify for more home.
- The minimum payment option can help keep your monthly payments affordable. If the minimum monthly payment is not sufficient to pay the monthly interest due, you can always avoid deferred interest by choosing the interest-only payment option.
- With the Option ARM, you generally have at least two fully amortized payment choices, leading to a quicker loan payoff. If you prefer to pay off your loan on schedule, you can make the fully amortized payment based on a 30-year loan, or you can choose the 15-year payment option for the fastest equity build-up.

Loan Purpose



Purchase Loans

- A purchase loan is used to buy an existing property, whether that property is merely an empty lot or a developed land with an already finished building. As the name indicates, the purchase loan requires a transfer of the property's ownership from the seller to a buyer.

- Purchase loans typically allow higher LTV ratios, which translate into lower down payment requirements—as compared to refinance and most construction loan programs.

- For example, conforming fixed-rate loans allow LTV ratios of up to 97% (even 100%) LTV financing on home purchases, for a minimum down payment requirement of 3% (or 0%). However, the same conforming programs, when used for a refinance, lower their maximum LTV ratio level to only 95% (or lower)—so the borrower must show existing equity after refinance closing of at least 5%.

Refinance Loans

- Mortgage refinances refer to the replacement of an existing mortgage loan with another mortgage loan. The old loan is paid and closed with the proceeds of the new loan. Moreover, this new mortgage loan also may be used to pay off other liabilities and debts that the borrower has incurred or plans to incur.
- Note that with this definition, home equity loans and other types of second mortgages are essentially refinance loans. The only difference between a first and second mortgage is their lien position against the property; and the lien position determines who gets paid first in case of a sale or foreclosure .
- An advantageous feature of most refinance loans is that they allow the borrower to finance closing costs, which is not allowed with most conventional loans. This allows the borrower to avoid spending personal funds to pay closing costs.
- Refinance loans are further divided into two categories:
  - No Cash Out or Rate & Term Refinance
  - Cash Out Refinance
- Most refinance loans are used for at least one of the following four reasons:
  - Better Interest Rate
  - Change of Term
  - Consolidation of Debt
  - Extra Cash

Refinance Types

- **Rate & term refinance**
  - The first refinance type is often called a "rate & term" or "no cash-out" refinance. As those titles imply, this type of refinance merely replaces an existing loan with a new loan—while not cashing out any of the existing equity for non-mortgage use. This refinance loan does allow the borrower to refinance at a higher loan amount in order to pay closing costs, thereby effectively financing those costs.
- **Cash-out refinance**
  - The cash-out refinance is normally any refinance that converts the property's existing equity into cash. If a property owner owed nothing on his or her property and then obtains any financing that cashed some or all of the property's equity, that financing would be considered a cash-out.
  - Most cash-out refinances tend to replace existing mortgage liens with a larger loan amount, allowing for additional cash back to the borrower.

Construction Loans

- Home buyers who wish to build a completely new home, as well as homeowners who wish to rehab their properties, need construction loans.

- With construction loans, the lender is essentially lending money for something that does not yet exist. Hence, there are more restrictions on the construction loan, so as to ensure that the property will be built according to approved plans and specifications.

- Construction financing programs typically fall into three categories, which affect their structure and pricing:
  - Construction
  - Construction-Permanent
  - Rehabilitation

Construction Loan Types

- Construction
  - Construction loans are used to finance the actual construction of the property. Construction loans are normally short-term loans that must be paid off or refinanced immediately after the construction is completed.

- Construction-Permanent
  - Construction-permanent loans are such construction loans that automatically convert into a permanent loan upon completion of the building. Construction loans are to be paid off or refinanced after the construction is completed, but the Construction-Permanent loans get automatically converted to full permanent loans.

- Rehabilitation
  - Rehab loans are more complicated.
  - In most cases, they are often second mortgages that provides the homeowner with extra cash to make improvements or additions to the home.
  - A portion of the Rehab loan proceeds are used to pay off the existing mortgage, and the remaining funds are placed in an escrow account and released as rehabilitation is completed.
  - For Example Section 203k mortgage (FHA Loans)

Regulatory Requirements

- The mortgage industry is regulated by both state and federal agencies, with attention mainly focused on consumer protection issues. The following is a review of the more important laws and regulations affecting the mortgage industry.

  - Home Mortgage Disclosures Act (HMDA)
  - Fair Lending Laws
  - Real Estate Settlement Procedures Act (RESPA)

HMDA

- In 1975, Congress passed the Home Mortgage Disclosure Act in response to public outcry about the low availability of loans in urban areas. The HMD Act sought to track loan origination data and ensure that lenders served the credit needs of their neighborhood.
- Information about the loan, property and borrower are recorded in a Loan/Application Register (HMDA-LAR) and reported annually to the government. This allows government agencies and other parties to analyze the lending practices of lender.

Fair Lending Laws

- Much of the fair lending regulations governing the mortgage industry are found in three federal laws:
  - The Equal Credit Opportunity Act (ECOA)
  - The Fair Housing Act (FHA)
  - Fair Credit Reporting Act (FCRA)
- These laws, however, are not intended to force lenders and creditors to provide loans to unqualified borrowers. Instead these laws prohibit lending practices that engage in illegal discrimination.

Equal Credit Opportunity Act

- The ECOA prohibits discrimination on the basis of the following:
- Sex, Race, Religion, Colour, National Origin, Age, Marital Status, Whether the Applicant Receives Government Assistance and Whether the Applicant has Previously Exercised his/her rights under ECOA.
- The Federal Trade Commission (FTC) is responsible for monitoring complaints against lenders and creditors regarding violations to this law. Lenders can still legally discriminate on the basis of income, credit and other objective criteria that do not cross the specific boundaries established by the Act.

Fair Housing Act

- The Fair Housing Act focuses on the housing industry and regulates all businesses engaged in residential real estate transactions. Similar to the Equal Credit Opportunity Act, real estate industry agents, specialists and professionals are prohibited from practices that illegally discriminate against any client on the basis of sex, race, religion, color, national origin, age or marital status.

- The Fair Housing Act is administered by the Department of Housing and Urban Development (HUD). This act has been instrumental in eliminating discriminatory practices.

Fair Credit Reporting Act

- The Fair Credit Reporting Act (FCRA) regulates the reporting of consumer credit and the use of consumer credit reports. In recognition of the increasing influence and importance of consumer credit reports, this act was designed to protect the rights of consumer with regard to their credit history.The paying off of debt in regular instalments over a period of time.
- Most consumer credit entries may only remain on the credit report for seven years. Bankruptcies, foreclosures, legal judgments and other governmental debt can remain for up to 10 years.
- Creditors and lenders may request credit information on applicants only if they have received that applicant's consent. If a lender approves or rejects an applicant based on a credit report, this must be explained to the applicant in writing within 60 days. The applicant will then have the opportunity to review their credit report and dispute erroneous entries in that credit report.

Real Estate Settlement Procedures Act

- In 1974, Congress passed RESPA to regulate the disclosure requirements for the real estate industry, as well as to prohibit undisclosed fees from being charged to the borrower.

- RESPA forced HUD to standardize several disclosure requirements regarding fees, expenses and loan features that affect the consumer's expenditures. The basic disclosure documents that RESPA requires lenders to provide include the following:

  - Good Faith Estimate (GFE) – At the time of application
  - Truth-In-Lending (TIL) Disclosure – At the time of application
  - Notice of Servicing Transfer – At the time of application
  - Escrow Disclosure – At the time of closing
  - HUD-1 settlement Statement – At the time of Closing

Good Faith Estimate

- The good faith estimate (GFE) of projected costs and disclosure of all lender/broker fees or commissions must be provided within three days of the application.
- As its name implies, this is a solid estimate of the projected closing costs that the borrower can reasonably expect to pay during the course of this loan application and closing. The final figures will probably be slightly different, as each loan closing usually entails differing charges.
- If the loan program or fees substantially change during the loan processing, the lender must provide a revised good faith estimate to the borrower.

Truth-In-Lending Disclosure

- Congress enacted the Truth-in-Lending Act in 1968 to provide the borrower with disclosure information about the costs of loans and credit extended in a manner that allows consumers to make comparisons. It provides a summary of the closing costs from the good faith estimate.
- More importantly, the TIL disclosure provides an Annual Percentage Rate (APR) calculation of costs. The APR is not the interest rate: it is higher than and incorporates the interest and other lender charges that the borrower will incur throughout the projected life of the loan.
- This act also requires a three-day right of rescission for home (owner-occupied) refinances. With refinances or home equity loans on owner-occupied properties, the disbursement of funds occurs only after three full business days after the closing.
- These three business days after the closing is called the rescission period, during which the borrower can choose to cancel the loan. After the rescission period, the loan is final.
- The rescission period does not apply to purchase transactions or to refinances of investment (non-owner-occupied) properties. With these transactions, the loan is official as soon as the closing is fully concluded.

Loan Servicing Disclosure

- The 1990 RESPA revisions implemented a disclosure requirement regarding the nature and probability of a transfer in loan servicing.

- Lenders can and often do sell the servicing rights on their loans. Such a sale or transfer of servicing rights does not affect the terms of the loan.

- The borrower will receive a new coupon book or billing statement, directing him or her to send their payments to a new servicing company and address. However, the loan terms remain the same.

Escrow Disclosure

- At the closing, the borrower will receive an escrow disclosure form. This disclosure will display the schedule of projected deposits and withdrawals to the escrow account.
- This schedule will show how much of the monthly payment will go into the escrow account each month.
- The schedule will also indicate the projected dates and amounts for any disbursements from the escrow account.
- For example, the escrow will normally pay the mortgage insurance (PMI) premium each month, the hazard (homeowners) insurance once a year, and property taxes twice a year.

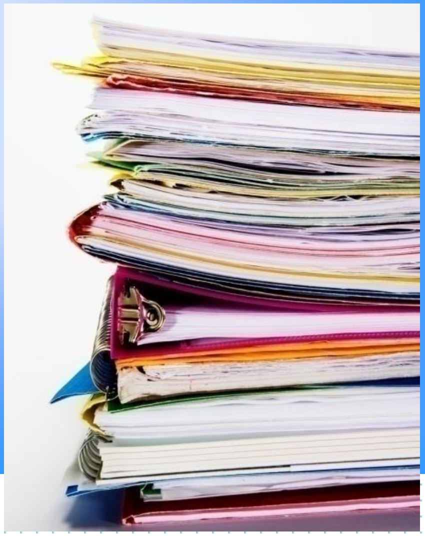
HUD-1 Settlement Statement

- At the closing, the final document that the borrower must review and sign is normally the HUD-1 settlement statement. The settlement statement itemizes the funds collected, disbursed and paid during this loan transaction.
- The settlement statement normally consists of at least two legal-sized pages:
  1. The second (and, when applicable, additional) pages itemize all closing costs paid by the seller, buyer or any relevant parties on behalf of the seller or buyer.
  2. The first page summarizes the charges on the second page and provides a final balance sheet for the loan closing transaction.

A LOOK AT THE UNIFORM RESIDENTIAL LOAN APPLICATION A.K.A. FORM 1003

What’s Needed on a Loan Application?

- Borrower’s personal information such as name, social security number, age
- 2 years address history
- 2 years employment history
- Income information
- Debt information



Let’s take a look at the entire document

I. Type of Mortgage & Terms

- Type of Mortgage
- Terms of Loan
- Interest Rate
- Number of Mos. Amortized
- Amortization Type

Uniform Residential Loan Application

This application is designed to be completed by the applicant(s) with the Lender's assistance. Applicants should complete this form as "Borrower" or "Co-Borrower," as applicable. Co-Borrower information must also be provided (and the appropriate box checked) when ☐ the income or assets of a person other than the Borrower (including the Borrower's spouse) will be used as a basis for loan qualification or ☐ the income or assets of the Borrower's spouse or other person who has community property rights pursuant to state law will not be used as a basis for loan qualification, but his or her liabilities must be considered because the spouse or other person has community property rights pursuant to applicable law and Borrower resides in a community property state, the security property is located in a community property state, or the Borrower is relying on other property located in a community property state as a basis for repayment of the loan.

If this is an application for joint credit, Borrower and Co-Borrower each agree that we intend to apply for joint credit (sign below):

Borrower ____________________ Co-Borrower ____________________

I. TYPE OF MORTGAGE AND TERMS OF LOAN

Mortgage Applied for:	☐ VA ☐ FHA	☐ Conventional ☐ USDA/Rural Housing Service	☐ Other (explain):	Agency Case Number	Lender Case Number
Amount $	Interest Rate %	No. of Months	**Amortization Type:**	☐ Fixed Rate ☐ GPM	☐ Other (explain): ☐ ARM (type):

II. Property Info & Purpose Of Loan

- Subject Address
- Legal Description
- Number of Units
- Year Built
- Purpose of Loan
- Property Type
- Construction/Refi

- Improvements
- Title
- Source of Funds
- Estate

II. PROPERTY INFORMATION AND PURPOSE OF LOAN

Subject Property Address (street, city, state & ZIP)	No. of Units
Legal Description of Subject Property (attach description if necessary)	Year Built

Purpose of Loan ☐ Purchase ☐ Construction ☐ Other (explain): ☐ Refinance ☐ Construction-Permanent	Property will be: ☐ Primary Residence ☐ Secondary Residence ☐ Investment

Complete this line if construction or construction-permanent loan.

Year Lot Acquired	Original Cost	Amount Existing Liens	(a) Present Value of Lot	(b) Cost of Improvements	Total (a + b)
	$	$	$	$	$

Complete this line if this is a refinance loan.

Year Acquired	Original Cost	Amount Existing Liens	Purpose of Refinance	Describe Improvements ☐ made ☐ to be made
	$	$		Cost: $

Title will be held in what Name(s)	Manner in which Title will be held	Estate will be held in: ☐ Fee Simple ☐ Leasehold (show expiration date)
Source of Down Payment, Settlement Charges, and/or Subordinate Financing (explain)		

III. Borrower Information

- Name
- Age
- Social Security #
- Phone
- Yrs. In School
- Marital Status
- Dependents

- Address
- Own/Rent
- Yrs. @ Current Address
- Previous Address
- Co-borrower Info

Borrower	III. BORROWER INFORMATION	Co-Borrower

Borrower's Name (include Jr. or Sr. if applicable)	Co-Borrower's Name (include Jr. or Sr. if applicable)

Social Security Number	Home Phone (incl. area code)	DOB (mm/dd/yyyy)	Yrs. School	Social Security Number	Home Phone (incl. area code)	DOB (mm/dd/yyyy)	Yrs. School

☐ Married ☐ Unmarried (include ☐ Separated single, divorced, widowed)	Dependents (not listed by Co-Borrower) no.	ages	☐ Married ☐ Unmarried (include ☐ Separated single, divorced, widowed)	Dependents (not listed by Borrower) no.	ages

Present Address (street, city, state, ZIP) ☐ Own ☐ Rent ___No. Yrs.	Present Address (street, city, state, ZIP) ☐ Own ☐ Rent ___No. Yrs.
Mailing Address, if different from Present Address	Mailing Address, if different from Present Address

If residing at present address for less than two years, complete the following:

Former Address (street, city, state, ZIP) ☐ Own ☐ Rent ___No. Yrs.	Former Address (street, city, state, ZIP) ☐ Own ☐ Rent ___No. Yrs.

IV. Employment Information

- Employer Name & Address
- Yrs. On Job
- Yrs./Line of Work
- Position/Title/Type of Business
- Phone

- Previous Employer
- Dates To-From
- Monthly Income
- Co-Borrower Employment Info

Borrower	IV. EMPLOYMENT INFORMATION		Co-Borrower		
Name & Address of Employer ☐ Self Employed		Yrs. on this job	Name & Address of Employer ☐ Self Employed		Yrs. on this job
		Yrs. employed in this line of work/profession			Yrs. employed in this line of work/profession
Position/Title/Type of Business	Business Phone (incl. area code)		Position/Title/Type of Business	Business Phone (incl. area code)	

If employed in current position for less than two years or if currently employed in more than one position, complete the following:

V. Income & Combined Expense

- Base Income
- OT/Bonus/Comm.
- Dividends/Interest
- Rental
- Other Income
- Combined Monthly Housing Expense

- Present Rent/Mtg.
- Other financing
- Insurance/Taxes/MI
- HOA
- Other Expenses
- Total
- Proposed

V. MONTHLY INCOME AND COMBINED HOUSING EXPENSE INFORMATION

Gross Monthly Income	Borrower	Co-Borrower	Total	Combined Monthly Housing Expense	Present	Proposed
Base Empl. Income*	$	$	$	Rent	$	
Overtime				First Mortgage (P&I)		$
Bonuses				Other Financing (P&I)		
Commissions				Hazard Insurance		
Dividends/Interest				Real Estate Taxes		
Net Rental Income				Mortgage Insurance		
Other (before completing, see the notice in "describe other income," below)				Homeowner Assn. Dues		
				Other:		
Total	$	$	$	**Total**	$	$

* Self Employed Borrower(s) may be required to provide additional documentation such as tax returns and financial statements.

Describe Other Income

Notice: **Alimony, child support, or separate maintenance income need not be revealed if the Borrower (B) or Co-Borrower (C) does not choose to have it considered for repaying this loan.**

B/C		Monthly Amount
		$

VI. Assets & Liabilities

- List of ALL Accounts in Assets & Liabilities
- Account Numbers
- Account Balance
- Name & Address of Institution
- Monthly Payments and Months Left to Pay
- Unpaid Balances

VI. ASSETS AND LIABILITIES

This Statement and any applicable supporting schedules may be completed jointly by both married and unmarried Co-Borrowers if their assets and liabilities are sufficiently joined so that the Statement can be meaningfully and fairly presented on a combined basis; otherwise, separate Statements and Schedules are required. If the Co-Borrower section was completed about a non-applicant spouse or other person, this Statement and supporting schedules must be completed about that spouse or other person also.

Completed ☐ Jointly ☐ Not Jointly

ASSETS Description	Cash or Market Value	**Liabilities and Pledged Assets.** List the creditor's name, address, and account number for all outstanding debts, including automobile loans, revolving charge accounts, real estate loans, alimony, child support, stock pledges, etc. Use continuation sheet, if necessary. Indicate by (*) those liabilities, which will be satisfied upon sale of real estate owned or upon refinancing of the subject property.		
Cash deposit toward purchase held by:	$			
List checking and savings accounts below		**LIABILITIES**	**Monthly Payment & Months Left to Pay**	**Unpaid Balance**
Name and address of Bank, S&L, or Credit Union		Name and address of Company	$ Payment/Months	$
Acct. no.	$	Acct. no.		
Name and address of Bank, S&L, or Credit Union		Name and address of Company	$ Payment/Months	$
Acct. no.	$	Acct. no.		
Name and address of Bank, S&L, or Credit Union		Name and address of Company	$ Payment/Months	$
Acct. no.	$	Acct. no.		

VII. Details of Transaction

- Be Accurate !
- Validate Your Good Faith Estimate (GFE) w/Your Vendors !
- Check Your Numbers !
- Get Help If You Need It !

VII. DETAILS OF TRANSACTION		
a.	Purchase price	$
b.	Alterations, improvements, repairs	
c.	Land (if acquired separately)	
d.	Refinance (incl. debts to be paid off)	
e.	Estimated prepaid items	
f.	Estimated closing costs	
g.	PMI, MIP, Funding Fee	
h.	Discount (if Borrower will pay)	
i.	Total costs (add items a through h)	

VII. DETAILS OF TRANSACTION		
j.	Subordinate financing	
k.	Borrower's closing costs paid by Seller	
l.	Other Credits (explain)	
m.	Loan amount (exclude PMI, MIP, Funding Fee financed)	
n.	PMI, MIP, Funding Fee financed	
o.	Loan amount (add m & n)	
p.	Cash from/to Borrower (subtract j, k, l & o from i)	

VIII. Declarations

- A list of questions that has to be answered by each borrowers applying for loan.
- Loan officer has to Check this information against the credit report and title report.
- Loan Officer has to Work with the underwriter and borrower to get issues resolved.

VIII. DECLARATIONS

If you answer "Yes" to any questions a through i, please use continuation sheet for explanation.	**Borrower** Yes	**Borrower** No	**Co-Borrower** Yes	**Co-Borrower** No
a. Are there any outstanding judgments against you?	☐	☐	☐	☐
b. Have you been declared bankrupt within the past 7 years?	☐	☐	☐	☐
c. Have you had property foreclosed upon or given title or deed in lieu thereof in the last 7 years?	☐	☐	☐	☐
d. Are you a party to a lawsuit?	☐	☐	☐	☐
e. Have you directly or indirectly been obligated on any loan which resulted in foreclosure, transfer of title in lieu of foreclosure, or judgment? (This would include such loans as home mortgage loans, SBA loans, home improvement loans, educational loans, manufactured (mobile) home loans, any mortgage, financial obligation, bond, or loan guarantee. If "Yes," provide details, including date, name, and address of Lender, FHA or VA case number, if any, and reasons for the action.)	☐	☐	☐	☐

VIII. DECLARATIONS				
If you answer "Yes" to any questions a through i, please use continuation sheet for explanation.	Borrower		Co-Borrower	
	Yes	No	Yes	No
f. Are you presently delinquent or in default on any Federal debt or any other loan, mortgage, financial obligation, bond, or loan guarantee?	☐	☐	☐	☐
g. Are you obligated to pay alimony, child support, or separate maintenance?	☐	☐	☐	☐
h. Is any part of the down payment borrowed?	☐	☐	☐	☐
i. Are you a co-maker or endorser on a note?	☐	☐	☐	☐
---				
j. Are you a U.S. citizen?	☐	☐	☐	☐
k. Are you a permanent resident alien?	☐	☐	☐	☐
l. **Do you intend to occupy the property as your primary residence?** If Yes," complete question m below.	☐	☐	☐	☐
m. Have you had an ownership interest in a property in the last three years?	☐	☐	☐	☐
(1) What type of property did you own—principal residence (PR), second home (SH), or investment property (IP)?	________		________	
(2) How did you hold title to the home— by yourself (S), jointly with your spouse (SP), or jointly with another person (O)?	________		________	

IX. Acknowledgement & Agreement

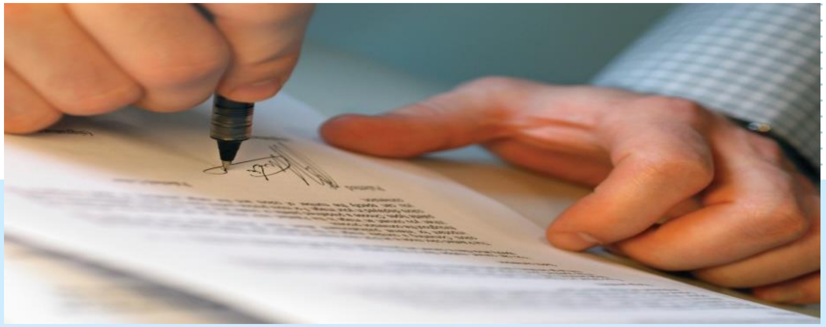
- If LO takes the application in person, the customers may sign it at that time.
- If LO take the application over the phone, the customers must sign both the handwritten application and the typed application.

IX. ACKNOWLEDGEMENT AND AGREEMENT

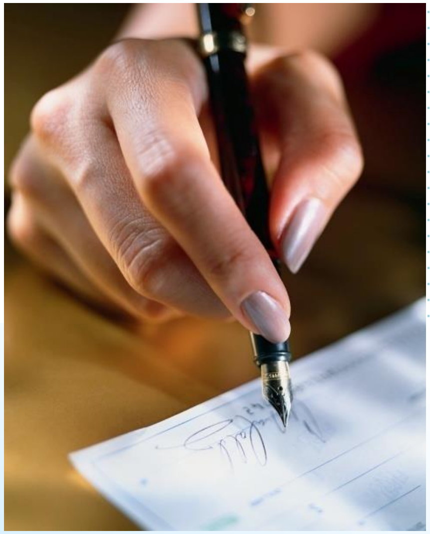
Each of the undersigned specifically represents to Lender and to Lender's actual or potential agents, brokers, processors, attorneys, insurers, servicers, successors and assigns and agrees and acknowledges that: (1) the information provided in this application is true and correct as of the date set forth opposite my signature and that any intentional or negligent misrepresentation of this information contained in this application may result in civil liability, including monetary damages, to any person who may suffer any loss due to reliance upon any misrepresentation that I have made on this application, and/or in criminal penalties including, but not limited to, fine or imprisonment or both under the provisions of Title 18, United States Code, Sec. 1001, et seq.; (2) the loan requested pursuant to this application (the "Loan") will be secured by a mortgage or deed of trust on the property described in this application; (3) the property will not be used for any illegal or prohibited purpose or use; (4) all statements made in this application are made for the purpose of obtaining a residential mortgage loan; (5) the property will be occupied as indicated in this application; (6) the Lender, its servicers, successors or assigns may retain the original and/or an electronic record of this application, whether or not the Loan is approved; (7) the Lender and its agents, brokers, insurers, servicers, successors, and assigns may continuously rely on the information contained in the application, and I am obligated to amend and/or supplement the information provided in this application if any of the material facts that I have represented herein should change prior to closing of the Loan; (8) in the event that my payments on the Loan become delinquent, the Lender, its servicers, successors or assigns may, in addition to any other rights and remedies that it may have relating to such delinquency, report my name and account information to one or more consumer reporting agencies; (9) ownership of the Loan and/or administration of the Loan account may be transferred with such notice as may be required by law; (10) neither Lender nor its agents, brokers, insurers, servicers, successors or assigns has made any representation or warranty, express or implied, to me regarding the property or the condition or value of the property; and (11) my transmission of this application as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or my facsimile transmission of this application containing a facsimile of my signature, shall be as effective, enforceable and valid as if a paper version of this application were delivered containing my original written signature.

Acknowledgement. Each of the undersigned hereby acknowledges that any owner of the Loan, its servicers, successors and assigns, may verify or reverify any information contained in this application or obtain any information or data relating to the Loan, for any legitimate business purpose through any source, including a source named in this application or a consumer reporting agency.

Borrower's Signature X	Date	Co-Borrower's Signature X	Date



Why is it important that the borrowers AND the Loan Officer sign the application?



Because…...

The signatures *ATTEST* to the fact that the information provided on the application is true and correct as well as *HOW* the application was taken (phone, in-person or mail)

X. Government Monitoring

Loan Officer must complete this portion even if the borrowers do not want to disclose !! The Home Mortgage Disclosure Act (HMDA) requires that all applicants disclose this info or the Loan Officer must disclose to the best of his/her ability !!!

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. The law provides that a lender may not discriminate either on the basis of this information, or on whether you choose to furnish it. If you furnish the information, please provide both ethnicity and race. For race, you may check more than one designation. If you do not furnish ethnicity, race, or sex, under Federal regulations, this lender is required to note the information on the basis of visual observation and surname if you have made this application in person. If you do not wish to furnish the information, please check the box below. (Lender must review the above material to assure that the disclosures satisfy all requirements to which the lender is subject under applicable state law for the particular type of loan applied for.)

BORROWER	☐ I do not wish to furnish this information	CO-BORROWER	☐ I do not wish to furnish this information
Ethnicity:	☐ Hispanic or Latino ☐ Not Hispanic or Latino	Ethnicity:	☐ Hispanic or Latino ☐ Not Hispanic or Latino
Race:	☐ American Indian or Alaska Native ☐ Asian ☐ Black or African American ☐ Native Hawaiian or Other Pacific Islander ☐ White	Race:	☐ American Indian or Alaska Native ☐ Asian ☐ Black or African American ☐ Native Hawaiian or Other Pacific Islander ☐ White
Sex:	☐ Female ☐ Male	Sex:	☐ Female ☐ Male

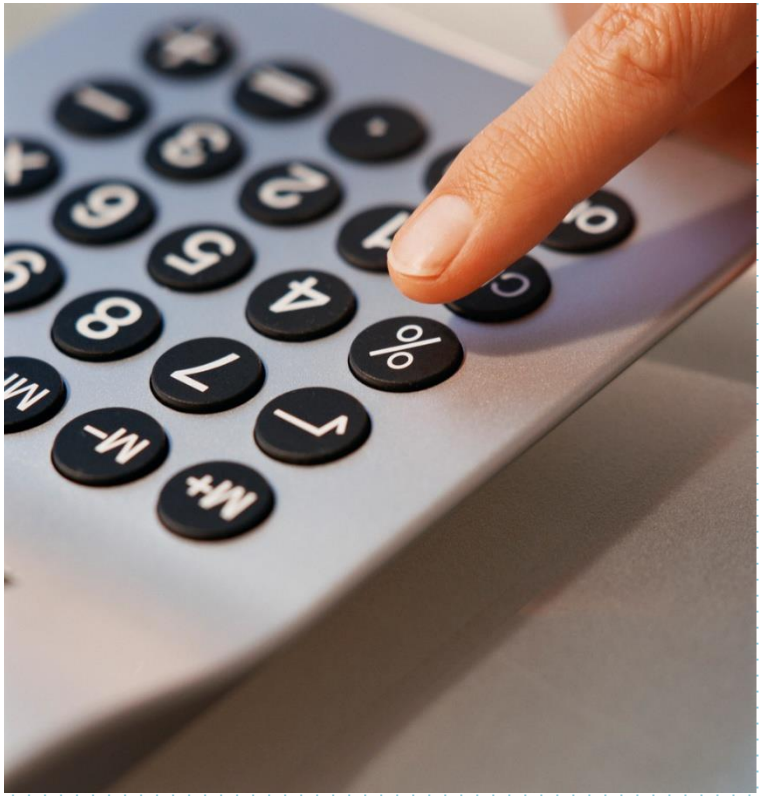
To be Completed by Loan Originator:

This information was provided:

- ☐ In a face-to-face interview
- ☐ In a telephone interview
- ☐ By the applicant and submitted by fax or mail
- ☐ By the applicant and submitted via e-mail or the Internet

Loan Originator's Signature X		Date
Loan Originator's Name (print or type)	Loan Originator Identifier	Loan Originator's Phone Number (including area code)
Loan Origination Company's Name	Loan Origination Company Identifier	Loan Origination Company's Address

MORTGAGE MATHS



Calculating Income

- Hourly, Full Time or Part Time
- Salaried, Weekly or Bi-weekly
- Commissioned
- Bonus
- Overtime
- Self Employed
- Retirement
- Rental
- Dividends/Interest

Hourly Income

$9.00 Gross Hourly Wage
40 Average Hours, Paid Weekly

$9.00 X 40 Hours = $360.00 X 52 Weeks = $18,720/12 =

$1,560.00 Gross Monthly Income

Hourly Income, Part Time

Borrowers with part time income should have 24 months employment

\$15.00 X 23 Hours = \$345.00 X 104 Weeks = \$35,880 / 24 =

\$1,495.00 Gross Monthly Income

Salaried Income

$825.00 weekly, salaried gross paycheck

$825.00 weekly gross X 52 weeks =
$42,900/12 =

$3,575.00 gross monthly income

$1,361.00 bi-weekly, salaried gross paycheck

$1,361.00 weekly gross X 26 weeks =
$35,386.00/12 =

$2,948.83 gross monthly income

Overtime Income

Your customer should have 24 months of overtime income for the income to be acceptable !

You should review W-2 Forms and Paystubs to calculate the average overtime income !

$18,720.00 base salary
W-2 indicates $26,435.00

$26,435.00 W-2 Statement - $18,720.00 base salary =

$7,715.00/12 = $642.92 average monthly overtime amount

Commissioned Income

Base Salary $25,000.00

2004 W-2	**$66,720.00**
2005 W-2	**$68,671.00**

$66,720.00 2004 W-2 = $25,000.00 base salary = $41,720.00 commission for 2004

$68,671.00 2005 W-2 = $25,000.00 base salary = $43,671.00 commission for 2005

$41,720.00 (2004) + $43,671.00 (2005) = $85,391.00/24 months = $3,557.96 average monthly commission income.

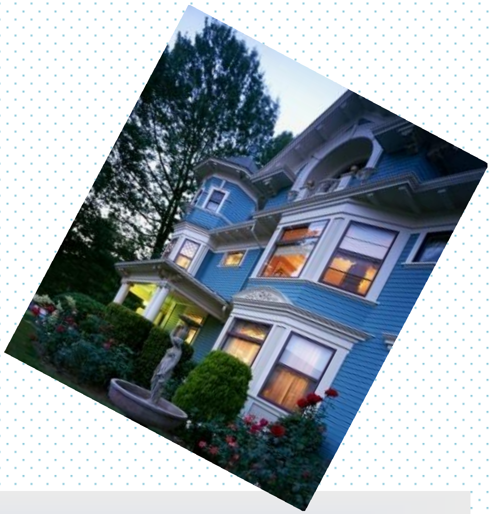
Bonus Income

Calculating bonus income is virtually the same as calculating commission income. You must take a 24 month average and divide in order to receive a monthly bonus amount. Additionally, a Verification of Employment should accompany any W-2s and paystubs indicating the likelihood of continued bonus amounts.

Retirement Income

For borrowers with retirement income, you are able to gross it up by 1.25% (if amount is NOT taxed). For pensions, you will need to obtain award letters or copy of bank statements. You should check with specific lender guidelines for how many months bank statements will be required.

Rental Income

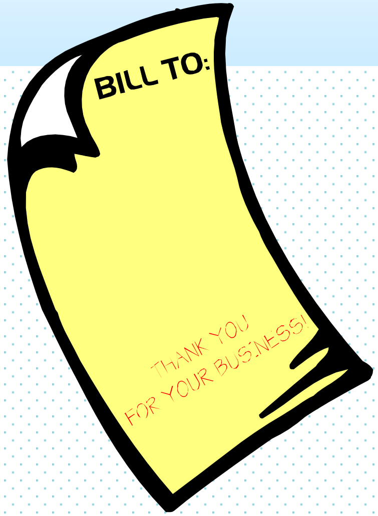


On the Schedule E portion of the tax return, you will find the gross rental receipts. You must multiply this by 75% LESS the current mortgage payment and divide by 12 to get the *monthly* rental income

$10,800.00 gross rental receipts
$5,400.00 yearly mortgage payments
$10,800.00 gross rental receipts X 75% = $8,100.00
- $5,400.00 annual mortgage payments =
$2,700.00/12 = $225.00 monthly rental income

Dividend/Interest Income

If a borrower has dividends or interest income, you may use the actual amount of income received. It is common for a lender to require at least 12 months of bank statements showing regular monthly deposits from a financial institution.



Loan-to-Value Ratio (LTV)

The Loan-to-Value ratio is a percentage that refers to the amount of the loan divided by either the property's Appraised Value or current Purchase Price whichever is less.

The inverse of the LTV ratio on a purchase loan is the down payment.

For example, if the lender's LTV ratio on a particular loan is 90%, then the borrower must come up with the remaining 10% as the down payment.

Calculating Loan To Value

- Divide the loan amount by the purchase price or appraised value whichever is lower.

Example:

- $90,000 loan amount/ $100,000 purchase price = 90% LTV

Cumulative Loan To Value (CLTV)

- Cumulative Loan To Value (CLTV) is calculated when there is a 2nd mortgage or other financing in addition to the first. One reason why a borrower may want a 2nd mortgage or other financing for a purchase transaction is to avoid mortgage insurance.

- **EXAMPLE:**
- $200,000.00 purchase price
- $160,000.00 first mortgage
- + 20,000.00 second mortgage
- =180,000.00 cumulative liens

- $160,000.00 (80%) + $20,000.00 (10%) = $180,000.00 / $200,000.00 purchase price = 90% CLTV

Housing Ratio

Is Also Known As The…

Front End Ratio

The Front End Ratio Consists Of

- Principal & Interest Payment
- Monthly Real Estate Taxes
- Monthly Homeowners Insurance
- Monthly MI (if applicable)
- Monthly HOA (if applicable)

Example…

$	4,350.00	Borrower's Gross Monthly Income
$	900.00	Principal & Interest Payment
$	125.00	Real Estate Taxes
$	55.00	Homeowners Insurance
$	60.00	Mortgage Insurance
$	10.00	HOA Dues
$	1,150.00	Total Monthly Payment

$1,150.00 / $4,350.00 = **26% Housing Ratio (a.k.a. front end ratio)**

Total Debt Ratio

Is Also Known As The Back End Ratio

The Total Debt Ratio Consists Of…

- Housing Payment (PITI)
- Monthly Car Payments
- Monthly Minimum Credit Card Payments
- Monthly Student Loan Payments
- Any Other Monthly Debt

Example….

$	4,350.00	Borrower's Gross Monthly Income
$	1,150.00	Total Housing Expense (PITI)
$	550.00	Car Payment
$	135.00	Student Loan Payment
$	25.00	Credit Card Payment
$	15.00	Credit Card Payment #2
$	1,875.00	Total Debts

$1,875.00 / $4,350.00 gross monthly income = **43% total debt ratio**

Supporting Documentation

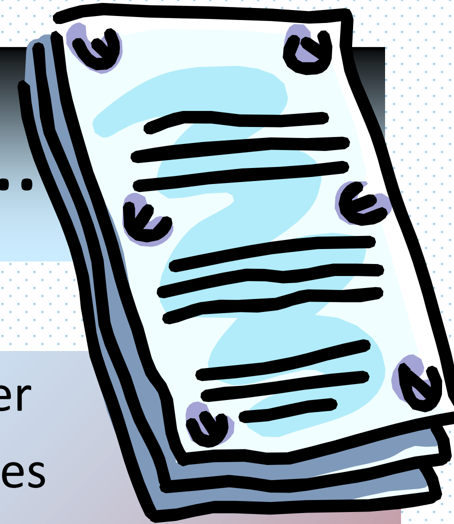
What's Included In A Loan File?

- Credit Report
- Income Verification
- Verifications of Deposit
- Mortgage Verification
- Appraisal
- Title Binder/Commitment
- Purchase Agreement

Credit Report

- A consumer credit report is a factual record of an individual's payment history as reported by his/her creditors.
- A credit report provides a snapshot of your credit accounts, repayment record and how well you are coping with your finances.
- Credit reports are most frequently used to help lenders quickly and objectively decide whether to grant credit to an applicant.
- The credit report is used to assess the borrower's willingness to meet his or her debt obligations. Seven years of credit history is generally considered adequate.
- Payment history, whether derogatory or good, provides a picture of the borrower's payment character.
- Underwriters place heavy emphasis on paying habits as a key indicator of whether the borrower is a high or low risk.

Credit Report Includes…

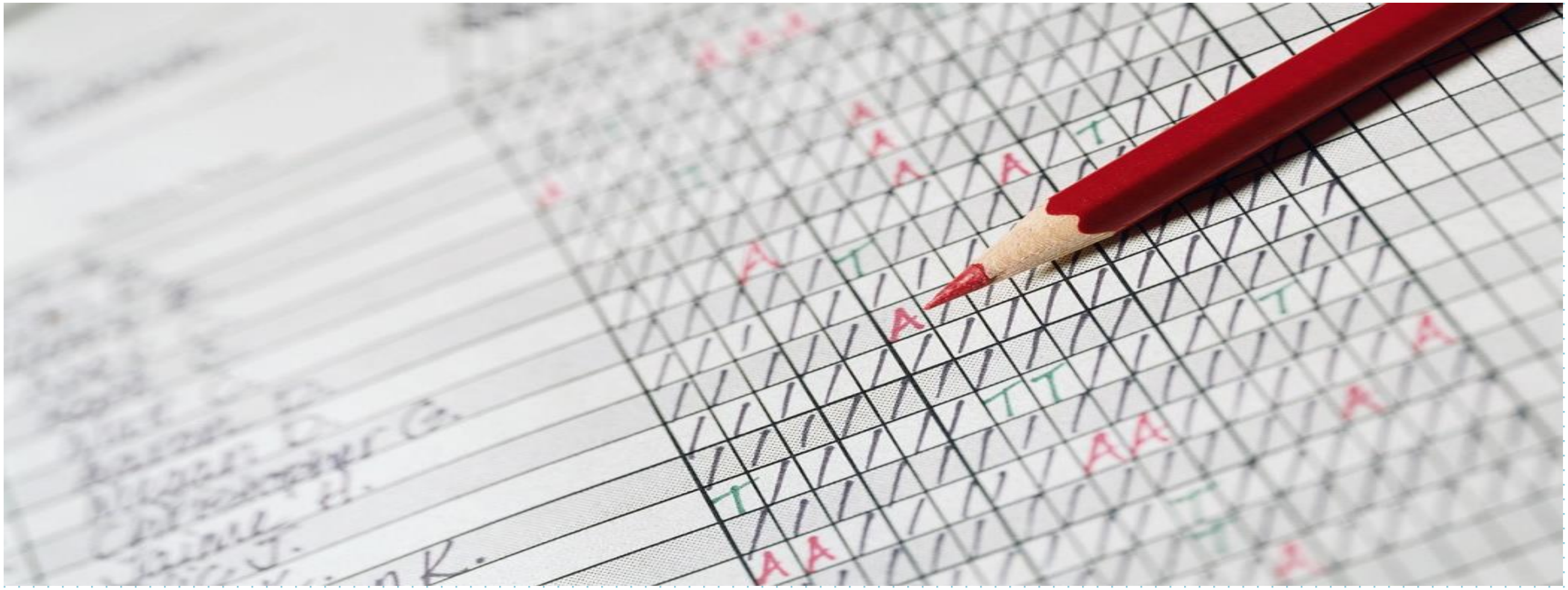


- Subject's name (borrower)
- Social Security Number
- Spouse's Name
- Current Address and Length of time at address
- Present Employer and Position
- Salary
- Length of Employment
- Date of Birth
- Number of Dependents
- Whether Subject owns or rents at current address

- Previous Employer
- Previous Addresses
- Late payments
- Recent inquiries
- Listing of all accounts known to the bureau, including terms, balances, payment ratings, and account holder designation.
- A list of public records, such as suits, judgments, foreclosures, bankruptcies, Divorce

Types of Credit Reports

- Single Bureau Credit Reports
- 3 Bureau Credit Reports



Single Bureau Credit Reports

- A single bureau credit report provides your credit information from only one of the three major credit bureaus (an Experian credit report, Equifax credit report, or TransUnion credit report).
- Technically, the three major credit bureaus are supposed to house the same credit report information, but they don't always.
- Therefore, it's possible that the credit report you choose to order only provides 1/3 of your whole credit picture.
- For a complete picture of your credit history, your best bet is to order a three bureau credit report.

3 Bureau Credit Reports

- A 3 bureau online credit report provides your credit from all three major credit bureaus, Experian, Equifax and TransUnion.
- The 3 bureau credit report lists all of borrower credit accounts, line-by-line, bureau by bureau, which allows you to see *everything* that's being reported about your credit and your financial history.
- Larger banks usually report credit information to all three major credit bureaus, but smaller banks and other lenders may report your credit information to only one.
- Therefore, as discussed in the previous slide, the credit report at one bureau won't necessarily match your credit report at another.
- For the most complete picture of your credit history, a 3 bureau credit report is your smartest option.
- A 3 bureau credit report will paint a clear picture of all your files so you no longer have any doubts regarding your credit history.

Credit reports used by mortgage companies are typically tri-merge reports which include information from all 3 major credit reporting bureaus

What is a Credit Score?

- A credit score is a number that summarizes the borrower’s credit risk, based on a snapshot of his/her credit report at a particular point of time.
- Credit scores range from 300 to 900, with the majority of scores falling in the range of 500 to 750. The general scoring range is 350-850.
- A credit score helps lenders to evaluate borrower’s credit risk.
- The most widely used credit scores are FICO Scores, the credit scores created by FICO.

Credit Score Risk Categories

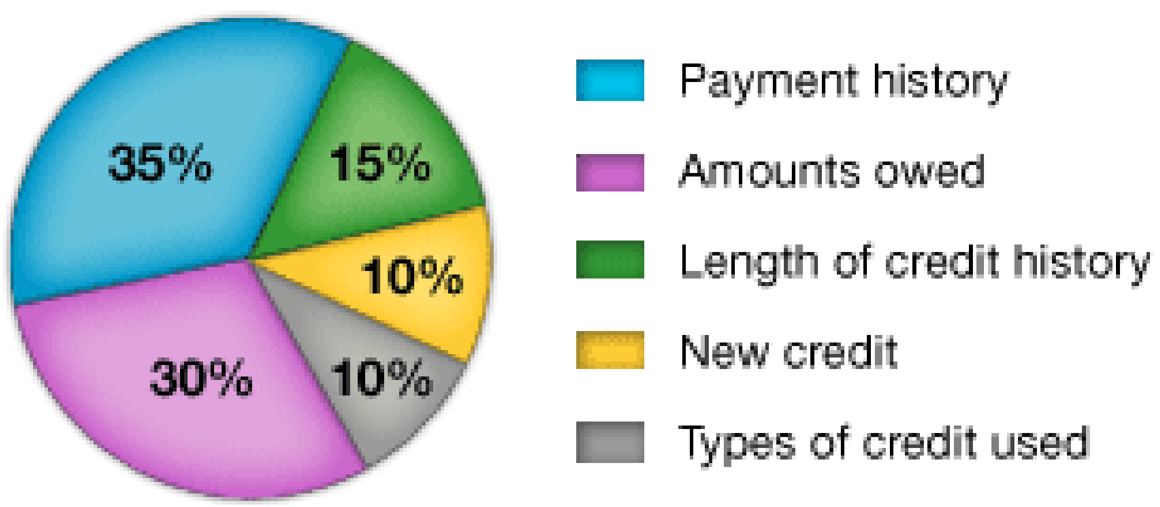
- Fair Isaac divides the scoring range into five risk categories:
  - 780-850 Low Risk
  - 740-780 Medium-Low Risk
  - 690-740 Medium Risk
  - 620-690 Medium-High Risk
  - 620 and Below High Risk or "sub-prime"

FICO Scores

Credit Reporting Agency	FICO Score Name
Equifax	BEACON Score
Experian	Experian / FICO Risk Model
TransUnion	EMPIRICA

Components of FICO Scores

- FICO Scores are calculated from a lot of different credit data in your credit report. This data can be grouped into five categories as outlined below. The percentages in the chart reflect how important each of the categories is in determining your FICO score.
- These percentages are based on the importance of the five categories for the general population.



http://www.myfico.com/crediteducation/creditscores.aspx

FICO Components – Payment History

- Account payment information on specific types of accounts (credit cards, retail accounts, instalment loans, finance company accounts, mortgage, etc.)
- Presence of adverse public records (bankruptcy, judgements, suits, liens, wage attachments, etc.), collection items, and/or delinquency (past due items)
- Severity of delinquency (how long past due)
- Amount past due on delinquent accounts or collection items
- Time since (recency of) past due items (delinquency), adverse public records (if any), or collection items (if any)
- Number of past due items on file
- Number of accounts paid as agreed

FICO Components – Amounts Owed

- Amount owing on accounts
- Amount owing on specific types of accounts
- Lack of a specific type of balance, in some cases
- Number of accounts with balances
- Proportion of credit lines used (proportion of balances to total credit limits on certain types of revolving accounts)
- Proportion of instalment loan amounts still owing (proportion of balance to original loan amount on certain types of installment loans)

FICO Components – Length of Credit History

- Time since accounts opened
- Time since accounts opened, by specific type of account
- Time since account activity

FICO Components – Types of Credit Used

- Number of (presence, prevalence, and recent information on) various types of accounts (credit cards, retail accounts, instalment loans, mortgage, consumer finance accounts, etc.)

FICO Components – New Credit

- Number of recently opened accounts, and proportion of accounts that are recently opened, by type of account
- Number of recent credit inquiries
- Time since recent account opening(s), by type of account
- Time since credit inquiry(s)
- Re-establishment of positive credit history following past payment problems

Your FICO® score:

754

On January 18, 2008

Your score is very good

Your score is above the average score of U.S. consumers and demonstrates to lenders that you are a very dependable borrower.

- FICO® Scores range between 300 and 850
- Higher scores are better scores
- The higher your score, the more favorably lenders look upon you as a credit risk

Your FICO® score is based on the information in your credit report. Below are factors in your credit report that are hurting or helping your score:

FICO® score ingredients	How you rate
Payment history Your history of paying bills on time.	Great
Amount of debt Your total amount of outstanding debt.	Very Good
Length of credit history How long you've had credit.	Not Good
Amount of new credit Amount of credit you've recently obtained or applied for.	Very Good

What’s in the Credit Report

- Although each credit reporting agency formats and reports this information differently, all credit reports contain basically the same categories of information. Your social security number, date of birth and employment information are used to identify you. These factors are not used in credit scoring. Updates to this information come from information you supply to lenders.
  - Identifying Information
  - Trade Lines
  - Credit Inquiries
  - Public Records and Collection Items.

Identifying Information

- Your name, address, Social Security number, date of birth and employment information are used to identify you.
- These factors are not used in credit scoring.
- Updates to this information come from information you supply to lenders.

Trade Lines

- These are your credit accounts.
- Lenders report on each account you have established with them.
- They report the type of account (bankcard, auto loan, mortgage, etc), the date you opened the account, your credit limit or loan amount, the account balance and your payment history.

Credit Inquiries

- Credit inquiries are records created when someone looks at your credit information. Credit inquiries are either "hard inquiries," as when a business views your credit report in connection with an application for credit, or "soft inquiries" when your credit is checked for most other reasons.
- When you submit a credit card application, a hard credit inquiry appears on your credit report and may have an effect on your credit. When you monitor your own credit report, or when someone checks it to make you a pre-approved credit offer, that creates a soft inquiry that is not seen by others, and will not have any impact on your credit score.
- When you apply for a loan, you authorize your lender to ask for a copy of your credit report. This is how inquiries appear on your credit report.
- The inquiries section contains a list of everyone who accessed your credit report within the last two years.
- The report you see lists both "voluntary" inquiries, spurred by your own requests for credit, and "involuntary" inquires, such as when lenders order your report so as to make you a pre-approved credit offer in the mail.

Public Records & Collection Items

- Credit reporting agencies also collect public record information from state and county courts, and information on overdue debt from collection agencies.
- Public record information includes bankruptcies, foreclosures, suits, wage attachments, liens and judgments.

Prepared By:	Prepared For:	
Avantus 600 Saw Mill Rd. West Haven, CT 06516 203-931-2050 Fax: 203-931-2055	**AVANTUS TEST CUSTOMER** 600 Saw Mill West Haven, CT 06516	Report ID 54323 Customer Code B1234 Requested By mjd

Ordered	Released	Reissued	Repositories Requested
04/29/2009	04/29/2009		TransUnion, Experian, Equifax

Applicant		Co-Applicant	
Name Nickie Green	Social Security Number 123-00-3333	Name	Social Security Number
Current Address 100 Terrace Av West Haven, CT 06516		Current Address	

TransUnion	Experian	Equifax	TransUnion	Experian	Equifax
FICO Risk Score, Classic (04) **730**	Fair Isaac **[732]**	Beacon 5.0 **734**			
Credit Assure™ **+2** We found opportunities to raise your credit score by 2 points with the default settings.	Credit Assure™ **+22** We found opportunities to raise your credit score by 22 points with the default settings.	Credit Assure™ **OK** We did not find opportunities to raise your credit score with the default settings.			

*** Available cash is set at $2,500. Timeframe: Rapid Rescore mode.** CreditXpert(R) products are based on information derived from credit reports produced by the major credit reporting agencies. CreditXpert Inc. is not responsible for inaccurate results due to incorrect, missing, or outdated credit report information. CreditXpert Inc. does not represent that CreditXpert Credit Scores(TM) are identical or similar to credit scores produced by any other company. CreditXpert Inc. is not associated with Fair Isaac Corporation. Score changes predicted by CreditXpert products are only estimates and are not guaranteed. CreditXpert Inc. is not a credit counseling or a credit repair organization. THE FOREGOING IS NOT INTENDED TO PROVIDE OR IMPLY WARRANTIES OF ANY KIND. CREDITXPERT PRODUCTS ARE PROVIDED ON AN "AS IS" BASIS, AND CREDITXPERT INC. AND ITS DISTRIBUTORS DISCLAIM ANY AND ALL WARRANTIES, EITHER EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT, SYSTEM INTEGRATION, NON-INTERFERENCE AND/OR ACCURACY OF INFORMATIONAL CONTENT. Copyright (c) 2000-2007, CreditXpert Inc. All rights reserved. CreditXpert(R) is a registered trademark of CreditXpert Inc.

SCANNED BY CREDIT ASSURE™

Fraud Messages

Date	Reported On	Comment
04/29/2009		Authorized User Alert: 4% of Satisfactory Open Revolving Accounts are Authorized User Accounts *

Credit Summary

							Historical Late Payments			
Account Type	Number of Accounts	Open Accounts	Accounts Currently Past Due	Past Due	Payment	Balance	Accounts	30 Days	60 Days	90+ Days
Mortgage	0	0	0	$0	$0	$0	0	0	0	0
Installment	5	0	0	$0	$0	$0	1	5	5	0
Revolving/Credit Line	28	25	0	$0	$491	$16,742	2	3	1	0
Totals	33	25	0	$0	$491	$16,742	3	8	6	0

Number of Public Records:	0	Available Credit:	$86,186
Number of Collections/Charge-offs:	0	Revolving/Credit Line Used:	16%
Bankruptcy:	No	Number of Inquiries:	8
		Number of Authorized User Accounts:	2

Late Payment History

1	Current	4	90-119 Days Late	8	Repossession
2	30-59 Days Late	5	120-149 Days Late	9	Charged Off / Collection
3	60-89 Days Late	6	150+ Days Late	X	No Data Available

		2005								2006											
Trade	Type	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
AHM (1112)	Inst	3	3	X	X	X	X	X	X	X	X	X	X	1	X	X	X	X	X	X	X
FST USA BK B (0931)	Rev	1	1	2	2	3	1	1	1	1	1	1	1	1	1	1	1	1			

		2007												2008												2009			
Trade	Type	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A
AHM (1112)	Inst	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
FST USA BK B (0931)	Rev																												

Prepared By:	Prepared For:	Report ID
Avantus 600 Saw Mill Rd. West Haven, CT 06516 203-931-2050 Fax: 203-931-2055	AVANTUS TEST CUSTOMER 600 Saw Mill West Haven, CT 06516	54323 Customer Code B1234 Requested By mjd

Ordered	Released	Reissued	Repositories Requested
04/29/2009	04/29/2009		TransUnion, Experian, Equifax

Applicant

Name	Social Security Number	Age	Dependents	Marital Status
Nickie Green	123-00-3333			

Current Address	Former Address
100 Terrace Av West Haven, CT 06516	

Employer	Former Employer
Centes Package Store Bridgeport, CT	

Co-Applicant

Name	Social Security Number	Age	Dependents	Marital Status

Current Address	Former Address

Employer	Former Employer

Repository Files

Name	Social Security Number	Repository	Score(s)	Pulled	File ID
Nickie C. Green	123-00-3333	TransUnion	730	04/29/2009	TUC-A1
Nickie C. Green	123-00-3333	Experian	[732]	04/29/2009	EXP-A1
Nickie C. Green	123-00-3333	Equifax	734	04/29/2009	EQX-A1

Credit Score Information

Score	Name	Repository	Model	Developed By	Range	Calculated	Reported On
730	Nickie C. Green	TransUnion	FICO Risk Score, Classic (04)	Fair Isaac	250-900	04/29/2009	TUC-A1

Factors (018, 030, 012, 010)
- Number of accounts with delinquency
- Time since most recent account opening is too short
- Length of time revolving accounts have been established
- Proportion of balances to credit limits is too high on bank revolving or other revolving accounts
- Score value was adversely affected by credit inquiries present in the credit file.

Score	Name	Repository	Model	Developed By	Range	Calculated	Reported On
[732]	Nickie C. Green	Experian	Fair Isaac	Fair Isaac	300-850	04/29/2009	EXP-A1

Factors (18, 10, 08, 05)
- Number of accounts delinquent.
- Proportion of balance to high credit on bank revolving or all revolving accounts.
- Number of recent inquiries.
- Number of accounts with balances.

Score	Name	Repository	Model	Developed By	Range	Calculated	Reported On
734	Nickie C. Green	Equifax	Beacon 5.0	Fair Isaac	300-850	04/29/2009	EQX-A1

Factors (30, 18, 23, 5)
- Time since most recent account opening is too short
- Number of accounts with delinquency
- Number of bank or national revolving accounts with balances
- Too many accounts with balances
- Score value was adversely affected by credit inquiries present in the credit file.

Credit History

Summary

Number of Accounts	Number of Open Accounts	Number of Delinquent Accounts	Credit Limit	High Credit	Past Due	Payment	Balance
33	25	0	$108,880	$85,747	$0	$491	$16,742

Creditor	ECOA	Opened	Last Activity	Closed	Reported	Credit Limit	High Credit	Past Due	Payment (Est.)	Balance
AMEX P O Box 7871 Fort Lauderdal, FL 33329	Individual	06/2004	01/2009		01/2009A	$14,500	$5,883	$0	$294	$5,883

Account Type	Collateral	Terms	Reported On	Manner of Payment
Revolving	Credit Card		TUC-A1, EXP-A1, EQX-A1	Current (R01)

Account Number	Months Reviewed	30-59 Days Late	60-89 Days Late	90-119 Days Late	120-149 Days Late	150+ Days Late
186581359125413993	48	0 Times	0 Times	0 Times	0 Times	0 Times

Applicant	Applicant's SSN	Co-Applicant	Co-Applicant's SSN	Loan Number	Report ID
Nickie Green	123-00-3333				54323

Credit History (continued)

CHASE
Bank One Card Serv
Westerville, OH
43081
800-945-2006

Account Number
525831313543

ECOA	Individual
Opened	11/2008
Last Activity	01/2009
Closed	
Reported	01/2009A
Credit Limit	
High Credit	$5,499
Account Type	Open
Collateral	Credit Card
Terms	
Reported On	TUC-A1, EXP-A1, EQX-A1
Manner of Payment	Current (O01)
Months Reviewed	1
30-59 Days Late	0 Times
60-89 Days Late	0 Times
90-119 Days Late	0 Times
120-149 Days Late	0 Times
150+ Days Late	0 Times
Past Due	$0
Payment (Min.)	$107
Balance	$5,379

BOA MBNA
POB 15026
Wilmington, DE
19801

Account Number
4681

ECOA	Individual
Opened	01/2008
Last Activity	01/2009
Closed	
Reported	01/2009A
Credit Limit	$6,000
High Credit	$3,502
Account Type	Revolving
Collateral	Credit Card
Terms	
Reported On	TUC-A1, EXP-A1, EQX-A1
Manner of Payment	Current (R01)
Months Reviewed	12
30-59 Days Late	0 Times
60-89 Days Late	0 Times
90-119 Days Late	0 Times
120-149 Days Late	0 Times
150+ Days Late	0 Times
Past Due	$0
Payment (Min.)	$15
Balance	$2,969

BK OF AMER
PO Box 7028
Dover, DE 19903
800-274-5060

Account Number
599971422963

ECOA	Individual
Opened	03/2007
Last Activity	01/2009
Closed	
Reported	01/2009A
Credit Limit	$11,000
High Credit	$5,428
Account Type	Revolving
Collateral	Credit Card
Terms	
Reported On	TUC-A1, EXP-A1, EQX-A1
Manner of Payment	Current (R01)
Months Reviewed	21
30-59 Days Late	0 Times
60-89 Days Late	0 Times
90-119 Days Late	0 Times
120-149 Days Late	0 Times
150+ Days Late	0 Times
Past Due	$0
Payment (Min.)	$25
Balance	$1,377

GEMB/WALMART
POB 103027
Roswell, GA 30076
877-294-7880

Account Number
714331456132

ECOA	Individual
Opened	01/2003
Last Activity	01/2009
Closed	
Reported	01/2009A
Credit Limit	$3,600
High Credit	$1,817
Account Type	Revolving
Collateral	Charge Account
Terms	
Reported On	TUC-A1, EXP-A1, EQX-A1
Manner of Payment	Current (R01)
Months Reviewed	48
30-59 Days Late	0 Times
60-89 Days Late	0 Times
90-119 Days Late	0 Times
120-149 Days Late	0 Times
150+ Days Late	0 Times
Past Due	$0
Payment (Min.)	$35
Balance	$832

CAPITAL 1 BK
P O Box 85015
Richmond, VA 23285
888-298-2919

Account Number
628916340666

ECOA	Individual
Opened	04/2006
Last Activity	01/2009
Closed	
Reported	01/2009A
Credit Limit	
High Credit	$1,049
Account Type	Revolving
Collateral	Credit Card
Terms	
Reported On	TUC-A1, EXP-A1, EQX-A1
Manner of Payment	Current (R01)
Months Reviewed	34
30-59 Days Late	0 Times
60-89 Days Late	0 Times
90-119 Days Late	0 Times
120-149 Days Late	0 Times
150+ Days Late	0 Times
Past Due	$0
Payment (Min.)	$15
Balance	$302

AHM
600 Saw Mill Rd
West Haven, CT
06516
203-931-2000

Account Number
2210-75105931112

*

ECOA	Individual
Opened	08/2004
Last Activity	07/2005
Closed	
Reported	05/2006A
Credit Limit	
High Credit	$5,182
Account Type	Installment
Collateral	
Terms	
Reported On	EQX-A1, TUC-A1, EXP-A1
Maximum Delinquency	06/2005, 60-89 Days Late
Manner of Payment	Current (I01)
Months Reviewed	21
30-59 Days Late	5 Times 04/2005, 03/2005, 02/2005, 12/2004, 10/2004
60-89 Days Late	5 Times 06/2005, 05/2005, 01/2005, 11/2004, 09/2004
90-119 Days Late	0 Times
120-149 Days Late	0 Times
150+ Days Late	0 Times
Past Due	$0
Payment	$128
Balance	$0

Applicant	Applicant's SSN	Co-Applicant	Co-Applicant's SSN	Loan Number	Report ID
Nickie Green	123-00-3333				54323

Credit History (continued)

BOA MBNA
400 Christiana Road
Newark, DE 19713
By Mail Only
Account Number
7134

ECOA	Authorized User
Opened	03/2001
Last Activity	01/2009
Closed	
Reported	01/2009A
Credit Limit	$18,400
High Credit	$2,786
Account Type	Revolving
Collateral	Credit Card, Terms Rev
Terms	
Reported On	EXP-A1, TUC-A1, EQX-A1
Manner of Payment	Current (R01)
Months Reviewed	75
30-59 Days Late	0 Times
60-89 Days Late	0 Times
90-119 Days Late	0 Times
120-149 Days Late	0 Times
150+ Days Late	0 Times
Comment	CURR ACCT
Past Due	$0
Payment	
Balance	$0

CITI
POB 6241
Sioux Falls, SD 57117
800-843-0777
Account Number
653529182340

ECOA	Individual
Opened	05/2006
Last Activity	12/2008
Paid	12/2008
Reported	01/2009A
Credit Limit	$9,900
High Credit	
Account Type	Revolving
Collateral	Credit Card
Terms	
Reported On	TUC-A1, EXP-A1, EQX-A1
Manner of Payment	Current (R01)
Months Reviewed	32
30-59 Days Late	0 Times
60-89 Days Late	0 Times
90-119 Days Late	0 Times
120-149 Days Late	0 Times
150+ Days Late	0 Times
Past Due	$0
Payment	
Balance	$0

CONSECO
Account Number
818561121133

ECOA	Individual
Opened	08/2002
Last Activity	09/2003
Paid	08/2003
Reported	09/2003A
Credit Limit	$9,000
High Credit	$9,010
Account Type	Revolving
Collateral	Charge Account
Terms	
Reported On	TUC-A1, EXP-A1
Manner of Payment	Current (R01)
Months Reviewed	13
30-59 Days Late	0 Times
60-89 Days Late	0 Times
90-119 Days Late	0 Times
120-149 Days Late	0 Times
150+ Days Late	0 Times
Comment	CLOSED
Past Due	$0
Payment	
Balance	$0

DSNB MACYS
3039 Cornwallis Rd
Durham, NC 27709
Account Number
521320409

ECOA	Individual
Opened	04/2003
Last Activity	10/2007
Paid	10/2007
Reported	01/2009A
Credit Limit	$1,500
High Credit	$521
Account Type	Revolving
Collateral	Charge Account
Terms	
Reported On	TUC-A1, EXP-A1, EQX-A1
Manner of Payment	Current (R01)
Months Reviewed	48
30-59 Days Late	0 Times
60-89 Days Late	0 Times
90-119 Days Late	0 Times
120-149 Days Late	0 Times
150+ Days Late	0 Times
Past Due	$0
Payment	
Balance	$0

FILENES
P.O. Box 8085
Lorain, OH 44055
Account Number
22800

ECOA	Individual
Opened	12/2000
Last Activity	06/2008
Closed	07/2008
Reported	07/2008A
Credit Limit	
High Credit	$560
Account Type	Revolving
Collateral	Charge Account
Terms	
Reported On	TUC-A1, EXP-A1, EQX-A1
Manner of Payment	Current (R01)
Months Reviewed	48
30-59 Days Late	0 Times
60-89 Days Late	0 Times
90-119 Days Late	0 Times
120-149 Days Late	0 Times
150+ Days Late	0 Times
Comment	PURCHASED BY ANOTHER LENDER / SLDTO MACYS
Past Due	$0
Payment	
Balance	$0

FST USA BK B
3 Christiana
Wilmington, DE 19801
302-594-4000
Account Number
652822780931

ECOA	Individual
Opened	01/2001
Last Activity	05/2006
Closed	09/2005
Reported	09/2006A
Credit Limit	$3,500
High Credit	$3,871
Account Type	Revolving
Collateral	Credit Card
Terms	
Reported On	TUC-A1, EXP-A1, EQX-A1
Maximum Delinquency	05/2003, 60-89 Days Late
Manner of Payment	Current (R01)
Months Reviewed	48
30-59 Days Late	2 Times 08/2005, 07/2005
60-89 Days Late	1 Time 09/2005
90-119 Days Late	0 Times
120-149 Days Late	0 Times
150+ Days Late	0 Times
Comment	ACCOUNT CLOSED BY CREDIT GRANTOR
Past Due	$0
Payment	
Balance	$0 *

Applicant	Applicant's SSN	Co-Applicant	Co-Applicant's SSN	Loan Number	Report ID
Nickie Green	123-00-3333				54323

Credit History (continued)

Creditor	FST USA BK B 3 Christiana Wilmington, DE 19801 302-594-4000
Account Number	552823979950
ECOA	Authorized User
Opened	10/1999
Last Activity	12/1999
Closed	08/2001
Reported	12/2002A
Credit Limit	$9,000
High Credit	$52
Account Type	Revolving
Collateral	Credit Card
Terms	
Reported On	TUC-A1, EXP-A1
Manner of Payment	Current (R01)
Months Reviewed	8
30-59 Days Late	0 Times
60-89 Days Late	0 Times
90-119 Days Late	0 Times
120-149 Days Late	0 Times
150+ Days Late	0 Times
Comment	ACCOUNT CLOSED BY CREDIT GRANTOR
Past Due	$0
Payment	
Balance	$0

Creditor	GEMB/BANANA POB 103014 Roswell, GA 30076
Account Number	712960112351
ECOA	Individual
Opened	02/2003
Last Activity	10/2004
Closed	
Reported	01/2009A
Credit Limit	$400
High Credit	$0
Account Type	Revolving
Collateral	Charge Account
Terms	
Reported On	TUC-A1, EXP-A1, EQX-A1
Manner of Payment	Current (R01)
Months Reviewed	48
30-59 Days Late	0 Times
60-89 Days Late	0 Times
90-119 Days Late	0 Times
120-149 Days Late	0 Times
150+ Days Late	0 Times
Past Due	$0
Payment	
Balance	$0

Creditor	GEMB/GAP PO Box 29116 Shawnee Mission, KS 66201
Account Number	712960610132
ECOA	Individual
Opened	02/2003
Last Activity	01/2009
Closed	
Reported	01/2009A
Credit Limit	$750
High Credit	$84
Account Type	Revolving
Collateral	Revolving Charge Account
Terms	
Reported On	EXP-A1, EQX-A1
Manner of Payment	Current (R01)
Months Reviewed	84
30-59 Days Late	0 Times
60-89 Days Late	0 Times
90-119 Days Late	0 Times
120-149 Days Late	0 Times
150+ Days Late	0 Times
Comment	CURR ACCT
Past Due	$0
Payment	
Balance	$0

Creditor	GEMB/JCP PO Box 981127 El Paso, TX 79998 866-396-8254
Account Number	204749
ECOA	Individual
Opened	09/2001
Last Activity	06/2007
Paid	06/2007
Reported	01/2009A
Credit Limit	$1,000
High Credit	$648
Account Type	Revolving
Collateral	Charge Account
Terms	
Reported On	TUC-A1, EXP-A1, EQX-A1
Manner of Payment	Current (R01)
Months Reviewed	48
30-59 Days Late	0 Times
60-89 Days Late	0 Times
90-119 Days Late	0 Times
120-149 Days Late	0 Times
150+ Days Late	0 Times
Past Due	$0
Payment	
Balance	$0

Creditor	GEMB/OLDNAVY P.O. Box 29116 Shawnee Missio, KS 66201
Account Number	712960710155
ECOA	Individual
Opened	03/2003
Last Activity	09/2008
Paid	09/2008
Reported	01/2009A
Credit Limit	$1,100
High Credit	$530
Account Type	Revolving
Collateral	Charge Account
Terms	
Reported On	TUC-A1, EXP-A1, EQX-A1
Manner of Payment	Current (R01)
Months Reviewed	48
30-59 Days Late	0 Times
60-89 Days Late	0 Times
90-119 Days Late	0 Times
120-149 Days Late	0 Times
150+ Days Late	0 Times
Past Due	$0
Payment	
Balance	$0

Creditor	HSBC/BSBUY PO Box 15519 Wilmington, DE 19850 By Mail Only
Account Number	202226
ECOA	Individual
Opened	08/2004
Last Activity	01/2009
Closed	
Reported	01/2009A
Credit Limit	$1,600
High Credit	$2,697
Account Type	Revolving
Collateral	Revolving Charge Account
Terms	
Reported On	EXP-A1, TUC-A1, EQX-A1
Manner of Payment	Current (R01)
Months Reviewed	70
30-59 Days Late	0 Times
60-89 Days Late	0 Times
90-119 Days Late	0 Times
120-149 Days Late	0 Times
150+ Days Late	0 Times
Comment	CURR ACCT
Past Due	$0
Payment	$10
Balance	$0

Applicant	Applicant's SSN	Co-Applicant	Co-Applicant's SSN	Loan Number	Report ID
Nickie Green	123-00-3333				54323

Credit History (continued)

HSBC/RS
2 P.O. Box 746
Wood Dale, IL 60191

Account Number
48171221142

ECOA: Participant	Opened: 05/2003	Last Activity: 10/2004	Paid: 10/2004	Reported: 11/2004A	Credit Limit: $6,500	High Credit: $2,696
Account Type: Revolving	Collateral: Charge Account	Terms:	Reported On: TUC-A1, EXP-A1		Manner of Payment: Current (R01)	
Months Reviewed: 18	30-59 Days Late: 0 Times		60-89 Days Late: 0 Times		90-119 Days Late: 0 Times	
	120-149 Days Late: 0 Times		150+ Days Late: 0 Times			

Past Due	Payment	Balance
$0		$0

HUDSON UNT
4716 Broadway
Union City, NJ 07087

Account Number
71447611112

ECOA: Joint	Opened: 07/2004	Last Activity: 04/2006	Paid: 04/2006	Reported: 10/2007A	Credit Limit:	High Credit: $9,012
Account Type: Installment	Collateral:	Terms:	Reported On: EQX-A1, TUC-A1, EXP-A1		Manner of Payment: Current (I01)	
Months Reviewed: 38	30-59 Days Late: 0 Times		60-89 Days Late: 0 Times		90-119 Days Late: 0 Times	
	120-149 Days Late: 0 Times		150+ Days Late: 0 Times			

Comment
PAID ACCOUNT/ZERO BALANCE / SECURED

Past Due	Payment	Balance
$0	$226	$0

KOHLS/CHASE

Account Number
14132914

ECOA: Individual	Opened: 08/2002	Last Activity: 01/2009	Closed:	Reported: 01/2009A	Credit Limit: $1,500	High Credit: $165
Account Type: Revolving	Collateral: Credit Card, Terms Rev	Terms:	Reported On: EXP-A1, TUC-A1, EQX-A1		Manner of Payment: Current (R01)	
Months Reviewed: 60	30-59 Days Late: 0 Times		60-89 Days Late: 0 Times		90-119 Days Late: 0 Times	
	120-149 Days Late: 0 Times		150+ Days Late: 0 Times			

Comment
CURR ACCT

Past Due	Payment	Balance
$0		$0

MACYS

Account Number
521320409

ECOA: Individual	Opened: 04/2003	Last Activity: 03/2008	Closed:	Reported: 03/2008A	Credit Limit: $1,500	High Credit: $521
Account Type: Revolving	Collateral: Revolving Charge Account	Terms:	Reported On: EXP-A1		Manner of Payment: Current (R01)	
Months Reviewed: 1	30-59 Days Late: 0 Times		60-89 Days Late: 0 Times		90-119 Days Late: 0 Times	
	120-149 Days Late: 0 Times		150+ Days Late: 0 Times			

Comment
CURR ACCT

Past Due	Payment	Balance
$0		$0

MANDEES
401 Hackensack Ave
Hackensack, NJ
07601
201-489-2111

Account Number
21117679

ECOA: Individual	Opened: 10/2000	Last Activity: 04/2003	Paid: 04/2003	Reported: 11/2005A	Credit Limit: $200	High Credit: $61
Account Type: Revolving	Collateral: Charge Account	Terms:	Reported On: TUC-A1, EXP-A1		Manner of Payment: Current (R01)	
Months Reviewed: 43	30-59 Days Late: 0 Times		60-89 Days Late: 0 Times		90-119 Days Late: 0 Times	
	120-149 Days Late: 0 Times		150+ Days Late: 0 Times			

Past Due	Payment	Balance
$0		$0

MCYDSNB

Account Number
523155269

ECOA: Individual	Opened: 12/2000	Last Activity: 01/2009	Closed:	Reported: 01/2009A	Credit Limit: $1,750	High Credit: $560
Account Type: Revolving	Collateral: Revolving Charge Account	Terms:	Reported On: EXP-A1, EQX-A1		Manner of Payment: Current (R01)	
Months Reviewed: 1	30-59 Days Late: 0 Times		60-89 Days Late: 0 Times		90-119 Days Late: 0 Times	
	120-149 Days Late: 0 Times		150+ Days Late: 0 Times			

Comment
CURR ACCT

Past Due	Payment	Balance
$0		$0

Applicant	Applicant's SSN	Co-Applicant	Co-Applicant's SSN	Loan Number	Report ID
Nickie Green	123-00-3333				54323

Credit History (continued)

PEOPL BK CCR
850 Main St.
Bridgeport, CT 06601
Account Number
251104497391112

ECOA	Individual
Opened	03/2008
Last Activity	07/2008
Closed	07/2008
Reported	07/2008A
Credit Limit	
High Credit	$4,000
Account Type	Installment
Collateral	Unsecured
Terms	36 Months
Reported On	TUC-A1, EXP-A1, EQX-A1
Manner of Payment	Current (I01)
Months Reviewed	4
30-59 Days Late	0 Times
60-89 Days Late	0 Times
90-119 Days Late	0 Times
120-149 Days Late	0 Times
150+ Days Late	0 Times
Comment	CLOSED
Past Due	$0
Payment	$136
Balance	$0

PEOPLES BANK
211 State St
Bridgeport, CT 06604
Account Number
251126750731112

ECOA	Individual
Opened	02/2004
Last Activity	10/2004
Closed	10/2004
Reported	10/2004A
Credit Limit	
High Credit	$3,000
Account Type	Installment
Collateral	Unsecured
Terms	24 Months
Reported On	TUC-A1, EXP-A1
Manner of Payment	Current (I01)
Months Reviewed	9
30-59 Days Late	0 Times
60-89 Days Late	0 Times
90-119 Days Late	0 Times
120-149 Days Late	0 Times
150+ Days Late	0 Times
Comment	CLOSED / IAM062402
Past Due	$0
Payment	$144
Balance	$0

PEOPLES BANK
211 State St
Bridgeport, CT 06604
Account Number
251122006721112

ECOA	Individual
Opened	01/2000
Last Activity	10/2001
Closed	
Reported	03/2002A
Credit Limit	
High Credit	$14,300
Account Type	Installment
Collateral	Secured
Terms	
Reported On	TUC-A1, EXP-A1
Manner of Payment	Current (I01)
Comment	CLOSED
Past Due	$0
Payment	$188
Balance	$0

RBS NB CC
Account Number
665625211

ECOA	Joint
Opened	02/2000
Last Activity	07/2008
Paid	07/2008
Reported	01/2009A
Credit Limit	$1,900
High Credit	$1,895
Account Type	Revolving
Collateral	Credit Card
Terms	
Reported On	TUC-A1, EXP-A1, EQX-A1
Manner of Payment	Current (R01)
Months Reviewed	48
30-59 Days Late	0 Times
60-89 Days Late	0 Times
90-119 Days Late	0 Times
120-149 Days Late	0 Times
150+ Days Late	0 Times
Past Due	$0
Payment	
Balance	$0

RBS NB CC
1000 Lafayette Blvd
Bridgeport, CT 06604
203-551-3548
Account Number
549943121171

ECOA	Joint
Opened	02/2000
Last Activity	07/2008
Closed	
Reported	12/2008A
Credit Limit	$1,900
High Credit	
Account Type	Revolving
Collateral	
Terms	
Reported On	EQX-A1
Manner of Payment	Current (R01)
Months Reviewed	97
30-59 Days Late	0 Times
60-89 Days Late	0 Times
90-119 Days Late	0 Times
120-149 Days Late	0 Times
150+ Days Late	0 Times
Comment	CREDIT CARD
Past Due	$0
Payment	
Balance	$0

SCA/AEROPSTL
1000 Macarthur Bv
Mahwah, NJ 07430
201-818-4000
Account Number
943112911196

ECOA	Individual
Opened	09/2003
Last Activity	03/2004
Paid	03/2004
Reported	03/2004A
Credit Limit	$700
High Credit	$60
Account Type	Revolving
Collateral	Charge Account
Terms	
Reported On	TUC-A1, EXP-A1
Manner of Payment	Current (R01)
Months Reviewed	6
30-59 Days Late	0 Times
60-89 Days Late	0 Times
90-119 Days Late	0 Times
120-149 Days Late	0 Times
150+ Days Late	0 Times
Past Due	$0
Payment	
Balance	$0

WFNNB/ABRCRM
4590 E. Broad St
Columbus, OH 43213
800-888-9265
Account Number
30086722913083590

ECOA	Individual
Opened	02/2004
Last Activity	12/2004
Paid	12/2004
Reported	12/2004A
Credit Limit	$1,000
High Credit	$65
Account Type	Revolving
Collateral	Charge Account
Terms	
Reported On	TUC-A1, EXP-A1, EQX-A1
Manner of Payment	Current (R01)
Months Reviewed	10
30-59 Days Late	0 Times
60-89 Days Late	0 Times
90-119 Days Late	0 Times
120-149 Days Late	0 Times
150+ Days Late	0 Times
Past Due	$0
Payment	
Balance	$0

Applicant	Applicant's SSN	Co-Applicant	Co-Applicant's SSN	Loan Number	Report ID
Nickie Green	123-00-3333				54323

Credit History (continued)

Creditor	ECOA	Opened	Last Activity	Closed	Reported	Credit Limit	High Credit	Past Due	Payment	Balance
WFNNB/EXPRESS Account Number 50789	Individual	02/2002	01/2009		01/2009A	$680	$293	$0		$0 *

Account Type	Collateral	Terms	Reported On	Maximum Delinquency	Manner of Payment
Revolving	Revolving Charge Account		EXP-A1, TUC-A1, EQX-A1	10/2005, 30-59 Days Late	Current (R01)

Months Reviewed	30-59 Days Late	60-89 Days Late	90-119 Days Late	120-149 Days Late	150+ Days Late
83	1 Time	0 Times	0 Times	0 Times	0 Times

Comment
CUR WAS 30

Public Records

THE REPORTING BUREAU CERTIFIES THAT: public records have been checked for judgements, foreclosures, bankruptcies, tax liens, and other legal actions involving the subject(s) were obtained directly through the repositories used, or by direct searches, or a public records search firm other than the repository, or by all methods with the following results:
PUBLIC RECORDS LEARNED: NONE

Inquiries

Date	Name	Subscriber Code	Reported On	ECOA
02/02/2009	CIBMS P.O. Box 26776 West Haven, CT 06516 203-931-2020	Z 419063	TUC-A1	Individual
01/19/2009	CBD 530 Riverside Dr Salisbury, MD 21801 410-742-9551	Z 49997	TUC-A1	Participant
01/19/2009	CBOFDELMAR	243ZB00420	EQX-A1	
01/19/2009	CREDIT PLUS 530 Riverside Dr Salisbury, MD 21801 301-742-9551	1971155	EXP-A1	
11/19/2008	FIRST USA,NA 201 N Walnut St Fl 6 Wilmington, DE 19801 800-622-6528	1203600	EXP-A1	
05/10/2008	CBD 530 Riverside Dr Salisbury, MD 21801 410-742-9551	Z 49997	TUC-A1	Participant
05/10/2008	CBOFDELMAR	243ZB00420	EQX-A1	
05/10/2008	CREDIT PLUS 530 Riverside Dr Salisbury, MD 21801 301-742-9551	1971155	EXP-A1	

Fraud Messages

OFAC Statement: In compliance with section 326 of the Patriot Act, your credit provider has checked the applicant(s) name(s) supplied by the borrower against the Office of Foreign Asset Control (OFAC) data base maintained by the Department of the Treasury. Any messages returned by your credit provider are located in this section of this credit report.

Date	Reported On	Comment
04/29/2009	Applicant	OFAC (UltraAMPS) clear. SDN list published on 03/25/2009.
04/29/2009	Applicant	Input SSN Mismatch: SSN 123-00-3333 matches what the repositories have on file.
04/29/2009	EXP	THIS REPORT HAS BEEN SUBMITTED TO THE EXPERIAN OFAC NAME MATCHING SERVICE.
04/29/2009	EXP-A1	FACTA: ADDRESS DISCREPANCY - POSSIBLE ADDRESS MISMATCH DETECTED ON PREVIOUS, 2ND PREVIOUS ADDRESS
04/29/2009		Authorized User Alert: 4% of Satisfactory Open Revolving Accounts are Authorized User Accounts *

Repository Files Returned

File ID	Name	Current Address	Current Employer
TransUnion / TUC-A1 Pulled 04/29/2009 Infile Date 07/01/1997	Nickie C. Green Social Security Number 123-00-3333 Age / DOB 07/24/1978	100 Terrace St West Haven, CT 06516 Former Address 45 Maple St N Haven, CT 06511	Centes Package Store, Bridgeport, Ct

Applicant	Applicant's SSN	Co-Applicant	Co-Applicant's SSN	Loan Number	Report ID
Nickle Green	123-00-3333				54323

Repository Files Returned (continued)

File ID	Name	Current Address	Current Employer
Experian / EXP-A1 Pulled 04/29/2009	Nickle C. Green Social Security Number 123-00-3333 Age / DOB 1978	100 Terrac St West Haven, CT 06516 Former Address 45 Maple Ave N Haven, CT 06484 Second Former Address 1400 Madison Ave New York, NY 02222	Connecticut Distributor Former Employer Ct Distributors

File ID	Name	Current Address	Current Employer
Equifax / EQX-A1 Pulled 04/29/2009 Infile Date 07/30/1997	Nickle C. Green Social Security Number 123-00-3333 Age / DOB 07/24/1978	100 Terrace St West Haven, CT 06516 Former Address 45 Maple Ave N Haven, CT 06511	Conn Dist,

Credit Repositories

TransUnion	Experian	Equifax
P. O. Box 1000	P. O. Box 2002	P. O. Box 105851
Chester, PA 19022	Allen, TX 75013	Atlanta, GA 30348
800-888-4213	888-397-3742	800-685-1111
www.transunion.com/direct	www.experian.com	www.equifax.com

Credit Bureau certifies that this Merged Mortgage Credit Report (MMCR) meets the guidelines as set forth by the Consumer Data Industry Association (CDIA). This report contains information supplied by the repositories listed on the report and may also contain duplicate information.

This completed Credit Report includes all applicable Legislative Cost Recovery Fees from the respective credit repositories associated with the federal Fair and Accurate Credit Transactions Act of 2003 (FACT Act).

This report can be viewed on the web by visiting http://view.ampslink.com.
Report ID: 54323
Password: 286fbcec

End of Report

Credit Score Disclosure

AVANTUS TEST CUSTOMER 600 Saw Mill West Haven, CT 06516	Report ID 54323 Loan Number	Date 04/29/2009 Repositories Requested TransUnion, Experian, Equifax

Applicant	Co-Applicant
Name Nickie Green	Name
Current Address 100 Terrace Av West Haven, CT 06516	Current Address

"NOTICE TO THE HOME LOAN APPLICANT"

"In connection with your application for a home loan, the lender must disclose to you the score that a consumer reporting agency distributed to users and the lender used in connection with your home loan, and the key factors affecting your credit scores.

The credit score is a computer generated summary calculated at the time of the request and based on information that a consumer reporting agency or lender has on file. The scores are based on data about your credit history and payment patterns. Credit scores are important because they are used to assist the lender in determining whether you will obtain a loan. They may also be used to determine what interest rate you may be offered on the mortgage. Credit scores can change over time, depending on your conduct, how your credit history and payment patterns change, and how credit scoring technologies change.

Because the score is based on information in your credit history, it is very important that you review the credit-related information that is being furnished to make sure it is accurate. Credit records may vary from one company to another.

If you have questions about your credit score or the credit information that is furnished to you, contact the consumer reporting agency at the address and telephone number provided with this notice, or contact the lender, if the lender developed or generated the credit score. The consumer reporting agency plays no part in the decision to take any action on the loan application and is unable to provide you with specific reasons for the decision on a loan application.

If you have any questions concerning the terms of the loan, contact the lender."

For information on FICO scores, please contact the developer, Fair Isaac Corporation, at www.myfico.com or 1-800-777-2066.

Questions regarding your credit report should be directed to TRANSUNION, EXPERIAN or EQUIFAX. You will find their contact information below:

TransUnion	Experian	Equifax
P. O. Box 1000	P. O. Box 2002	P. O. Box 105851
Chester, PA 19022	Allen, TX 75013	Atlanta, GA 30348
800-888-4213	888-397-3742	800-685-1111
www.transunion.com/direct	www.experian.com	www.equifax.com

Credit Score Information

Score	Name	Repository	Model	Developed By	Range	Calculated	Reported On
730	Nickie C. Green	TransUnion	FICO Risk Score, Classic (04)	Fair Isaac	250-900	04/29/2009	TUC-A1

Factors (018, 030, 012, 010)
- Number of accounts with delinquency
- Time since most recent account opening is too short
- Length of time revolving accounts have been established
- Proportion of balances to credit limits is too high on bank revolving or other revolving accounts
- Score value was adversely affected by credit inquiries present in the credit file.

Score	Name	Repository	Model	Developed By	Range	Calculated	Reported On
732	Nickie C. Green	Experian	Fair Isaac	Fair Isaac	300-850	04/29/2009	EXP-A1

Factors (18, 10, 08, 05)
- Number of accounts delinquent.
- Proportion of balance to high credit on bank revolving or all revolving accounts.
- Number of recent inquiries.
- Number of accounts with balances.

Score	Name	Repository	Model	Developed By	Range	Calculated	Reported On
734	Nickie C. Green	Equifax	Beacon 5.0	Fair Isaac	300-850	04/29/2009	EQX-A1

Factors (30, 18, 23, 5)
- Time since most recent account opening is too short
- Number of accounts with delinquency
- Number of bank or national revolving accounts with balances
- Too many accounts with balances
- Score value was adversely affected by credit inquiries present in the credit file.

Credit Report Sample and Key

High/Limit – Your credit limit, or the most you have ever charged on the account.

Account Status – Shows what the current status of your account is.

Past Due 30/60/90 – Any balance that is past due will appear in the Past Due Amount column. Past Due 30/60/90 indicates the number of times an account was overdue 30, 60, or 90 days.

Check to see that your name, current address, and social security number are correct.

Report Summary – Sums up current credit accounts and balances, and notes delinquent or overdue amounts. Items are listed in four columns – do not read completely across. See reverse for complete description.

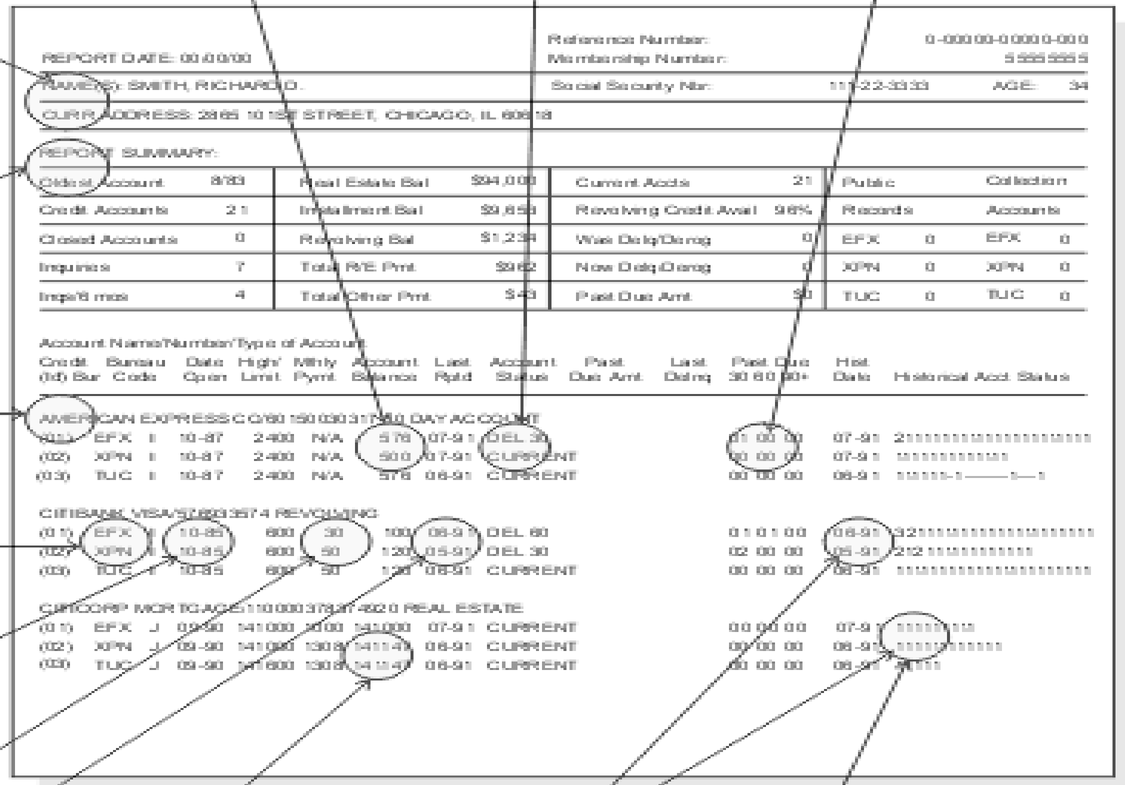
Account Name – The creditor with whom you have or had an account.

Credit Bureau – One of three main Credit Bureaus (Experian, Trans Union, and Equifax) who collect and store information about consumers' credit histories.

Date Open – When the account was opened.

Monthly Payment – Your monthly payment on accounts.

Last Reported – The last date the account was updated by the creditor.



REPORT DATE: 00/00/00 | Reference Number: 0-00000-00000-000
Membership Number: 55555555

NAME(S): SMITH, RICHARD D. | Social Security Nbr: 111-22-3333 | AGE: 34

CURR ADDRESS: 2865 101ST STREET, CHICAGO, IL 60618

REPORT SUMMARY:

Oldest Account	8/83	Real Estate Bal	$94,000	Current Accts	21	Public		Collection	
Credit Accounts	21	Installment Bal	$9,859	Revolving Credit Avail	98%	Records		Accounts	
Closed Accounts	0	Revolving Bal	$1,234	Was Delq/Derog	0	EFX	0	EFX	0
Inquiries	7	Total R/E Pmt	$962	Now Delq/Derog	0	XPN	0	XPN	0
Inqs/6 mos	4	Total Other Pmt	$43	Past Due Amt	$0	TUC	0	TUC	0

Account Name/Number/Type of Account

Credit (Id)	Bur	Bureau Code	Date Open	High/ Limit	Mthly Pymt	Account Balance	Last Rptd	Account Status	Past Due Amt	Last Delinq	Past Due 30 60 90+	Hist Date	Historical Acct Status
AMERICAN EXPRESS CO/60 150 030 317 30 DAY ACCOUNT													
(01)	EFX	I	10-87	2400	N/A	576	07-91	DEL 30			01 00 00	07-91	2111111111111111111111
(02)	XPN	I	10-87	2400	N/A	500	07-91	CURRENT			00 00 00	07-91	11111111111
(03)	TUC	I	10-87	2400	N/A	576	06-91	CURRENT			00 00 00	06-91	111111-1——1—1
CITIBANK VISA/57 60 3574 REVOLVING													
(01)	EFX	R	10-85	600	30	100	08-91	DEL 60			01 01 00	08-91	321111111111111111111
(02)	XPN	R	10-85	600	50	120	05-91	DEL 30			02 00 00	05-91	212 11111111111
(03)	TUC	R	10-85	600	50	120	06-91	CURRENT			00 00 00	06-91	1111111111111111111111
CITICORP MORTGAGE/110 000 37837 4920 REAL ESTATE													
(01)	EFX	J	09-90	141000	1000	141000	07-91	CURRENT			00 00 00	07-91	11111111
(02)	XPN	J	09-90	141000	1308	141147	06-91	CURRENT			00 00 00	06-91	11111111111
(03)	TUC	J	09-90	141000	1308	141147	06-91	CURRENT			00 00 00	06-91	11111

Account Balance – The balance you owe, as of the date the information was obtained.

Historical Date and Account Status – For chronological reference. Each number under Historical Account Status indicated whether the account was current or past due on a month-to-month basis over the last 24 months, including the date shown under "Historical Date."

0	Too new to rate
1	Current
2	30 Days late
3	60 Days late
4	90 Days late
5	120 Days late
6	150 Days late
7	Wage earner plan or bankruptcy
8	Repossession or foreclosure
9	Collection or charge off
U	Unrated
-	Not reported that month

Independent Verifications

- Independent verifications of information given by the borrower on the Loan Application are required. They support the borrower's ability and willingness to meet his or her loan obligation. Verifications will establish the exact amount of income and assets, and the credit report and mortgage or rent verification detail the borrower's financial obligations.

The standard verifications are:

- Verification of Employment (VOE)
- Verification of Deposit (VOD)
- Gift Letter
- Verification of Rent or Mortgage (VOR or VOM)

Verification of Employment (VOE)

•The VOE form is used to confirm the borrower's employment and income.

•This form should be sent directly to the borrower's employer to the attention of the Human Resources or Personnel Department.

•If the VOE does not cover the past two years, the borrower's previous employment must also be verified.

Salary/Wage Earner/Part Time/2nd Job

- Paystubs covering the most recent 30 days
- 2 years W-2 Statements
- Verbal or Written Verification of Employment (VOE)
- Confirmation of at least 2 years job history

Overtime/Commission/Bonus

- Paystubs covering the most recent 30 days
- 2 years W-2 Statements
- Verbal or Written Verification of Employment, including the likelihood of continuance
- Confirmation of at least 2 years job history

Self-Employment

- 2 years most recent signed tax returns (personal and/or business, depending on lender guidelines
- Year-to-date Profit & Loss statement
- Current or past year’s business license(s)
- Recent advertisement of the business or brochure/pamphlet
- Signed letter from borrower’s Accountant verifying status of the business

Fixed Income – Social Security, Disability

- Most recent award letter from issuing agency
- 2 or 3 months most recent bank statements showing regular deposits directly from the issuing agency

Rental Income

- 2 years most recent signed tax returns with all schedules specifically Schedule E
- Signed lease, if applicable
- Note – specific loan programs and underwriting guidelines will determine additional documentation needed

FannieMae

Request for Verification of Employment

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 7. Have applicant complete item 8. Forward directly to employer named in item 1.
Employer - Please complete either Part II or Part III as applicable. Complete Part IV 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 or any other party.

1. To (Name and address of employer)	2. From (Name and address of lender)

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

3. Signature of Lender	4. Title	5. Date	6. Lender's Number (Optional)

I have applied for a mortgage loan and stated that I am now or was formerly employed by you. My signature below authorizes verification of this information.

7. Name and Address of Applicant (include employee or badge number)	8. Signature of Applicant
	X

Part II - Verification of Present Employment

9. Applicant's Date of Employment	10. Present Position	11. Probability of Continued Employment

12A. Current Gross Base Pay (Enter Amount and Check Period)

☐ Annual ☐ Weekly ☐ Other (Specify)
$ ______ ☐ Monthly ☐ Hourly

12B. Gross Earnings

Type	Year To Date	Past Year 19____	Past Year 19____
Base Pay	Thru____ 19____ $	$	$
Overtime	$	$	$
Commissions	$	$	$
Bonus	$	$	$
Total	$	$	$

13. For Military Personnel Only

Pay Grade

Type	Monthly Amount
Base Pay	$
Rations	$
Flight or Hazard	$
Clothing	$
Quarters	$
Pro Pay	$
Overseas or Combat	$
Variable Housing Allowance	$

14. If Overtime or Bonus is Applicable, Is Its Continuance Likely?
Overtime ☐ Yes ☐ No
Bonus ☐ Yes ☐ No

15. If paid hourly — average hrs. per wk.

16. Date of applicant's next pay increase

17. Projected amount of next pay increase

18. Date of applicant's last pay increase

19. Amount of last pay increase

20. Remarks (if employee was off work for any length of time, please indicate time period and reason)

Part III - Verification of Previous Employment

21. Date Hired	23. Salary/Wage at Termination Per (Year) (Month) (Week)
22. Date Terminated	Base__________ Overtime__________ Commissions__________ Bonus__________

24. Reason for Leaving	25. Position Held

Part IV - [illegible]

26. Signature of Employer	27. Title (Please print or type)	28. Date

29. Print or type name signed in form 26

30. Phone No.

Fannie Mae
Form 1005 Mar. 90

VMP -23 VMP MORTGAGE FORMS

EMPLOYER-RETURN BOTH COMPLETED COPIES TO LENDER

Verification of Deposit (VOD)

- The Verification of Deposit form is used to confirm the balances in the borrower's checking and savings accounts as well as balances, payment amount, and paying history on outstanding loans.
- The borrower must have sufficient funds for the down payment, closing costs and other expenses, and reserves for mortgage payments.
- The loan processor should complete part I of a VOD for each depository at which the borrower has accounts.

FannieMae

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 wi 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 prospectiv 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. (i 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.

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 t 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 whic no responsibility is attached to your institution or any of your officers.

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

To Be Completed by Depository

Part II - Verification of Deposit

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	No. of Late Pymt
		$	$	$	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

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.

Verification of Rent/Mortgage (VOR/M)

- The VOR/VOM form is used to verify the borrower’s current mortgage payment history or rental payment history.

- The VOR/VOM form should be mailed to the borrower’s landlord or mortgagee.

- Check to be sure that the person completing Part II of the form has signed and dated it.

REQUEST FOR VERIFICATION OF RENT OR MORTGAGE ACCOUNT

INSTRUCTIONS: *LENDER — Complete Part I, Items 1 thru 8. Have APPLICANT(S) complete Part I, Item 9, and forward directly to Creditor named in Part I, Item 1.*
LANDLORD/CREDITOR — Please complete Part II, and return directly to Lender named in Part I, Item 2.

PART I — REQUEST

1. TO (Name and Address of Landlord/Creditor)
2. FROM (Name and Address of Lender)

3. SIGNATURE OF LENDER | 4. TITLE | 5. DATE | 6. LENDER'S NUMBER (Optional)

7. INFORMATION TO BE VERIFIED

PROPERTY ADDRESS | ACCOUNT IN THE NAME OF | ACCOUNT NO.

☐ MORTGAGE ☐ RENTAL
☐ LAND CONTRACT ☐

8. NAME AND ADDRESS OF APPLICANT(S) | 9. SIGNATURE OF APPLICANT(S)

PART II — TO BE COMPLETED BY LANDLORD/CREDITOR

We have received an application for a loan from the above, to whom we understand you rent or have extended a loan. In addition to the information requested below please furnish us with any information you might have that will assist us in processing of the loan.

☐ **RENTAL ACCOUNT**

☐ **MORTGAGE ACCOUNT**

☐ **LAND CONTRACT**

Tenant has rented since ______	Date mortgage originated ______	Interest rate ______ %
Amount of rent $ ______ per ______	Original mortgage amount $ ______	FIXED ______ ARM ______
Is rent in arrears? Yes ______ No ______	Current mortgage balance $ ______	FHA ______ VA ______
Amount $ ______ Period ______	Monthly payment P & I only $ ______	FNMA ______ CONV ______
Number of late payments ______	Payment with taxes & ins. $ ______	Next pay date ______
Is account satisfactory? Yes ______ No ______	Is mortgage current? Yes ______ No ______	No. of late payments ______
______	Is mortgage assumable? Yes ______ No ______	Insurance agent ______
______	Satisfactory account? Yes ______ No ______	______

ADDITIONAL INFORMATION WHICH MAY BE OF ASSISTANCE IN DETERMINATION OF CREDIT WORTHINESS

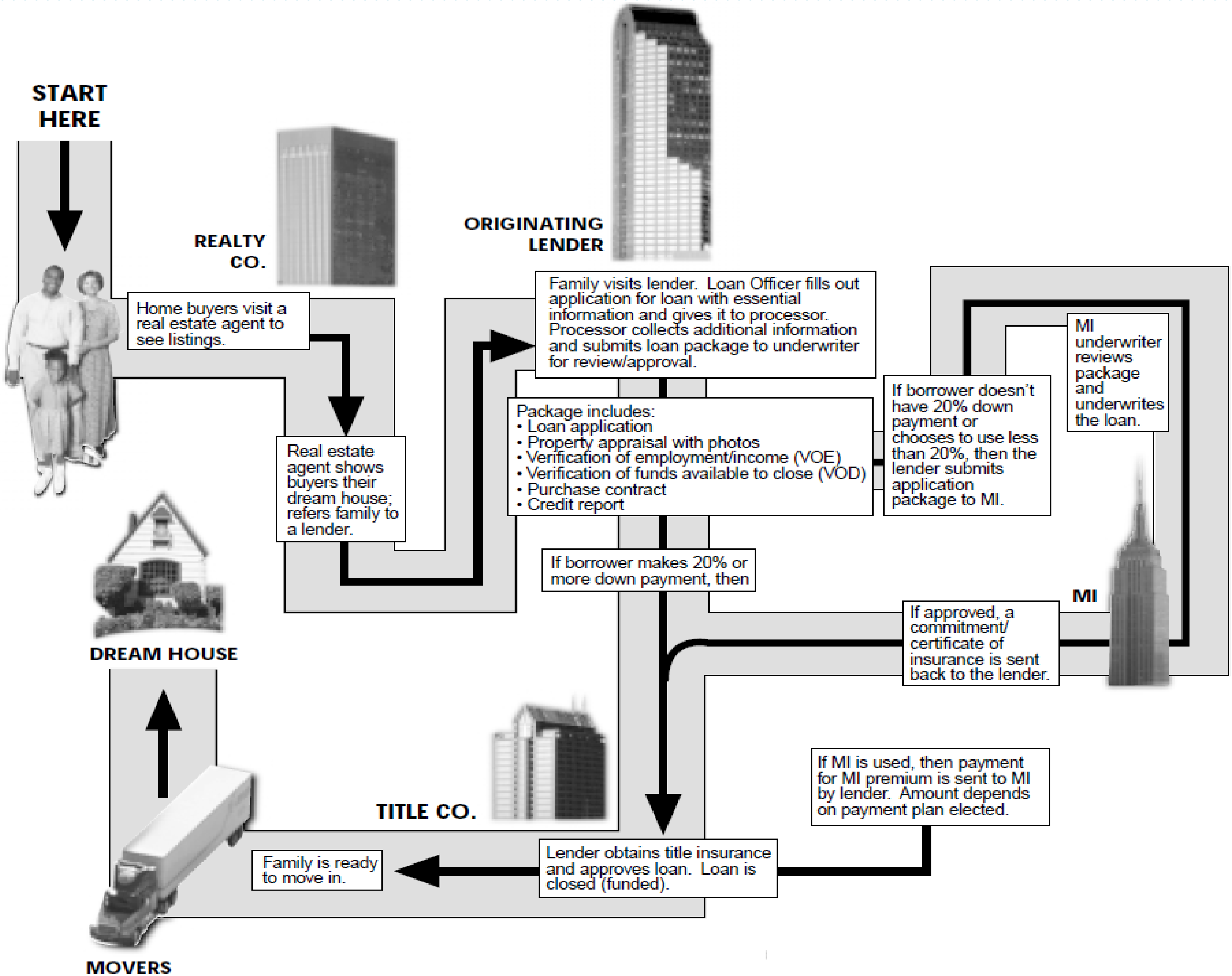
SIGNATURE OF DEPOSITORY | TITLE | DATE

The confidentiality of the information you have furnished will be preserved except where disclosure of this information is required by applicable law. The form is to be transmitted directly to the lender and is not to be transmitted through the applicant or any other party.

5/85

A Summarized Look

Grade	Credit Score	Debt Ratio	Max LTV	Delinquencies within last 12 months	Credit			Bankruptcy / Foreclosure
					Mortgage	Installment	Revolving	
A+ to A	670+	36-38	95-100	30 days	0	0-1	1-2	Good/excellent credit during last 2-5 years. No mortgage lates within 24 months. No bankruptcy within the last 2-10 years.
				60 days	0	0	0-1	
A-	650	45	95	30 days	0-1	1-2	2-3	No 60-day mortgage lates. Minimum 24-48 months since bankruptcy discharge.
				60 days	0	0-1	0-2	
B+ to B-	620	50	75-85	30 days	1-2	2-4	3-5	24-48 months since bankruptcy discharge. Re-established credit.
				60 days	0-1	1-2	1-2	
C+ to C-	580	55	75	30 days	3-4	4-6	5-7	12-24 months since bankruptcy discharge.
				60 days	0-2	2-4	3-5	
D+ to D-	550	60	65-70	60 days	1-3	5-7	6-8	Bankruptcy discharged within last 12 months.
				Poor payment record with limited 90 day, isolated 120 day lates.				
E	520-	65	50-65	Poor payment record with a pattern of 30, 60 and 90+ lates				Possible current bankruptcy or foreclosure. Stable current employment.


START HERE
REALTY CO.
ORIGINATING LENDER
Home buyers visit a real estate agent to see listings.
Real estate agent shows buyers their dream house; refers family to a lender.
Family visits lender. Loan Officer fills out application for loan with essential information and gives it to processor. Processor collects additional information and submits loan package to underwriter for review/approval.
Package includes:
• Loan application
• Property appraisal with photos
• Verification of employment/income (VOE)
• Verification of funds available to close (VOD)
• Purchase contract
• Credit report
If borrower doesn't have 20% down payment or chooses to use less than 20%, then the lender submits application package to MI.
MI underwriter reviews package and underwrites the loan.
MI
If approved, a commitment/ certificate of insurance is sent back to the lender.
If borrower makes 20% or more down payment, then
DREAM HOUSE
TITLE CO.
If MI is used, then payment for MI premium is sent to MI by lender. Amount depends on payment plan elected.
Lender obtains title insurance and approves loan. Loan is closed (funded).
Family is ready to move in.
MOVERS

Congratulations!

YOU HAVE COMPLETED

PART I