

HOW TO MAKE YOUR LENDER

Love You

**A Comprehensive Guide for Home Buyers
& their Mortgage Approval Process**



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About Sarah Pichardo



I am dedicated to helping my clients build wealth through tailored residential mortgage solutions for both purchases and refinances. As a Senior Vice President at CMG Home Loans, I take pride in serving a diverse range of clients—from first-time homebuyers realizing their dream of homeownership to seasoned investors making multi-million-dollar acquisitions. My personalized approach ensures that every client receives the mortgage program that best fits their unique needs.

In addition to traditional mortgage products, I specialize in a wide array of financing options, including All In One (AIO), DSCR, 12 Month Bank Statement, ITIN, Doctor Loans, VA (Veterans Affairs) Loans, Construction-to-Permanent Financing, Bridge Loans, FHA, Portfolio Lending, Jumbo Loans, and various state bond programs.

For first-time homebuyers, I offer expertise in securing special financing options, such as up to 100% financing, Mortgage Credit Certificates, Down Payment Assistance, and grant programs that provide free funds toward down payments for eligible buyers across multiple states. Licensed in 39 states, I support homebuyers nationwide with dedication and care.

My path to success began after attending Cornell University, where I met my husband, Carlos. Married for over 40 years, we have built a beautiful life together, enriched by our experiences living abroad in Japan and Venezuela. Growing up on a farm in Maryland with 60 greenhouses, cows, chickens, pigs, and sprawling vegetable gardens, I learned the values of hard work, resilience, and community. As one of eight children, I carry those values into both my professional and personal life.

My strong work ethic and deep commitment to client satisfaction propelled my rapid rise in the mortgage industry. I launched my career in 2003 and became a top-producing Senior Loan Officer by 2007. Since 2006, I have been a leading loan officer for state bond programs supporting first-time homebuyers, and I am honored to have received the prestigious \$1 billion Lifetime Closed Loan Award from The Washington Post.

I live in Clifton, Virginia, and cherish my roles as a wife, mother to three wonderful children—each of whom has chosen an amazing spouse—and grandmother to eight beloved grandchildren. I find joy in cooking, gardening, hosting parties, golfing, skiing, dancing, reading, walking on the beach, and traveling. A lover of Latin music and a proud member of Ordo Santi Constantini Magni, my life is deeply rooted in my faith, church, and strong family values.

I love my country, my clients, and my job, and I find purpose in making a meaningful difference in the lives of those I serve. Whether guiding first-time buyers through homeownership classes or helping seasoned investors navigate complex financing, I approach every relationship with gratitude, integrity, and a passion for excellence.



Mortgage Lending in Today's World

The mortgage crisis of 2008 created a special window of opportunity for homebuyers. Our Federal Government's intervention to keep the economy from collapsing by buying mortgage backed securities resulted in lower interest rates and greater purchasing power helped rebuild and strengthen the mortgage industry. The Federal Government also introduced changes in lending guidelines in order to restore consumer confidence and ensure stronger safer mortgages- tasking the lender with the responsibility to determine that the borrower has the ability to repay the debt to minimize the chance of repeating the mistakes made that created the past crisis.

Real Estate is one of the best ways to build personal wealth. It is through Leveraging that we accomplish growth. When it comes to using real estate to build wealth, we are using a mortgage to secure a home, thus leveraging our position. We take a small amount of money – our down payment in order to make a lot of money – our mortgage work for us. There are many reasons to purchase a home, which include this idea of leveraging and the anticipated building of equity.

Equity is the difference between what the current value of your home is, in relation to the amount that you owe. As the prices of the homes rise and reducing your principal balance by making monthly mortgage payments builds equity.

Purchasing a home also allows one to control and fix the cost of their housing expense. Landlords want to maximize their earnings periodically raising rent. In a fixed mortgage loan, the principal and interest payments do not change for the term of the loan. When needed the equity in your home can be accessed by refinancing or selling your home. Many homeowners achieve life goals by refinancing and pulling some of the equity they have built over time to help pay for renovations, children's college, pay off consumer debt, purchase a bigger home, etc.

Pride and the feeling of achievement derived from homeownership are easier than one may think. America has a variety of programs that facilitate the process, and the guidelines used in approving mortgages today reduce the likelihood of default. Knowing what a lender requires to meet guidelines and grant a loan is a key part in ensuring a fast and easy process.

Knowledge is power and by knowing the options available allows one to make financial decisions that are best for their family. Working with a lender that is willing to provide scenarios and educate clients about the differences in the loan programs help reduce the learning curve and assure that the right program is chosen. Understanding what the lender needs and providing the required documentation can make a difference in the experience one has in obtaining a mortgage loan under the more recent and restrictive guidelines of today's world. The best way to make the process easy is to make your lender love you. Knowing what to expect and providing the documents required to process and approve the mortgage will make it a positive experience for both of you.

The Homebuyer's Road Map

- Choose a lender
- Get pre-qualified by completing the application (www.sarahpichardo.com) and providing the documents needed by your lender to secure financing
- Work with your lender to determine a comfortable price point and monthly payment amount
- Choose a Real Estate Agent
- Start your home search
- When you find the home you like, work with your Real Estate Agent to make an offer
- If your offer is accepted and the contract ratified, your agent will work with you to set up a home inspection.
- Get the contract to your lender, and lock in your interest rate
- Let your lender know whom you will be using for your homeowner's insurance.
- Initial application and disclosures will be sent for your review and signatures to begin the financing process
- Lender orders appraisal on the home
- Processing: Once we receive of your Disclosure Forms, which include your intent to proceed, our processor will review your application and supporting documents to ensure that the information corresponds.
- Underwriting: Our underwriter will review your appraisal and loan for accuracy and confirm that your loan information meets the standard guidelines of your selected loan type.
- When your loan is approved, your lender and title company will work together to prepare the documents for closing.
- Attend settlement and get everything signed

➤ *Move in!*



A Loan Is Like a Chair

Analogies sometimes help individuals not familiar with a certain industry to understand a related concept. One of my favorite analogies in the mortgage industry is the one that compares a Loan to a Chair; for good support, both require four legs!

The 4 “legs” of a loan are:

➤ Credit Score ➤ Loan to Value ➤ Documentation ➤ Debt to Income

Depending on the Program each of these 4 concepts can impact the loan and qualification/pricing.

The Importance of Credit

Credit scores are easy to understand: If you pay your bills on time, you should have good credit. Credit scores allow lenders to evaluate the past payment history of an individual and determine the implications in regard to future probability of loan repayment. Credit is an important determining factor in many areas of one's life. It can determine the interest rate they receive on car loans, credit cards, and mortgages. Even employers sometimes look at credit scores to determine if a candidate is financially responsible. It is important to review your credit report regularly (at least once a year) to determine what is being reported about you and to make sure the information is accurate. Many lenders have analyzers that can help determine if there are things an individual can do to improve their scores. These analyzers can often predict “what-if's”, such as paying off or down on various accounts, opening or closing accounts, and increasing or decreasing a credit line. These various actions can often reward the individual with the ability to maximize their credit scores.

Documentation

Documentation provides proof of the information on the loan application. These documents are necessary for a lender to make the determination of risk. Typically, a lender is going to require a government issued ID such as a Driver's License, and a minimum of the most recent 2 years W2s, 30 day's most recent paystubs with year to date information, and 2 months most recent asset/bank statements. Please provide all pages of the statements, and source of any of the deposits that are not direct payroll deposits. Be especially careful during the time of a mortgage transaction to limit or eliminate any “non-sufficient funds” as well as overdraft protection charges.

Loan to Value (LTV)

Loan to Value (LTV) is the value of the loan to the value of the property. Different loan programs require different minimum down payments. The loan to value is expressed as a ratio. The lender associates lower down payment with higher risk. The lower the loan to value or the more money a borrower puts into the transaction the less likely a default will occur. Loan “value” refers to the lesser price of either the sales price or the appraised value of the property. The lender will base your loan on this value.

Debt to Income (DTI)

Debt to Income indicates to the lender your capacity—can you afford the home. Lenders consider 2 ratios: The Housing Ratio and the Total Debt Ratio (also known as “front ratio” and “back ratio”). When one thinks in terms of a budget, they typically look at their net income or what they take home each month. Mortgage lenders look at the Gross income with W-2 borrowers. Income is calculated differently for a salary borrower than it is for an hourly borrower. If an individual works 2 or more jobs, receives bonuses, overtime or commission, then 2 or more years of these records are necessary to be able to use the income to qualify. Self-employed borrowers are calculated in yet another way. Lenders will use a 2 year average of the borrower's net income.

*Check out the worksheet in the back of the booklet to guide you through determining your debt ratios.

Evaluating Risk

Lenders evaluate risk. The lower the risk, the more likely the loan is to be paid back. In assessing the level of risk and making a decision to extend credit or approve a mortgage loan, key factors are taken into consideration.

Credit History

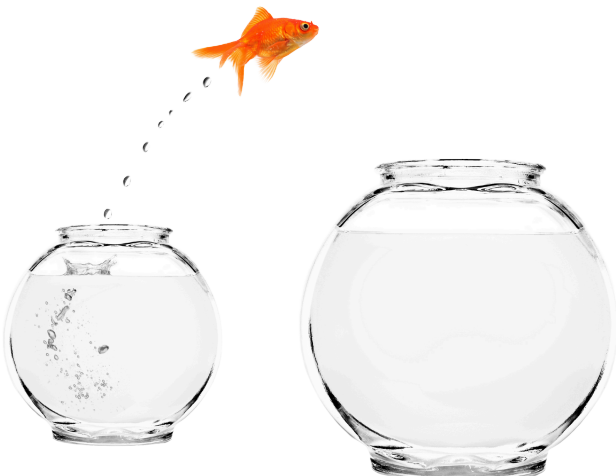
Lenders use the credit report as an indicator as to the likelihood and willingness a borrower is to repay their debts. The Credit report is the borrower's history of debt repayment. The idea is that if over time one pays their debts in a timely manner, they are more apt to continue to do so. Paystubs and W-2's/tax returns are analyzed to determine a borrower's ability to repay their mortgage. The higher the credit scores the better the interest rate. Most Conventional loans require a minimum credit score of 620. Pricing typically improves for borrowers as the credit score goes up. Most lenders have pricing differentials according to the credit scores. Borrowers with excellent credit are rewarded for higher scores. A perfect score is 850. The differential occurs in 5 ranges

- 620-660
- 661-680
- 681-700
- 700-740
- 740+

The appraised market value of the property to be mortgaged.

The appraisal is a 3rd party's opinion of what the home is currently worth. The appraiser will use homes that have sold and settled in the last three months that are most like the subject home in size, age, features, and proximity.

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How to Make Your Lender Love You

- ▶▶ Provide complete and accurate information on the application (The application captures the borrower's name, date of birth, social security number, income, and where the borrower has lived and worked for the past two years and their assets)
- ▶▶ Provide the supporting documentation required to process and approve your loan. Lending institutions are governed by strict guidelines set forth by the United States government and are federally obligated to remain compliant.
- ▶▶ Familiarize yourself with concepts and terms such as Credit Scores, Loan to Value, Debt to Income, and the importance and purpose of documentation needed to process and approve a loan.
- ▶▶ Have a basic understanding of the loan types and loan programs available. This knowledge doesn't just benefit your lender - it ensures that you, as a borrower, are educated and making the best financial decision.
- ▶▶ Develop a basic understanding of Loan Process.

Information needed to apply for a mortgage loan

The information a lender needs to process a mortgage loan application include:

- ▶▶ Personal Information
- ▶▶ Employment Information
- ▶▶ Income documentation
- ▶▶ Asset documentation
- ▶▶ Information about any properties currently owned
- ▶▶ Liabilities (Lenders can pull this from your credit report)
- ▶▶ Subject Property Value

Personal Information

Lenders need to obtain as much accurate, complete information about the borrower as possible. This will help shorten the loan approval process and expedite closing.

- Full legal names of all purchasers as they are to appear on the title to the property
- Social Security Numbers
- Home/office/cell telephone numbers
- Date of Birth
- Address –covering most recent 2+ years
- Employment information covering most recent 2+ years
- Employment information covering most recent 2+ years
- Years of School (up to high school is 12 + years of college if applicable)
- Marital Status
- Number of dependents with ages for children
- Assets & Liabilities

Employment Information

The lender must be able to verify your employment and income. To do this, they will need:

- Name, address and contact information of present employer
- Years at current job
- Years employed in this line of work
- Position
- Name, address, and contact information of the previous employer if with current employer less than 2 years

Income Information

To consider income the lender looks at the sources to ascertain if they are regular and re-occurring—that they are *stable* and can be *verified*. Lenders use a two year look back to predict the income will be likely to continue into the future. The calculation of income to qualify is different for a salaried borrower than it is for an hourly wage earner which is different for a self-employed borrower.

Sources of income that may be used to qualify for a mortgage are:

- Base Income (School history may be used in lieu of work history in some cases – (provide copies of transcripts or diploma)
- Overtime
- Bonuses
- Commissions
- Dividends/Interest
- Net Rental Income
- Other Sources of Income: Pensions, annuities, trusts, etc.

The most recent 2 years of filed Federal tax returns are needed to calculate the income for qualification for self-employed borrowers along with a YTD P&L and Balance Sheet with 2 months business bank statements. Lenders are required to request verification from the IRS transcripts.

Liabilities

Part of the determination that one can repay a mortgage involves assessing current debt in relation to the qualifying income; and how the minimum monthly payments will affect a borrower's ability to repay. Lenders use the minimum monthly payments on installment loans (loans that has a beginning and an end such as a car or student loan), revolving (credit cards...as the balance is paid down/ off the line or credit line is restored), Mortgages (including taxes, Insurance HOA fees) and child support/alimony/separate maintenance to calculate the debt to income ratio. In some cases, installment loans with less than 10 months may be excluded from the debt to income ratios.

Asset Information

Borrowers need to provide documentation to show sufficient money for the transaction. When you buy a home, you need money for your down payment and closing costs, escrows and reserves. Any deposits that are not direct payroll deposits may need to be sourced. As a borrower prepares for obtaining a mortgage special care of documenting the most recent 60 days of asset/bank accounts is essential. Reserves may be required. Reserves are funds one needs over the money needed for the transaction. Borrowers with reserves reduce a lender's risk as they can be used for future unexpected expenses. Any insufficient funds on bank statements may negatively impact the approval and may require a letter of explanation.

- Earnest Money Deposit/Cash Deposit towards Purchase-(please provide a copy of your check or wire Confirmation to your lender)
- Asset/Bank Accounts: Institution with account numbers and balances covering the most recent 60 days –interim statements must have the URL on the page
- Stocks & Bonds
- Life Insurance (Net Cash Value)
- Real Estate Owned (Market Value)
- Vested Interest in Retirement
- Net Worth of Business(es) owned
- Automobiles

Real Estate Owned

For Real Estate currently owned by the borrower, the lender will need:

- Property Address
- Status of Property (sold, pending sale, rental)
- Type of Property
- Present Market Value
- Amount of current Mortgage as shown on the most recent mortgage statement
- Gross Rental Income: Schedule E on federal tax returns or copy of the lease if the property has been acquired after the last filed tax returns
- Mortgage payment on the property
- Insurance, taxes, HOA/Condo Fees

Subject Property Value

For the Subject property, the lender will need:

- Purchase Price
- A copy of the ratified sales contract when available
- Copy of the listing to determine correct information such as the address, taxes, PUD,
- HOA/Condo fees, year the home was built and legal description.
- Appraised Value - This is obtained from the appraiser



Getting Prequalified for Your Mortgage

Gross Annual Income	Max Housing Payment	Max Total Debt (43% of gross income)
\$40,000	\$1,033	\$1,433
\$50,000	\$1,291	\$1,791
\$60,000	\$1,550	\$2,150
\$70,000	\$1,808	\$2,508
\$80,000	\$2,066	\$2,866
\$90,000	\$2,325	\$3,225
\$100,000	\$2,583	\$3,583
\$110,000	\$2,841	\$3,941
\$120,000	\$3,100	\$4,300
\$130,000	\$3,358	\$4,658
\$140,000	\$3,616	\$5,016

Per most conservative general guidelines, the monthly housing expenses should not exceed 31% of the annual gross income of the borrower. The monthly housing expense is referred to as the “front ratio”. The maximum total debt to income ratio allowed for a traditional Conventional loan is 50%.

Conservative approach:

If you make \$70,000 annually, divide that by 12 months. This is your gross monthly income.

$$70,000/12 = \$5,833 \text{ gross income per month}$$

Multiply your gross monthly income by .31 (the front ratio)

$$\$5,833 \times 0.31 = \$1808.33$$

If you make \$70,000 per year, then your monthly housing expenses should not exceed \$1808.

Keep in mind that monthly housing expenses include:

- ▶▶ Monthly mortgage principal and interest
- ▶▶ Any payments toward any subordinate financing
- ▶▶ Monthly property taxes
- ▶▶ Monthly hazard insurance
- ▶▶ Mortgage insurance
- ▶▶ HOA dues



The second ratio, also referred to as the back-end ratio, is your total monthly debt obligations, which should not exceed 43% when applying for a conventional loan.

The monthly total debt includes:

- Monthly housing expenses
- Monthly payments on installments debts that extend past 9 months
- Monthly payments on revolving charge cards
- Child support payments (if applicable)

For Example: Your monthly gross income is \$6250.

Multiply your gross monthly income by .43 (the back ratio)

$$\$6250 \times .43 = \$2687.$$



This is the maximum amount of debt (including your housing expenses) you can have monthly to be qualified or approved for a mortgage. Each Program will have acceptable guidelines regarding the debt to income ratios and in many cases with compensating factors your lender may be able to increase the allowable ratios.

To find out how much non-housing expense debt you can maintain:

Subtract your monthly housing expenses (let's say you pay \$1500 in housing expenses every month) from your maximum back ratio (total debt)

$$\$2687 - \$1500 = \$1187$$

With a \$1500 housing payment, your total monthly debt payments (car payments, credit cards, loans) cannot exceed \$1187.

On a case by case basis DTI ratios may be exceeded if the borrower has compensating factors that merit higher ratios, or if the loan is approved through an automated underwriting system such as Freddie Mac's Loan Prospector or Fannie Mae's Desktop Underwriter.

Documents Needed to Process and Approve a Mortgage Loan Application

Lenders require an appraisal to determine that a borrower is not overpaying for the property. This protects both the borrower and the lender. The lender will only loan on the lower of the appraised value or the sales price. The lender is responsible for ordering the appraisal. This is done in a manner which ensures a fair and accurate 3rd party opinion of the value. Only lender approved appraisers can determine an acceptable value the property for conventional loans. FHA and VA loans must be done by appraisers approved by these agencies but can transferred to a different lender.

- Completed loan application (available online www.sarahpichardo.com)
- Most recent 30 days' Pay stubs with year-to-date information
- Most recent 2 months' asset/bank statements (all pages)
- Most recent 2 years W-2's
- Copy of Driver's License
- Contact information for HR
- Contact information for Realtor
- Contact information for Management Company or Landlord if currently renting
- Copy of Ratified Contract when available (for purchases)
- Contact information for Homeowner's insurance agent
- Contact information for Title Company
- Contact information for Condo Association if applicable
- For Self-Employed borrowers Most recent 2 years filed Tax returns (Both Personal and Business if applicable) with all schedules and W2's, 1099's and K-1's
- Source of Funds to Close

Making a Formal Loan Application

When you make a formal loan application, you will receive your initial loan disclosures within 3 days, and will include:

- A truth in lending disclosure. This statement provides information about the proposed loan, such as annual percentage rate, total finance charges, schedule of payments, total payments, the amount financed, late payment charges, prepayment penalty (if any), and assumption options, which indicate the lender's willingness to allow a future buyer to take over your original loan.
- A "Loan Estimate" of closing costs. This is an estimate of the approximate amount of money you will need at closing. This estimate gives you the lender's best guess of the fees associated with a transaction. Fees are broken down into 4 categories: Lender Fees, Title Fees, Government Fees, and Escrows. Some fees will be the same regardless of the lender you choose, such as title insurance, government recording fees, and surveys. There are also many variable fees, including application fee, points, appraisal and credit report fees, and closing and settlement fees.
- A booklet from HUD. (U.S. Department of Housing and Urban Development) to help you understand closing costs and truth in lending disclosures. This information is available on the lender's website.
- The actual closing is when papers change hands and the home officially becomes yours. You must pay for the rest of your closing costs and down payment upon the signing of final documents. Payment should be by a wire transfer, certified or cashier's check made payable to your title company—Title companies generally cannot accept a personal check. Check with your Title Company to confirm the form in which they wish to receive the funds (some companies will only allow wires while others will only allow Bank/Cashier's Checks).

Overview of the Loan Process

The process really begins when you say “Yes, let’s move forward!” –or the Intent to Proceed

- Confirmation that you intend to proceed
- Lock your Rate: Upon locking in your rate, the disclosure forms package will be put together by our Loan Officer Assistant (LOA) for your review and signatures. Please review, sign and return the disclosure forms along with any additional supporting documents the LOA may request. If an appraisal is required, the LOA will place the order.
- Verifications: Employment, Tax Returns, SS, Rent, Deposits/Condo
- Condo Questionnaires/ Appraisal/Title Work are ordered by the lender.
- File sent to Processing: Upon reception of your Disclosure Forms, our processor will review the material on your application and supporting documents to ensure that the information corresponds. NOTE: After careful review, additional forms or documents may be requested.
- File sent to Underwriting: Our underwriter will review your appraisal and loan for accuracy, to ensure that your loan information meets the standard guidelines of your selected loan type. When guidelines are met, an approval will be issued. NOTE: After careful review, additional forms or documents may be requested.
- Copy of Appraisal is sent to Borrower
- Final Loan Approval
- Closing Department sends instructions to the Title Company to prepare Closing Disclosure.
- Closing/Settlement - Congratulations! The closing date and time will be confirmed in advance and will take place with the settlement company of your choice as per your contract.



The Different Types of Loan Programs

Different Loan Types have different guidelines regarding: Credit Scores, Loan to Value, and Debt to Income and documentation. Understanding what they are and how they impact the loan type can be helpful in determining the correct program.

Conventional Financing

A Conventional mortgage loan is any type of mortgage that is not federally insured (FHA) or federally guaranteed (VA). Conventional Loans are when you come to a lender and they make the decision to extend the credit based on in part your job stability, income assets, down payment. If the borrower defaults they have potential losses.

Advantages of conventional loans:

- No funding fees or mortgage insurance with 20+% down and automatic cancellation of mortgage insurance upon reaching 78% loan to value on loans initially requiring mortgage insurance
- Higher loan limits available
- No maximum income or sales price limits
- Wide variety of loan programs
- Better equity position due to higher down payment requirements

Disadvantages of conventional loans:

- Higher down payment requirements (5%* minimum or 3%** for first time homebuyers- depending on loan limits)
- More restrictive qualifying guidelines
- Cash Reserves

*Payment example: Stated rate may change or may not be available at time of rate lock. If you bought a \$450,000 home with a 30 year loan at a fixed rate of 7.25% (7.336% Annual Percentage Rate), with a down payment of 5%, for a loan amount of \$427,500, you would make 360 monthly payments of \$2,916.00. Payment stated does not include mortgage insurance, taxes and homeowners insurance, which will result in a higher payment.

** Payment example: Stated rate may change or may not be available at time of rate lock. If you bought a \$450,000 home with a 30 year loan at a fixed rate of 7.25% (7.336% Annual Percentage Rate), with a down payment of 3%, for a loan amount of \$436,500, you would make 360 monthly payments of \$2,978.00. Payment stated does not include mortgage insurance, taxes and homeowners insurance, which will result in a higher payment.

Conventional Loan Sizes

Conventional loans have no maximum loan limits. However, there are 3 tiers with regards to loan size, there is an important distinction between “conforming” and “non-conforming loans”.

Lenders use these terms to differentiate the loan amounts and down payment requirements or loan to value requirements. Credit Scores impact the pricing or the rate on Conventional loans.

1. Conforming Loans – loan amounts up to \$806,500
2. Conforming High Balance Loans – loan amounts from \$806,500 - \$1,209,750
3. Jumbo Loans – loan amounts over \$1,209,750 (in some areas)

Loan to Value requirements.

Loan to value impacts pricing too. Lenders are risk adverse. The more money a borrower puts down the less likely they are to default. Historic data supports that a borrower that puts down as little as 5% is less likely to walk away from their obligation than one that puts down less. Therefore, lenders now require a minimum of 5% down on Conforming Conventional loans. To mitigate losses, Lenders want borrowers to put down 20% + down on conventional financing or pay mortgage insurance.

Conforming/Conforming High Balance are loans that meet purchasing requirements for purchase by Fannie Mae or Freddie Mac. FNMA (the Federal National Mortgage Association) and FHLMC (the Federal Home Loan Mortgage Corporation). See the table of conforming loan limits for Virginia Counties in the back of this booklet.

“Non-conforming” loans or “jumbo” loans” are those with loan amounts and terms that fall outside of the “conforming” or “conforming high balance” loan limits. When consumer confidence is high, Non-conforming funds are usually available to qualified borrowers, however the interest rate on non-conforming loans is usually higher than for conforming loans.

Conventional Conforming

- Minimum Credit Score 620
- Minimum Down Payment 5%
- Max Loan to Value 28/36 with compensating factors 45%
- Max loan amount is \$806,500

Conforming High Balance

- Minimum Down payment 5%
- Minimum Credit Score 700
- Max DTI 28/36 with compensating factors may be possible to go up to 50%
- Loan amounts of \$806,501-\$1,209,750

Jumbo Loans

- Minimum Credit Scores 700
- Maximum DTI 28/36 with compensating factors may be possible to go up to 45%
- Loan Amounts of \$1,209,751 and above

Loan to Value and Mortgage Insurance

If a borrower puts down less than 20% down the lender may require mortgage insurance. Mortgage insurance protects the lender in event of a borrower's default on the loan. When putting down less than 20% the borrower may be required to verify that a minimum of 5% is from their own funds. The more a borrower puts down and the higher the credit score the lower the risk the borrower is to a lender resulting in less expensive options for mortgage insurance. When a borrower puts down 20% or more the lender does not require mortgage insurance (many programs will allow gift funds from a family member for the down payment and closing costs). When mortgage insurance is required some of the options for conventional loan are:

- Monthly Mortgage Insurance
- Borrower Paid Mortgage Insurance (single premium) –in some cases it can be financed
- Lender Paid Mortgage
- Split Premium

Adjustable Rate Mortgage (ARM)

Fixed loans guarantee the rate for the term of the Loan. ARMs are Adjustable Rate Mortgages. The borrower shares the risk with the lender. The interest rate adjusts on an ARM at fixed intervals. The rate on those intervals can be calculated by adding the margin which is fixed at time of loan application and the financial index such as LIBOR or the one-year Treasury notes. The ARM often offers a low beginning interest rate and may be a good option if one is not going to be in the home very long. ARMs have CAPS which help to limit the risk to the borrower.

FHA (Federal Housing Administration)

The FHA Loan is a governmental program was established in 1934 to assist homebuyers with small down payments to be able to purchase homes. FHA guarantees that if a borrower defaults the lender is protected if they underwrite according to the FHA guidelines. The borrower pays for this guarantee with a 1.75% up front mortgage insurance and a monthly mortgage insurance of .55 that as of April 1, 2013, is paid for the life of the loan. The FHA program is regulated by the Department of Housing and Urban Development.



Advantages:

- The borrower is only required to make a 3.5%* down payment, and can be a gift from a family member or relative (but not from a cousin)
- More lenient qualifying criteria DTI 31/43 with the ability to go to ~46/50% with
- Seller can contribute up to 6% of the home's value towards buyer closing costs compensating factors
Maximum Loan amount \$1,209,750 for high cost areas

*FHA Payment example: Stated rate may change or may not be available at time of rate lock. If you bought a \$350,000 home with a down payment of 3.5%, for a loan amount of \$337,500, on a 30 year loan at a fixed rate of 6.625% (7.021% Annual Percentage Rate), you would make 360 monthly payments of \$2,162.00. Payment stated does not include taxes, homeowners insurance, and mortgage insurance which will result in a higher payment.

Disadvantages:

- Upfront and Monthly mortgage insurance costs
- Primary residence only

VA (Veterans Administration)

This federal agency will guarantee the mortgages offered by private lenders to qualified members of the armed forces, active military personnel, veterans, or their widows. VA loans allow a Veteran in most cases to purchase a home with no down payment.

The Blue Water Navy Vietnam Veterans Act of 2019 eliminated the previous VA loan limits and went into effect on January 1, 2020. The repeal of these loan limits applies only to borrowers with full entitlement.

VA loan limits still apply to VA borrowers with only partial entitlement, an active VA loan or who have defaulted on a past VA loan. For example in Fairfax county, the current loan limit is \$1,149,825 These loan limits can vary by county.

1. The lender, not VA, sets the interest rate, discount points, and closing costs. These rates may vary from lender to lender
2. Closing costs such as the VA appraisal, credit report, state and local taxes, and recording fees may be paid by the purchaser, the seller, or shared
3. Veterans are not allowed to pay for the termite report, unless the loan is a refinance. That fee is usually paid by the seller.
4. No commissions, brokerage fees, or “buyer broker” fees may be charged to the Veteran buyer

Advantages:

- ▶▶ Little or no down payment
- ▶▶ Loan is assumable to a qualified Veteran
- ▶▶ Maximum Loan Amount for VA Guarantee \$1,089,300 or County loan limit. No limit for Service members and veterans with full entitlement.

Disadvantage:

- ▶▶ Generally longer processing time

You must have suitable credit, sufficient income, and a valid Certificate of Eligibility (COE) to be eligible for a VA-guaranteed home loan.

The home must be for your own personal occupancy. The eligibility requirements to obtain a COE are listed below for Service members and Veterans, spouses, and other eligible beneficiaries.

To obtain a COE, A service member or veteran must have been discharged under conditions other than dishonorable and meet the service requirements listed on the table on the next page.

Entitlement Restoration

Veterans can have previously-used entitlement “restored” to purchase another home with a VA loan if:

- The property purchased with the prior VA loan has been sold and the loan paid in full, or
- A qualified Veteran-transferee (buyer) agrees to assume the VA loan and substitute his or her entitlement for the same amount of entitlement originally used by the Veteran seller. Restoration of entitlement can be requested through the VA Eligibility Center by completing VA Form 26-1880.

Eligibility Requirements for VA Home Loans			
Status	Qualifying Wartime & Peacetime Periods	Qualifying Active Duty Dates	Minimum Active Duty Service Requirement
Veteran	WWII	9/16/1940 - 7/25/1947	90 total days
	Post-WWII	7/26/1947 - 6/26/1950	181 continuous days
	Korean War	6/27/1950 - 1/31/1955	90 total days
	Post-Korean War	2/1/1955 - 8/4/1964	181 continuous days
	Vietnam War	8/5/1964 - 5/7/1975 *For Veterans who served in the Republic of Vietnam, dates are 2/28/1961 – May 1, 1975	90 total days
	Post-Vietnam War	5/8/1975 - 9/7/1980 *The dates for officers are 5/8/1975 to 10/16/1981	181 continuous days
	24-month rule	9/8/1980 - 8/1/1990 *The dates for officers are 10/17/1981 – 08/1/1990	24 continuous months, OR The full period (at least 181 days) for which you were called or ordered to active duty
	Gulf War	8/2/1990 - Present	24 continuous months, OR The full period (at least 90 days) for which you were called or ordered to active duty
Currently On	Any	Any	90 continuous days
National Guard & Reserve Member	Gulf War	8/2/1990 - Present	90 days of active service
	Six years of service in the Selected Reserve or National Guard, AND <ul style="list-style-type: none"> • Were discharged honorably, OR • Were placed on the retired list, OR • Were transferred to the Standby Reserve or an element of the Ready Reserve other than the Selected Reserve after service characterized as honorable, OR • Continue to serve in the Selected Reserve 		

*If you do not meet the minimum service requirements, you may still be eligible if you were discharged due to (1) hardship, (2) the convenience of the government, (3) reduction-in-force, (4) certain medical conditions, or (5) a service-connected disability.

You may also apply for eligibility if you fall into one of the following categories:

- Certain U.S. citizens who served in the armed forces of a government allied with the United States in World War II
- Individuals with service as members in certain organizations, such as Public Health Service officers, cadets at the United States Military, Air Force, or Coast Guard Academy, midshipmen at the United States Naval Academy, officers of National Oceanic & Atmospheric Administration, merchant seaman with World War II service, and others.

VA Funding Fee

Generally, all Veterans using the VA Home Loan Guaranty benefit must pay a funding fee. This reduces the loan's cost to taxpayers considering that a VA loan requires no down payment and has no monthly mortgage insurance. The funding fee is a percentage of the loan amount which varies based on the type of loan and your military category, if you are a first-time or subsequent loan user, and whether you make a down payment. You have the option to finance the VA funding fee or pay it in cash, but the funding fee must be paid at closing time.

You do not have to pay the fee if you are a:

- Veteran awarded a Purple Heart
- Veteran receiving VA compensation for a service-connected disability, OR
- Veteran who would be entitled to receive compensation for a service-connected disability if you did not receive retirement or active duty pay, OR
- Surviving spouse of a Veteran who died in service or from a service-connected disability

The funding fee for second time users who do not make a down payment is slightly higher.

Type of Veteran	Down payment	Percentage for First time Use	Percentage for Subsequent Use
Active Duty, Reserves, and National Guard	None	2.15%	3.30% *
	5% or more	1.50%	1.50%
	10% or more	1.25%	1.25%

*The higher subsequent use fee does not apply to these types of loans if the Veteran's only prior use of entitlement was for a manufactured home loan.



VA Guarantee

For those subject to county loan limits for their VA loan, the Veteran's Administration will guarantee the lesser of: 25% of the county loan limit or 25% of the loan amount. If the veteran has full entitlement, and the loan amount is within the county loan limits, then a down payment should not be required. Lenders will often lend up to 4 times the entitlement amount.

Example:

A veteran has partial entitlement available after using \$300,000 of entitlement on a prior VA-guaranteed home loan (not restored) and is purchasing a home in Fairfax County for \$900,000.

1. Home price of \$900,000 where the county loan limit is \$1,209,750
2. County loan limit of \$1,209,750 x 25% = \$302,437 Maximum guarantee (if full entitlement was available)
3. Subtract \$400,000 of previously used entitlement x 25% = \$100,000
4. \$302,437 - \$100,000 = \$202,437 of entitlement remains available
5. \$900,000 x 25% = \$225,000 Guaranty and down payment combination required
6. \$225,000 - \$202,437 (available entitlement) = \$22,562 x 4 = \$90,250 down payment required.

Since VA's guaranty is limited to the lesser of 25% of the county loan limit or 25% of the loan amount, VA will guaranty \$202,437 on the veterans \$900,000 loan in this county, and a down payment of \$90,250 will be required.

Cash-Out Refinancing Loans:

Note: There are no reduced funding fees for regular refinances based on equity. Reduced fees only apply to purchase loans where a down payment of at least 5 percent is made.

Type of Veteran	Percentage for First Time Use	Percentage for Subsequent Use
Active Duty, Reserves, and National Guard	2.15%	3.30% *

*The higher subsequent use fee does not apply to these types of loans if the Veteran's only prior use of entitlement was for a manufactured home loan.

Type of Loan	Percentage for Either Type of Veteran, Whether First Time or Subsequent Use
IRRRLs	0.50%
Manufactured Home Loans (NOT permanently affixed)	1.00%
Loan Assumptions	0.50%
Vendee Loan (for purchasing VA-acquired property)	2.25%

*More Information about VA Home Loans can be found at www.benefits.va.gov/homeloans

Specialty Loan Programs

Virginia Housing Programs for First Time Homebuyers



The difference between the VHDA programs and those on the Open Market is where VHDA gets their money. VHDA is a bond program. With the Bond program comes additional restrictions- income limits and sales price limits. VHDA allow DTI ratios up to 50% with compensating factors giving the borrower more purchasing power. These programs also offer up to 2.5% of the purchase price with the Down Payment Assistance Grant (2% for Conventional loans and 2.5% for FHA Loans, or up to 2% of the purchase price with the Closing Cost Assistance Grant to eligible borrowers (USDA or VA loans). Because these are grants, they never have to be paid back! The Maximum sales price for this program is \$750,000. In the Northern Virginia area, the income limit is up to \$176,000 (\$141,000 with VHDA DPA or CCA Grant) for a family of 1-2 or \$205,000 (\$164,000 with VHDA DPA or CCA Grant) for a family of 3+. For more info please visit Virginia Housing's website www.vhda.com. Virginia Housing programs help find solutions to help first time home buyers (FTHB) purchase homes sooner than they may otherwise be able to. One way is they offer 100% financing to those that need it (101.5% if over 680 credit score- which can help pay for closing costs and pre-paid items). Virginia Housing also has Down Payment Assistance Programs

USDA Loans



USDA Rural Development's Single-Family Housing Guaranteed Loan Program assists low to moderate income rural homebuyer's purchase a home using 100% financing. Borrower must purchase a home that is within the eligible rural areas and have a household income that does not exceed the established limits where the home is located.

FHA 203K Renovation Loans

FHA 203k renovation loans allow a purchaser to borrow additional money to make repairs or renovations to the home. The process may require the borrower to obtain a FHA consultant or Contractor that provides an estimate of the cost of the repairs and a draw schedule. The contractor must have both a license and insurance. Upon loan closing funds will be disbursed to the borrower and contractor according to the draw schedule.



Construction to Permanent Loan



Construction-to-permanent loans offer interest-only payments during construction, with a fixed construction interest rate for 12 months. Once the construction is completed the loan would go to a permanent program. This program allows a buyer to choose the lot and builder of their choice and build their dream home. In addition, this programs may allow the borrower to pay only a single set of closing costs.

Bridge Loans

A bridge loan is on a borrower's primary residence that has either been listed for sale or is going to be listed for sale. The idea behind a bridge loan is to use the equity built up in the current property to put a down payment to purchase another property to use as a primary residence. With a bridge loan, a borrower can write a non- contingent contract and close on the new home before the old home has settled.

To determine how much equity a borrower has in their current residence, an appraisal is ordered and typically 5% of that value is taken, and the current amount of the mortgage is subtracted.

The resulting amount is the maximum equity that can be taken as a bridge loan

The borrower must be able to qualify for the purchase of the new property carrying whatever payment will be due on that property, the current mortgage on their old property, the bridge loan payment, and all other debt.



RE-Cast Loans

A Conventional mortgage loan upon request can have a re-cast feature; which would allow the borrower to reduce their principal and interest after closing by making a principal curtailment. This is especially beneficial to borrowers that wish to write a non-contingent offer and wish to sell their home after closing on the new home as it will allow them the option of reducing their principal and interest rather than reducing the number of years on their mortgage if desired.

Mortgage Terms

Adjustable-Rate Mortgage (ARM): A type of home loan in which the interest rate and monthly payment may be adjusted periodically according to a preselected index (see definition of index).

Adjustment Interval: How frequently the interest rate and/or the monthly payment amount on an adjustable-rate mortgage can be adjusted. Once the interest rate and monthly payment are established, they cannot change until the beginning of the next scheduled adjustment interval.

Amortization: Loan payment by equal periodic payments calculated to retire the principal at the end of a fixed period and to pay accrued interest on the outstanding balance.

Annual Percentage Rate (APR): A term used in the Truth in Lending Act to represent the cost of credit as a yearly rate.

Appraisal: A report made by a qualified Appraiser on a home's estimated value; also refers to the process by which the estimate is made. A copy of the report must be provided to the borrower if the report was required

Appraiser: one who is trained and educated in the methods of determining the value of property (appraised value). You will pay a fee for an appraisal report containing an opinion as to the value of your property and the reasoning leading to this opinion.

Basis Point: One one-hundredth of one percent: Used to describe the amount of change in yield in many debt instruments, including mortgages.

Cap (or Rate Cap): A limit on the change in the amount of the interest rate or monthly payment on an ARM loan at the time of the adjustment interval; may be either a "per adjustment" cap or a "lifetime" cap.

Closing: In real estate, closing is the conclusion of the sale transaction and includes the delivery of a deed, financial adjustments, the signing of notes and other loan documents, and the disbursement of funds necessary to the sale or loan transaction. In most states, closing is handled by a settlement agent (often an attorney).

Closing Disclosure: A statement that itemizes the services provided to you and the fees charged for those services. The Initial Closing Disclosure must be provided no less than 3 days prior to Closing.

Collateral: Property pledged as security for a debt, such as the real estate as security for a mortgage loan.

Commitment: An agreement, often in writing, between a mortgage lender and a borrower to lend money at a future date subject to compliance with stated conditions.

Conventional Loan: A mortgage loan not insured by the Federal Housing Administration (FHA) or guaranteed by the Veterans Administration (VA).

Credit Report: A report pulled by a mortgage lender on the credit standing of a prospective borrower and is used to assess credit worthiness

Deed: A document recording change of ownership of real property from one party to another.

Default: The inability to pay monthly mortgage payments in a timely manner or to otherwise meet the mortgage terms.

Delinquency: Failure of the borrower to make timely payments.

Earnest Money Deposit: money you will put down to show that you are serious about purchasing the home. It often becomes part of the down payment if the offer is accepted, is returned if the offer is rejected, or may be forfeited if you do not follow through with the deal.

Escrow Agent: a person or entity holding documents and funds in a transfer of real property, acting for both parties pursuant to instructions. Typically the agent is a person (often an attorney), escrow company or title company, depending on local practices.

Escrow Payment: That portion of a homeowner's monthly mortgage payment which is held by the lender to pay real property taxes, hazard insurance, mortgage insurance, land lease payments and other items as they become due.

Fannie Mae: Federal National Mortgage Association (FN MA), a taxpaying corporation created by Congress to support the secondary mortgage market. It purchases and sells residential mortgages insured by FHA or guaranteed by VA (See Ginnie Mae), as well as conventional home mortgages.

FHA Loan: A loan insured by the Federal Housing Administration (FHA) open to all qualified home purchasers. While there are limits to the size of FHA loans, they are generous enough to handle moderate- priced homes almost anywhere in the country.

First Mortgage: A real-estate loan that creates a primary lien against real property.

Fixed-Rate Mortgage Loan: A type of loan product on which the interest rate is set for the term of the loan (as opposed to an adjustable-rate mortgage).

Freddie Mac: Federal Home Loan Mortgage Corporation (FHLMC), a quasi-governmental agency that purchases conventional mortgages in the secondary mortgage market from insured depository institutions and HUD-approved mortgage lenders.

Loan Estimate: A document that lenders provide to borrowers with an estimate of settlement service charges the borrower is likely to incur. A Loan Estimate must be provided by the lender within three business days of receiving a signed loan application.

Government Recording and Transfer Charges: Fees for legally recording your deed and mortgage. These fees may be paid by you or by the seller depending upon the terms of the sales agreement.

Homeowner's Insurance or Home Hazard Insurance: An insurance policy that protects your home and your possessions inside from serious loss, such as theft or fire. This insurance is required by all lenders to protect their investment and must be obtained before closing on your loan.

Index: A published interest rate used to determine the variable interest rate on an adjustable-rate mortgage loan. Mortgage lenders use an index to measure the difference between the current interest rate on an ARM loan and the interest earned on other investments (such as one-, three-, and five-year U.S. Treasury security yields, the monthly average interest rate on loans closed by savings and loan institutions, and the monthly average cost-of-funds incurred by savings and loans).

Insured Loan: A loan insured by the FHA or a private mortgage insurance (PMI) company.

Interest: The charge by the lender for borrowing money expressed as a percentage.

Investor: Any person, company or institution that purchases mortgage loans as an investment. Generally, mortgage bankers originate loans for sale to other investors.

Jumbo Loans (or Non-Conforming Loan): A mortgage loan that is larger than the limits set by Freddie Mac and Fannie Mae.

Loan to value (LTV) ratio: A percentage calculated by dividing the amount to be borrowed by the price or appraised value of the home to be purchased (whichever is less). The loan to value ratio is used to qualify borrowers for a mortgage, and the higher the LTV, the tighter the qualification guidelines for certain mortgage programs become. Low loan to value ratios are considered below 80%, and carry lower rates since borrowers are lower risk.

Lock-In Period: The period of time before loan closing in which the interest rate is guaranteed not to change.

Margin: The amount or percentage added to the Index at each adjustment interval to determine the new interest rate to be paid by the borrower. The margin is constant for the term of the ARM loan. Individual lenders determine their specific margins based upon their cost of funds, servicing fee, loan administration costs, and risk and profit potential for a specific loan type.

Mortgage: The transfer of an interest in property to a lender as a security for a debt. This interest may be transferred with a Deed of Trust in some states.

Note Rate: The amount of interest being paid under terms of the ARM. The note rate may be less than the accrual rate due to a payment cap.

Origination Services: Any service involved in the creation of a mortgage loan, including but not limited to the taking of the loan application, loan processing, and the underwriting and funding of loan, and the processing and administrative services required to perform these functions.

PITI: Principal, Interest, Taxes and Insurance: the four elements of a monthly mortgage payment; payments of principal and interest go directly towards repaying the loan while the portion that covers taxes and insurance goes into an escrow account to cover the fees when they are due.

Point: Amount of money paid to reduce the interest rate on a loan. A point is equal to one percent of the loan amount.

Private Mortgage Insurance (PMI): Insurance written by a private company to protect a lender against financial loss should the borrower default on the mortgage.

Recording and Transfer Charges: These charges include fees paid to the local government for filing official records of a real-estate transaction.

Sales Agreement: The contract signed by a buyer and the seller stating the terms and conditions under which a property will be sold. It may also be called an "Agreement of Sale" or "Purchase Contract."

Settlement: The time at which the property is formally sold and transferred from the seller to the buyer. It is at this time that the borrower takes on the loan obligation, pays all closing costs and receives title from the seller.

Settlement/Closing Agent: The person who handles the real estate transaction when you buy or sell a home. It may also be an attorney or a title agent. He or she oversees all legal documents, fee payments, and other details of transferring the property to ensure that the conditions of the contract have been met and appropriate real estate taxes have been paid

Settlement Costs/Closing Costs: The customary costs above and beyond the sales price of the property that must be paid to cover the transfer of ownership at closing; these costs generally vary by geographic location and are typically detailed to the borrower at the time the GFE is given.

Survey Fee: A fee for obtaining a drawing of your property showing the location of the lot, any structures, and any encroachments. The survey fee is usually paid by the borrower.

Title: The evidence of property ownership. In the case of real estate, the documentary evidence of ownership is the title deed that specifies in whom the legal estate to real property is vested.

Title Binder: A written preliminary report issued by a title insurance company which lists the names of current and proposed owners, all the defects in title, and liens against the real property identified in the title binder. The binder is evidence of temporary title insurance coverage effective only for a limited time and must be replaced by a permanent policy.

Title Insurance: Insurance that protects your lender against any title dispute that may arise over your property. Through a title search, the lender verifies who the actual property-owners are and whether the property is free of liens. The title search company then issues title insurance which protects the title of the property against any unpaid mortgages and judgments. In case a claim is made against the property, the title insurance provides legal protection and pays for court fees and related costs. You may also purchase Owner's title insurance which protects you as the homeowner.

Treasury Security: Average yield on the United States Treasury securities adjusted to a constant maturity.

Truth-In-Lending: A federal law requiring that lenders fully disclose credit terms and conditions, the annual percentage rate and other mortgage financing charges in writing to the borrower.

Tolerance Category: The maximum amount by which the charges for a category or categories of settlement cost may exceed the amount of the estimate for such category or categories on a good faith estimate. When the originator selects, and identifies the provider of services, these charges may only increase 10% in the aggregate. If the borrower selects a provider that is not on the written list provided by the loan originator, the lender is not subject to any tolerance restrictions for that service.

Underwriting: The analysis of a mortgage lender's financial risk, and pairing that risk with an appropriate interest rate and term. Underwriting considers the borrower's ability and willingness to repay the mortgage loan, the property's value as revealed in the appraisal report, the loan-to-value (LTV) ratio, and the presence or absence of mortgage insurance.

VA Loan: A mortgage loan offered to eligible veterans and guaranteed by the Veterans Administration.

Virginia Housing Income & Sales Price / Loan Limits

Income and Sales Price / Loan Limits



Available for First-time Homebuyers Only

Area	Grant Programs Down Payment / Closing Cost Assistance			Standard / Bond Programs with or without Plus Second Mortgage		
	Household Income Limit All Household Member Income		Sales Price / Loan Limit	Household Income Limit All Household Member Income		Sales Price / Loan Limit
	2 or Fewer People	3 or More People		2 or Fewer People	3 or More People	
Washington Arlington Alexandria	\$141,000	\$164,000	\$750,000	\$176,000	\$205,000	\$750,000
Richmond	\$86,000	\$99,000	\$500,000	\$107,000	\$123,000	\$500,000
Charlottesville	\$84,000	\$97,000	\$475,000	\$105,000	\$121,000	\$475,000
Norfolk Virginia Beach Newport News	\$84,000	\$97,000	\$475,000	\$105,000	\$121,000	\$475,000
Culpeper Rappahannock Warren	\$88,000	\$103,000	\$650,000	\$110,000	\$129,000	\$650,000
All Other Areas of Virginia	\$80,000	\$92,000	\$450,000	\$100,000	\$115,000	\$450,000

Available for First-time and Repeat Homebuyers

Area	Expanded / Non-bond Programs with or without Plus Second Mortgage	
	Household Income Limit Qualifying Income	Sales Price / Loan Limit
	All Household Sizes	
Washington Arlington Alexandria	\$232,000	No sales price limit
Richmond		
Charlottesville		
Norfolk Virginia Beach Newport News	\$160,000	
Culpeper Rappahannock Warren		
All Other Areas of Virginia		Follow GSE / Insurer / guarantor requirements for loan limit

Area by County / City

Washington	Chesterfield	Norfolk
Arlington	County	Virginia Beach
Alexandria:	Colonial Heights	Newport News:
Alexandria	Dinwiddie County	Chesapeake
Arlington County	Goochland County	Gloucester
Clarke County	Hanover County	County
Fairfax:	Henrico County	Hampton
Fairfax County	Hopewell	Isle of Wight
Falls Church	King William	County
Fauquier County	County	James City
Fredericksburg	New Kent County	County
Loudoun County	Petersburg	Mathews County
Manassas	Powhatan County	Newport News
Manassas Park	Prince George	Norfolk
Prince William	County	Poquoson
County	City of Richmond	Portsmouth
Spotsylvania	Sussex	Suffolk
County		Virginia Beach
Stafford County		Williamsburg
Richmond:	Charlottesville:	York County
Amelia County	Albemarle County	
Charles City	Charlottesville	
County	Fluvanna County	
	Greene County	
	Nelson County	
		Culpeper
		Rappahannock
		Warren

Effective 8/1/24

Sample Loan Application

To be completed by the Lender:

Lender Loan No./Universal Loan Identifier

Agency Case No.

Uniform Residential Loan Application

Verify and complete the information on this application. If you are applying for this loan with others, each additional Borrower must provide information as directed by your Lender.

Section 1: Borrower Information. This section asks about your personal information and your income from employment and other sources, such as retirement, that you want considered to qualify for this loan.

1a. Personal Information

Name (First, Middle, Last, Suffix)

Alternate Names – List any names by which you are known or any names under which credit was previously received (First, Middle, Last, Suffix)

Social Security Number

(or Individual Taxpayer Identification Number)

Date of Birth

(mm/dd/yyyy)

Citizenship

☐ U.S. Citizen

☐ Permanent Resident Alien

☐ Non-Permanent Resident Alien

Type of Credit

☐ I am applying for **individual credit**.

☐ I am applying for **joint credit**. Total Number of Borrowers:

Each Borrower intends to apply for joint credit. **Your initials:**

List Name(s) of Other Borrower(s) Applying for this Loan

(First, Middle, Last, Suffix) – Use a separator between names

Marital Status

☐ Married

☐ Separated

☐ Unmarried

(Single, Divorced, Widowed, Civil Union, Domestic Partnership, Registered Reciprocal Beneficiary Relationship)

Dependents (not listed by another Borrower)

Number

Ages

Contact Information

Home Phone () -

Cell Phone () -

Work Phone () -

Ext.

Email

Current Address

Street

Unit #

City

State

ZIP

Country

How Long at Current Address? Years Months **Housing** ☐ No primary housing expense ☐ Own ☐ Rent (\$ /month)

If at Current Address for LESS than 2 years, list Former Address ☐ Does not apply

Street

Unit #

City

State

ZIP

Country

How Long at Former Address? Years Months **Housing** ☐ No primary housing expense ☐ Own ☐ Rent (\$ /month)

Mailing Address – if different from Current Address ☐ Does not apply

Street

Unit #

City

State

ZIP

Country

1b. Current Employment/Self-Employment and Income

☐ Does not apply

Employer or Business Name

Phone () -

Street

Unit #

City

State

ZIP

Country

Position or Title

Start Date / / (mm/dd/yyyy)

How long in this line of work? Years Months

Check if this statement applies:

☐ I am employed by a family member, property seller, real estate agent, or other party to the transaction.

☐ **Check if you are the Business Owner or Self-Employed**

☐ I have an ownership share of less than 25%.

☐ I have an ownership share of 25% or more.

Monthly Income (or Loss)

\$

Gross Monthly Income

Base \$ /month

Overtime \$ /month

Bonus \$ /month

Commission \$ /month

Military Entitlements \$ /month

Other \$ /month

TOTAL \$ 0.00/month

1c. IF APPLICABLE, Complete Information for Additional Employment/Self-Employment and Income☐ Does not apply

Employer or Business Name _____ Phone (____) ____ - ____
Street _____ Unit # _____
City _____ State _____ ZIP _____ Country _____

Position or Title _____
Start Date ____/____/____ (mm/dd/yyyy)
How long in this line of work? ____ Years ____ Months

Check if this statement applies:
☐ I am employed by a family member, property seller, real estate agent, or other party to the transaction.

☐ **Check if you are the Business Owner or Self-Employed** ☐ I have an ownership share of less than 25%. **Monthly Income (or Loss)** \$ _____
☐ I have an ownership share of 25% or more. \$ _____

Gross Monthly Income

Base \$ _____/month
Overtime \$ _____/month
Bonus \$ _____/month
Commission \$ _____/month
Military Entitlements \$ _____/month
Other \$ _____/month
TOTAL \$ 0.00/month

1d. IF APPLICABLE, Complete Information for Previous Employment/Self-Employment and Income☐ Does not apply

Provide at least 2 years of current and previous employment and income.

Employer or Business Name _____
Street _____ Unit # _____
City _____ State _____ ZIP _____ Country _____

Previous Gross Monthly Income \$ _____/month

Position or Title _____
Start Date ____/____/____ (mm/dd/yyyy)
End Date ____/____/____ (mm/dd/yyyy)

☐ **Check if you were the Business Owner or Self-Employed**

1e. Income from Other Sources☐ Does not apply

Include income from other sources below. Under Income Source, choose from the sources listed here:

- | | | | | | |
|------------------------|------------------------|-------------------------------|----------------------|------------------------|-------------------|
| • Alimony | • Child Support | • Interest and Dividends | • Notes Receivable | • Royalty Payments | • Unemployment |
| • Automobile Allowance | • Disability | • Mortgage Credit Certificate | • Public Assistance | • Separate Maintenance | • Benefits |
| • Boarder Income | • Foster Care | • Mortgage Differential | • Retirement | • Social Security | • VA Compensation |
| • Capital Gains | • Housing or Parsonage | • Payments | (e.g., Pension, IRA) | • Trust | • Other |

NOTE: Reveal alimony, child support, separate maintenance, or other income ONLY IF you want it considered in determining your qualification for this loan.

Income Source – use list above	Monthly Income
<div></div>	\$ <div></div>
<div></div>	\$ <div></div>
<div></div>	\$ <div></div>
Provide TOTAL Amount Here	\$ 0.00

Section 2: Financial Information — Assets and Liabilities. This section asks about things you own that are worth money and that you want considered to qualify for this loan. It then asks about your liabilities (or debts) that you pay each month, such as credit cards, alimony, or other expenses.

2a. Assets – Bank Accounts, Retirement, and Other Accounts You Have

Include all accounts below. Under Account Type, choose from the types listed here:

- Checking
- Savings
- Money Market
- Certificate of Deposit
- Mutual Fund
- Stocks
- Stock Options
- Bonds
- Retirement (e.g., 401k, IRA)
- Bridge Loan Proceeds
- Individual Development Account
- Trust Account
- Cash Value of Life Insurance (used for the transaction)

Account Type – use list above	Financial Institution	Account Number	Cash or Market Value
<input type="text"/>	<input type="text"/>	<input type="text"/>	\$ <input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	\$ <input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	\$ <input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	\$ <input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	\$ <input type="text"/>
Provide TOTAL Amount Here			\$ 0.00

2b. Other Assets and Credits You Have ☐ Does not apply

Include all other assets and credits below. Under Asset or Credit Type, choose from the types listed here:

- Assets**
- Proceeds from Real Estate
- Property to be sold on or before closing
- Proceeds from Sale of Non-Real Estate Asset
- Secured Borrowed Funds
- Unsecured Borrowed Funds
- Other
- Credits**
- Earnest Money
- Employer Assistance
- Lot Equity
- Relocation Funds
- Rent Credit
- Sweat Equity
- Trade Equity

Asset or Credit Type – use list above	Cash or Market Value
<input type="text"/>	\$ <input type="text"/>
<input type="text"/>	\$ <input type="text"/>
<input type="text"/>	\$ <input type="text"/>
<input type="text"/>	\$ <input type="text"/>
Provide TOTAL Amount Here	\$ 0.00

2c. Liabilities – Credit Cards, Other Debts, and Leases that You Owe ☐ Does not apply

List all liabilities below (except real estate) and include deferred payments. Under Account Type, choose from the types listed here:

- Revolving (e.g., credit cards)
- Installment (e.g., car, student, personal loans)
- Open 30-Day (balance paid monthly)
- Lease (not real estate)
- Other

Account Type – use list above	Company Name	Account Number	Unpaid Balance	To be paid off at or before closing	Monthly Payment
<input type="text"/>	<input type="text"/>	<input type="text"/>	\$ <input type="text"/>	<input type="checkbox"/>	\$ <input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	\$ <input type="text"/>	<input type="checkbox"/>	\$ <input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	\$ <input type="text"/>	<input type="checkbox"/>	\$ <input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	\$ <input type="text"/>	<input type="checkbox"/>	\$ <input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	\$ <input type="text"/>	<input type="checkbox"/>	\$ <input type="text"/>

2d. Other Liabilities and Expenses ☐ Does not apply

Include all other liabilities and expenses below. Choose from the types listed here:

- Alimony
- Child Support
- Separate Maintenance
- Job Related Expenses
- Other

	Monthly Payment
<input type="text"/>	\$ <input type="text"/>
<input type="text"/>	\$ <input type="text"/>
<input type="text"/>	\$ <input type="text"/>

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Section 3: Financial Information — Real Estate.

This section asks you to list all properties you currently own and what you owe on them. ☐ I do not own any real estate

3a. Property You Own

If you are refinancing, list the property you are refinancing FIRST.

Address		Street	Unit #		
City		State	ZIP	Country	
Property Value	Status: Sold, Pending Sale, or Retained	Intended Occupancy: Investment, Primary Residence, Second Home, Other	Monthly Insurance, Taxes, Association Dues, etc. if not included in Monthly Mortgage Payment	For 2-4 Unit Primary or Investment Property	
				Monthly Rental Income	For LENDER to calculate: Net Monthly Rental Income
\$			\$	\$	\$

Mortgage Loans on this Property ☐ Does not apply

Creditor Name	Account Number	Monthly Mortgage Payment	Unpaid Balance	To be paid off at or before closing	Type: FHA, VA, Conventional, USDA-RD, Other	Credit Limit (if applicable)
		\$	\$	<input type="checkbox"/>		\$
		\$	\$	<input type="checkbox"/>		\$

3b. IF APPLICABLE, Complete Information for Additional Property

☐ Does not apply

Address		Street	Unit #		
City		State	ZIP	Country	
Property Value	Status: Sold, Pending Sale, or Retained	Intended Occupancy: Investment, Primary Residence, Second Home, Other	Monthly Insurance, Taxes, Association Dues, etc. if not included in Monthly Mortgage Payment	For 2-4 Unit Primary or Investment Property	
				Monthly Rental Income	For LENDER to calculate: Net Monthly Rental Income
\$			\$	\$	\$

Mortgage Loans on this Property ☐ Does not apply

Creditor Name	Account Number	Monthly Mortgage Payment	Unpaid Balance	To be paid off at or before closing	Type: FHA, VA, Conventional, USDA-RD, Other	Credit Limit (if applicable)
		\$	\$	<input type="checkbox"/>		\$
		\$	\$	<input type="checkbox"/>		\$

3c. IF APPLICABLE, Complete Information for Additional Property

☐ Does not apply

Address		Street	Unit #		
City		State	ZIP	Country	
Property Value	Status: Sold, Pending Sale, or Retained	Intended Occupancy: Investment, Primary Residence, Second Home, Other	Monthly Insurance, Taxes, Association Dues, etc. if not included in Monthly Mortgage Payment	For 2-4 Unit Primary or Investment Property	
				Monthly Rental Income	For LENDER to calculate: Net Monthly Rental Income
\$			\$	\$	\$

Mortgage Loans on this Property ☐ Does not apply

Creditor Name	Account Number	Monthly Mortgage Payment	Unpaid Balance	To be paid off at or before closing	Type: FHA, VA, Conventional, USDA-RD, Other	Credit Limit (if applicable)
		\$	\$	<input type="checkbox"/>		\$
		\$	\$	<input type="checkbox"/>		\$

Borrower Name: _____

Section 4: Loan and Property Information.

This section asks about the loan's purpose and the property you want to purchase or refinance.

4a. Loan and Property Information

Loan Amount \$ Loan Purpose ☐ Purchase ☐ Refinance ☐ Other (specify)

Property Address Street Unit #
City State ZIP County
Number of Units Property Value \$

Occupancy ☐ Primary Residence ☐ Second Home ☐ Investment Property **FHA Secondary Residence** ☐

1. **Mixed-Use Property.** If you will occupy the property, will you set aside space within the property to operate your own business? (e.g., daycare facility, medical office, beauty/barber shop) ☐ NO ☐ YES

2. **Manufactured Home.** Is the property a manufactured home? (e.g., a factory built dwelling built on a permanent chassis) ☐ NO ☐ YES

4b. Other New Mortgage Loans on the Property You are Buying or Refinancing ☐ Does not apply

Creditor Name	Lien Type	Monthly Payment	Loan Amount/ Amount to be Drawn	Credit Limit (if applicable)
<input type="text"/>	<input type="radio"/> First Lien <input type="radio"/> Subordinate Lien	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
<input type="text"/>	<input type="radio"/> First Lien <input type="radio"/> Subordinate Lien	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>

4c. Rental Income on the Property You Want to Purchase ☐ For Purchase Only ☐ Does not apply

Complete if the property is a 2-4 Unit Primary Residence or an Investment Property	Amount
Expected Monthly Rental Income	\$ <input type="text"/>
For LENDER to calculate: Expected Net Monthly Rental Income	\$ <input type="text"/>

4d. Gifts or Grants You Have Been Given or Will Receive for this Loan ☐ Does not apply

Include all gifts and grants below. Under Source, choose from the sources listed here:

- Community Nonprofit
- Federal Agency
- Relative
- State Agency
- Lender
- Employer
- Local Agency
- Religious Nonprofit
- Unmarried Partner
- Other

Asset Type: Cash Gift, Gift of Equity, Grant	Deposited/Not Deposited	Source – use list above	Cash or Market Value
<input type="text"/>	<input type="radio"/> Deposited <input type="radio"/> Not Deposited	<input type="text"/>	\$ <input type="text"/>
<input type="text"/>	<input type="radio"/> Deposited <input type="radio"/> Not Deposited	<input type="text"/>	\$ <input type="text"/>

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Section 5: Declarations. This section asks you specific questions about the property, your funding, and your past financial history.

5a. About this Property and Your Money for this Loan

<p>A. Will you occupy the property as your primary residence? If YES, have you had an ownership interest in another property in the last three years? If YES, complete (1) and (2) below: (1) What type of property did you own: primary residence (PR), FHA secondary residence (SR), second home (SH), or investment property (IP)? (2) How did you hold title to the property: by yourself (S), jointly with your spouse (SP), or jointly with another person (O)?</p>	<p><input type="radio"/> NO <input type="radio"/> YES <input type="radio"/> NO <input type="radio"/> YES <div><div></div></div> <div><div></div></div></p>
<p>B. If this is a Purchase Transaction: Do you have a family relationship or business affiliation with the seller of the property?</p>	<p><input type="radio"/> NO <input type="radio"/> YES</p>
<p>C. Are you borrowing any money for this real estate transaction (e.g., money for your closing costs or down payment) or obtaining any money from another party, such as the seller or realtor, that you have not disclosed on this loan application? If YES, what is the amount of this money?</p>	<p><input type="radio"/> NO <input type="radio"/> YES \$ <div><div></div></div></p>
<p>D. 1. Have you or will you be applying for a mortgage loan on another property (not the property securing this loan) on or before closing this transaction that is not disclosed on this loan application? 2. Have you or will you be applying for any new credit (e.g., installment loan, credit card, etc.) on or before closing this loan that is not disclosed on this application?</p>	<p><input type="radio"/> NO <input type="radio"/> YES <input type="radio"/> NO <input type="radio"/> YES</p>
<p>E. Will this property be subject to a lien that could take priority over the first mortgage lien, such as a clean energy lien paid through your property taxes (e.g., the Property Assessed Clean Energy Program)?</p>	<p><input type="radio"/> NO <input type="radio"/> YES</p>

5b. About Your Finances

<p>F. Are you a co-signer or guarantor on any debt or loan that is not disclosed on this application?</p>	<p><input type="radio"/> NO <input type="radio"/> YES</p>
<p>G. Are there any outstanding judgments against you?</p>	<p><input type="radio"/> NO <input type="radio"/> YES</p>
<p>H. Are you currently delinquent or in default on a Federal debt?</p>	<p><input type="radio"/> NO <input type="radio"/> YES</p>
<p>I. Are you a party to a lawsuit in which you potentially have any personal financial liability?</p>	<p><input type="radio"/> NO <input type="radio"/> YES</p>
<p>J. Have you conveyed title to any property in lieu of foreclosure in the past 7 years?</p>	<p><input type="radio"/> NO <input type="radio"/> YES</p>
<p>K. Within the past 7 years, have you completed a pre-foreclosure sale or short sale, whereby the property was sold to a third party and the Lender agreed to accept less than the outstanding mortgage balance due?</p>	<p><input type="radio"/> NO <input type="radio"/> YES</p>
<p>L. Have you had property foreclosed upon in the last 7 years?</p>	<p><input type="radio"/> NO <input type="radio"/> YES</p>
<p>M. Have you declared bankruptcy within the past 7 years? If YES, identify the type(s) of bankruptcy: <input type="checkbox"/> Chapter 7 <input type="checkbox"/> Chapter 11 <input type="checkbox"/> Chapter 12 <input type="checkbox"/> Chapter 13</p>	<p><input type="radio"/> NO <input type="radio"/> YES</p>

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Section 6: Acknowledgments and Agreements. This section tells you about your legal obligations when you sign this application.

Acknowledgments and Agreements

Definitions:

- "Lender" includes the Lender's agents, service providers, and any of their successors and assigns.
- "Other Loan Participants" includes (i) any actual or potential owners of a loan resulting from this application (the "Loan"), (ii) acquirers of any beneficial or other interest in the Loan, (iii) any mortgage insurer, (iv) any guarantor, (v) any servicer of the Loan, and (vi) any of these parties' service providers, successors or assigns.

I agree to, acknowledge, and represent the following:

(1) The Complete Information for this Application

- The information I have provided in this application is true, accurate, and complete as of the date I signed this application.
- If the information I submitted changes or I have new information before closing of the Loan, I must change and supplement this application, including providing any updated/supplemented real estate sales contract.
- For purchase transactions: The terms and conditions of any real estate sales contract signed by me in connection with this application are true, accurate, and complete to the best of my knowledge and belief. I have not entered into any other agreement, written or oral, in connection with this real estate transaction.
- The Lender and Other Loan Participants may rely on the information contained in the application before and after closing of the Loan.
- Any intentional or negligent misrepresentation of information may result in the imposition of:
 - (a) civil liability on me, including monetary damages, if a person suffers any loss because the person relied on any misrepresentation that I have made on this application, and/or
 - (b) criminal penalties on me including, but not limited to, fine or imprisonment or both under the provisions of Federal law (18 U.S.C. §§ 1001 et seq.).

(2) The Property's Security

The Loan I have applied for in this application will be secured by a mortgage or deed of trust which provides the Lender a security interest in the property described in this application.

(3) The Property's Appraisal, Value, and Condition

- Any appraisal or value of the property obtained by the Lender is for use by the Lender and Other Loan Participants.
- The Lender and Other Loan Participants have not made any representation or warranty, express or implied, to me about the property, its condition, or its value.

(4) Electronic Records and Signatures

- The Lender and Other Loan Participants may keep any paper record and/or electronic record of this application, whether or not the Loan is approved.

- If this application is created as (or converted into) an "electronic application", I consent to the use of "electronic records" and "electronic signatures" as the terms are defined in and governed by applicable Federal and/or state electronic transactions laws.
- I intend to sign and have signed this application either using my:
 - (a) electronic signature; or
 - (b) a written signature and agree that if a paper version of this application is converted into an electronic application, the application will be an electronic record, and the representation of my written signature on this application will be my binding electronic signature.
- I agree that the application, if delivered or transmitted to the Lender or Other Loan Participants as an electronic record with my electronic signature, will be as effective and enforceable as a paper application signed by me in writing.

(5) Delinquency

- The Lender and Other Loan Participants may report information about my account to credit bureaus. Late payments, missed payments, or other defaults on my account may be reflected in my credit report and will likely affect my credit score.
- If I have trouble making my payments I understand that I may contact a HUD-approved housing counseling organization for advice about actions I can take to meet my mortgage obligations.

(6) Authorization for Use and Sharing of Information

By signing below, in addition to the representations and agreements made above, I expressly authorize the Lender and Other Loan Participants to obtain, use, and share with each other (i) the loan application and related loan information and documentation, (ii) a consumer credit report on me, and (iii) my tax return information, as necessary to perform the actions listed below, for so long as they have an interest in my loan or its servicing:

- (a) process and underwrite my loan;
- (b) verify any data contained in my consumer credit report, my loan application and other information supporting my loan application;
- (c) inform credit and investment decisions by the Lender and Other Loan Participants;
- (d) perform audit, quality control, and legal compliance analysis and reviews;
- (e) perform analysis and modeling for risk assessments;
- (f) monitor the account for this loan for potential delinquencies and determine any assistance that may be available to me; and
- (g) other actions permissible under applicable law.

Borrower Signature _____ **Date (mm/dd/yyyy)** ____/____/____

Additional Borrower Signature _____ **Date (mm/dd/yyyy)** ____/____/____

Borrower Name:

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Section 7: Military Service.

This section asks questions about your (or your deceased spouse's) military service.

Military Service of Borrower

Military Service – Did you (or your deceased spouse) ever serve, or are you currently serving, in the United States Armed Forces? ☐ NO ☐ YES

If YES, check all that apply:

- ☐ Currently serving on active duty with projected expiration date of service/tour ____/____/____ (mm/dd/yyyy)
☐ Currently retired, discharged, or separated from service
☐ Only period of service was as a non-activated member of the Reserve or National Guard
☐ Surviving spouse

Section 8: Demographic Information.

This section asks about your ethnicity, sex, and race.

Demographic Information of Borrower

The purpose of collecting this information is to help ensure that all applicants are treated fairly and that the housing needs of communities and neighborhoods are being fulfilled. For residential mortgage lending, Federal law requires that we ask applicants for their demographic information (ethnicity, sex, and race) in order to monitor our compliance with equal credit opportunity, fair housing, and home mortgage disclosure laws. You are not required to provide this information, but are encouraged to do so. You may select one or more designations for "Ethnicity" and one or more designations for "Race." **The law provides that we may not discriminate** on the basis of this information, or on whether you choose to provide it. However, if you choose not to provide the information and you have made this application in person, Federal regulations require us to note your ethnicity, sex, and race on the basis of visual observation or surname. The law also provides that we may not discriminate on the basis of age or marital status information you provide in this application. If you do not wish to provide some or all of this information, please check below.

Ethnicity: Check one or more

- ☐ Hispanic or Latino
☐ Mexican ☐ Puerto Rican ☐ Cuban
☐ Other Hispanic or Latino – Print origin:

For example: Argentinean, Colombian, Dominican, Nicaraguan, Salvadoran, Spaniard, and so on.

- ☐ Not Hispanic or Latino
☐ I do not wish to provide this information

Sex

- ☐ Female
☐ Male
☐ I do not wish to provide this information

Race: Check one or more

- ☐ American Indian or Alaska Native – Print name of enrolled or principal tribe: _____

☐ Asian

- ☐ Asian Indian ☐ Chinese ☐ Filipino
☐ Japanese ☐ Korean ☐ Vietnamese

☐ Other Asian – Print race: _____

For example: Hmong, Laotian, Thai, Pakistani, Cambodian, and so on.

- ☐ Black or African American
☐ Native Hawaiian or Other Pacific Islander

- ☐ Native Hawaiian ☐ Guamanian or Chamorro ☐ Samoan
☐ Other Pacific Islander – Print race: _____

For example: Fijian, Tongan, and so on.

- ☐ White
☐ I do not wish to provide this information

To Be Completed by Financial Institution (for application taken in person):

- Was the ethnicity of the Borrower collected on the basis of visual observation or surname? ☐ NO ☐ YES
Was the sex of the Borrower collected on the basis of visual observation or surname? ☐ NO ☐ YES
Was the race of the Borrower collected on the basis of visual observation or surname? ☐ NO ☐ YES

The Demographic Information was provided through:

- ☐ Face-to-Face Interview (includes Electronic Media w/ Video Component) ☐ Telephone Interview ☐ Fax or Mail ☐ Email or Internet

Borrower Name: _____

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Section 9: Loan Originator Information. To be completed by your **Loan Originator.**

Loan Originator Information

Loan Originator Organization Name _____

Address _____

Loan Originator Organization NMLSR ID# _____ State License ID# _____

Loan Originator Name _____

Loan Originator NMLSR ID# _____ State License ID# _____

Email _____ Phone (____) ____ - _____

Signature _____ Date (mm/dd/yyyy) ____ / ____ / ____

Borrower Name: _____

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Example Loan Estimate

FICUS BANK

4321 Random Boulevard • Somecity, ST 12340

Save this Loan Estimate to compare with your Closing Disclosure.

Loan Estimate

DATE ISSUED 7/23/2012
APPLICANTS John A. and Mary B.
123 Anywhere Street
Anytown, ST 12345
PROPERTY 456 Somewhere Avenue
Anytown, ST 12345
SALE PRICE \$180,000

LOAN TERM 30 years
PURPOSE Purchase
PRODUCT Fixed Rate
LOAN TYPE ☒ Conventional ☐ FHA ☐ VA ☐
LOAN ID # 123456789
RATE LOCK ☐ NO ☒ YES, until 9/21/12 at 5:00 p.m. EDT
Before closing, your interest rate, points, and lender credits can change unless you lock the interest rate. All other estimated closing costs expire on 8/6/12 at 5:00 p.m. EDT

Loan Terms		Can this amount increase after closing?
Loan Amount	\$162,000	NO
Interest Rate	3.875%	NO
Monthly Principal & Interest <i>See Projected Payments Below for Your Total Monthly Payment</i>	\$761.78	NO
		Does the loan have these features?
Prepayment Penalty		NO
Balloon Payment		NO

Projected Payments		
Payment Calculation	Years 1-7	Years 8-30
Principal & Interest	\$761.78	\$761.78
Mortgage Insurance	+ 82	+ —
Estimated Escrow <i>Amount Can Increase Over Time</i>	+ 206	+ 206
Estimated Total Monthly Payment	\$1,050	\$968
Estimated Taxes, Insurance & Assessments <i>Amount Can Increase Over Time</i>	\$206 a month	This estimate includes <input checked="" type="checkbox"/> Property Taxes <input checked="" type="checkbox"/> Homeowner's Insurance <input type="checkbox"/> Other: <i>See Section G on page 2 for escrowed property costs. You must pay for other property costs separately.</i> In escrow? YES YES

Cash to Close	
Estimated Cash to Close	\$16,054 Includes \$8,054 in Closing Costs (\$5,672 in Loan Costs + \$2,382 in Other Costs – \$0 in Lender Credits). See details on page 2.

Visit www.consumerfinance.gov/learnmore for general information and tools.

Closing Cost Details

Loan Costs

A. Origination Charges	\$1,802
.25 % of Loan Amount (Points)	\$405
Application Fee	\$300
Underwriting Fee	\$1,097

B. Services You Cannot Shop For	\$672
Appraisal Fee	\$405
Credit Report Fee	\$30
Flood Determination Fee	\$20
Flood Monitoring Fee	\$32
Tax Monitoring Fee	\$75
Tax Status Research Fee	\$110

C. Services You Can Shop For	\$3,198
Pest Inspection Fee	\$135
Survey Fee	\$65
Title – Insurance Binder	\$700
Title – Lender's Title Policy	\$535
Title – Title Search	\$1,261
Title – Settlement Agent Fee	\$502

D. TOTAL LOAN COSTS (A + B + C)	\$5,672
--	----------------

Other Costs

E. Taxes and Other Government Fees	\$85
Recording Fees and Other Taxes	\$85
Transfer Taxes	\$0

F. Prepaids	\$867
Homeowner's Insurance Premium (<u>6</u> months)	\$605
Mortgage Insurance Premium (<u>0</u> months)	\$0
Prepaid Interest (\$17.44 per day for 15 days @ 3.875%)	\$262
Property Taxes (<u>0</u> months)	\$0

G. Initial Escrow Payment at Closing	\$413
Homeowner's Insurance \$100.83 per month for 2 mo.	\$202
Mortgage Insurance per month for mo.	
Property Taxes \$105.30 per month for 2 mo.	\$211

H. Other	\$1,017
Title – Owner's Title Policy (optional)	\$1,017

I. TOTAL OTHER COSTS (E + F + G + H)	\$2,382
---	----------------

J. TOTAL CLOSING COSTS	\$8,054
D + I	\$8,054
Lender Credits	\$0

Calculating Cash to Close

Total Closing Costs (J)	\$8,054
Closing Costs Financed (Included in Loan Amount)	\$0
Down Payment/Funds from Borrower	\$18,000
Deposit	– \$10,000
Funds for Borrower	\$0
Seller Credits	\$0
Adjustments and Other Credits	\$0
Estimated Cash to Close	\$16,054

Additional Information About This Loan

LENDER Ficus Bank
NMLS/LICENSE ID
LOAN OFFICER Joe Smith
NMLS ID 12345
EMAIL joesmith@ficusbank.com
PHONE 123-456-7890

MORTGAGE BROKER
NMLS/LICENSE ID
LOAN OFFICER
NMLS ID
EMAIL
PHONE

Comparisons	Use these measures to compare this loan with other loans.	
In 5 Years	\$56,582	Total you will have paid in principal, interest, mortgage insurance, and loan costs.
	\$15,773	Principal you will have paid off.
Annual Percentage Rate (APR)	4.494%	Your costs over the loan term expressed as a rate. This is not your interest rate.
Total Interest Percentage (TIP)	69.447%	The total amount of interest that you will pay over the loan term as a percentage of your loan amount.

Other Considerations

Appraisal	We may order an appraisal to determine the property's value and charge you for this appraisal. We will promptly give you a copy of any appraisal, even if your loan does not close. You can pay for an additional appraisal for your own use at your own cost.
Assumption	If you sell or transfer this property to another person, we <input type="checkbox"/> will allow, under certain conditions, this person to assume this loan on the original terms. <input checked="" type="checkbox"/> will not allow this person to assume this loan on the original terms.
Homeowner's Insurance	This loan requires homeowner's insurance on the property, which you may obtain from a company of your choice that we find acceptable.
Late Payment	If your payment is more than 15 days late, we will charge a late fee of 5% of the monthly principal and interest payment.
Refinance	Refinancing this loan will depend on your future financial situation, the property value, and market conditions. You may not be able to refinance this loan.
Servicing	We intend <input type="checkbox"/> to service your loan. If so, you will make your payments to us. <input checked="" type="checkbox"/> to transfer servicing of your loan.

Confirm Receipt

By signing, you are only confirming that you have received this form. You do not have to accept this loan because you have signed or received this form.

Applicant Signature

Date

Co-Applicant Signature

Date

Example Closing Disclosure

Closing Disclosure

This form is a statement of final loan terms and closing costs. Compare this document with your Loan Estimate.

Closing Information

Date Issued
Closing Date
Disbursement Date
Settlement Agent
File #
Property
Sale Price

Transaction Information

Borrower

Seller

Lender

Loan Information

Loan Term
Purpose
Product

Loan Type ☐ Conventional ☐ FHA
☐ VA ☐ _____
Loan ID #
MIC #

Loan Terms

Can this amount increase after closing?

Loan Amount

Interest Rate

Monthly Principal & Interest

See Projected Payments below for your
Estimated Total Monthly Payment

Does the loan have these features?

Prepayment Penalty

Balloon Payment

Projected Payments

Payment Calculation

Principal & Interest

Mortgage Insurance

Estimated Escrow
Amount can increase over time

Estimated Total
Monthly Payment

Estimated Taxes, Insurance
& Assessments

Amount can increase over time
See page 4 for details

This estimate includes

- ☐ Property Taxes
☐ Homeowner's Insurance
☐ Other:

In escrow?

See Escrow Account on page 4 for details. You must pay for other property costs separately.

Costs at Closing

Closing Costs

Includes _____ in Loan Costs + _____ in Other Costs –
in Lender Credits. See page 2 for details.

Cash to Close

Includes Closing Costs. See Calculating Cash to Close on page 3 for details.

Closing Disclosure

This form is a statement of final loan terms and closing costs. Compare this document with your Loan Estimate.

Closing Information	Transaction Information	Loan Information
Date Issued	Borrower	Loan Term
Closing Date		Purpose
Disbursement Date		Product
Settlement Agent	Seller	Loan Type <input type="checkbox"/> Conventional <input type="checkbox"/> FHA
File #		<input type="checkbox"/> VA <input type="checkbox"/> _____
Property	Lender	Loan ID #
		MIC #
Appraised Prop. Value		

Loan Terms	Can this amount increase after closing?
Loan Amount	
Interest Rate	
Monthly Principal & Interest <i>See Projected Payments below for your Estimated Total Monthly Payment</i>	
	Does the loan have these features?
Prepayment Penalty	
Balloon Payment	

Projected Payments											
Payment Calculation											
Principal & Interest											
Mortgage Insurance											
Estimated Escrow <i>Amount can increase over time</i>											
Estimated Total Monthly Payment											
Estimated Taxes, Insurance & Assessments <i>Amount can increase over time See page 4 for details</i>	<table><tr><td>This estimate includes</td><td>In escrow?</td></tr><tr><td><input type="checkbox"/> Property Taxes</td><td></td></tr><tr><td><input type="checkbox"/> Homeowner's Insurance</td><td></td></tr><tr><td><input type="checkbox"/> Other:</td><td></td></tr><tr><td colspan="2"><i>See Escrow Account on page 4 for details. You must pay for other property costs separately.</i></td></tr></table>	This estimate includes	In escrow?	<input type="checkbox"/> Property Taxes		<input type="checkbox"/> Homeowner's Insurance		<input type="checkbox"/> Other:		<i>See Escrow Account on page 4 for details. You must pay for other property costs separately.</i>	
This estimate includes	In escrow?										
<input type="checkbox"/> Property Taxes											
<input type="checkbox"/> Homeowner's Insurance											
<input type="checkbox"/> Other:											
<i>See Escrow Account on page 4 for details. You must pay for other property costs separately.</i>											

Costs at Closing	
Closing Costs	Includes _____ in Loan Costs + _____ in Other Costs – _____ in Lender Credits. <i>See page 2 for details.</i>
Cash to Close	Includes Closing Costs. <i>See Calculating Cash to Close on page 3 for details.</i>

Closing Disclosure

This form is a statement of final loan terms and closing costs. Compare this document with your Loan Estimate.

Closing Information Date Issued Closing Date Disbursement Date Settlement Agent File # Property Estimated Prop. Value	Transaction Information Borrower Seller Lender	Loan Information Loan Term Purpose Product Loan Type <input type="checkbox"/> Conventional <input type="checkbox"/> FHA <input type="checkbox"/> VA <input type="checkbox"/> _____ Loan ID # MIC #
---	--	--

Loan Terms	Can this amount increase after closing?
Loan Amount	
Interest Rate	
Monthly Principal & Interest <i>See Projected Payments below for your Estimated Total Monthly Payment</i>	
	Does the loan have these features?
Prepayment Penalty	
Balloon Payment	

Projected Payments		
Payment Calculation		
Principal & Interest		
Mortgage Insurance		
Estimated Escrow <i>Amount can increase over time</i>		
Estimated Total Monthly Payment		
Estimated Taxes, Insurance & Assessments <i>Amount can increase over time See page 4 for details</i>	This estimate includes <input type="checkbox"/> Property Taxes <input type="checkbox"/> Homeowner's Insurance <input type="checkbox"/> Other: <i>See Escrow Account on page 4 for details. You must pay for other property costs separately.</i>	In escrow?

Costs at Closing	
Closing Costs	Includes _____ in Loan Costs + _____ in Other Costs – _____ in Lender Credits. <i>See page 2 for details.</i>
Cash to Close	Includes Closing Costs. <i>See Calculating Cash to Close on page 3 for details.</i>

Calculating Cash to Close

Use this table to see what has changed from your Loan Estimate.

	Loan Estimate	Final	Did this change?
Total Closing Costs (J)			
Closing Costs Paid Before Closing			
Closing Costs Financed (Paid from your Loan Amount)			
Down Payment/Funds from Borrower			
Deposit			
Funds for Borrower			
Seller Credits			
Adjustments and Other Credits			
Cash to Close			

Summaries of Transactions

Use this table to see a summary of your transaction.

BORROWER'S TRANSACTION**K. Due from Borrower at Closing**

- 01 Sale Price of Property
 02 Sale Price of Any Personal Property Included in Sale
 03 Closing Costs Paid at Closing (J)
 04

Adjustments

- 05
 06
 07

Adjustments for Items Paid by Seller in Advance

- 08 City/Town Taxes to
 09 County Taxes to
 10 Assessments to
 11
 12
 13
 14
 15

L. Paid Already by or on Behalf of Borrower at Closing

- 01 Deposit
 02 Loan Amount
 03 Existing Loan(s) Assumed or Taken Subject to
 04
 05 Seller Credit

Other Credits

- 06
 07

Adjustments

- 08
 09
 10
 11

Adjustments for Items Unpaid by Seller

- 12 City/Town Taxes to
 13 County Taxes to
 14 Assessments to
 15
 16
 17

CALCULATION

- Total Due from Borrower at Closing (K)
 Total Paid Already by or on Behalf of Borrower at Closing (L)

Cash to Close ☐ From ☐ To Borrower**SELLER'S TRANSACTION****M. Due to Seller at Closing**

- 01 Sale Price of Property
 02 Sale Price of Any Personal Property Included in Sale
 03
 04
 05
 06
 07
 08

Adjustments for Items Paid by Seller in Advance

- 09 City/Town Taxes to
 10 County Taxes to
 11 Assessments to
 12
 13
 14
 15
 16

N. Due from Seller at Closing

- 01 Excess Deposit
 02 Closing Costs Paid at Closing (J)
 03 Existing Loan(s) Assumed or Taken Subject to
 04 Payoff of First Mortgage Loan
 05 Payoff of Second Mortgage Loan
 06
 07

Seller Credit

- 09
 10
 11
 12
 13

Adjustments for Items Unpaid by Seller

- 14 City/Town Taxes to
 15 County Taxes to
 16 Assessments to
 17
 18
 19

CALCULATION

- Total Due to Seller at Closing (M)
 Total Due from Seller at Closing (N)

Cash ☐ From ☐ To Seller

Additional Information About This Loan

Loan Disclosures

Assumption

If you sell or transfer this property to another person, your lender

- ☐ will allow, under certain conditions, this person to assume this loan on the original terms.
- ☐ will not allow assumption of this loan on the original terms.

Demand Feature

Your loan

- ☐ has a demand feature, which permits your lender to require early repayment of the loan. You should review your note for details.
- ☐ does not have a demand feature.

Late Payment

If your payment is more than ____ days late, your lender will charge a late fee of _____

Negative Amortization (Increase in Loan Amount)

Under your loan terms, you

- ☐ are scheduled to make monthly payments that do not pay all of the interest due that month. As a result, your loan amount will increase (negatively amortize), and your loan amount will likely become larger than your original loan amount. Increases in your loan amount lower the equity you have in this property.
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- ☐ do not have a negative amortization feature.

Partial Payments

Your lender

- ☐ may accept payments that are less than the full amount due (partial payments) and apply them to your loan.
- ☐ may hold them in a separate account until you pay the rest of the payment, and then apply the full payment to your loan.
- ☐ does not accept any partial payments.

If this loan is sold, your new lender may have a different policy.

Security Interest

You are granting a security interest in _____

You may lose this property if you do not make your payments or satisfy other obligations for this loan.

Escrow Account

For now, your loan

- ☐ will have an escrow account (also called an "impound" or "trust" account) to pay the property costs listed below. Without an escrow account, you would pay them directly, possibly in one or two large payments a year. Your lender may be liable for penalties and interest for failing to make a payment.

Escrow		
Escrowed Property Costs over Year 1		Estimated total amount over year 1 for your escrowed property costs:
Non-Escrowed Property Costs over Year 1		Estimated total amount over year 1 for your non-escrowed property costs: You may have other property costs.
Initial Escrow Payment		A cushion for the escrow account you pay at closing. See Section G on page 2.
Monthly Escrow Payment		The amount included in your total monthly payment.

- ☐ will not have an escrow account because ☐ you declined it ☐ your lender does not offer one. You must directly pay your property costs, such as taxes and homeowner's insurance. Contact your lender to ask if your loan can have an escrow account.

No Escrow		
Estimated Property Costs over Year 1		Estimated total amount over year 1. You must pay these costs directly, possibly in one or two large payments a year.
Escrow Waiver Fee		

In the future,

Your property costs may change and, as a result, your escrow payment may change. You may be able to cancel your escrow account, but if you do, you must pay your property costs directly. If you fail to pay your property taxes, your state or local government may (1) impose fines and penalties or (2) place a tax lien on this property. If you fail to pay any of your property costs, your lender may (1) add the amounts to your loan balance, (2) add an escrow account to your loan, or (3) require you to pay for property insurance that the lender buys on your behalf, which likely would cost more and provide fewer benefits than what you could buy on your own.

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Adjustable Payment (AP) Table

Interest Only Payments?	
Optional Payments?	
Step Payments?	
Seasonal Payments?	
Monthly Principal and Interest Payments	
First Change/Amount	
Subsequent Changes	
Maximum Payment	

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Adjustable Interest Rate (AIR) Table

Index + Margin
Initial Interest Rate
Minimum/Maximum Interest Rate
Change Frequency
First Change
Subsequent Changes
Limits on Interest Rate Changes
First Change
Subsequent Changes

Additional Information About This Loan

Loan Disclosures

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Index + Margin

Initial Interest Rate

Minimum/Maximum Interest Rate

Change Frequency

First Change

Subsequent Changes

Limits on Interest Rate Changes

First Change

Subsequent Changes

Loan Calculations

Total of Payments. Total you will have paid after you make all payments of principal, interest, mortgage insurance, and loan costs, as scheduled.

Finance Charge. The dollar amount the loan will cost you.

Amount Financed. The loan amount available after paying your upfront finance charge.

Annual Percentage Rate (APR). Your costs over the loan term expressed as a rate. This is not your interest rate.

Total Interest Percentage (TIP). The total amount of interest that you will pay over the loan term as a percentage of your loan amount.



Questions? If you have questions about the loan terms or costs on this form, use the contact information below. To get more information or make a complaint, contact the Consumer Financial Protection Bureau at www.consumerfinance.gov/mortgage-closing

Other Disclosures

Appraisal

If the property was appraised for your loan, your lender is required to give you a copy at no additional cost at least 3 days before closing. If you have not yet received it, please contact your lender at the information listed below.

Contract Details

See your note and security instrument for information about

- what happens if you fail to make your payments,
- what is a default on the loan,
- situations in which your lender can require early repayment of the loan, and
- the rules for making payments before they are due.

Liability after Foreclosure

If your lender forecloses on this property and the foreclosure does not cover the amount of unpaid balance on this loan,

- ☐ state law may protect you from liability for the unpaid balance. If you refinance or take on any additional debt on this property, you may lose this protection and have to pay any debt remaining even after foreclosure. You may want to consult a lawyer for more information.
- ☐ state law does not protect you from liability for the unpaid balance.

Refinance

Refinancing this loan will depend on your future financial situation, the property value, and market conditions. You may not be able to refinance this loan.

Tax Deductions

If you borrow more than this property is worth, the interest on the loan amount above this property's fair market value is not deductible from your federal income taxes. You should consult a tax advisor for more information.

Contact Information

	Lender	Mortgage Broker	Real Estate Broker (B)	Real Estate Broker (S)	Settlement Agent
Name					
Address					
NMLS ID					
___ License ID					
Contact					
Contact NMLS ID					
Contact ___ License ID					
Email					
Phone					

Confirm Receipt

By signing, you are only confirming that you have received this form. You do not have to accept this loan because you have signed or received this form.

Applicant Signature

Date

Co-Applicant Signature

Date

Loan Calculations

Total of Payments. Total you will have paid after you make all payments of principal, interest, mortgage insurance, and loan costs, as scheduled.

Finance Charge. The dollar amount the loan will cost you.

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Contact Information

	Lender	Mortgage Broker	Real Estate Broker (B)	Real Estate Broker (S)	Settlement Agent
Name					
Address					
NMLS ID					
__ License ID					
Contact					
Contact NMLS ID					
Contact __ License ID					
Email					
Phone					

Confirm Receipt

By signing, you are only confirming that you have received this form. You do not have to accept this loan because you have signed or received this form.

Applicant Signature

Date

Co-Applicant Signature

Date

Sarah Pichardo

Senior Vice President, Mid-Atlantic, Loan Officer

NMLS ID# 229120

4050 Legato Road, Suites 100 & 120

Fairfax, VA 22033, Branch NMLS ID# 2382366

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