

DU Underwriting Findings

SUMMARY

Recommendation	Approve/Eligible		
Primary Borrower	Ken N Customer	Co-Borrower	
Lender Loan Number	12000691	Casefile ID	1955764338
Submission Date	10/15/2014 10:15AM	Submitted By	q0719pnt
First Submission Date	10/15/2014 10:15AM	DU Version	9.1
Submission Number	1		

Mortgage Information

LTV/CLTV/HCLTV	80.00% / 80.00% / 80.00%	Note Rate	5.500%
Housing Expense Ratio	15.95%	Loan Type	Conventional
Total Expense Ratio	19.28%	Loan Term	360
Total Loan Amount	\$272000.00	Amortization Type	Fixed Rate
Sales Price	\$340000.00	Loan Purpose	Purchase
Appraised Value	\$340000.00	Refi Purpose	

Property Information

Property Address	10655 Birch St Burbank, CA 91502- 1234	Number of Units	1
Property Type	Attached	Occupancy Status	Primary Residence

RISK/ELIGIBILITY

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

FINDINGS

- 3 The following risk factors represent strengths in the borrower's loan application:
 - Loan Purpose
 - Debt-to-Income Ratio

VERIFICATION MESSAGES/APPROVAL CONDITIONS

- 4 According to the Social Security Administration (SSA), the Social Security Number (SSN) entered for Ken N Customer JR may not be associated with him/her. The SSN accuracy must be confirmed, and if incorrect, it must be updated and the loan casefile resubmitted to DU. If the SSN is determined to be correct, it must be validated directly with the SSA (direct validation by a third party is acceptable), and the loan must be delivered with SFC 162. If the SSN cannot be validated with the SSA, the loan is not eligible for delivery to Fannie Mae.
- 5 This loan is also subject to all other lender specified conditions and must comply with all applicable federal, state, and local laws and regulations.
- 6 Based on the credit report obtained through Desktop Underwriter, this loan casefile must close on or before 02/01/2015. All credit documents must be no more than four months old on the date the note is signed. For guidelines on the age of the appraisal or property inspection report, refer to the Fannie Mae Selling Guide.
- 7 If there is a home equity line of credit secured against the subject property the maximum allowable HCLTV is 95 percent and the terms of the home equity line of credit must be verified for compliance with the Fannie Mae Selling Guide. The HCLTV calculation is based on the maximum credit limit of the equity line.
- 8 The Adverse Market Delivery Charge will be applied when this mortgage loan is delivered to Fannie Mae, along with any applicable loan-level price adjustments. Refer to the Selling Guide and Loan-level Price Adjustment (LLPA) Matrix and Adverse Market Delivery Charge (AMDC) Information on efanniemae.com for specific details.

Employment and Income

- 9 Income from automobile allowances or expense account payments must be verified with federal income tax returns (form 2106, Employee Business Expenses or Schedule C) or by using the income and debt approach (if allowance is not reported on tax returns, add full amount of allowance to income and full amount of automobile financing expenditure to liabilities). The borrower must have been receiving the income for at least two years.
- 10 The amount, frequency, and duration of the trust income for Ken N Customer JR must be verified by the Trust Agreement or by the trustee's statement confirming the amount, frequency, and duration of payments. This income cannot be used for qualifying unless it will continue for at least three years.
- 11 Interest and dividend income for Ken N Customer JR must be verified by 2 years tax returns and all supporting schedules, or account statements. It must have been received for the past two years and the asset generating the income must be verified. Any funds used for the down payment or closing costs must be subtracted before the interest and dividends are calculated. Documentation of asset ownership must be in compliance with the Age of Documents Policy per the Selling Guide.
- 12 Income from notes receivable for Ken N Customer JR must be verified with (1) a copy of the note and (2) evidence of these funds. Verify that the income has been received for the most recent 12 months and will continue for at least three years.
- 13 Perform and document a verbal verification of employment for each borrower within 10 business days prior to the note date for all borrowers not using self-employment income for qualifying, and within 30 calendar days prior to the note date for all borrowers using self-employment income for qualifying. For borrowers with military income, a military Leave and Earnings Statement (LES) dated within 31 calendar days prior to the note date is acceptable in lieu of a verbal verification of employment. Lenders also have the option of obtaining the verbal verification of employment after the note date (and prior to delivery of the loan to Fannie Mae), but when using this option must ensure compliance with the Fannie Mae Selling Guide.

- 14 Obtain a completed and signed Form 4506-T for all borrowers at or before closing. Form 4506 or Form 8821 may be used in lieu of Form 4506-T. Refer to the Fannie Mae Selling Guide for additional alternatives.
- 15 Ken N Customer JR's income, including bonus and/or overtime income, must be supported by a paystub and W-2s covering the most recent two-year period, or by a standard Verification of Employment (1005). The paystub must be dated no earlier than 30 days prior to the initial loan application date and it must include all year-to-date earnings. Additionally, the paystub must include sufficient information to appropriately calculate income; otherwise, additional documentation must be obtained. If a standard Verification of Employment (1005) will be obtained it must include all year-to-date earnings, as well as prior year earnings if a W-2 is not being provided. For guidance on borrowers with less than a two-year history of receiving bonus income, or for any additional information on the verification of bonus income, refer to the Selling Guide.

Assets

- 16 Assets totaling \$62379 must be verified. From the liquid assets listed on the 1003, at a minimum verify those accounts that are needed to satisfy this amount. Based on the transaction, there may be additional reserve requirements that must be manually applied by the lender. Refer to the Fannie Mae Selling Guide for additional information.
- 17 A trust fund was included in available funds. For loan casefiles that are not underwritten as DU Refi Plus, the loan file must contain verification documents according to the Fannie Mae Selling Guide. For DU Refi Plus loan casefiles, the trust fund must be verified with one recent statement showing the asset balance.
- 18 The value entered for the mutual fund should be 70 percent of the value of the account if the funds will be used as reserves. If these assets are needed to support the amount of funds required for reserves, document the value with a current brokerage account statement. For loan casefiles that are not underwritten as DU Refi Plus, if the funds will be used for the down payment or closing costs, receipt of the funds realized from the sale or liquidation of the assets must be verified.
- 19 If depository assets are needed to support the amount of funds required and reserves, verify these assets with a verification of deposit or bank statements covering a two-month period. Refer to the Selling Guide for guidance on evaluating un-sourced large deposits.
- 20 Earnest money is listed as an other credit on the details of transaction. If the deposit is used to make any part of the borrower's minimum contribution that must come from his or her own funds, the source of funds for the deposit must be verified.

Property and Appraisal Information

- 21 Desktop Underwriter could not verify the submitted subject property address for this transaction. An appraisal based on an interior and exterior property inspection reported on Form 1004 is required for one-unit properties; Form 1004C is required for manufactured homes; Form 1073 is required for units in condominium projects; Form 2090 is required for units in cooperative projects. Alternatively, you can modify the subject address and resubmit to verify if the system can offer a more streamlined property fieldwork recommendation.
- 22 Form 1004MC must be completed for any transaction on which an appraisal is obtained. Refer to the Fannie Mae Selling Guide for additional information.
- 23 Based on the Actual vs. Estimated Appraised Value Indicator on the online loan application, the loan casefile was underwritten using an estimated value. When an appraisal for the transaction is obtained (if applicable), the appraised value on the online loan application must be updated with the value from the appraisal, and the loan casefile resubmitted to DU.

OBSERVATIONS

- 24 This case was submitted to Desktop Underwriter version 9.1 by PC Lender - DU Institution. The following information is associated with this loan: Casefile ID is 1955764338 and Submission number is 1. If the loan is delivered to Fannie Mae, the Casefile ID must be provided at delivery.
- 25 The following list of special feature codes is provided to assist you in determining which codes may be associated with this loan. Other codes may be required. Refer to the Fannie Mae Selling Guide for a comprehensive list.

Special Feature Code	Description
127	DU Loan

- 26 Based on the data entered, this loan casefile has been identified as a First Time Homebuyer case. The First Time Homebuyer indicator must be completed at delivery. Refer to the Fannie Mae Selling Guide for additional information.
- 27 The following Credit Report information is associated with this submission:

Borrower Name	Credit Agency	Credit Report ID	Credit Report Date
Ken N Customer JR	200-TEST CREDIT AGENCY	500454	10/01/2014

- 28 The following credit scores were obtained by the credit agency selected by the user and are included in the credit report:

Borrower	Credit Scores
Ken N Customer JR	620 639 650

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

Borrower	Income Type	Amount
Ken N Customer JR	Trust income	1000.00
Ken N Customer JR	Note receivable installment income	250.00
Ken N Customer JR	Automobile expense account income	100.00
Ken N Customer JR	Dividends interest	1000.00
Ken N Customer JR	Bonuses	750.00
Ken N Customer JR	Overtime income	1000.00
Ken N Customer JR	Base employment income	10000.00

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

Borrower	Asset Type	Institution Name	Amount
Ken N Customer JR	Mutual fund	UBS	120000.00
Ken N Customer JR	Trust	Fidelity Investments	50000.00
Ken N Customer JR	Certificate of Deposit	Bank of Noosh	100000.00
Ken N Customer JR	Checking Account	Bank of Noosh	12000.00

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PROPERTY INFORMATION

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MORTGAGE INFORMATION

Loan Type	Conventional	LTV/CLTV/HCLTV	80.00% / 80.00% / 80.00%
Amortization Type	Fixed Rate	Loan Amount	\$272000.00
Balloon	No	Financed MI Amount	\$0.00
Community Lending	No	Total Loan Amount	\$272000.00
Payment Frequency	Monthly	Sales Price	\$340000.00
Lien Type	First Mortgage	Appraised Value	\$340000.00
Amt. Subordinate Fin.	\$0.00	P&I	\$1544.39
Loan Purpose	Purchase	Note Rate	5.500%
Refi Purpose		Qualifying Rate	5.500%
Owner Existing Mtg.		Bought Down Rate	0.00%
Buydown	No	Term (Months)	360

INCOME

Base	\$10000.00
Commission	\$0.00
Bonus	\$750.00
Overtime	\$1000.00
Other	\$2350.00
Positive Net Rental	\$0.00
Subj. Pos. Cash Flow	\$0.00
Total	\$14100.00

QUALIFYING RATIOS

Housing Expense	15.95%
Total Expense	19.28%

EXPENSE RATIOS

Including ≤ 10 Mos.	19.28%
With Undisclosed Debt	19.28%

PROPOSED MONTHLY PAYMENT

First P&I (Qualifying)	\$1544.39	Negative Net Rental	\$0.00
Second P&I	\$0.00	Subj. Neg. Cash Flow	\$0.00
Hazard Insurance	\$75.00	All Other Payments	\$469.00
Taxes	\$165.00	Total Expense Payment	\$2718.39
Mortgage Insurance	\$0.00		
HOA Fees	\$365.00	Present/Principal Housing Payment	\$3500.00
Other	\$100.00		
Total Housing Payment	\$2249.39		

FUNDS

Total Available Assets	\$282000.00	Cash Back	\$0.00
Funds Required to Close	\$62379.79	Net Cash Back	\$0.00
Reserves Required to be Verified	\$0.00	Excess Available Assets, not required to be verified by DU	\$219620.21
Total Funds to be Verified	\$62379.79		

The recommendation for this case is: **Approve/Eligible**

