

Asset Documentation Job Aid					
If Asset Is:	Then Additional Requirements are to:				
1031 Exchange	<ul style="list-style-type: none"> Obtain a copy of the contract for the subject property (AKA replacement property). <ul style="list-style-type: none"> Ensure the contract contains verbiage identifying the transaction as a 1031 Tax Deferred Exchange, and Ensure the qualified intermediary is listed as the “buyer”, or Ensure the contract contains verbiage stating the seller agrees to an assignment of the contact from the buyer to a qualified intermediary, and Obtain a copy of the exchange agreement, and Obtain a copy of the HUD-1 <ul style="list-style-type: none"> Ensure the qualified intermediary is listed as the seller, or Obtain a VOD completed by the qualified intermediary 				
Business Assets	Review the product guidelines to determine if the use of business assets is allowed.				
	<table border="1"> <thead> <tr> <th>If Use of Business Assets is:</th> <th>Then Obtain:</th> </tr> </thead> <tbody> <tr> <td>Allowed</td> <td> <ul style="list-style-type: none"> Evidence of the asset (statements), and A letter from the borrower’s CPA evidencing the borrower is the sole owner and the use of the business funds will not negatively affect the ongoing operation of the business. </td> </tr> </tbody> </table>	If Use of Business Assets is:	Then Obtain:	Allowed	<ul style="list-style-type: none"> Evidence of the asset (statements), and A letter from the borrower’s CPA evidencing the borrower is the sole owner and the use of the business funds will not negatively affect the ongoing operation of the business.
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Credit Card Reward Points	<p><i>Credit card reward points can be used as an eligible asset for down payment, closing costs, and financial reserves provided they are converted to cash prior to closing.</i></p> <p><i>If the funds are deposited into the borrower’s depository account and the deposit is considered a large deposit, documentation must be provided showing the source of the large deposit was from the conversion of credit card reward point.</i></p>				
Gift of Equity	<ul style="list-style-type: none"> Ensure the gift donor is a relative or fiancé, fiancée, or domestic partner, and Obtain fully executed gift letter, and Condition for the Settlement Statement to reflect the transfer of the gift funds (equity) from the seller to the buyer. <p>Note: For LTV, Occupancy, etc. follow product guidelines and AUS Findings.</p>				
Inheritance	<ul style="list-style-type: none"> Obtain a copy of the will or a letter from the trustee detailing the distribution of the estate. Obtain evidence the borrower has received the funds prior to closing. 				
Land Equity (Lot Value)	<ul style="list-style-type: none"> Ensure the appraiser has proved the current appraised value of the lot in the cost approach section of the appraisal. Determine the recognized lot value. 				
	Date of Land Purchase	Value of the Land	Documentation Requirements		
	More than 12 months before the application date	The current appraised value	None		
12 or less months from the application date	The lesser of the sales price or its current appraised value	The lender must document the borrower’s cash investment by obtaining:			

<p>Land Equity (Lot Value) (cont.)</p>			<ul style="list-style-type: none"> • a copy of the settlement statement, • a copy of the warranty deed that shows there are no outstanding liens against the property, or • a copy of the release of any prior lien(s).
	<p>The borrower acquired the land at any time as a gift, inheritance, or other non-purchase transaction.</p>	<p>The current appraised value</p>	<p>The lender must obtain appropriate documentation to verify the acquisition and transfer of ownership of the land.</p>
	<ul style="list-style-type: none"> • Determine the allowable lot value to be credited towards the down payment of the mortgage. <ul style="list-style-type: none"> ○ Subtract any outstanding liens against the property from the recognized lot value. 		
<p>Lease/Rent Credit for Option to Purchase</p>	<ul style="list-style-type: none"> • Obtain a copy of the rental/purchase agreement evidencing a minimum original term of at least 12 months, clearly stating the monthly rental amount and specifying the terms of the lease. • Obtain copies of the borrower’s cancelled checks or money order receipts for the last 12 months evidencing the rental payments. • Review the real estate appraisal and locate the “market rent” determined by the appraiser. • Subtract the “market rent” amount from the actual rent payment per the lease and multiply this amount by the number of months the agreement has been in existence. The result is the “option to buy” amount that may be credited to the buyer as part of their down payment. • Enter the credit in the details of transaction section on line L. <p>NOTE: Borrowers are not required to make a minimum cash down payment from his or her own funds before the rental payments can be credited toward the down payment.</p>		
<p>Life Insurance Cash Value (Surrender or Loan)</p>	<p>If the funds are needed for the down payment or closing costs, document the borrower’s receipt of the funds from the insurance company by obtaining either:</p> <ul style="list-style-type: none"> • A copy of the check from the insurer or • A copy of the payout statement issued by the insurer. <p>If the cash value of the life insurance is being used for reserves, the cash-value must be documented but does not need to be liquidated and received by the borrower.</p> <p>NOTE: If penalties for failure to repay the loan are limited to the surrender of the policy, loan payments do NOT need to be counted in the borrower’s ratios. If additional obligations are indicated, the obligation amount must be factored into the total DTI ratios, or subtracted from the borrower’s financial reserves.</p> <p>See product guidelines and AUS Findings to determine requirement for documenting receipt of funds.</p>		

<p>Loan Repayment proceeds</p>	<ul style="list-style-type: none"> • Obtain verification the borrower had the funds to lend (cancelled check or bank statement showing funds withdrawal), and • Obtain verification repayment was made (evidence of withdrawal of funds from the recipient of the loan)
<p>Sale of personal Assets</p>	<p>The purchaser of the borrower’s asset must not be an interested party to the real estate or Mortgage transaction.</p> <p>Document the following:</p> <ul style="list-style-type: none"> • The borrower’s ownership of the asset (e.g., title). • The value of the asset, as determined by an independent and reputable source (e.g., Blue book). • The transfer of ownership of the asset, as documented by either a bill of sale or a statement from the purchaser. • The borrower’s receipt of the sale proceeds from documents such as deposit slips, bank statements, or copies of the purchaser’s canceled checks. <p>NOTE: Ensure value of assets has not been included in the amount of available funds.</p>
<p>Trust Accounts</p>	<ul style="list-style-type: none"> • Obtain written documentation of the value of the trust account from either the trust manager or trustee, and • Document the conditions under which the borrower has access to the funds, and • Obtain a copy of the check received from the trust, OR a trustee’s letter showing the distribution amount. <p>NOTE: If income from the trust is being used for qualifying purposes, you must document the effect, if any, that the withdrawal of funds will have on the qualifying income.</p>