

Nov 16, 2020

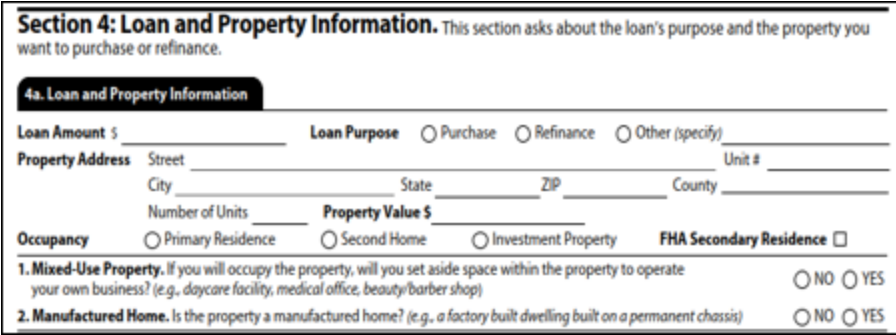
Get to Know the Redesigned Form 1003 Part Three

Section 4: Loan and Property Information Section 5: Declarations Section 6: Acknowledgments and Agreements

There are significant changes to the Uniform Residential Loan Application (Form 1003). We're providing this communication series to make sure that you're ready to use the form by March 2021. In part three of Getting to Know the Redesigned Form 1003, we'll be reviewing changes to sections 4, 5 and 6.

Section 4: Loan and Property Information

Review the table below for detailed information about changes to this section.

Subsection	Changes
<p>4a. Loan and Property Information</p>	<p>You'll notice the following updates in this subsection:</p> <ul style="list-style-type: none"> ▪ The Property Address section now has a Unit # field. ▪ The Occupancy section has a checkbox to indicate if the property is an FHA Secondary Residence. ▪ Customers can now indicate if the property is mixed-use or a manufactured home. 
<p>4b. Other New Mortgage Loans on the Property You are Buying or Refinancing</p>	<p>Customers can now indicate a Lien Type — First Lien or Subordinate Lien — on the property, if applicable.</p>

	<p>4b. Other New Mortgage Loans on the Property You are Buying or Refinancing <input type="checkbox"/> Does not apply</p> <table border="1"> <thead> <tr> <th>Creditor Name</th> <th>Lien Type</th> <th>Monthly Payment</th> <th>Loan Amount/ Amount to be Drawn</th> <th>Credit Limit (if applicable)</th> </tr> </thead> <tbody> <tr> <td></td> <td><input type="radio"/> First Lien <input type="radio"/> Subordinate Lien</td> <td>\$</td> <td>\$</td> <td>\$</td> </tr> <tr> <td></td> <td><input type="radio"/> First Lien <input type="radio"/> Subordinate Lien</td> <td>\$</td> <td>\$</td> <td>\$</td> </tr> </tbody> </table>	Creditor Name	Lien Type	Monthly Payment	Loan Amount/ Amount to be Drawn	Credit Limit (if applicable)		<input type="radio"/> First Lien <input type="radio"/> Subordinate Lien	\$	\$	\$		<input type="radio"/> First Lien <input type="radio"/> Subordinate Lien	\$	\$	\$															
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4c. Rental Income on the Property You Want to Purchase	<p>If the property is a 2-4 Unit Primary Residence or Investment Property, the customer can now enter the amount of monthly rent they expect to earn on the property.</p> <table border="1"> <thead> <tr> <th colspan="2">4c. Rental Income on the Property You Want to Purchase</th> <th>For Purchase Only</th> <th><input type="checkbox"/> Does not apply</th> </tr> <tr> <th colspan="3">Complete if the property is a 2-4 Unit Primary Residence or an Investment Property</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td colspan="3">Expected Monthly Rental Income</td> <td>\$</td> </tr> <tr> <td colspan="3">For LENDER to calculate: Expected Net Monthly Rental Income</td> <td>\$</td> </tr> </tbody> </table>	4c. Rental Income on the Property You Want to Purchase		For Purchase Only	<input type="checkbox"/> Does not apply	Complete if the property is a 2-4 Unit Primary Residence or an Investment Property			Amount	Expected Monthly Rental Income			\$	For LENDER to calculate: Expected Net Monthly Rental Income			\$														
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4d. Gifts or Grants You Have Been Given or Will Receive for this Loan	<p>In this new subsection, customers can choose the source from a clearly defined list of options. They can also indicate if the gift or grant has been deposited or not.</p> <table border="1"> <thead> <tr> <th colspan="4">4d. Gifts or Grants You Have Been Given or Will Receive for this Loan</th> <th><input type="checkbox"/> Does not apply</th> </tr> <tr> <th colspan="5">Include all gifts and grants below. Under Source, choose from the sources listed here:</th> </tr> </thead> <tbody> <tr> <td colspan="5"> <ul style="list-style-type: none"> - Community Nonprofit - Federal Agency - Relative - State Agency - Lender - Employer - Local Agency - Religious Nonprofit - Unmarried Partner - Other </td> </tr> <tr> <th>Asset Type: Cash Gift, Gift of Equity, Grant</th> <th>Deposited/Not Deposited</th> <th>Source - use list above</th> <th colspan="2">Cash or Market Value</th> </tr> <tr> <td></td> <td><input type="radio"/> Deposited <input type="radio"/> Not Deposited</td> <td></td> <td colspan="2">\$</td> </tr> <tr> <td></td> <td><input type="radio"/> Deposited <input type="radio"/> Not Deposited</td> <td></td> <td colspan="2">\$</td> </tr> </tbody> </table>	4d. Gifts or Grants You Have Been Given or Will Receive for this Loan				<input type="checkbox"/> Does not apply	Include all gifts and grants below. Under Source, choose from the sources listed here:					<ul style="list-style-type: none"> - 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="radio"/> Deposited <input type="radio"/> Not Deposited		\$			<input type="radio"/> Deposited <input type="radio"/> Not Deposited		\$	
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Section 5: Declarations

Review the table below for detailed information about changes to this section.

Subsection	Changes
5a. About this Property and Your Money for this Loan	Subsections 5a and 5b subsections are updated to include more intuitive questions about the property, funding and past financial history. The customer's answers to these questions will provide more details to expedite the loan process.
5b. About Your Finances	

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

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)?	<input type="radio"/> NO <input type="radio"/> YES <input type="radio"/> NO <input type="radio"/> YES
B. If this is a Purchase Transaction: Do you have a family relationship or business affiliation with the seller of the property?	<input type="radio"/> NO <input type="radio"/> YES
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?	<input type="radio"/> NO <input type="radio"/> YES \$ _____
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?	<input type="radio"/> NO <input type="radio"/> YES <input type="radio"/> NO <input type="radio"/> YES
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)?	<input type="radio"/> NO <input type="radio"/> YES

5b. About Your Finances

F. Are you a co-signer or guarantor on any debt or loan that is not disclosed on this application?	<input type="radio"/> NO <input type="radio"/> YES
G. Are there any outstanding judgments against you?	<input type="radio"/> NO <input type="radio"/> YES
H. Are you currently delinquent or in default on a Federal debt?	<input type="radio"/> NO <input type="radio"/> YES
I. Are you a party to a lawsuit in which you potentially have any personal financial liability?	<input type="radio"/> NO <input type="radio"/> YES
J. Have you conveyed title to any property in lieu of foreclosure in the past 7 years?	<input type="radio"/> NO <input type="radio"/> YES
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?	<input type="radio"/> NO <input type="radio"/> YES
L. Have you had property foreclosed upon in the last 7 years?	<input type="radio"/> NO <input type="radio"/> YES
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	<input type="radio"/> NO <input type="radio"/> YES

Section 6: Acknowledgments and Agreements

This section informs the customer of their legal obligations when signing the application. It now provides the definitions of **Lenders** and **Other Loan Participants** and informs the customer about the Authorization for Use and Sharing of Information.

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) _____

Coming Attractions

Stay tuned for the last communication about changes to Form 1003:

- **Part 4:** Section 7: Military Service; Section 8: Demographic Information; and Section 9: Loan Originator Information

We'll also provide reference materials to help you navigate the changes in H2O as we get closer to March 2021. Visit [Uniform Residential Loan Application \(Form 1003\)](#) to learn more about the upcoming changes.

Questions? Contact your Account Executive.