

Welcome to the May 2016 issue of the CU Mortgage Services newsletter! The purpose of this newsletter is to share best practices, industry updates, questions from our users (and the answers), upcoming events, and reminders of our services. The newsletter is sent to Correspondent and Retail Lending channel contacts.



## Compliance Corner

Staying on target with delivery dates is key to building borrower relationships. We're here to support those lending expectations by helping you clearly understand terminology.

What constitutes an application?

Regulation Z defines application as the submission of the consumer's name, the consumer's income, the consumer's social security number to obtain a credit report, the property address, an estimate of the value of the property, and the mortgage loan amount sought (§1026.2(a)(3)(ii)).

The day all of this information is received by the loan officer is considered the application date for the loan. The loan officer must sign and date the 1003 on this date to indicate that this is the day that all six pieces of information were received from the consumer.

The date the loan officer signs the 1003 cannot be after the initial disclosures are sent--doing so shows

that the application date was after the initial disclosures were provided and will result in our account managers requesting that the application be updated to reflect the actual application date.

---

**YOU'RE INVITED TO**  
**CU COMPANIES LENDING CONFERENCE**

**PLAY TO WIN ►**  
Learn how your colleagues are winning with their mortgage strategies. Get ahead of the game and attend our free event!

**TUESDAY JUNE 21 2016**  
**@ NORTH METRO MEETING & EVENT CENTER**  
1000 GRAMSIE ROAD  
SHOREVIEW, MN 55128

**FOR MORE INFO [ EVENT DETAILS, AGENDA, ROOM BLOCKS, RSVP INFO ] GO TO:**  
[info.cucompanies.com/conference](http://info.cucompanies.com/conference)



### Ask the Underwriter

**Q:** I have a client that did a loan modification and within it she agreed to pay less than the original amount owed. Does this agreement constitute a Deed in Lieu if the modification was on an investment property and not the subject property?

**A:** As long as the borrower is paying as agreed on the modification, no Deed in Lieu is required. Whether or

not the property is an investment property has no bearing.

**Q:** I have a borrower that has used their current rental property for only one full year and is evidenced by 2015 tax returns. Can we use the rental income if it's not been two years?

**A:** Yes you can! According to the Fannie Mae Selling Guide, if the borrower is able to document that the rental property was not in service the previous tax year, or was in service for only a portion of the previous tax year, you may determine qualifying income by using Schedule E income and expenses, and annualizing the income (or loss) calculation. Or, you may use the fully executed lease agreement(s) to determine the gross rental income to be used in the net rental income (or loss) calculation. (This is a portion of the guideline.)

**Q:** I have a borrower that is going to be moving for a job and is looking to get a conventional fixed rate to move into once he starts the new job. He will not have a month's worth of paystubs but his employer would be willing to fill out a WVOE. He previously worked for this employer which is also in the same field as the current position he is leaving. Is there any way this would qualify his new income or is the 30 days income an unflinching rule for FNMA?

**A:** In this situation, a copy of the offer letter for the new job and the first paystub received will be needed to proceed.

**Q:** If I have a borrower that is 100 percent owner and files 1120S with Schedule K-1 showing zero

distributions, can I add the depreciation from line 14?

**A:** You cannot use the K-1 as qualifying income without performing a cash flow/solvency analysis using the schedule L from the business returns.

*Do you have a question for our underwriters? Feel free to email: [underwriting@cucompanies.com](mailto:underwriting@cucompanies.com) for answers.*



## New Partners

CU Mortgage Services added the following partners as users of its Retail Lending Channel:

- **Fox Valley Credit Union** (Aurora, IL)
- **Dacotah Federal Credit Union** (Rapid City, SD)
- **KUMC Credit Union** (Shawnee, KS)
- **Northland Teachers Community Credit Union** (Gladstone, MO)



## CU Companies Blogs and Marketing Library

Need a boost in your marketing communications? Look no further than our [CU Realty blog](#) to fill your newsletter with content. This blog contains articles with tips for buyers and sellers, current market trends, and more. Advertise this blog to your marketplace, or simply copy and paste an article in your own newsletter. Be sure to

subscribe to the blog to receive new article updates.

Don't forget about the [Marketing Library](#) for collateral to reach your borrowers. If you need help placing an order or need to be set up with a username and password, contact LeAnn Case at [LCase@cucompanies.com](mailto:LCase@cucompanies.com) or 651-746-6423.

**CU Companies**  
500 Main St, New Brighton, MN 55112  
[Contact Us](#)