# Test Case DI-FHA01: Two-Borrower FHA Purchase Loan with Subordinate Financing

The purpose of this test case is to show lenders how to collect information on the redesigned URLA forms and create an XML submission file to DU for a two-borrower purchase with an FHA loan and a subordinate loan.

# Narrative for Data Integrity Suite Test Case DI-FHA01:

In this use case, two URLA-Borrower forms are used, along with the URLA-Lender form.

## Key Loan Characteristics

* FHA
* ARM – FHA Hybrid
* 1 Unit - Detached
* Purchase of Primary Residence
* Alice Firstimer and Ken Customer
* FHA Positive Rental History for Ken Customer
* Subordinate Financing
* Financed MI

## Other Data Elements Stressed in the Test Case

* FHA Section of the Act
* FHA Lender Identifier
* Mortgage Credit Certificate (MCC) included in GOVERNMENT\_LOAN container
* Seller Concessions

## Section 1: Borrower Information

Alice Firstimer and Ken Customer are engaged and plan to get married in the next few months. They want to buy a house in Alice’s hometown of Dawson, IA. Alice has been living rent-free at her parents’ house for the past 2 years, and Ken has paid rent for almost 4 years at his apartment in Burbank, CA.

Alice and Ken are both first-time homebuyers; and neither has much credit history, but Ken has always paid his rent on time. Their lender is now able to report Ken’s Positive Rental History to FHA, and this report will enhance his credit profile.

## Section 2: Financial Information – Assets and Liabilities

Alice did not think that she would be able to buy a house right away, but she has discovered that there are many sources of assistance available to first-time homebuyers. Her family was the first source of funds with a gift of $5,000. In addition, one of Alice’s assets is a trust account of $15,000 left to her by her grandfather; and, at her request, the trustee will distribute up to $5,000 to her for the purchase of a home. Alice and Ken found a house in Hardwood Estates which teamed with a religious non-profit to give them a $1,000 gift to help with the down payment. Finally, her employer will provide a one-time Employee Benefit in the form of a $2,000 cash payment at the closing.

Her current liabilities are an outstanding loan with Mountain Bank with a balance of $2,600 and a credit card balance with Hemlocks of $437. Ken has only one liability, an installment loan with Hillside Bank with a balance of $14,748.

## Section 3: Financial Information – Real Estate

Alice and Ken do not own any real estate, so this section doesn’t apply on their applications.

## Section 4: Loan and Property Information

They made an offer of $151,000 on the single family, detached house in Hardwood Estates at 3726 Poplar St, Dawson, IA 50066-1111.

The total loan amount is $144,993, which is a base amount of $142,500 plus financed Mortgage Insurance Premium of $2,493.

Fish Bowl Community Lending, a local foundation, was able to provide them with Subordinate Financing of $4,500 in the form of a second mortgage loan.

Alice learned that Dallas County has a Mortgage Credit Certificate (MCC) program for first-time homebuyers. She and Ken qualify for this benefit which will provide them with $150 per month in the form of a federal tax credit. The seller has also agreed to a $750 sales concession.

## Section 5 Declarations, Section 6 Acknowledgments, Section 7 Military Service, and Section 8 Demographics

## Alice and Ken answered all the declarations and signed their loan applications. Neither has any military service to report, and both provided their ethnicity, gender, and race information on the Form 1003.

## Section 9: Loan Originator Information

## The loan originator provided their contact and license information and signed the loan application.

## Lender Loan Information

John Done at ABC Mortgage offered an FHA Hybrid ARM loan of $142,500 with an initial rate of 3.250%. The entire Mortgage Insurance Premium of $2,493 will be financed making the total loan amount $144,993.

Estimated closing costs are $1,800 plus prepaid items of $799. The Seller will contribute $2,000 toward closing costs. Additionally, there are 7 Purchase Credits totaling $2,431 which will reduce Alice and Ken’s Cash-to-Close to $2,168.

## Supplemental Consumer Information Form (SCIF)

Alice reported that she attended a Housing Counseling program via the Internet on April 22, 2024, and she designated Tagalog as her preferred language.