# Test Case DI-C04: Two-Borrower Limited Cash-Out Refinance Loan

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 limited cash-out refinance loan for two borrowers.

Narrative for Data Integrity Suite Test Case DI-C04:

In this use case, one URLA-Borrower form and one URLA-Additional Borrower form are used, along with the URLA-Lender form.

## Key Loan Characteristics

* Conventional
* Fixed – 30 Year
* 1 Unit
* Refi – Limited Cash-Out
* Primary Residence

## Other Data Elements Stressed in the Test Case

* Proper calculation of Lines D and E of Qualifying the Borrower for a Limited Cash-Out Refinance
* Linking of more than one mortgage liability to an REO/Subject Property
* Support of the Undrawn HELOC amount
* Support of a re-subordinated liability for a subject property

## Section 1: Borrower Information

To take advantage of lower interest rates, Patrick and Lorraine Purchaser have decided to refinance their primary residence, an attached single-family home, at 1234 Main, Baltimore, MD 20600-1234. Patrick’s primary employment is at Ammanom and Lorraine’s primary employment is at Baddabap. In addition to their salaries, Patrick has secondary, seasonal, self-employment income working with FootballKings, an online fantasy football site, and some Boarder Income. Patrick and Lorraine’s remaining personal, employment and income information are found in this section of Form 1003.

## Section 2: Financial Information– Assets and Liabilities

Patrick and Lorraine Purchaser’s assets are listed in this section of Form 1003. They share a checking and money market account, along with a retirement account. Patrick and Lorraine’s liabilities are also listed on the included Form 1003, they have five revolving credit cards of which two will be paid off prior to closing.

## Section 3: Financial Information – Real Estate

The Purchasers are refinancing the $198,514 first lien mortgage on their primary residence, but they will retain (and resubordinate) their existing second mortgage. The second mortgage is a HELOC with a maximum line of credit of $25,000, and they have drawn $8,000, leaving them with an undrawn amount of $17,000. Additionally, they are selling their manufactured second home at 567 Elm Street, and they expect this sale to be settled before the close of their refinance loan. All the information on both properties is shown in this section of Form 1003.

## Section 4: Loan and Property Information

Patrick and Lorraine Purchaser’s loan and property information are found in this section of Form 1003. They will not have any other new mortgages on the property and there is no rental income to be calculated. They will also not receive any gifts or grants for this loan.

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

## Patrick and Lorraine Purchaser answered all the declarations and signed the loan application. Neither had any military service to report, and they provided their sex information on the Form 1003, but both refused to provide ethnicity or race information.

## 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 the borrowers a 30-year conventional, Fixed Rate loan in the amount of $202,000, at an interest rate of 4.500%. The total proposed monthly payment for the property is $1,838.50 which includes first mortgage P&I, second mortgage P&I, homeowner’s insurance, property taxes, and mortgage insurance.

In addition to the existing mortgage of $198,514, Patrick and Lorraine have agreed to pay off two of their small revolving accounts prior to closing in the amount of $4,530. Because this is a Limited Cash-Out Refinance, this amount cannot be paid from the transaction, but is added to funds required to close.

The $202,000 loan proceeds less estimated closing costs of $4,100 (including prepaid items of $2,300) plus Borrower Paid Outside Closing items of $386 nets out to $228. When the $4,530 to pay off the two credit cards is added, the funds required to close as reflected in the DU Findings is $4,758.

## Supplemental Consumer Information Form (SCIF)

Patrick and Lorraine each completed this form and indicated that their preferred language for loan-related communications is English.