# Test Case DI-FHA03: One-Borrower FHA Purchase Loan with Community Second 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 single borrower purchase with an FHA loan and a community second subordinate loan.

# Narrative for Data Integrity Suite Test Case DI-FHA03:

In this use case, a single URLA-Borrower form is used, along with the URLA-Lender form.

## Key Loan Characteristics

* FHA, Fixed Rate
* 1 Unit – Highrise Condo
* Purchase of Primary Residence
* Alice Firstimer
* Subordinate Financing
* Financed MI

## Other Data Elements Stressed in the Test Case

* FHA Section of the Act
* FHA Lender Identifier and FHA Loan Sponsor Identifier
* Mortgage Credit Certificate (MCC) included in GOVERNMENT\_LOAN container
* Existing Clean Energy Lien Indicator is true
* Energy Improvement Amount exists
* Seller Concessions
* Required data point *ULAD:PositiveRentalHistoryIndicator* = “false”

## Section 1: Borrower Information

Alice Firstimer has recently graduated from college and is striking out on her own. Fortunately, she is receiving help from family, government, and employer to buy her first home in Dawson, IA.

Alice has a good job at Abacab where she has worked for 2 years, just long enough to qualify for an Employer Housing Assistance Benefit. She has been living rent free at her parents’ house, so she does not have any positive rental history.

## Section 2: Financial Information – Assets and Liabilities

Alice did not think that she would be able to buy a house until several years after she graduated, 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 also received a credit of $368 for amounts she paid outside closing.

Alice learned that Dallas County has a Mortgage Credit Certificate (MCC) program for first-time homebuyers. She qualifies for this benefit which will provide her with $150 per month in the form of a federal tax credit. Finally, her employer will provide a Housing Assistance Benefit in the form of a $1,000 cash payment at the closing.

Her other liabilities outside of the existing mortgage loan are an outstanding loan with Mountain Bank with a balance of $2,600 and credit card balances totaling $2,024.

## Section 3: Financial Information – Real Estate

Alice Firstimer does not own any real estate, so this section doesn’t apply on the application.

## Section 4: Loan and Property Information

Alice made an offer of $151,000 on the condo in the Hardwood Highrise Project at 3726 Poplar St, Dawson, IA 50066-1111. The Sales Contract includes an Energy Improvement Amount of $500.

Alice’s total loan amount is $147,243, which is a base amount of $144,750 plus financed Mortgage Insurance Premium of $2,493.

She found a condo in the Hardwood Highrise Project which teamed with a religious non-profit to give her a $1,000 gift to help with the down payment. Fish Bowl Community Lending, a local foundation, was able to get her Subordinate Financing of $4,500 in the form of a Community Second Mortgage Loan.

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

## Alice Firstimer answered all the declarations and signed the loan application. She has no military service to report. Alice met the lender in person and her gender, race and ethnicity was determined by the lender.

## 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 Alice a 30-year FHA, Fixed Rate loan in the amount of $144,750, at an interest rate of 3.250%. The entire Mortgage Insurance Premium of $2,493 will be financed making the total loan amount $147,243.

Estimated closing costs are $1,800 plus prepaid items of $590 plus total Mortgage Insurance Premium of $2,493. The sum of these three items is $4,883 which is reflected on the Lender Form in Section L4, Line F (Borrower Closing Costs).

The Seller will contribute $2,000 toward closing costs, and $750 of this contribution is deemed a Seller Concession. With Other Credits of $1,368, Alice will need cash of $772 at the closing.

## Supplemental Consumer Information Form (SCIF)

Alice reported that she attended a Housing Counseling program on April 11, 2024, in Face-to-Face format.