# Test Case DI-C09: Three Borrowers (Married couple and Amy’s son) Cash-Out Refinance Loan on Second Home

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 cash-out refinance of a second home for three borrowers.

# Narrative for Data Integrity Suite Test Case DI-C09:

In this use case, two URLA-Borrower forms, one URLA-Additional Borrower form and one URLA Continuation Sheet are used, along with the URLA-Lender form. Andy and Amy share assets and liabilities, so they will be using the Borrower form for Andy and the Additional Borrower form for Amy. Amy’s son Ken doesn’t have income and does not share assets and liabilities with the Americas. Ken Customer will be using a Borrower form.

## Key Loan Characteristics

* Conventional
* Fixed – 30 Year
* 1 Unit in Condominium Project
* Refi – Cash-Out with concurrent, subordinate loan
* Second/Vacation
* Andy and Amy America, and Ken N Customer Jr

## Other Data Elements Stressed in the Test Case

* Proper calculation of Lines D and E of Qualifying the Borrower for a Cash-Out Refinance
* Subject property second home is a condominium
* Retained primary residence is a cooperative

## Section 1: Borrower Information

Amy’s son from a previous marriage, Ken Customer, is going off to college. Rather than sell their escape by the sea, Andy and Amy refinance their second home to take out the cash they will need for tuition, and Ken will be on the loan as well.

The America’s primary residence is in a cooperative project located in Someplace, MA. Andy’s primary employment is at Abacus and Amy’s primary employment is at Aardvark. In addition to their salaries, they have other income from foster care, capital gains, and Amy’s miscellaneous income. Andy, Amy and Ken’s remaining personal, employment and income information are found in this section of Form 1003.

## Section 2: Financial Information – Assets and Liabilities

Andy and Amy America’s asset and liability information are found on Andy’s Borrower form. Ken’s only asset is his checking account which appears on his Borrower form.

## Section 3: Financial Information – Real Estate

Andy and Amy America’s real estate information is found in this section of Form 1003. The America’s second home is in a condominium project located at 1234 Ocean Pines #823, Rehobeth, MD 21857.

## Section 4: Loan and Property Information

Andy and Amy America’s loan and property information are found in this section of Form 1003. They will have a concurrent, subordinate loan on the property in the amount of $3,000 provided by the Maryland Refinance Assistance Agency. They will not receive any gifts or grants for this loan.

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

## Andy, Amy, and Ken answered all the declarations and signed the loan application. None of them had any military service to report, and they provided their ethnicity, sex, and race information on the Form 1003.

## Section 9: Loan Originator Information

## The loan originator provided their contact and license information.

## Lender Loan Information

John Done at ABC Mortgage offered the borrowers a 30-year conventional, Fixed Rate loan in the amount of $250,400, at an interest rate of 5.250%. Andy, Amy, and Ken are also obtaining a concurrent, subordinate loan of $3,000.

In addition to the existing mortgage of $210,027 on the second home, Andy and Amy have agreed to pay off 2 of their small revolving accounts prior to closing in the amount of $1,807. The estimated closing costs are $6,285. Borrower Paid Outside Closing items of $950 are reflected as Other Credits for the closing. The net result is that Andy, Amy, and Ken will receive $36,231 at the closing.

## Supplemental Consumer Information Form (SCIF)

Andy America completed this form and selected English as his preferred language for loan-related communications. Amy America completed her form but chose not to provide a preferred language, while Ken Customer indicated that his preferred language is Spanish.