# Test Case DI-C07: One-Borrower HomeReady 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 a HomeReady loan and a community second subordinate loan.

# Narrative for Data Integrity Suite Test Case DI-C07:

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

## Key Loan Characteristics

* Conventional
* Fixed – 30 Year
* 1 Unit - Detached
* HomeReady Purchase
* Primary Residence
* Positive Rental Payment History for Alice Firstimer
* Community Second
* Ground Rent (Leasehold Estate)
* Financed MI

## Other Data Elements Stressed in the Test Case

* Property in Planned Unit Development (PUD)
* Community Lending Product
* Employer Housing Assistance Benefit
* Seller Credit for Closing Costs

## 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’s primary job is at Childrens Hospital of Iowa where she has worked for over 2 years as a full-time employee. Alice is paying monthly rent of $2,200 at her current residence.

## Section 2: Financial Information

Alice’s asset and liability information are found in this section of Form 1003. The “Other” asset in Section 2b is Borrower Paid Fees which is a component of Other Credits on Line M of the Lender Form.

## Section 3 Financial Information – Real Estate

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

## Section 4 Loan and Property Information

Alice made an accepted offer of $151,000 on a single family, detached house in the Planned Unit Development (PUD) of Hardwood Estates at 3726 Poplar St, Dawson, IA 50066-1111.

Alice’s total loan amount is $143,250, which is a base amount of $142,500 plus financed Mortgaged Insurance Premium of $750.

Alice will also obtain a Community Second loan for $4,500 from a religious non-profit (St Francis Org). Monthly payments of $27 will be deferred for five years, but not forgiven.

Alice’s Aunt Zayde has promised her a gift of $5,000, but as of the date of the loan application, Alice has not received the gift.

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

Alice answered all the declarations and signed the loan application. She had no military service to report, and she provided her ethnicity; while the lender provided sex, and race information based on visual observation in the Face-to-Face interview.

## Section 9: Loan Originator Information

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

## Lender Loan Information

John Done at ABC Mortgage of Iowa offered Alice a 30-year conventional, HomeReady, Fixed Rate loan in the amount of $142,500, at an interest rate of 4.250%.

Because the property is in a certain area of the PUD, Alice’s title to the property will be in the form of Leasehold Estate with an expiration date of 01/01/2100. Her total proposed monthly payment includes the leasehold payment of $50, which is shown on the form as “Other”.

Estimated closing costs are a total of $4,099 which includes prepaid items of $799 and $1,500 of Mortgage Insurance Premium. $750 of the $1,500 Mortgage Insurance Premium will be financed by rolling it into the loan, making the total loan amount $143,250. The Seller will contribute $1,000 reflected as a Seller Credit. Other Credits will consist of Borrower Paid Fees of $368, the $1,000 Housing Assistance payment, and $500 of Relocation Funds, resulting in cash to close of $4,481.

## Supplemental Consumer Information Form (SCIF)

Alice reported that she attended a Housing Counseling program on October 22, 2023, in Hybrid format as part of her HomeReady loan application process. She also designated Tagalog as her Language Preference.