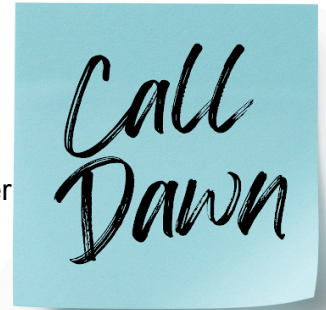




Gift Funds: Conforming

If you are receiving a **gift in conjunction with your home purchase**, it's essential to review the guidelines carefully. Loan regulations regarding gifts are very specific, and we require cooperation from both you and your donor for proper documentation. Our goal is to ensure that a family member's generosity does not lead to any complications for you or them.



Eligibility of Gift Donors:

Your gift donor must be a family member, whether by blood, marriage, or adoption. A domestic partner can also be a donor, but the underwriter will expect proof of cohabitation. If your fiancé or fiancée is giving you a gift, be prepared to provide evidence of your engagement if you are not yet living together.

Documentation Requirements:

We need more from your gift donor than just the funds. While most generous family members are usually willing to complete the necessary paperwork, it's important to ensure they are comfortable with it. If your gift donor tends to be private about finances or exhibits controlling behavior, communicate with them about the required documentation before accepting the funds.

Timing is Key:

Timing matters when it comes to gift funds. If we do not see the gift, we do not need to document it. This approach can help if a family member is hesitant about the paperwork. For example, if you deposit a gift a few months before applying for your loan, and your last two bank statements show the funds without indicating the deposit, we may be in a favorable position. Additionally, if you can gather enough other funds to close without the gift, it might be wise to delay accepting the gift until after closing. Speak with us early, and we'll assist you in navigating this process.

Avoid Cash Gifts:

Under no circumstances should you accept a cash gift. If your grandparent keeps savings in cash, we need to discuss alternative methods. Documenting the source of a deposit is crucial for proving it is not from an unapproved source or a new debt. Cash transactions pose significant challenges for verification, making them a potential problem.

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Transferring Gift Funds:

So, when should you transfer the gift funds? It's never too early to do so. Ideally, plan to have the gift funds, along with any other funds you intend to use for closing, in your bank account at least two weeks before your closing date.

Step One: Gift Letter

This process is straightforward! Please provide us with your gift donor's name, relationship to you, address, phone number, and email address. We will prepare a **gift letter** and send it to both you and your donor via DocuSign for a quick and easy signature process.

Important Note: If the dollar amount of your gift changes—even by a penny—we will need to update your gift letter to reflect this change, as accuracy is crucial.

Step Two: Transferring Funds

WARNING: Do Not Deposit Cash!

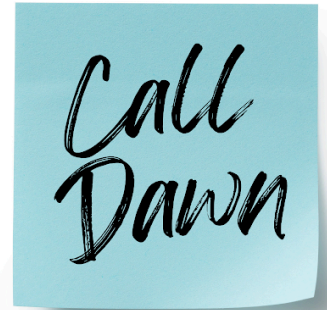
Whether it's a gift or not, we advise against depositing cash. Avoid it completely!

Preferred Method: Wire Transfer

The easiest option for transferring gift funds is via wire transfer. Have your gift donor wire the funds directly to the title company. Just ask your escrow officer for the "wiring instructions." A wire transfer cannot get lost in the mail and typically clears within a day, making it an excellent choice for last-minute transfers before closing. Your donor can also wire funds directly to your bank account; if they do, we will need proof of receipt. If the incoming wire clearly indicates the gift donor's name, a bank printout from you or the title company will suffice. If not, we may require additional banking history or verification from your gift donor.

Personal Check

If your donor opts for a personal check, take a quick photo of the check before depositing it. Make sure to deposit the check on its own—no other checks or cash back, as we prefer the numbers to match. After the check clears, log into your bank's website to obtain a copy of the front and back of the cleared check; if possible, provide these PDFs to us. If you can't access the copies, your donor can download them from their bank's website. After



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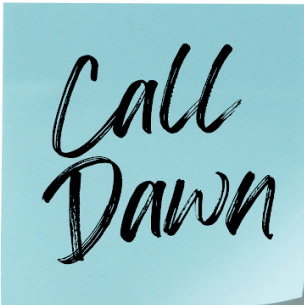




the check clears, please send us a bank statement or printout showing the deposit. Ensure this deposit is made well before closing to allow time for the check to clear. If your donor doesn't bank online, ordering copies or opting for a wire transfer may be a better solution.

Cashier's Check

For funds transferred via a cashier's check or bank check, be aware that we will need thorough documentation. Provide a copy of the cashier's check made out to you (or the title company) with the gift donor's name noted on either the "purchased by" or "memo" line. Before depositing, take a photo of the check. We will need you to submit a copy of the check and a printout showing it was deposited into your account. Make sure to deposit the check alone, without cash back, for matching records. Additionally, we'll require your donor to provide a bank statement showing the purchase of the cashier's check. If the statement reveals any funds being deposited into the donor's account, the underwriter may ask for evidence regarding the source of those funds. While we understand that family matters can be sensitive, it's best to clarify this upfront to avoid complications.



Internal Bank Transfer

If you and your donor share the same bank or credit union, transferring funds internally might be tempting. However, this method can raise questions, similar to a cashier's check. We will likely ask for a bank statement from your donor to confirm the funds left their account. If any recent funds were moved into their account from another source, we may need to trace that back to its origin. To keep things simple, encourage your donor to wire the funds or write a check instead.

Do Not Change the Gift Amount Without Notifying Us

What is the final gift amount? It's crucial to keep us informed! We need the exact amount—down to the penny—before we prepare your closing papers. Finalize the amount at least two weeks prior to closing. If you find that you need less money as closing approaches, please refrain from altering the gift amount. Last-minute changes require a new gift letter to match, which can lead to unnecessary scrambles or even delays in your closing process.

If you or your generous family members have any questions, don't hesitate to reach out! We are here to assist and ensure that your journey remains as smooth as possible, minimizing any extra paperwork along the way.

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