

## ***TOTAL Scorecard Accept/Approve or Refer Recommendation***

**FHA:** Provide an explanation and documentation for recent large deposits in excess of 1% of the property value a purchase and refinance. Deposits are reviewed on an individual basis.

- Please note: In the event of a pattern of deposits without evidence of origin within a short period of time, the Underwriter may validate deposits even if less than 1%.

**USDA, Rural Development:** No deposit requirements. HUD guidelines to apply. \*While USDA does not maintain standard source requirements, USDA will require a Borrower letter of explanation (LOX) for large or unusual deposits that are not consistent with the previous history to determine the source and reoccurrence of funds. The LOX validation is relevant to deposits that may be factored into other sources of income which may impact the family income calculation.

**VA:** No deposit requirements unless otherwise required by the AUS. UHM only needs to verify that funds on deposit are available to cover all costs. VA Guidelines apply.

\*VA Example: Borrower has seasoned funds to cover costs as described above, no deposit validation over and above is required.

**Conventional:** Follow FNMA/Agency guidelines; obtain an explanation and documentation (from an acceptable source) for recent large deposits in excess of 50% of the monthly qualified family income for all applicants. Verify that any recent debts were not incurred to obtain part, or all, of the required cash investment on the property being purchased.

\*Conventional Non-Cumulative Examples: \$5,000.00 in monthly income, three deposits of \$500.00, \$500.00 and 1,501.00 would not require an explanation or documentation. Conversely, a single \$2,501.00 deposit would require an explanation and documentation for the deposit.

### **Footnotes:**

1. Deposits referenced are outside of identifiable employer based income.
2. Joint asset statements are viewed as joint accounts utilizing total income for all account owners following the scope of this policy. Separate asset statements (example, two un-married borrowers with separate statements) are viewed on an individual basis utilizing the account owner's sole income in the analysis.
3. Backing out large deposits to utilize the remaining balance on a statement is not permitted when utilizing FHA financing. This is acceptable when utilizing Conventional, VA and USDA financing.