

Trusted Advisor Tips: Proper Asset Validation and Documentation February 3, 2021



Proper Asset Validation and Documentation

There has been an increased number of loans submitted to TRUIST Correspondent Lending that are missing critical documentation required to validate assets for down payment, funds to close and/or reserves. As a result, and for reminder purposes, the following Trusted Advisor Tip is being provided to assist all TRUIST's valued clients obtain expedited loan reviews and reduce requests for quality control deficiency documentation:

➤ **Proper Asset Documentation as required by respective Agency:**

- Large deposits not sourced when required.
- Missing the Settlement Statement verifying the proceeds from the sale or refinancing of the Borrower's real property.
- Missing a signed bill of sale documenting the asset and transfer of ownership along with evidence of receipt of the proceeds from the sale of the Borrower's assets other than real property.
- Missing all pages of the Account Statement and/or missing critical data such as the Financial Institution/Account Owner's name/Account Number/all transactions for the period covered.
- Missing evidence that the Earnest Money Deposit (EMD) check cleared the Borrower's account (copy of the canceled check; asset account statement or written statement from the EMD holder verifying receipt of the funds).
- Missing the asset documentation required to validate sufficient assets/reserves as required per the AUS findings and/or product guidelines.
- **For FHA Loans:** If the Borrower does not hold the deposit account solely, all non-Borrower parties on the account must provide a written statement that the Borrower has full access and use of the funds.
- Assets verified with documentation obtained on the internet must meet applicable agency's requirements.

➤ **Proper Documentation of Gift Funds as required by respective Agency:**

- A fully executed gift letter must be included in the closing package.
- The gift letter should contain the specific information required by the respective Agency as well as evidence of the transferred gift funds from the donor to the borrower or closing agent.
- Gift letter/documentation inconsistencies such as the gift amount received not matching as shown on the sales contract, 1003, 1008/FHA Transmittal and/or AUS require correction. If the amount of the gift funds changes, updated/matching documentation must be provided and must meet the respective Agency documentation requirements.