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## INSTRUCTIONS

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### Uniform Residential Loan Application

The lender uses this form to record relevant financial information about an applicant who applies for a conventional one- to four-family mortgage. Roman numerals in these instructions correspond to the sections on the form.

Lenders must use the PDF dated 6/09 for mortgage loans applications taken on or after July 1, 2010.

### Printing Instructions

We provide Form 1003 in an electronic format that prints as a letter size document. However, lenders may print Form 1003 as a legal size document or with different fonts or margins that may affect pagination; we have no specific standards for the number or size of pages the form may have. Consequently, the number and size of pages will not affect compliance with Fannie Mae requirements pertaining to use of the Uniform Residential Loan Application, provided that the content of the form has not been materially altered. When printing this form, you must use the "shrink to fit" option in the Adobe Acrobat print dialogue box.

### Instructions

The lender may accept applications taken during a face-to-face interview, over the telephone, through the mail, or via the Internet. The lender should complete all blanks and attach any separate exhibits, details, or statements that are relevant to underwriting the mortgage. The borrower(s) must sign the original application at the time it is completed. If the application is taken over the telephone or via the Internet, the borrower(s) must sign the completed application as soon as possible thereafter. However, an electronic signature or facsimile of the borrower's signature is acceptable as indicated in the "Acknowledgment and Agreement" section of the application. The lender should retain the original application with the supporting information provided by the borrower(s). Before or at the loan closing, the borrower(s) must sign the final application that the lender prepares based on its verification of the information that the borrower(s) provided in the original application.

The instructions at the top of Form 1003 are consistent with the permissible inquiries that creditors are allowed to make under the Equal Credit Opportunity Act (ECOA). Although ECOA permits the lender in a community property state to obtain information regarding the liabilities of a borrower's spouse even though he or she is not applying for the mortgage and his or her income will not be considered for loan qualification purposes, we do not require the lender to obtain the information. This also means that in states where another person shares community property rights with the applicant, the lender does not need to include information on that person's liabilities if he or she is not an applicant.

**Note: The following instructions highlight certain sections of the form.**

### **Introductory Statement**

We recognize that the introductory paragraph of Form 1003 differs slightly from the introductory paragraph in the Uniform Residential Loan Application found on Freddie Mac's website, Freddie Mac Form 65. However, because we have determined that these differences are not material, Fannie Mae will deem either version to comply with our requirements for use of the Uniform Residential Loan Application.

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### **V. Monthly Income and Combined Housing Expense Information**

**Gross Monthly Income:** If the net cash flow for an investment property is a positive number, it should be listed as "net rental income." If it is a negative number, it must be included in the applicant's monthly obligations. If the property is a two- to four-unit property for which the applicant occupies one of the units as a principal residence, the monthly rental income should be listed as "net rental income."

**Combined Monthly Housing Expense:** The present monthly housing expenses for the borrower and the co-borrower should be listed on a combined basis. The proposed monthly housing expense for a two- to four-unit property in which the applicant will occupy a unit as a principal residence should reflect the monthly payment (PITIA) for the subject property. For all one- to four-unit investment properties the present monthly housing expense should reflect the applicant's principal residence.

### **VI. Assets and Liabilities**

When the borrower's and co-borrower's assets and liabilities are not sufficiently joined to make a combined statement meaningful, a separate Statement of Assets and Liabilities (Form 1003A) should be completed for the co-borrower.

### **VII. Details of Transaction**

The purchase price shown on Line "a" under the "Details of Transaction" should not include any discounts or rebates or other allowances paid or allowed to the purchaser. For refinancing, the amount being refinanced should be shown on Line "d" -- Refinance. The figure should include the total amount of all existing liens plus the costs of improvements that have been -- or will be -- made. Lines "a", "b", and "c" should not be used to describe a refinance transaction.

### **VIII. Declarations**

**Noncitizen Applicants:** If an applicant indicates in his response to Question J that he is not a U.S. citizen, and also indicates in his response to Question K that he is not a permanent resident alien, the lender may wish to ask whether he is a nonpermanent resident alien or otherwise is lawfully present in the United States.

## **X. Information for Government Monitoring Purposes**

This section is included to aid the federal government in monitoring compliance with equal credit opportunity, fair housing and home mortgage disclosure laws. Supplying this information is strictly voluntary on the part of the applicant, but lenders should ask all applicants to provide it, including those who apply by telephone and through the Internet, and should describe the reason for collecting this data. Race and ethnicity are separate categories, and although the lender should ask applicants to furnish information for both, applicants may furnish one but not the other. Note that there is no longer a place for applicants to indicate race as "Other" but applicants may check as many races as apply.

The Home Mortgage Disclosure Act and its implementing Regulation C generally require Lenders to collect sex, race, and ethnicity data on all applications.

When an application is taken in person and an applicant elects not to provide some or all of this information, federal law requires the lender to note the applicant's sex, ethnicity, and race on the form, based on the lender's visual observation or the applicant's surname. To aid in identifying applicants who may be of Hispanic ethnicity and who elect not to self-identify, the lender may wish to consult the list of Spanish surnames developed by the U.S. Bureau of the Census. Furthermore, the lender may wish to advise the applicant that he may complete or change the information in this section after the application is approved, at any time up until closing.

### **To Be Completed By Interviewer**

The interviewer must complete this portion of the form to indicate the method used to take the application and to provide the name and telephone number of the interviewer, as well as his or her employer's name and address.

### **To Be Completed By Loan Originator (for PDF dated 06/09 for mortgage loans applications taken on or after January 1, 2010)**

The loan originator must complete this portion of the form to indicate the method used to take the application and to provide the loan originator's name, ID, and telephone number, as well as his or her employer's name, company ID, and address.

### **Continuation Sheet/Residential Loan Application**

Lenders may amend this section by including space to evidence intent to apply for joint credit. Other approaches, such as including this information on a separate document, are also acceptable to Fannie Mae, provided they meet the requirements of applicable law. Lenders should consult counsel to determine their alternatives.

### **Special Notice for Balloon Mortgages**

For each balloon mortgage, the lender must insert a special notice regarding the nature of the balloon features on Form 1003 or in a separate attachment to the form.

If an attachment is used, the borrower(s) must sign the attachment. The following language must be inserted, using capital letters:

"THIS LOAN MUST EITHER BE PAID IN FULL AT MATURITY OR REFINANCED TO A MARKET LEVEL FIXED-RATE MORTGAGE. YOU MUST REPAY THE ENTIRE PRINCIPAL BALANCE OF THE LOAN AND UNPAID INTEREST THEN DUE IF YOU DO NOT QUALIFY FOR THE CONDITIONAL RIGHT TO REFINANCE AS SPECIFIED IN THE NOTE ADDENDUM AND MORTGAGE RIDER. THE LENDER IS UNDER NO OBLIGATION TO REFINANCE THE LOAN IF QUALIFICATION CONDITIONS ARE NOT MET. YOU WILL, THEREFORE, BE REQUIRED TO MAKE PAYMENT OUT OF OTHER ASSETS THAT YOU MAY OWN, OR YOU WILL HAVE TO FIND A LENDER, WHICH MAY BE THE LENDER YOU HAVE THIS LOAN WITH, WILLING TO LEND YOU THE MONEY. IF YOU REFINANCE THIS LOAN AT MATURITY, YOU MAY HAVE TO PAY SOME OR ALL OF THE CLOSING COSTS NORMALLY ASSOCIATED WITH A NEW LOAN EVEN IF YOU OBTAIN REFINANCING."

**For California Applications**

California Civil Code 1812.30 (j) requires that credit applications clearly specify that the applicant, if married, may apply for a separate account. This requirement is not inconsistent with the language at the beginning of Form 1003.

Lenders may revise the description of the "Married" box in Section III for Borrowers and Co-Borrowers by adding "(includes registered domestic partners)." If lenders are unable to insert the language due to the format of the form, this language may be added to the continuation sheet or included as an attachment to Form 1003.