

Understanding your Options – Which option is right for you?¹

A Qualified Assumption

- May allow release of liability for an existing borrower
- Requires credit qualification
- Copy of purchase/sale contract required
- Average processing time of 90 days

Why this option? This option is generally used when the goal is to swap new borrowers onto an existing loan (with the loan generally keeping the same terms and conditions) and release the existing borrower(s) from liability on the loan/promissory note.

NOTE: Not all loans are assumable. Whether your loan is assumable will depend on the loan program.

Cost

The cost can vary and will depend on the type of loan program you have and, in some cases, the state where the property securing your loan is located. Assumption processing fees can range from \$100.00 to \$1,550.00, and additional escrow and third party fees may apply.

Next Steps

To start the process, review and complete the included Qualified Assumptions package, following all instructions, and return it using one of the return methods (mail, fax, email) outlined in the instructions.

Still Not Sure? Please read the **Qualified Assumptions (and Deceased Borrower Account Access and Related Requests) FAQ sections** for additional information and responses to the most frequently asked questions.

Names Change or Title Transfer Requests

- May allow transfers of title (deed) to the property
- Name changes
- Removal of deceased borrowers

Why this option? This option is generally used when the goal is to make administrative changes to your loan, such as: updating a borrower's name that changed due to marriage or divorce; making changes to the title (deed to the property) such as adding a family member or spouse, or transferring title to an inter vivos trust, where all legal requirements are met.

NOTE: This option does not release any borrower from liability on the loan/promissory note.

Cost

The cost can vary and will depend on the type of loan program you have and, in some cases, the state where the property securing your loan is located. Fees can range from \$0.00 to \$250.00.

Next Steps

To start the process, review and complete the included Application package, following all instructions, and return it using one of the return methods (mail, fax, email) outlined in the instructions.

Still Not Sure? Please read the **Name Change and Title Transfer Requests (and Deceased Borrower Account Access and Related Requests) FAQ sections** for additional information and responses to the most frequently asked questions.

Release of Liability

- May allow release of liability of an existing co-borrower
- Requires credit qualification of co-borrower remaining on loan/promissory note
- Average processing time of 90 days

Why this option? This option is generally used when there are two or more co-borrowers on a loan and the goal is to permanently remove, and provide a release of liability to, one or more co-borrowers from the loan.

The most common use of this option is when a divorce occurs, and the Divorce Decree or other Court document awards the property (and responsibility for the loan) to one of the spouses. The borrower spouse remaining on the loan must credit qualify before the other co-borrower spouse is removed and receives a release of liability.

Cost

The cost can vary and will depend on the type of loan program you have and, in some cases, the state where the property securing your loan is located. Processing fees can range from \$100.00 to \$1,550.00, and additional escrow and third party fees may apply.

Next Steps

To start the process, review and complete the included Release of Liability package, following all instructions, and return it using one of the return methods (mail, fax, email) outlined in the instructions.

Still Not Sure? Please read the **Release of Liability (and Deceased Borrower Account Access and Related Requests) FAQ sections** for additional information and responses to the most frequently asked questions.

¹ **IMPORTANT NOTE:** Where ownership interest in the property has been transferred, some agency guidelines may require occupancy of the property by the transferee (the person acquiring property ownership) as a condition of approval, in addition to any applicable credit qualification of the transferee.

QUALIFIED ASSUMPTIONS - FREQUENTLY ASKED QUESTIONS (FAQs)

Q1 Are all loans assumable?

A1 No, not all loans are assumable. Eligibility for an assumption is based on language contained in your promissory note, security instrument (e.g., mortgage, deed of trust) and other closing disclosures (such as TRID Closing Disclosure or Truth in Lending Act disclosure). The type of loan program you have (e.g., VA, FHA, FNMA or FHMC) may also affect whether your loan is assumable.

Q2 What are my options if my loan is not assumable?

A2 You will need to contact your local branch for possible refinance options.

Q3 What are the requirements to assume a loan?

A3 For a qualifying assumption, the assuming borrower must qualify for credit based on current underwriting guidelines. Factors such as credit score and debt-to-income may be used to determine qualification but may vary depending on the type of loan program. Where ownership interest in the property has been transferred, some agency guidelines may require occupancy of the property by the transferee (the person acquiring property ownership) as a condition of approval, in addition to any applicable credit qualification of the transferee.

Q4 Why am I required to provide a copy of the purchase/sale contract for the property so early in the application process, if my assumption includes sale of the mortgaged property to a third party?

A4 With this type of assumption, additional fees for the purchase/sale transaction need to be incorporated into federal TRID disclosures provided in connection with the assumption, requiring additional time to coordinate with a title company or closing attorney handling the purchase transaction and still meet required timing requirements.

Q5 If I cancel my assumption or if my application is denied, are my assumption fees refundable?

A5 Fees charged are to compensate for the review process and are generally, subject to any applicable agency guidelines (e.g., VA, FHA, FNMA, and FHLMC), non-refundable. Any third party fees (e.g., credit report fee, appraisal fee) collected for which the service has already been provided by the third party provider are non-refundable.

Q6 How long will the qualified assumption process take?

A6 The average processing time can take as much as ninety (90) days, as the underwriting decision alone can take up to forty-five (45) days from the receipt of a complete application (including all required supporting documentation).

Q7 Who is responsible for making the mortgage payments during the assumption?

A7 The mortgage payments can be made by either the current borrower(s) or the applicant(s)/assuming borrower(s). This should be decided between the aforementioned parties to ensure payments continue to be made on the loan.

Q8 Can payments be skipped during the assumption process?

A8 No. All payments must continue to be made on time throughout the assumption process.

Q9 If ACH/automatic payments are set up on the loan, is it necessary to re-enroll once the assumption closes?

A9 Yes, The system update will wipe out all information about the released borrower, including name, date of birth, social security number, and any auto drafting that was previously established. If any remaining borrower or new borrower seeks to reestablish auto drafting on the loan, they must complete and return the ACH auto draft form that is included in the closing package.

Q10 If I cannot qualify on my own, can I have a co-borrower?

A10 You can have a co-borrower assume the loan with you, but they must meet the same credit qualification guidelines applicable to the loan.

Q11 How long are my credit documents good for?

A11 Your documents are good for 60 days. If the process extends beyond the 60-day period, updated current documents will be required to proceed with the assumption application.

Q12 Will the interest rate/term change during an assumption?

A12 Generally, the terms of the promissory note (including any modifications thereto prior to the assumption) will remain unchanged after the assumption is complete. However, if the loan being assumed is an adjustable rate mortgage, the interest rate could change, per the terms of the promissory note, during the assumption process.

Q13 Whose name should appear on the deed (the instrument that shows how title to the property is held)?

A13 Generally, where the assumption is in connection with a third party sale, the new deed must reflect the names of the parties assuming the loan. Where the assumption involves a Successor-in-Interest (SII), the deed may reflect parties in addition to the person/SII assuming the loan (e.g., existing co-borrower).

See page 3 for additional FAQs for Qualified Assumptions

QUALIFIED ASSUMPTIONS - FREQUENTLY ASKED QUESTIONS (FAQs) - Continued

Q14 There is no buyer as this is a divorce situation. Do we still need to complete a Qualified Assumption package?

A14 No. Although this is a Release of Liability and not an assumption, credit qualification/ability to repay of the co-borrower remaining on the loan is required before any co-borrower is released from liability. See the *Release of Liability FAQs* for additional information and responses to the most frequently asked questions.

NAME CHANGE OR TITLE TRANSFER REQUESTS - FREQUENTLY ASKED QUESTIONS (FAQs)

Q1 Is there a fee to update my name (which has changed based on marriage, divorce, etc. on my account)?

A1 No.

Q2 How long does it take for my name to be updated on the account?

A2 Updating your name on the account will take five (5) Business Days from receipt of the required documentation evidencing the name change being requested.

Q3 Can I add a spouse or other family member to the title to my property?

A3 Transfer of an interest in the property to a family member (adding them to the title of the property) is generally permitted as long as any borrowers remain on the title. However, it is always a good idea to check with your lender first.

Q4 Can I transfer the title to my property to a family member (removing myself from title)?

A4 As a general rule, no, although there may be certain circumstances where a transfer to a direct family member would be permitted, assuming certain conditions were met. However, it is always a good idea to check with your lender before transferring title because, unless a transfer of title to the property is permitted under applicable law, such a transfer without the consent and/or approval of the lender could trigger a due on transfer/due on sale provision in the promissory note/security instrument. This is a provision that could require that the loan be paid in full or the property transferred back to the original owner (person on title).

Q5 Can I transfer the title to my property to an unrelated third party (removing myself from title)?

A5 No, title generally cannot be transferred to an unrelated third party. It is always a good idea to check with your lender before transferring title because, unless a transfer of title to the property is permitted under applicable law, such a transfer without the consent and/or approval of the lender could trigger a due on transfer/due on sale provision in the promissory note/security instrument. This is a provision that could require that the loan be paid in full or the property transferred back to the original owner (person on title).

Q6 Can I transfer the title to my property to a Limited Liability Corporation (LLC), corporation or partnership (removing myself from title)?

A6 While as a general rule, no. However, there may be limited exceptions permitting the transfer to an LLC in certain circumstances, only for certain loan programs, and where certain conditions are met. It is always a good idea to check with your lender before transferring title to an LLC for the reasons explained in *FAQ 5* above.

Q7 Can I transfer the title to my property to a living trust (sometimes also called an *inter vivos* trust), removing myself from title?

A7 Yes. The title to a property can generally be transferred to a living trust if the borrower is the beneficiary of the living trust and will continue to occupy the property.

Q8 How long does it take to get a decision on a title transfer request?

A8 The time period for the decision can vary based on the complexity of the transfer being requested. However, generally a decision on a title transfer request will be provided within five (5) Business Days of receiving all the documentation required to evaluate the title transfer request.

Q9 This is a divorce situation, and I am just removing my ex-spouse from the loan. Do I still need to complete an application package?

A9 Yes. Although there is no buyer, a request is being made to release an existing co-borrower from liability on the loan. While a property settlement agreement or divorce decree showing who was awarded the property is evidence of who has acquired title (or full title, in the case of two co-borrower mortgagors), it does not require the lender to release any co-borrower from liability on the loan. The borrower who is remaining on the loan will be required to credit qualify on their own (to demonstrate the ability to repay the loan) before any other co-borrower is released from liability on the loan.

RELEASE OF LIABILITY - FREQUENTLY ASKED QUESTIONS (FAQs)

- Q1 This is a divorce situation and I am just removing my ex-spouse from the loan. Do I still need to complete an application package?**
- A1 Yes, because a request is being made to remove and release an existing co-borrower from liability on the loan. While a property settlement agreement or divorce decree showing who was awarded the property is evidence of who has acquired title (or full title, in the case of two co-borrower mortgagors) to the property, it does not require the lender to release any co-borrower from liability on the loan. The co-borrower who is remaining on the loan will be required to credit qualify on their own (to demonstrate the ability to repay the loan) before any other co-borrower is released from liability on the loan.
- Q2 I have a quit claim deed or warranty deed removing a borrower. Doesn't this remove the borrower from the loan?**
- A2 A quit claim deed or warranty deed only removes a borrower from the deed, not the loan. A Release of Liability transaction (which requires credit qualification of the borrower remaining on the loan) will need to be completed to remove an existing borrower from the loan. *See also Name Change or Title Request FAQs.*
- Q3 How long will the Release of Liability process take?**
- A3 The average processing time can take as much as ninety (90) days, as the underwriting decision alone can take up to forty five (45) days from the receipt of a complete application (including all required supporting documentation). Where a new co-borrower is also being added (who would need to also credit qualify to assume liability on the loan), the review and underwriting process might take longer.
- Q4 What are the requirements for a Release of Liability**
- A4 For a Release of Liability, the co-borrower who is remaining on the loan must credit qualify on their own to demonstrate the ability to repay the loan. Factors such as credit score and debt-to-income may be used to determine qualification but may vary depending on the type of loan program. Where ownership interest in the property has been transferred, some agency guidelines may require occupancy of the property by the transferee (the person acquiring property ownership) as a condition of approval, in addition to any applicable credit qualification of the transferee.
- Q5 If I cancel my Release of Liability request or if my application is denied, are my fees refundable?**
- A5 Fees charged are to compensate for the review process and are generally, subject to any applicable agency guidelines (e.g., VA, FHA, FNMA, and FHLMC), non-refundable. Any third party fees (e.g., credit report fee, appraisal fee) collected for which the service has already been provided by the third party provider are non-refundable.
- Q6 If I cannot qualify on my own, can I have a co-borrower?**
- A6 You can have a co-borrower added to the loan with you, however, that co-borrower would need to meet the same credit qualification guidelines applicable to the loan. Additionally, because the proposed co-borrower is not currently a co-borrower, the co-borrower would need to assume liability for the loan (qualified assumption process), before the existing ex-spouse co-borrower is released from liability on the loan.
- Q7 How long are my credit documents good for?**
- A7 Your documents are good for 60 days. If the process extends beyond the 60 day period, updated current documents will be required to proceed with the assumption application.
- Q8 What are my options if I am unable to credit qualify on my own, so the Release of Liability request is denied?**
- A8 You will need to contact your local branch for possible refinance options.
- Q9 Whose name should appear on the deed (the instrument that shows how title to the property is held)?**
- A9 Generally, the new deed must reflect the transfer of title from the parties being released to the parties who will remain on the loan.
- Q10 Will the person being released from liability for the loan be required to sign any documents?**
- A10 Yes, as a general rule, the co-borrower being released from liability on the loan is required to sign certain documentation.
- Q11 If ACH/automatic payments are set up on the loan, is it necessary to re-enroll once the Release of Liability closes?**
- A11 Yes. The system update will wipe out all information about the released borrower, including name, date of birth, social security number, and any auto drafting that was previously established. If any remaining borrower seeks to reestablish auto drafting on the loan, they must complete and return the ACH auto draft form that is included in the closing package

DECEASED BORROWER ACCOUNT ACCESS AND RELATED REQUESTS - FREQUENTLY ASKED QUESTIONS (FAQs)

Q1 What is required in order to get access to a deceased borrower's account?

A1 Generally, the deceased borrower's successor in interest that is on title to the property before the borrower's death or has acquired an ownership interest in the property after the borrower's death (through the probate process) will be provided access. However, if you were not on title prior to the borrower's death, the lender will require proof of identify as well as legal documentation designating you as either an heir of the borrower's interest in the property (also called a successor in interest) or a Court appointed administrator or executor of the deceased borrower's estate. If proof of the borrower's death has not been previously provided, documentation establishing the borrower's death will also be required. Once you contact the lender, you will be sent a letter outlining the documentation reasonably required to establish your identity and ownership interest in the property, as well as other information regarding the rights of a potential successor in interest.

Q2 Where do I send my correspondence requesting access as the borrower's successor/heir?

A2 You can send your correspondence via any of the following methods:

E-mail: Successorinterest@yourmortgageonline.com

Fax: 1-847-550-7419

Mail: Attention: Special Loans Dept. MS1260

1 Corporate Drive, Suite 360 Attention: Special Loans Dept.
Lake Zurich, IL 60047-8945

Q3 What documentation do I need to provide to update an account to reflect the borrower's death?

A3 A certified copy of the borrower's death certificate or a Court order or other document clearly establishing the borrower's death is required.

Q4 How can the loan be assumed upon the death of a borrower?

A4 The borrower's successor in interest (who may have been on title before the borrower's death or gained their interest in the borrower's property as an heir after their death) will need to credit qualify in order to assume the loan. See the *Qualified Assumptions FAQs* section for additional information and responses to the most frequently asked questions.

Q5 If I am the deceased borrower's successor in interest, am I required to assume the loan?

A5 No. Not all loans are assumable and whether a loan *is* assumable generally depends on language in the applicable loan documents. Where a loan is assumable, a successor in interest who has been confirmed (i.e., proved their identity and ownership interest in the property of the deceased borrower) *may*, but is not required to, submit an application to assume the loan. A confirmed successor in interest who has not assumed the loan under State law is not liable for the mortgage debt and cannot be required to use his or her assets to pay the mortgage debt, except that the lender has a security interest in the property and a right to foreclose on the property, when permitted by law and authorized under the mortgage loan contract. Once you contact the lender, you will be sent a letter outlining the documentation reasonably required to establish your identity and ownership interest in the property, as well as other important related information. See the *Qualified Assumptions FAQs* section for additional information and responses to the most frequently asked questions.