



MEMORANDUM

TO: NIFA Participating Lenders
FROM: Jacki Young, Chief Homeownership Officer
DATE: May 3, 2018
SUBJECT: Memo #18-16, Revised Large & Recurring Deposits Policy

The NIFA team has completed a review of our Large & Recurring Deposits Policy. We are pleased to announce the following changes to the policy:

- Require one month (30 days) of bank account statements instead of two consecutive months of bank account statements
- No longer automatically require a Letter of Explanation when unidentified multiple deposits exceed \$500

Attached for your review is the new Large Deposits Policy. ***The new policy is effective immediately.*** The Large Deposits Policy and Borrower Letter of Explanation (Affidavit 5) are located in Lender Online under program documents.

If you have any questions, please let us know.

NIFA Large Deposits Policy

Purpose

NIFA is required to project all includable income sources received over a 12-month period to determine household income qualification for its program. To calculate household income, NIFA must include all sources of income for all persons 18 years and older who will occupy the property as their primary residence. The sources of income to be included are defined in the Income Calculation Guidelines section of NIFA's Lender Manual. As part of their diligence, participating lenders are responsible for identifying all sources of includable income, whether or not disclosed by the borrower(s) at the time of loan application. Lenders shall comply with this Policy upon identification of a large deposit (defined below) that is not disclosed on the borrower's Income Worksheet.

Large Deposits

Large deposits are defined as a single deposit that exceeds \$500. If the source of a large deposit can be easily identified on the bank account statement (such as direct deposits where the source of the deposit is printed on the statement) and matches the employment information in the file, the lender does not need to obtain further explanation or documentation. However, if the deposit does not identify the source on the statement, the lender must identify and document the source of the funds and determine whether such funds are to be included in household income.

NIFA, in its sole discretion, may require additional documentation if the aggregate of recurring/periodic deposits exceed \$500 over a 30-day time period.

Required Documentation

NIFA requires one month (30 days) of bank account statements for all open accounts existing at the time of loan application. A Verification of Deposit (VOD) is not allowed. Lenders shall require borrower(s) to submit a Borrower Letter of Explanation (Affidavit 5) in the following situations:

- Unidentified one-time deposits or transfers in the amount of \$500 or greater.
- Unidentified transfers between accounts.
- Unidentified automatic deposits.

Revised May 2018