

Documenting Your Assets

In some instances, a borrower may have to bring additional funds to close the Home Equity Conversion Mortgage (HECM) loan. With the HECM reverse mortgage, your lender must verify the sources of these funds. You'll be asked to provide a paper trail or documentation to show where the funds originated. In addition, the funds must be "seasoned," meaning they've been in your bank account for at least 60 days. The following sections explain the documents needed to verify your assets.

Checking, Savings, & Money Market Accounts

Documentation needed:

- Copies of your most recent bank statements. Most of the time, the most recent two months of bank statements will be sufficient.
 - If your closing funds have been in your bank account for that two-month period, no additional documentation should be needed. The funds are considered to be "seasoned."
 - If your statements show large or unusual deposits, the lender will ask for an explanation as well as documentation of the funds' sources.

Stocks, Bonds, Mutual Funds, etc.

Documentation needed:

- Statements from your brokerage for the most recent two-month period or quarter.
- If you have stock certificates instead of a brokerage account, make copies of the certificates and give them to your lender.
 - Provide tax records to show how long you have owned the stocks.
- If you plan to sell stocks and other investments to obtain your closing funds, you must keep all the documentation that applies to the sale.
 - Provide these copies to your lender.

Gifts

Documentation needed:

- A gift letter. If you've received a monetary gift, your lender will ask the donor to sign the gift letter form. The gift letter indicates the relationship between the parties involved in the gift, the address of the property, the gift amount and the source of funds the donor used for the gift.
 - The gift letter specifies that the funds are a gift and do not require repayment.
 - Donors must demonstrate they have the ability to make the gift by providing documentation such as bank or stock statements. The lender may require 90 days of statements.
- A copy of the check used to make the gift. Keep a copy of the deposit receipt when you deposit the gift funds into your bank account or escrow.



401K or Retirement Accounts

Documentation needed:

- Your most recent account statements.
 - If you cash out a portion of your 401K or decide to borrow against your 401K, keep copies of the paperwork involved in the transaction.
 - If you received a check for the funds, make a photocopy of it and the deposit receipts to your bank account.

Savings Bonds

Documentation needed:

- The actual savings bonds. Your lender will make copies of them.
- If you cash your bonds for down payment or closing costs, keep copies of the paperwork the bank provides. That will document the current value of the bonds and show that you received their cash value.

Selling Personal Property

- Some homeowners sell personal property, such as a vehicle, to obtain funds for down payment or closing costs. Guidelines for documenting funds from the sale of personal property are more stringent than for other types of funds.
- Selling a car generally is the easiest to document.
 - Documentation needed includes copies of:
 - ♦ Vehicle registration to show you own the vehicle.
 - ♦ Kelley Blue Book page showing the make and model of your vehicle and its value. You will have to provide a copy of the page in the "Blue Book" that shows your model and its value.
 - ♦ Vehicle bill of sale showing it was transferred to another individual and a copy of the check used to purchase the vehicle. Do not take cash because it's not possible to document that you actually received the funds.
 - ♦ Deposit receipt from your bank account.
- Other types of personal property can be more difficult to document:
 - You must show that you actually own the property.
 - ♦ Provide records to show you purchased the property. You also could provide an old inventory that documents ownership.
 - You must show that the property has the value for which you sold it.
 - ♦ To determine value, you may have to hire an independent appraiser or a specialist who has knowledge about that type of property.
 - ♦ If you cannot document the item's value, the lender will not view the sale as an acceptable source of funds.
 - As with selling a car, you must prove you own the item, make a copy of the bill of sale, copy the check used to purchase the item and make a copy of the deposit receipt to your bank account.

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