# Mortgage Guidelines
# Asset Utilization

**Content**

# 1 ASSET UTILIZATION

## 1.1 Overview

An asset utilization loan is a mortgage program that, for qualifying purposes, calculates a monthly amount to determine income, based upon available liquid assets the borrower owns. This is a non-qualified mortgage program.

When a borrower owns considerable assets but does not have a regular source of income, they can be turned down when mortgage lenders try to apply traditional mortgage guidelines.

## 1.2 LTVs

- Max LTV 70%
- Total Assets Eligible is total assets minus any down payment, out of pocket closing costs and prepaids, and required reserves.

## 1.3 Eligible Assets

The source of asset utilization is as follows:

- 100% value of checking, savings, and money market, CD's
- 70% of remaining value of stocks, bonds, and mutual funds
- 70% of Retirement Assets; Eligible if the borrower is of retirement age (at least 59 ½)
- 50% of Retirement Assets; eligible if the borrower is not of retirement age

## 1.4 Ineligible Assets

- Accounts from which the borrower receives distributions
- Business assets
- Gift funds
- Equity in Real Estate including cash-out from the subject transaction
- Privately traded or restricted/non-vested stock
- Assets held in a Trust
- Cryptocurrency

## 1.5 Account Documentation for Asset Utilization

All individuals listed on the asset account(s) must be on the Note and Mortgage;

- Assets considered for this program must be verified with most recent 60 days account statements, quarterly statement, or a VOD.
- Assets must be seasoned at least 60 days.

- Income other than Asset Utilization, must be documented in accordance with the program guidelines, including tax returns and 4506-C

## 1.6 Calculation

The calculation for asset utilization is:

- If a portion of the qualified assets are being used for down payment, closing costs, or reserves, those amounts must be excluded from the balance before analyzing a portfolio for income determination.
- Monthly income = Net qualified assets/120 months

## 1.7 Restrictions

Asset Utilization is not allowed on cash out or home equity transactions.

Asset Utilization is not allowed on investment properties.

Utilizing Asset Utilization requires a 5% reduction to max LTV/CLTV per program matrix.

Non-Occupant Co-Borrowers are not allowed

All other program guidelines will apply.

## 1.8 Example of Calculation

Assets documented by borrower (after down payment and required reserves):

Checking/Savings $100,500

Mutual Funds $2,000,000

IRA $700,000 (100% vested with no loans)

***Calculation:***

$100,500 + ($2,000,000 X70%) + ($700,000 X 50%) = $100,500 + $1,400,000 + $350,000

= $1,850,500 /120 months

= $15,420/ month (income to be utilized)