

Ability to Repay Disclosure



The U.S. Congress has granted authority to the Consumer Financial Protection Bureau (CFPB) through the Dodd-Frank Act, to adopt specific mortgage rules and it has come out with legislation that goes into effect with all mortgage credit applications dated January 10, 2014 and beyond. In addition to these new rules, the CFPB has also mandated that lenders provide mortgage loan applicants with a list of HUD approved housing counselors in their immediate area which you will find as a part of this disclosure set. If there was a third party originator of this loan application, the originating lender will be disclosing the information regarding housing counselors.

One of the most important and impactful of these new rules is the Ability-To-Repay Rule (ATR). Mortgage lenders are required to assess at loan approval as well as prior to the loan closing, the borrower's ability to repay the mortgage obligation. The lender must take into consideration every credit obligation that the borrower has disclosed at time of application as well as those encumbered throughout the mortgage loan approval process prior to closing. Additionally, the lender must assess the employment and income of the borrower and take into consideration the probability of continuance. If the borrower is aware of any future changes to his/her income/employment situation they must disclose it to the lender.

GMFS, LLC, as a result of this legislation, will be monitoring all of our loan applicant's credit information with a national credit reporting agency and will be made aware of any inquiries for new extensions of credit as well as any inquiry on behalf of a creditor. It is therefore of paramount importance that applicants refrain from applying for credit during the mortgage loan application process. Whether it is to purchase an automobile, apply for a credit card, borrow money to go on vacation or furniture for the home that you are purchasing, please refrain from this activity until after the mortgage loan closing has been completed. Any activity from other creditors prior to the loan closing will be reported to GMFS, LLC and must be considered in the debt-to-income calculation for this transaction. Any changes to the borrower's liabilities will result in the loan having to go back to Underwriting for further analysis, could negatively impact the loan approval and cause additional delays in the process.

GMFS, LLC will also be verifying applicant's employment and income information prior to the loan closing. If there is any change in the borrower's employment/income situation once application has been made, it must be reported to GMFS, LLC and taken into consideration in qualifying the applicant(s) for the loan approval. Any changes in either employment or income could jeopardize the loan approval.

Applicant Name

Date

Applicant Name

Date