

**UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

**TITLE VIII**

**CONCILIATION AGREEMENT**

**between**

U.S. Department of Housing and Urban Development  
Assistant Secretary for the Office of Fair Housing and Equal Opportunity  
(Complainant)

**and**

Freedom Mortgage Corporation  
(Respondent)

Approved by the FHEO Region IV Director on behalf of the  
U.S. Department of Housing and Urban Development

**FHEO CASE NUMBER: 04-13-0716-8**

**A. PARTIES AND SUBJECT PROPERTY**

Complainant

Gustavo Velasquez, Assistant Secretary for Fair Housing and Equal Opportunity  
U.S. Department of Housing and Urban Development  
Office of Fair Housing and Equal Opportunity  
451 Seventh Street, S.W.  
Washington, DC 20410

Respondent

Freedom Mortgage Corporation  
907 Pleasant Valley Avenue, Suite 3  
Mt. Laurel, NJ 08054

Complainant and Respondent are herein collectively referred to as the “Parties.”

**B. BACKGROUND**

Complainant’s Position

Under the Fair Housing Act of 1968 (hereinafter, “the Act”), 42 U.S.C. § 3604(f)(2) (“Section 804(f)(2)”), it is illegal to discriminate against any person in the terms, conditions, or privileges of sale or rental of a dwelling, or in the provision of services or facilities in connection with such dwelling, because of a handicap (disability). Under 42 U.S.C. § 3605(a) of the Act (“Section 805(a)”), it is unlawful for any person or other entity whose business includes engaging in residential real estate-related transactions to discriminate against any person in making available such a transaction, or in the terms or conditions of such a transaction, because of race, color, religion, sex, handicap (disability), familial status, or national origin.

The Complainant, the Assistant Secretary for the Office of Fair Housing and Equal Opportunity (“FHEO”) (the “Assistant Secretary”) of the U.S. Department of Housing and Urban Development (“HUD” or the “Department”) filed a Secretary Initiated Complaint (the “Complaint”) pursuant to 42 U.S.C. § 3610(a)(1)(A)(i) (“Section 810”) on May 9, 2013, alleging that Freedom Mortgage Corporation (hereinafter, “Freedom Mortgage” or “Respondent”) engaged in discriminatory acts in violation of Sections 804(f)(2) and 805(a) of the Act. Specifically, the Complaint alleges that Freedom Mortgage’s underwriting policies and practices discriminate against mortgage applicants who rely on disability income by subjecting them to different terms and conditions from applicants who do not rely on disability income (the “Claims”).

The Respondent asked loan applicants to submit medical documentation about the nature and severity of their disability. The subject complaint alleges that in support of a loan application, a disabled applicant provided medical documentation, a Department of Labor Work Capacity Evaluation form, and a benefits statement showing his regular receipt of Worker’s Compensation disability payments since 2009. None of the aforementioned documents indicated a defined expiration date for the applicant’s disability payments. In addition to these documents, the applicant submitted bank statements and tax-returns. However, Freedom determined these

documents were not sufficient and continued to request a letter of continuance for the disability payments.

The applicant provided Freedom with proof of his disability income benefits which satisfied the relevant underwriting requirements for continuity of income. Despite this, Freedom required the applicant to provide additional documentation about his disability and disability-related income. The evidence suggests that Freedom may have imposed similar terms and conditions on other disabled loan applicants.

#### Freedom Mortgage's Position

Freedom Mortgage denies that it has discriminated against any loan applicant on the basis of disability and asserts that its underwriting processes are designed to facilitate opportunities to lend to applicants whose income consists of or includes disability income. Freedom Mortgage takes great efforts to ensure that all of its employees involved in the loan origination process comply with the provisions of the Act and follow relevant investor or insurer standards for originating mortgage loans. Freedom Mortgage underwriters understand that their role is to evaluate whether a borrower will have sufficient verifiable income, regardless of source or character, to satisfy their mortgage obligations when their debts become due. Freedom Mortgage asserts that if it receives an application for a mortgage loan from an applicant whose income consists of or includes disability income, Freedom Mortgage ensures that fair lending requirements are met in underwriting and processing the mortgage loan application. Moreover, Freedom Mortgage denies that it requires applicants whose income consists of or includes disability income to provide documentation regarding proof of continuity of income beyond that which is reasonable under the circumstances presented.

#### Conciliation

By settling this matter, Freedom Mortgage is not admitting to any fault, guilt, or liability with respect to the Claims. The Parties have entered into this Agreement to avoid the risks, expenses, and burdens of litigation and to resolve voluntarily the Claims.

#### **C. TERM OF AGREEMENT**

1. This Agreement (the "Agreement") shall govern the conduct of the Parties to it for a period of one (1) year from the Effective Date (as defined below) of the Agreement.

#### **D. EFFECTIVE DATE**

2. The Parties expressly agree that this Agreement constitutes neither a binding contract under state or federal law nor a Conciliation Agreement pursuant to the Act, unless and until such time as it is approved by the U.S. Department of Housing and Urban Development, through the FHEO Region IV Director, or his or her designee.
3. This Agreement shall become effective on the date on which it is approved by the U.S. Department of Housing and Urban Development, through the FHEO Region IV Director, or his or her designee ("Effective Date").

## **E. GENERAL PROVISIONS**

4. The Parties acknowledge that this Agreement is a voluntary and full settlement of the Complaint. The Parties affirm that they have read and fully understand the terms set forth herein. No party has been coerced, intimidated, threatened, or in any way forced to become a party to this Agreement.
5. It is understood that the Respondent denies any violation of law and that this Agreement does not constitute an admission by the Respondent or evidence of a determination by the Department of any violation of the Act.
6. Freedom Mortgage acknowledges that it has an affirmative duty not to discriminate under the Act, and that it is unlawful to retaliate against any person because that person has made a complaint, testified, assisted, or participated in any manner in a proceeding under the Act. Freedom Mortgage further acknowledges that any subsequent retaliation or discrimination constitutes both a material breach of this Agreement, and a statutory violation of the Act.
7. Freedom Mortgage shall continue to maintain internal, written fair lending compliance policies and procedures.
8. It is understood that upon approval of this Agreement by the FHEO Region IV Director, or his or her designee, the Agreement will be a public document pursuant to Section 810(b)(4) of the Act.
9. This Agreement does not in any way limit or restrict the Department's authority to investigate any other complaint involving Freedom Mortgage made pursuant to the Fair Housing Act, or any other complaint within the Department's jurisdiction, except to the extent that such complaints or the claims contained therein are released pursuant to the terms of this Agreement.
10. No amendment to, modification of, or waiver of any provisions of this Agreement shall be effective unless: (a) all signatories or their successors to the Agreement agree in writing to the amendment, modification, or waiver; (b) the amendment, modification, or waiver is in writing; and (c) the amendment, modification, or waiver is approved and signed by the FHEO Region IV Director, or his or her designee.
11. The Parties agree that the execution of this Agreement may be accomplished by separate execution of consents to this Agreement, the executed signature pages to be attached to the body of the Agreement to constitute one document. Facsimile copies of the Agreement and the signatures hereto may be used with the same force and effect as the original.
12. The Assistant Secretary for FHEO, on behalf of himself and the Department, and their respective successors, assigns, agents, officers, board members, employees, and attorneys, hereby forever waive, release, and covenant not to sue Freedom Mortgage jointly or severally, or their respective heirs, executors, assigns, agents, directors, officers, employees, partners, or attorneys, or pursue any administrative action or civil action

against any of the foregoing, with regard to any and all claims, damages, and injuries of whatever nature whether presently known or unknown, arising out of the subject matter of HUD Case Number 04-13-0716-8, or which could have been filed in any action or suit arising from said subject matter.

13. Freedom Mortgage hereby forever waives, releases, and covenants not to sue the Assistant Secretary or the Department, jointly or severally, or their successors, assigns, agents, officers, board members, employees, respective affiliates, executors, or attorneys with regard to any and all claims, damages, and injuries of whatever nature whether presently known or unknown, arising out of the subject matter of HUD Case Number 04-13-0716-8 or which could have been filed in any action or suit arising from said subject matter.
14. This Agreement memorializes and constitutes the entire agreement and understanding between the Parties and supersedes and replaces all prior negotiations, proposed agreements, and agreements between the Parties, whether written or unwritten. The Parties acknowledge that no person or entity, nor an agent or attorney of any person or entity, has made any promises, representations, or warranties whatsoever, express or implied, which are not expressly contained in this Agreement, and the Parties further acknowledge that they have not executed this Agreement in reliance upon any collateral promise, representation, or warranty, or in reliance upon any belief as to any fact or matter not expressly recited in this Agreement.

#### **F. RELIEF IN THE PUBLIC INTEREST**

15. During the conciliation process, Freedom Mortgage identified and evaluated the mortgage loan applications for individuals who applied for a mortgage loan or refinancing between January 1, 2011, and October 23, 2013, and who relied on disability income to qualify for the mortgage loan or refinancing. The Department reviewed and confirmed Freedom Mortgage's process for identifying and evaluating such individuals, and requested that Freedom Mortgage provide compensation to certain individuals in certain amounts as set forth in Paragraph 16, below. Freedom Mortgage agrees to pay those individuals a total award of one hundred four thousand dollars and no cents (\$104,000.00) (the "Award").
16. For the purpose of resolving the Claims, Freedom Mortgage agrees to compensate certain individuals as set forth below and that:
  - a. For the purposes of this Agreement only, and without any admission of any fault, guilt, or liability by Freedom Mortgage, a "Claimant" shall be defined as any mortgage loan applicant who applied to Freedom Mortgage for a mortgage loan or refinancing between January 1, 2011, and October 23, 2013, and who relied on disability income to qualify for the mortgage loan or refinancing, and for whom one of the following may be true:
    - i. the loan application file contains either (A) a doctor's letter, but no evidence of a request for a doctor's letter to establish continuity of income or of a request to establish continuity of income through inquiry into the nature or severity of disability, or (B) evidence of a request for a doctor's letter to establish continuity

- of income, but no evidence of a request to establish continuity of income through inquiry into the nature or severity of disability (“Type-1 Claimant”); or
- ii. the loan application file contains evidence of a request to establish continuity of income that might have included an inquiry into the nature or severity of disability (“Type-2 Claimant”); or
  - iii. the loan application file contains evidence that the application may have been or was denied, closed, or withdrawn because the applicant could not or would not provide a requested doctor’s letter to establish continuity of income (“Type-3 Claimant”).
- b. Within thirty (30) days of the Effective Date of this Agreement, Freedom Mortgage shall notify each Claimant of their entitlement to compensation by U.S. Mail (“Notice”) and provide the Claimant a release form to complete, sign, and return (“Release”). Freedom Mortgage agrees to compensate a Claimant in the amount specified in the Notice only for the purpose of resolving the Complaint, and neither this Agreement nor the Notice shall constitute an admission of liability by Freedom Mortgage nor evidence that the Claimant has been injured. The Notice and Release shall be substantively in the forms attached hereto as Appendices A and B, respectively. Before providing the Notice, Freedom Mortgage shall access the U.S. Postal Service National Change of Address database (“NCOA Database”) and, as necessary, update the address for each Claimant. If the NCOA Database indicates that the last known address of any Claimant is invalid or otherwise undeliverable, Freedom Mortgage shall be required to send the Notice to the last known email address of the Claimant, if Freedom Mortgage has such an email address, and make at least 2 attempts to contact the Claimant telephonically at the last telephone number supplied to Freedom Mortgage by the Claimant. In the event that any Notice is returned as undeliverable with a forwarding address, Freedom Mortgage shall send the Notice to the indicated forwarding address within ten (10) business days from the date of receipt of the forwarding address, provided, however, that Freedom Mortgage shall have no obligation to send any Notice returned as undeliverable after thirty (30) days from the date on which it was originally mailed.
  - c. Within forty-five days (45) days of the Effective Date of this Agreement, Freedom Mortgage will certify to the Department that it has provided the Notice to Claimants pursuant to Paragraph 16.b, above.
  - d. Claimants shall have ninety (90) days from the Effective Date of this Agreement to properly complete, execute, and return the Release to Freedom Mortgage (“Return Date”).
  - e. Within thirty (30) days of receipt of a properly completed and executed Release, Freedom Mortgage shall (1) verify that the person who completed the Release is a Claimant by confirming in its records that the person who completed the Release submitted an application for a residential mortgage loan during the applicable time period; and (2) upon such verification, transmit to the Claimant a check in the amount of compensation due as set forth below (“Settlement Check”).

- f. For the purposes of this Agreement only, and without any admission of any fault, guilt, or liability, Freedom Mortgage has agreed to offer compensation to a maximum of 69 Claimants, of whom 52 are Type-1 Claimants, 11 are Type-2 Claimants, and 6 are Type-3 Claimants. For each Claimant who returns a properly completed and executed Release by the Return Date, Freedom Mortgage shall pay from the Award (1) \$1,000.00 in compensatory damages to a Type-1 Claimant; (2) \$2,000.00 in compensatory damages to a Type-2 Claimant; and (3) \$5,000.00 in compensatory damages to a Type-3 Claimant. These amounts are mutually exclusive, such that if any Claimant meets the definition of more than one type, that Claimant shall only be entitled to the greatest compensation type for which the Claimant qualifies. Moreover, these amounts are to be paid on a per loan or per application basis; if there is a borrower and co-borrower, or an applicant and co-applicant, they shall share the compensation.
  - g. Within one hundred twenty (120) days of the Effective Date of this Agreement, Freedom Mortgage will certify to the Department that (1) it has issued the Settlement Checks to Claimants pursuant to Paragraphs 16.e and 16.f, above; and (2) the amount of the Award, if any, remaining after issuing the Settlement Checks.
  - h. Within one (1) year of the Effective Date of this Agreement, Freedom Mortgage shall pay whatever amount of the Award that remains after Freedom Mortgage has issued the Settlement Checks (“Remainder Payment”) to a qualified not-for-profit organization that provides training, education, and outreach services in the areas of credit and housing counseling, financial literacy, or another related area (“Qualified Organization”). Prior to making the Remainder Payment, Freedom Mortgage shall obtain written approval of the Qualified Organization from the FHEO Region IV Director on behalf of HUD. HUD shall not unreasonably withhold approval of an organization that is qualified to provide the above described services. Within fourteen (14) days of making the Remainder Payment, Freedom Mortgage will certify to the Department that it has made the Remainder Payment to the Qualified Organization.
  - i. HUD will provide a written statement to Freedom Mortgage confirming that HUD has administratively closed its file for HUD Case Number 04-13-0716-8 within fourteen (14) days of receipt of Freedom Mortgage’s certification that it has made the Remainder Payment to the Qualified Organization.
17. Freedom Mortgage has adopted a written policy addressing the continuity of income verification requirements for mortgage loan applicants who receive disability income, which policy the Department has approved and which policy complies with the requirements of the Fair Housing Act. Freedom Mortgage agrees to communicate the policy, and to provide a copy of the policy, to each of its loan officers, processors, and underwriters within thirty (30) days of the Effective Date of this Agreement.
18. In the course of the negotiations leading to this Agreement, Freedom Mortgage modified its fair lending training program to include training regarding disability income and will provide such fair lending training to its current employees in loan originations, processing, and underwriting during the month of August 2014. Freedom Mortgage will provide fair lending training, including training regarding disability

income, to newly hired employees in loan originations, processing, and underwriting within sixty (60) days of their respective start dates.

19. Within thirty (30) days of providing the fair lending training, as provided in Paragraph 18, Freedom Mortgage shall send a letter to the Department stating that fair lending training was provided to current employees in loan originations, processing, and underwriting pursuant to Paragraph 18 of this Agreement.
20. Freedom Mortgage shall post copies of its non-discrimination policies, in every location where it provides residential loan services to the public, in both English and Spanish. These postings shall be prominently displayed, readily apparent to all persons seeking to engage in residential real estate-related transactions, and shall include the fair housing logo.
21. Freedom Mortgage agrees to redact references to medical information, including the specific nature of a disability, if such references exist in the loan application files for the 69 Claimants noted in Paragraph 16.f of this Agreement (the "Loan Application Files"), subject to the following conditions, namely that Freedom Mortgage has no obligation, and is not required, to (1) redact any non-medical information from the Loan Application Files relating in any manner to proof of continuity of income, (2) remove any documents from the Loan Application Files, or (3) take any action with respect to the Loan Application Files in contravention of any law, or underwriting or investor guidelines. Freedom Mortgage will complete its review of the Loan Application Files, and subject to the above-noted conditions, will redact references to the specific nature of a disability if such references exist in those files, within forty-five (45) days of the Effective Date of this Agreement. With respect to disputes over compliance with the terms of this paragraph, the Parties agree to confer in the attempt to reach a mutually-agreeable resolution to such disputes.

#### **G. MONITORING**

22. The Department has the authority to determine compliance with the terms of this Agreement. The Department may conduct reviews of Freedom Mortgage's operations and facilities to ensure compliance with this Agreement. Freedom Mortgage agrees to provide its full cooperation in any monitoring review undertaken by HUD to ensure compliance with this Agreement.

**H. REPORTING AND RECORDKEEPING**

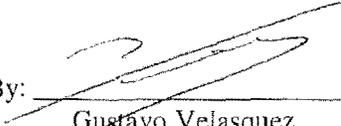
23. All required certifications and requests for HUD approval must be submitted to:

U.S. Department of Housing & Urban Development  
Natasha J. Watson, Enforcement Director  
40 Marietta Street, 16th Floor  
Atlanta, Georgia 30303-2806  
natasha.j.watson@hud.gov

**I. CONSEQUENCES OF BREACH**

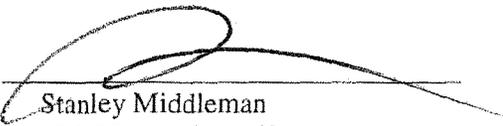
24. Whenever the Department has reasonable cause to believe that Freedom Mortgage has breached this Agreement, the matter shall be referred to the Attorney General of the United States, to commence a civil action in the appropriate U. S. District Court, pursuant to Sections 810(c) and 814(b)(2) of the Act.

**WHEREFORE**, the Parties hereto have duly executed this Agreement:

By:   
Gustavo Velasquez  
Assistant Secretary  
Office of Fair Housing and Equal Opportunity

7/31/14  
Date

Freedom Mortgage Corporation

By:   
Stanley Middleman  
Chief Executive Officer

8/4/14  
Date

**J. APPROVAL**

By:   
Carlos Osegueda  
FHEO Region IV Director

8/5/14  
Date

## **APPENDIX A**

[Notice to Claimants]

Freedom Mortgage Corporation (“Freedom Mortgage”) has entered into a Conciliation Agreement (the “Agreement”) with the United States Department of Housing and Urban Development (“HUD”) to settle alleged claims of discrimination under the Fair Housing Act, 42 U.S.C. §§ 3601, et seq. (the “Act”), arising out of Freedom Mortgage’s processing and underwriting loan applications submitted by disabled applicants or applicants with disability-related income between the period of January 1, 2011, and October 23, 2013.

**You have been identified as a Claimant under the Agreement and are entitled to receive compensation in the amount of \$ \_\_\_\_ [insert compensation type amount] pursuant to the terms set forth below. To receive your payment, you must complete, sign, and return the enclosed Release. By signing the Release, you agree that you will not sue Freedom Mortgage for any claims alleging housing and mortgage discrimination on the basis of disability that you may have against Freedom Mortgage arising out of or related to your application with Freedom Mortgage for a residential mortgage. If you decide to sign the Release, please write the date, print your name and address, and sign your name where indicated. To receive your payment, you must complete, sign, and return the Release to Freedom Mortgage no later than \_\_\_\_\_ [insert date 90 days after Effective Date]. You should return the completed and signed Release in the enclosed pre-addressed, postage pre-paid envelope. After you complete, sign, and return the Release, the compensation that is to be paid to you will be sent to you by check.**

Please be aware that the money you receive may be considered taxable income and thus may affect your federal, state, or local tax liability. Neither Freedom Mortgage nor HUD can give you any advice on tax or other legal matters. You are encouraged to consult with a qualified individual or organization about any possible tax or other consequences resulting from your receipt of this payment.

If you do not want to participate in this settlement, you may decline to do so. By declining to participate, you will give up your right to receive money through this settlement, but will not waive any other rights or claims that you believe you may have.

Please be advised that Freedom Mortgage, HUD, and their respective attorneys cannot act as your private attorney. Therefore, you may want to consult with a private attorney to discuss this matter and the options available to you or to have an attorney of your choice contact Freedom Mortgage, HUD, or their respective attorneys.

If you have any questions about this matter, please contact:

Freedom Mortgage Corporation  
P.O. Box 8001  
Fishers, IN 46038-8001  
Attn: Mack Allison  
Call toll-free: 1-800-388-1537, extension 3668

Sincerely,

Freedom Mortgage

**APPENDIX B**

Release Form

In consideration of the Conciliation Agreement (the "Agreement") between Complainant Acting Assistant Secretary for Fair Housing and Equal Opportunity, U.S. Department of Housing and Urban Development ("HUD") and Respondent Freedom Mortgage Corporation ("Freedom Mortgage") in HUD Case No. 04-13-0716-8, and the payment to me of compensation in the amount of \$\_\_\_\_\_ pursuant to the Agreement and effective upon that payment, I hereby release and forever discharge all claims, rights, remedies, and recoveries, related to any alleged facts of housing and mortgage discrimination on the basis of disability, that I may have against Freedom Mortgage, including any and all related entities, parents, predecessors, successors, subsidiaries, directors, officers, agents, managers, supervisors, shareholders, employees, or attorneys, and their respective heirs, executors, administrators, successors in interest, or assigns, arising out of or related to my application with Freedom Mortgage for a residential mortgage, known and unknown, up to and including the date of the execution of release.

Executed this \_\_\_ day of \_\_\_\_\_, 201\_\_.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Number and Street

\_\_\_\_\_  
City, State, and Zip Code



## Credit Policy Announcement 14-21

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**Date:** \_\_\_\_\_, 2014  
**To:** All Production Channels  
Underwriting and Production Staff, Including All Loan Officers,  
Processors, and Underwriters  
**Author:** Letha Lowry, Credit Policy Manager  
**Subject:** **Proof of Continuity of Income for Mortgage Loan Applicants Who Receive Disability Benefit Income, Including SSDI and Private Disability Income**

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**Purpose** Freedom Mortgage Corporation (FMC) adheres to all federal, state and local laws and requirements. We embrace all aspects of fair lending, including the Fair Housing Act, as detailed below.

FMC welcomes the opportunity to consider loan applicants who are handicapped, as that term is used in the Fair Housing Act, for each of the loan products we offer. In many cases, a loan applicant receives, and relies upon for the purposes of obtaining credit, disability benefit income. Such income can either be of a short-term or long-term variety. Depending upon whether the benefits are short-term or long-term, reference should be made to the appropriate guidelines (both internal and external) for consideration of disability benefit income.

**This Policy Announcement instructs staff that, for the purposes of establishing continuity of income, Freedom Mortgage employees shall not request that a loan applicant provide a doctor's letter, medical diagnosis, or other form of medical information, nor shall they make inquiry regarding the nature or severity of a loan applicant's disability.**

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**Fair Housing Act** The Fair Housing Act makes it unlawful to “make unavailable or deny, a dwelling to any buyer” or “[t]o discriminate against any person in the terms, conditions, or privileges of sale ... of a dwelling” “because of a handicap of ... that buyer ...; ... a person residing in or intending to reside in that dwelling after it is so ... made available; or ... any person

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associated with that buyer.” 42 U.S.C. § 3604(f). Additionally, “[i]t shall be unlawful for any person or other entity whose business includes engaging in residential real estate-related transactions to discriminate against any person in making available such a transaction, or in the terms or conditions of such a transaction, because of ... handicap.” 42 U.S.C. § 3605(a). A “residential real estate-related transaction” includes “[t]he making or purchasing of loans ... for purchasing, constructing, improving, repairing, or maintaining a dwelling; or ... secured by residential real estate.” 42 U.S.C. § 3605(b). In furtherance of these prohibitions, it is generally unlawful “to make inquiry as to the nature or severity of a handicap of such a person.” 24 C.F.R. § 100.202(c).

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**Proof of  
Continuity of  
Income**

As with any loan applicant, a loan applicant who relies upon disability benefit income for the purposes of obtaining credit must establish continuity of income under the relevant underwriting or investor guidelines. Freedom Mortgage underwriters are knowledgeable about the continuity of income requirements in the relevant internal and external guidelines, including the requirements contained in the guidelines issued by Fannie Mae, Freddie Mac, the Federal Housing Administration, the Department of Veterans Affairs, and the United States Department of Agriculture.

If, in the loan application or origination process, a Freedom Mortgage loan originator or processor has a question regarding continuity of disability benefit income, the employee must consult with a Freedom Mortgage underwriter for appropriate guidance and resolution before making any statement to the loan applicant.

In any event, no such loan applicant shall be required to provide documentation regarding continuity of income beyond the proof of continuity of income required under the relevant underwriting or investor guidelines.

We may verify income by obtaining any of the following documents from the borrower:

- Federal tax returns, validated with tax transcripts
- Recent bank statements evidencing receipt of income from the identified source
- A Proof of Income Letter (Budget Letter or Benefits Letter) from the identified source
- Copy of borrower’s Form1099 or 1042S from the identified source

Certain types of income related to a disability do not have defined expiration dates – for example, Social Security Disability Insurance benefits, Supplemental Security Income, or Veterans Disability Compensation benefits. When income related to a disability falls within a category that does not have a defined expiration date, the income is

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considered stable and reasonably expected to continue for the next three years.

**For the purposes of establishing continuity of income, Freedom Mortgage employees shall not request that a loan applicant provide a doctor's letter, medical diagnosis, or other form of medical information, nor shall they make inquiry regarding the nature or severity of a loan applicant's disability.**

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**Effective date**      Immediately

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**Location**            **Fishers and Mount Laurel:** All Credit Policy Announcements are located on the FMC Intranet site, FOCUS, under Credit Risk/ Credit Risk Library/Announcements and in AllRegs in Our Library  
**Branches:** Please see FM Branch website

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