



## **DOCUMENTATION OF GIFT FUNDS**

The proper documentation of gift funds is critical to your loan transaction. The mortgage industry places a great deal of emphasis on establishing a formal paper trail of the gift (otherwise known as source of funds) so it is very important that you review and fully understand the requirements presented below. Furthermore, gift funds must be received from a relative, not a friend or acquaintance. There may be times when a close family friend or fiancé is allowed to provide a gift so please be sure to discuss this with your loan officer if applicable. Please note that the required documentation will differ depending on whether you have already received the gift or will receive the gift at a future date prior to settlement.

### **Gift Funds Yet To Be Received:**

1. Provide executed gift letter. If you have applied for a FHA loan, the FHA Certification section must be signed by both the gift donor and the recipient acknowledging the warning stated in that section. FHA loans *do not* require notarization of the borrower's signature.
2. The gift must be in the form of a cashier's check or certified check. The donor's name must be printed on the check (example – Donor: John Doe). A Cashier's check is preferred. **None of the gift money can be received in cash from the gift donor.**
3. Make a copy of the gift check prior to the deposit and also a copy of the deposit slip showing that the funds have been deposited into your account. Within three weeks of settlement, please send us a full copy of your bank statement showing the gift deposit. If it is unlikely that you will receive your statement in time please provide a letter from your bank (on bank letterhead and signed by bank official) stating the following:
  - deposit amount
  - account number
  - deposit date
  - new account balance amount
4. **FHA ONLY** – Donor's ability must be verified by receipt of a copy of their most recent bank statement. Any large deposits will need to be explained and documented. The donor cannot have borrowed the gift funds thru and unsecured loan.

### **Gift Funds Already Received:**

1. Provide executed gift letter. If you are applying for a FHA loan, the FHA Certification section must be signed by both the gift donor and the recipient acknowledging the warning stated in that section. FHA loans *do not* require notarization of the borrower's signature.
2. Provide, from the gift donor, a copy of the front and back of the canceled gift check or a copy of the gift donor's full bank statement evidencing the withdrawal amount matching the actual gift amount.
3. Make a copy of the gift check prior to the deposit and also a copy of the deposit slip showing that the funds have been deposited into your account. Within three weeks of settlement, please send us a full copy of your bank statement showing the gift deposit. If it is unlikely that you will receive your statement in time please provide a letter from your bank (on bank letterhead and signed by bank official) stating the following:
  - deposit amount
  - account number
  - deposit date
  - new account balance amount
4. **FHA ONLY** – Donor's ability must be verified by receipt of a copy of their most recent bank statement. Any large deposits will need to be explained and documented. The donor cannot have borrowed the gift funds thru and unsecured loan

**Please note that the gift letter and supporting documentation detailed above should be received in our office no later than three weeks prior to settlement. Additionally, when making your gift deposit, be sure to keep the gift deposit separate from any other money you may be depositing that same day. This will help to keep the paper trail separate and clean.**

**Be sure to call your processor or your loan officer if you have any questions.**

**Thank you.**





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**GIFT LETTER**

To Whom It May Concern:

I, \_\_\_\_\_ ), OF \_\_\_\_\_  
(Donor's Name) (Street Number and Apt #)  
\_\_\_\_\_, DO HEREBY CERTIFY THAT I HAVE GIVEN OR WILL GIVE  
(City, State and Zip)

A GIFT OF \$ \_\_\_\_\_ TO MY \_\_\_\_\_  
(Relationship)

TO BE APPLIED TOWARD THE PURCHASE OF THE PROPERTY LOCATED AT:  
\_\_\_\_\_  
(Address of property to be purchased)

I FURTHER CERTIFY THAT THERE IS NO REPAYMENT EXPECTED OR IMPLIED ON THIS GIFT IN THE FORM OF CASH OR FUTURE SERVICES FROM:

\_\_\_\_\_ OR \_\_\_\_\_  
(Recipient) (Recipient)

\_\_\_\_\_  
Signature of Donor Date Phone #

Note: If the gift has not yet been given to the recipient, provide verification that the donor has sufficient assets to make such gift. If the recipient has received the funds, please assure that they are included on the Verification of Deposit.

**Warning: Section 1010 of Title 18, U.S.C., regarding Department of Housing and Urban Development Transactions, provides, "Whoever, for the purpose of ... influencing in any way the action of such Department... makes, passes, utters, or publishes any statement, knowing the same to be false... shall be fined not more than \$5,000, or imprisoned not more than two years, or both."**

Donor's Acknowledgment of the above warning: \_\_\_\_\_  
(Donor's Signature and Date)

Recipients' Acknowledgment of the above warning:  
\_\_\_\_\_  
(Recipient's Signature and Date) (Recipient's Signature and Date)

