

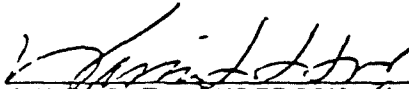
The undersigned apply for consent to the entry of this Order:

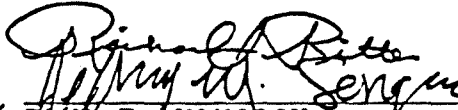
For the United States:

WILLIAM P. BARR  
ATTORNEY GENERAL

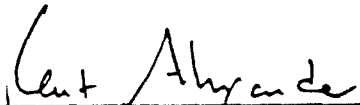
JOE D. WHITLEY  
UNITED STATES ATTORNEY

JOHN R. DUNNE  
ASSISTANT ATTORNEY GENERAL

  
CURTIS E. ANDERSON  
Assistant U.S. Attorney  
Chief, Civil Division  
1800 U.S. Courthouse  
75 Spring Street S.W.  
Atlanta, Georgia 30335  
(Georgia Bar No. 016650)  
(404) 331-6551

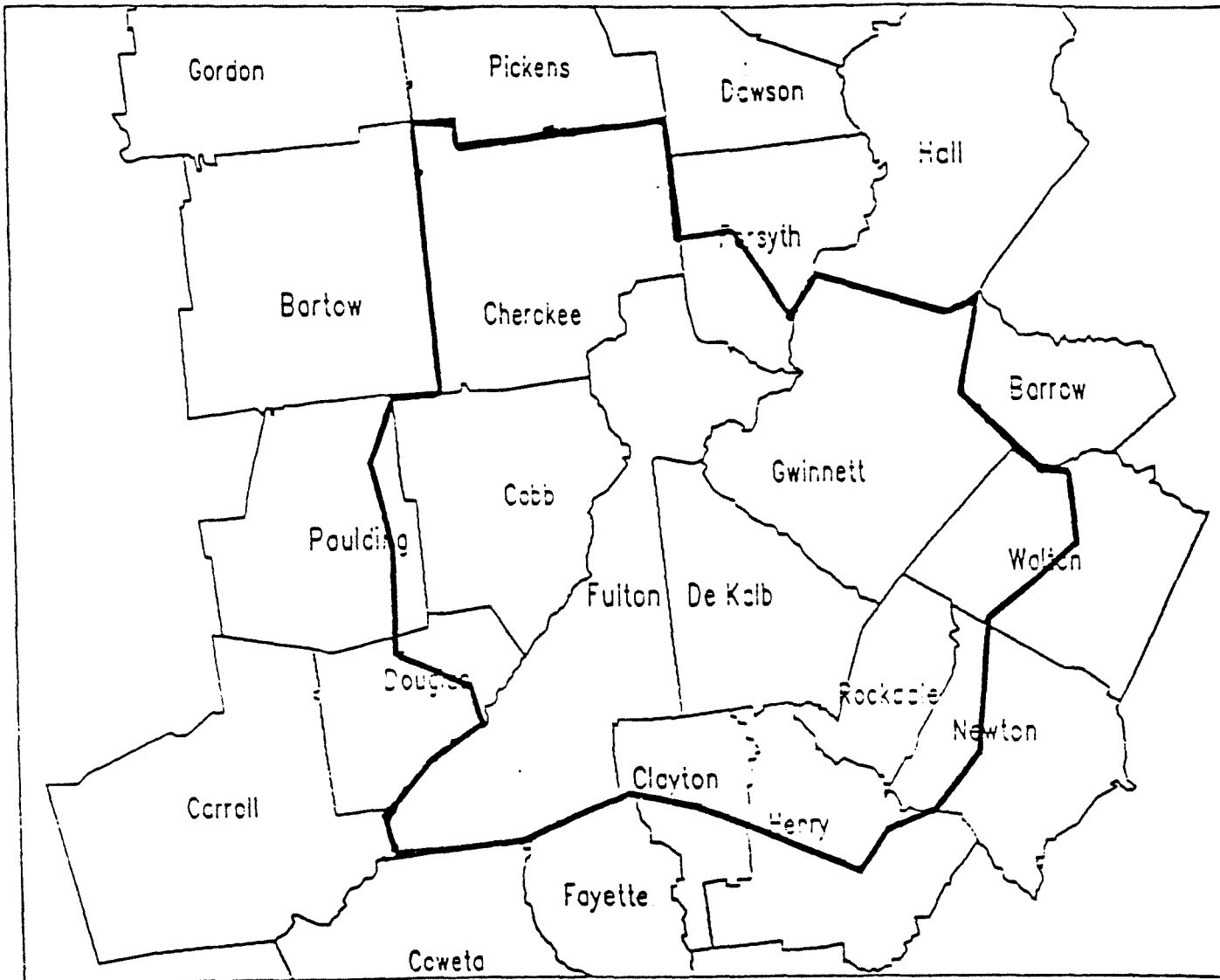
  
PAUL F. HANCOCK  
RICHARD J. RITTER  
HOWARD R. GRIFFIN  
JEFFREY M. SENGEL  
Attorneys, Housing and Civil  
Enforcement Section  
Civil Rights Division  
U.S. Department of Justice  
P.O. Box 65998  
Washington, D.C. 20035-5998  
(202) 514-4713

For Decatur Federal Savings and Loan Association:

  
KENT B. ALEXANDER  
KING & SPALDING  
191 Peachtree Street  
Atlanta, Georgia 30303-1763  
(Georgia Bar No. 008893)  
(404) 572-3430  
Attorneys for Decatur Federal  
Savings and Loan Association

Attachment 1

**Metro Atlanta  
Revised CRA Delineated Community,  
including all of Fulton County**



Tab C.2 a.

DECATUR FEDERAL SAVINGS AND LOAN ASSOCIATION

LOAN UNDERWRITING STANDARDS  
Residential 1-4 Family Mortgage Loans

L-535  
SF-P & C&P  
FHA & VA

YOU'VE MADE AN IMPORTANT DECISION

You have decided the time is right for you to make that important investment in a home. For most of us, this is probably the biggest financial step we take in our entire lifetime.

We're glad you came to Decatur Federal and we would like, if possible, to share in this investment in the future; both your future and ours.

To help you better understand how we make our loan decisions and determine whether the loan requested would be a good investment for us, we have included in the following pages some of the details about the standards we use in evaluating your application. Read them carefully. This information could help you obtain the loan you need and the loan we are sincerely interested in making to you.

ALL PERSONS HAVE A RIGHT TO FILE A WRITTEN APPLICATION FOR A HOME MORTGAGE LOAN, AND DECATUR FEDERAL WILL REVIEW AND EVALUATE EVERY APPLICATION WITHOUT DISCRIMINATION.

NONDISCRIMINATION POLICY

All applicants for a Decatur Federal real estate loan are considered on an equal basis in any neighborhood that the Bank serves. We apply uniform standards for setting terms of the loan and evaluating an applicant's qualifications, regardless of race, color, religion, sex, handicap, familial status (having one or more children under the age of 18), marital status, age (provided the person has the capacity to contract), or national origin in full accordance with the Equal Credit Opportunity Act and all rules and regulations for Fair Housing.

Further, it is the policy of our Bank that when we evaluate an owner-occupied 1-4 family dwelling, we do not consider the age of the dwelling or the conditions, characteristics or trends in a neighborhood or geographic area surrounding the property, unless such consideration is required to avoid an unsafe or unsound business practice.

STATEMENT OF MISSION

Our purpose is to be a community-oriented organization, providing a safe.

Loan Underwriting Standards  
Residential 1-4 Family Mortgage Loans (continued)

L-535  
SF-P & C&P  
FHA & VA

convenient place for savings, supporting home ownership and serving our customers as a family financial center.

This document explains Decatur Federal's Loan Underwriting Standards to assist our customers in securing credit to purchase or refinance a home. It also describes our requirements in evaluating the property and creditworthiness of the loan applicant.

First Mortgage Real Estate Loans  
Residential 1 to 4 Family

I. APPLICATION

An application for a mortgage loan is complete when Form L-318 (Decatur Federal-Residential Loan Application) is completely filled out and signed by all applicants and presented to a designated loan counselor at an office of Decatur Federal, along with all supporting information, including all applicable fees. Decatur Federal will respond in writing to that application as soon as possible, but not later than 30 days from the date the completed application was received. We will let you know if anything is missing or if additional information is required.

II. APPLICANT(S)

\* Age - Provided the applicant has reached the legal age to contract in Georgia (age 18 years), age is not a factor in underwriting the loan, except as it relates to pertinent elements of creditworthiness.

= All applicants are treated equally and fairly. Race, color, sex, handicap, familial status (having one or more children under the age of 18), religion, national origin and marital status are not considerations in underwriting a loan.

III. CREDIT EVALUATION

Credit decisions are based on those factors which affect your ability and willingness to repay the loan. They are as follows:

\* Stable Monthly Income - Income received from sources of primary, full-time employment plus other income, such as secondary or part-time employment, overtime, commissions or bonuses received on a regular basis, if such income is typical to your occupation or trade and is substantiated or verifiable by your previous year's earnings and continuation is probable, based upon foreseeable economic circumstances.

If a person chooses to disclose income from alimony, child support or maintenance payments, this income will be included in the applicant's stable monthly income, if these support payments are

Loan Underwriting Standards  
Residential 1-4 Family Mortgage Loans (continued)

L-535  
SF-P & C&P  
FHA & VA

received by written agreement or court decree and have been received regularly. Other sources of income, such as pension, income from public assistance program, social security disability or survivorship benefits, will also be included in the stable income, if payments are received by written agreement and can reasonably be expected to continue.

Rental income, less a provision for vacancy and maintenance, will also be considered.

If you are self-employed, your stable monthly income from your business has to be verified by audited financial statements (P&L) or copies of signed Federal Income Tax Returns for the past two years.

We also consider the combined income of joint applicants.

- = Your Employment Record - We consider your length of employment with a particular employer and the stability of your income in a particular line of work for a minimum of two years to be the most important factors relating to employment. We take into consideration the fact that frequent changes of employment sometimes are caused by economic conditions beyond your control or are characteristic of your line of work. And, too, you may have made frequent changes in employment for self-improvement. If we have any reservations about your employment history, we give you the opportunity to explain the circumstances and conditions and we include these explanations in our evaluation of your application.
- = Credit History - This is the primary indicator of an applicant's willingness to pay. If you have consistently met financial obligations in the recent past, it is a good indication that you will handle future credit responsibly. Decatur Federal checks your credit history through a credit reporting agency and by contacting directly lenders with whom you have established credit. Each applicant's credit history is considered on its own merit. Here are some of the items to which we give particular attention:

- Slow payment records (especially on a mortgage loan)
- Previous mortgage loan default or foreclosure
- Previous loans written off as bad debts
- Late charges assessed
- Bankruptcies
- Repossessions
- Liens

Loan Underwriting Standards  
Residential 1-4 Family Mortgage Loans (continued)

L-535  
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Judgments  
Garnishments or attachments  
Excessive recent increase in debt obligations

If you have had financial problems in the distant past, you may still be eligible for a loan, depending upon your recent credit history and a satisfactory explanation of the nature of the credit difficulties.

It is important that you list all of your obligations on your application, since unlisted obligations or accounts which are reflected by the credit report may result in denial of the loan application.

If an applicant has little or no prior credit history, we rely to a greater extent upon other judgment factors such as employment and income history. Limited credit history does NOT keep an applicant from receiving loan approval.

IV. UNDERWRITING DECISION

Many factors are considered in making a final determination for loan approval. The guidelines are flexible. No single factor is a final determinant in any applicant's qualification for a loan.

Decatur Federal is seriously interested in helping those who are striving toward the goal of home ownership, and we evaluate each applicant individually. Here are some of the guidelines our loan officers use in making underwriting decisions:

- = Monthly Housing expense (including principal and interest, escrow for taxes and insurance, and other assessments). On conventional loans, this should not exceed 28% of your gross monthly income. On FHA loans this (includes utilities and maintenance) should not exceed 29% of your gross monthly income.
- \* Total Debt Service (payments for monthly housing expense plus all other installment debts). On conventional loans, this should not exceed 32% of your gross monthly income on loans with less than 10% down payment and 36% on loans with a down payment of 10% or more. On FHA loans this should not exceed 41% of your gross monthly income. On VA loans this should not exceed 41% of your gross monthly income.
- = Down Payment. On conventional loans, borrowers must have a minimum of 3% down payment. On 95% loans, gift funds cannot represent any portion of the cash required to close. On FHA loans, the down

Loan Underwriting Standards  
Residential 1-4 Family Mortgage Loans (continued)

L-535  
 SF-P & C&P  
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payment must be no less than 3% of first \$25,000, plus 5% of the amount of sales price or appraisal, whichever is less, over \$25,000. Exception:

- a. For a veteran purchaser, a minimum \$200 investment is required on the first \$25,000, plus 5% of the amount of sales price or appraisal, whichever is less, over \$25,000.
- b. For a modestly priced dwelling, a value of \$50,000 or less, the down payment is 3%.

On conventional loans and FHA loans, the maximum loan amount is limited by the loan type you request and subject to change. On VA loans, the maximum loan is 100% subject to full eligibility. The maximum loan amount may not exceed the VA Certificate of Reasonable Value.

- = Liquid Assets and Net Worth
- = Verified, Stable Monthly Income
- = Stability of Employment
- = Appraised Value and Condition of Security Property

#### V. PROPERTY

Decatur Federal has no arbitrary rules about the age, location or size of a home in accepting or denying applications for loans. The primary factor is the current fair market value of the property. We determine this value by an appraisal made by an approved appraiser or the sales price of the property, whichever is less.

The overall physical condition of the property must be of such quality as to be acceptable in the community. Particular attention is directed to the quality of construction, the roof, plumbing, heating and electrical facilities. The dwelling should also have adequate baths, a suitable kitchen, and the structure should be free from termites and be structurally sound.

#### VI. APPRAISAL

All appraisal reports must conform with appropriate professional standards and also comply with the appraisal guidelines set forth in Decatur Federal's Appraisal Policy and in Federal regulations. FHA and VA appraisals must also conform to the requirements issued by the respective agency. Elements of the appraisal report which are considered, along with other factors, in determining the amount and repayment terms of a mortgage are: estimate of market value; any

Loan Underwriting Standards  
Residential 1-4 Family Mortgage Loans (continued)

L-535  
SF-P & C&P  
FHA & VA

required repairs which must be done or conditions to be corrected to support the estimate of market value; whether the property is located in a HUD-identified Flood Hazard Area; the estimated remaining economic life of improvements; estimate of the marketability of the property; zoning compliance; and any other significant relative facts concerning the property.

An appraisal is valid up to 4 months from its valuation date for conventional loans; however, an appraisal more than 120 days old may be used if the original appraiser, or an equally qualified appraiser, certifies that the property has not declined in value since the date of the original appraisal. FHA and VA appraisals are valid up to 6 months from the valuation date on existing property and up to 12 months on proposed property.

VII. RATES AND TERMS

Rates and terms of conventional and FHA mortgage loans offered by Decatur Federal vary with the money market and depend on the availability of and the current cost of funds. VA mortgage loan rates are governed by the Department of Veteran Affairs. Rates and terms are subject to change at any time.

VIII. DOCUMENT SIGNING

The signature of the spouse of the applicant or other person is required only on applications where creditworthiness is based upon that spouse's or person's income. Applicants may use birth-given first name and surname or a birth-given first name and a combined surname. All documents signed by the property owners must be signed in the same manner as title to the property is held.

IX. OTHER CONSIDERATIONS

In the real estate market there are times when the demand for mortgage money is greater than the supply. It is during these times that rates and costs go up because the cost of money becomes greater and the availability of funds is restricted.

Savings customers who have made our lending program possible and the builders and developers who have, over the years, provided a large share of business that has made our Bank the strong and sound financial institution it is today, deserve special consideration in times of restricted funds availability. Decatur Federal also recognizes its responsibility to meet the credit needs of the loan applicants in its delineated lending communities and to expand its focus in communities that may not have received an adequate supply of loan funds in the past.



Loan Underwriting Standards  
Residential 1-4 Family Mortgage Loans (continued)

L-535  
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FHA & VA

X. ADJUSTABLE RATE MORTGAGE (ARM)

An ARM is a mortgage loan on which the payment amount, the loan term, the principal balance, or a combination of these may change periodically as a result of changes in the loan's interest rate. Changes in the loan's interest rate are governed by the movement of an index which is beyond the control of our Bank and verifiable by the borrower through an independent source. Depending on market conditions, our Bank could, at any given time, offer more than one type of ARM. Any loan counselor will be pleased to discuss our current programs.

XI. MORTGAGES ON LOTS AND BUILDING SITES

Mortgages on lots and building sites will be considered if being purchased for use as the applicant's principal residence. The zoning, access, size, shape, topography, freedom from flood hazard, etc., of the land should be appropriate for residential use. Public utilities must be available to the same extent as other properties in the market area, with availability of electricity a minimum requirement.

XII. MORTGAGE PARTICIPATIONS AND SECONDARY MARKET SALES

In an effort to provide additional mortgage funds and render maximum support to the housing market in our community, Decatur Federal may engage in programs to sell mortgages, or participating interests, to secondary market investors, such as, the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, etc. Generally, the underwriting standards and lending policies of these secondary market investors will be similar to those of Decatur Federal. However, on occasion, these investors may have additional or different requirements from those set forth herein. Therefore, applications involving mortgages originated under one of these programs would have to meet the specific requirements of the secondary market under which they are processed. Loans made under special programs may have special guidelines that differ from loans we make for our own portfolio.

LOAN ASSUMPTION POLICY

Where property is sold and a loan assumed, the seller has a contingent liability for the debt in the event of a future default in payments by the purchaser. Since many persons may not be aware that there are some circumstances under which they could be called upon to pay all or a portion of a debt long after they have sold property, Decatur Federal believes that the best business practice for all parties is to eliminate the possibility of future difficulties at the time the property is sold.

Therefore, it is the Bank's present intention to treat assumptions in the

Loan Underwriting Standards  
Residential 1-4 Family Mortgage Loans (continued)

L-535  
SF-P & C&P  
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following manner:

- (1) Secure an application and sales contract from the purchaser.
- (2) Obtain a new appraisal when the Loan Officer or Loan Committee determines a need.
- (3) Update our information as to whether the property is located in a HUD-identified Flood Zone. If it is in a flood zone, flood insurance will be required.
- (4) Verify employment and income of the applicant as well as secure a credit report.
- (5) Determine creditworthiness in accordance with paragraph III, Credit Evaluation (page 2) of these First Mortgage Real Estate Loan Underwriting Standards.
- (6) Issue a written approval or denial of the assumption request.
- (7) When approved, agree to release the seller from all future liability at such time as the required documentation has been received following the closing.
- (8) Forward a written release to the seller upon receipt of the completed papers, transfer fee charge, and mortgage insurance premium (when applicable) in effect at the time of the assumption.
- (9) Other conditions may be applicable on FHA & VA loans.

DUE ON SALE CLAUSE. This provision in the Deed to Secure Debt gives the lender the option to declare immediately due and payable all sums thereby secured if all or any part of the property securing the loan is sold or transferred without the lender's prior written consent. On conventional loans, the lender may require the person to whom the property is to be sold or transferred to agree to an adjustment in the rate of interest to be paid on the indebtedness.

### Attachment 3

#### APPLICATION CHECKSHEET

The attached form is to be used pursuant to Paragraph 39 of the Consent Decree. The front page consists of a list of loan characteristics for the type of loan requested; it also contains space for recording underwriting information about the loan applicant's qualifications (such as stable monthly income, proposed monthly payments, and other details of the transaction). The back page is an application checksheet identifying the information that must be gathered to arrive at a credit decision. The underwriter shall be responsible for ensuring that all items on the checksheet have been completed at the time the underwriting decision is made.

Employees are responsible for developing all income and credit information, obtaining verifications of employment and deposit, securing credit reports, and verifying the accuracy of all the information contained in the loan application. All of the verifications and requests for information must be initiated and received directly by the employees. Employees are instructed that uniform and conscientious attempts are expected on every applicant to fully ensure that all information is gathered and recorded accurately. It is the underwriter's responsibility to evaluate this information to determine whether all of the documented facts will support the credit standards of the institution.

In filling out the front page of the form, employees are to complete or check all applicable items. In filling out the checksheet, employees are to obtain all applicable information, consider each item and initial all applicable items. In those cases where the checksheet requires the identification of compensating factors, such factors are to be reflected on the front page of the form. In those cases where explanations or documentation is required, the file is to contain the explanations/documentation.

Each loan applicant will be judged on an individual basis as to whether the institution's credit standards have been met. Compensating factors are especially important when reviewing marginal loans with respect to debt ratios and the applicant's credit history. All of the applicant's and co-applicant's primary and secondary income, if any and if provided, must be documented for calculation of the debt ratios. Explanations from applicants with poor credit are to be requested and compensating factors are to be identified. The absence of a credit history will not generally be viewed as an adverse factor in credit underwriting. It is important that the credit file itself contain a reference for each significant open debt on the application. The processor must obtain a separate written verification for each debt not reported on the credit report. Processors are to develop a complete credit history for applicants who do not normally use credit. This may be done by verifications from utility companies, current and previous landlords, and other sources of credit where the borrower has to meet a regular financial obligation. A bankruptcy does not in itself disqualify the loan. It is necessary, however, for the employee to attempt to develop complete information on the facts and circumstances of the bankruptcy.

The minimum equity requirements for downpayment and reserves must be verified. All sources of the downpayment are to be verified including those from the borrower's assets, family members, grants, or other types of loans including those from non-profit organizations or governmental agencies.

The application checksheet is a basis and a guideline for thoroughly developing all relevant information needed for the loan being sought. All aspects of the credit profile and property characteristics will be considered in evaluating every application.

Seller/Service name <b>Decatur Federal</b> <b>250 East Ponce de Leon Avenue</b> <b>Decatur, Georgia 30030</b>		Borrower names _____ Property address _____ _____																																									
Seller/Service number _____		Seller/Service loan number _____																																									
<b>Section one: Loan characteristics (check all applicable categories)</b>																																											
Loan type <input type="checkbox"/> Conventional <input type="checkbox"/> First Mortgage <input type="checkbox"/> FHA <input type="checkbox"/> Second Mortgage <input type="checkbox"/> VA		<input type="checkbox"/> Fixed rate <input type="checkbox"/> ARM type Caps _____ Margin _____																																									
Loan purpose <input type="checkbox"/> "Cash-out" <input type="checkbox"/> Purchase <input type="checkbox"/> Lot Purchase <input type="checkbox"/> Refinance <input type="checkbox"/> Renovation		<input type="checkbox"/> Buydown Conversion <input type="checkbox"/> Other (Circle) AMC            AHP Bond          CHBP																																									
Loan Amount \$ _____ \$ _____		Note Rate _____ % _____ %																																									
Initial monthly installment \$ _____ \$ _____		Date of note _____																																									
Term (months) _____		Occupancy <input type="checkbox"/> 1-unit owner-occupied (primary residence) <input type="checkbox"/> 2-4 unit owner-occupied <input type="checkbox"/> Second home <input type="checkbox"/> 1-unit investment <input type="checkbox"/> 2-4 unit investment																																									
<b>Section two: Underwriting information</b>																																											
Sales price \$ _____		Appraised value \$ _____																																									
LTV ratio _____		Total LTV ratio _____																																									
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 25%;">Stable monthly income</th> <th style="width: 25%;">Borrower</th> <th style="width: 25%;">CoBorrower</th> <th style="width: 25%;">Total</th> </tr> </thead> <tbody> <tr> <td>Base income</td> <td>\$ _____</td> <td>\$ _____</td> <td>\$ _____</td> </tr> <tr> <td></td> <td>\$ _____</td> <td>\$ _____</td> <td>\$ _____</td> </tr> <tr> <td>Other income</td> <td>\$ _____</td> <td>\$ _____</td> <td>\$ _____</td> </tr> <tr> <td></td> <td>\$ _____</td> <td>\$ _____</td> <td>\$ _____</td> </tr> <tr> <td>Positive cash flow (subject property)</td> <td>\$ _____</td> <td>\$ _____</td> <td>\$ _____</td> </tr> <tr> <td></td> <td>\$ _____</td> <td>\$ _____</td> <td>\$ _____</td> </tr> <tr> <td>Total Income</td> <td>\$ _____</td> <td>\$ _____</td> <td>\$ _____</td> </tr> <tr> <td></td> <td>\$ _____</td> <td>\$ _____</td> <td>\$ _____</td> </tr> </tbody> </table>		Stable monthly income	Borrower	CoBorrower	Total	Base income	\$ _____	\$ _____	\$ _____		\$ _____	\$ _____	\$ _____	Other income	\$ _____	\$ _____	\$ _____		\$ _____	\$ _____	\$ _____	Positive cash flow (subject property)	\$ _____	\$ _____	\$ _____		\$ _____	\$ _____	\$ _____	Total Income	\$ _____	\$ _____	\$ _____		\$ _____	\$ _____	\$ _____	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: center;">Property type</th> </tr> </thead> <tbody> <tr> <td style="width: 50%;"></td> <td> <input type="checkbox"/> Condominium project class  <input type="checkbox"/> PUD project  <input type="checkbox"/> Other (See #14 on back)            Project name _____         </td> </tr> </tbody> </table>		Property type			<input type="checkbox"/> Condominium project class <input type="checkbox"/> PUD project <input type="checkbox"/> Other (See #14 on back) Project name _____
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	\$ _____	\$ _____	\$ _____																																								
Ratios Primary Housing expense/income _____ %		Total obligations/income _____ %																																									

**INCOME**

**DEBTS**

**DETAILS OF PURCHASE**  
**FUNDS FOR CLOSING**

### COMPENSATING FACTORS

Credit History	_____
Accumulated Assets	_____
Demonstrated Ability	_____
Job Stability	_____
Potential for Earnings	_____
Net Worth/Cash	_____
Amount Down Payment	_____
Fixed Rate/Payments	_____
Energy Efficiency	_____
Other	_____

VERIFIED LIQUID  
ASSETS

NOTE: Shaded areas represent amounts/percentages used for underwriting. Unshaded areas reflect information on application.

# CHECKSHEET

## 1. Credit Report

- ☐ All accounts reported current
- ☐ All accounts shown on loan application are on credit report
- ☐ If not, compensating factors identified
- ☐ Report less than 90 days old
- ☐ Public records were checked
- ☐ All accounts are listed
- ☐ Debts too recent
- ☐ SSN matches loan application
- ☐ Mortgage rated for 12 months
- ☐ Copy of bankruptcy Petition/Discharge
- ☐ Credit post bankruptcy
- ☐ Judgement, garnishment or liens explain & pay before closing
- ☐ Credit explanation on history
- ☐ Credit explanation on inquiries
- ☐ Credit deemed satisfactory
- ☐ Credit deemed unsatisfactory

## 2. Mortgage/Rental Verification

- ☐ Rated on credit or VOM/VOR, IF NOT, 12 months cancelled check
- ☐ Account is current
- ☐ All info. completed
- ☐ Signed, title & date
- ☐ Explain slow payments
- ☐ TimeSaver Documentation:
  - a. VOM/VOR, or
  - b. Rated credit report info, or
  - c. Mortgage payment history, or
  - d. 12 months cancelled checks
  - e. Certified

## 3. Residency:

- ☐ Two full consecutive years on all borrowers verified
- ☐ Explanation of any gaps
- ☐ 7 years residency on application

## 4. Verification of Income/Employment

- ☐ Two full years on all borrowers
- ☐ If not, compensating factors identified
- ☐ Averaging Used
- ☐ Tax Returns
  - a. Personal
  - b. Business
- ☐ Signed, title, date
- ☐ Explain gaps in employment
- ☐ TimeSaver documentation:
  - a. W-2's for 2 years, plus
  - b. Verbal employer contact, plus
  - c. Pay stub with required data (Full 30 Days)
  - d. Certified
- ☐ Projected Increase Documented
- ☐ Non taxable, grossed up
- ☐ Secondary Income
  - a. Seasonal/Part Time
  - b. Less than two years
  - c. If not counted, compensating factors identified
  - d. Averaging Used

## 5. Self Employed Borrowers:

- ☐ If Sole Proprietor:
  - a. 2 yrs. personal tax returns
  - b. YTD Financial statements
- ☐ If a Partnership:
  - a. 2 yrs. personal tax returns
  - b. 2 yrs. partnership tax returns
  - c. YTD Financial statements
  - d. Schedule K-1s for 2 years
- ☐ If Sub-S Corporation:
  - a. 2 yrs. personal tax returns
  - b. 2 yrs. corporate tax returns
  - c. YTD Financial statements
  - d. Schedule K-1s for 2 years
- ☐ If Corporation:
  - a. 2 yrs. personal tax returns
  - b. 2 yrs. corporate tax returns
  - c. YTD Financial statements
- ☐ All schedules are included with each tax return
- ☐ All returns have current signature & date
- ☐ All Financial statements are signed & dated
- ☐ Borrower has been self-employed for 2 years or more
- ☐ Ownership percentage \_\_\_\_\_ %
- ☐ IRS Form 4506 - signed

## 6. Debt Ratios

- ☐ Front-end ratio within guidelines
- ☐ If not, compensating factors identified
- ☐ Back-end ratio within guidelines
- ☐ If not, compensating factors identified
- ☐ Short term debts omitted
- ☐ Accounts paid off omitted
- ☐ Interest only payments counted
- ☐ Consolidated debts considered

## 7. Source of Funds

- ☐ Avg. balance shown or 2 months bank statements obtained
- ☐ Sufficient funds to close
- ☐ 2 months reserve after closing
- ☐ Account opened for over 2 months
- ☐ Current balance & average balance consistent
- ☐ Cancelled earnest money check if over 2% of sales price
- ☐ Source of funds for down pymt. verified if other than VOD
- ☐ Signed, title & date
- ☐ TimeSaver Documentation
  - a. VOD, or
  - b. 3 months bank acct. statements
  - c. 3 months stock acct. statements
  - d. Settlement statements/proof of sale/liquidation
  - e. Certified
- ☐ Stocks, Bonds, Retirement Fund
- ☐ Lease Purchase Credit
- ☐ Other income (Interest, dividends, disability, other property, alimony, child support)
- ☐ Seller Contributions

## 8. Gift Funds:

- ☐ 80% LTV or below:
  - a. Executed letter from relative, Church, municipality, or non-profit organization
  - b. Verify & document source & receipt of gift funds
- ☐ LTV above 80% - All of above items plus borrower has 5% of his own money
- ☐ Waive 5% if relative lived with borrower for 12 months and will continue to do so

## 9. Application

- ☐ Servicing Disclosure
- ☐ GFE
- ☐ TIL
- ☐ Signed Acknowledgment & Receipt
- ☐ Seller Info sheet
- ☐ Lock-in sheet - signed
- ☐ Fee(s)
- ☐ Gov't Monitoring Info
- ☐ Signed & Dated Loan Application
- ☐ Legal Description
- ☐ Occupy as primary residence
- ☐ Picture ID
- ☐ Forms are complete, with original signatures, and properly dated

## 10. Miscellaneous:

- ☐ Divorce decree
- ☐ SS Award letter
- ☐ Note Receivable income-copy of note & tax returns
- ☐ Leases for rental income and/or tax returns
- ☐ Tax returns if employed in a family business
- ☐ Tax returns if bonus/overtime income more than 25% of total income
- ☐ Bridge loan terms documented
- ☐ Sub-Ordination
- ☐ Secondary financing (Combined loan to value)
  - a. 90% - Purchase
  - b. 75% for equity refi. loans
- ☐ Construction contract/documents

## 11. Appraisal:

- ☐ DFS above as leader
- ☐ Original & 2 copies FNMA 1004
- ☐ Approved Appraiser - Signed
- ☐ Appraisal dated within 4 months
- ☐ Location map showing subject & comparables
- ☐ Exterior building sketch with dimensions
- ☐ Front, back & street scene pictures subject
- ☐ Pictures of comparable sales
- ☐ Appraiser's Certifications
- ☐ Condo-PUD addenda
- ☐ Final inspection required
- ☐ Property in flood zone
- ☐ Property served by well and/or septic tank, need approvals
- ☐ Zoning Compliances
- ☐ Community/Private Utilities
- ☐ Property Value Range
- ☐ "Fair" or "Poor" ratings explained
- ☐ Certification & Limiting conditions 1004B
- ☐ Market approach/Comparables
  - a. Age
  - b. Distance
  - c. Adjustments (25% or less)

## 12. Sales Contract

- ☐ Original Executed
- ☐ All Addenda attached

## 13. C&P

- ☐ Documents
  - a. Builder Owns Lot
    - 1. Perm. Loan appl. - Sig
    - 2. Const. Loan appl. - Sig
    - 3. DFS Spec. Sheet - Sig
    - 4. Plans
    - 5. Sales Contract
  - b. Purchaser Owns Lot
    - 1. Perm. Loan Appl. - Si
    - 2. DFS Spec. sheet
    - 3. Plans
    - 4. Cost Breakdown
    - 5. Contract to build

## 14. Other Property Types

- ☐ Modular Housing
- ☐ Detached Condo
- ☐ Attached Condo
- ☐ Lease-Hold
- ☐ Townhouse
- ☐ Ineligible Properties
  - a. Commercial
  - b. 4+ Units
  - c. Conversion Condo
  - d. Mobile Home

#### Attachment 4

Decatur Federal is committed to meeting the banking services needs of its entire community, inclusive of minority and low-and moderate-income neighborhoods and individuals, and has exhibited this commitment through its participation in numerous community activities, community development projects and flexible and creative financing programs. Certain of Decatur Federal's more recent activities in this regard are described below.

#### Atlanta Mortgage Consortium

Decatur Federal has been a participant in the Atlanta Mortgage Consortium since 1989. With other lenders throughout metropolitan Atlanta, Decatur Federal pools financial resources to fund special mortgage loan programs, always at below market rates, to potential homebuyers in specific low-income, minority census tracts. Decatur Federal loans funded through the Atlanta Mortgage Consortium do not appear in Decatur Federal's Home Mortgage Disclosure Act (HMDA) data.

1990	10 loans closed	\$ 480,025	Avg. loan amt.: \$48,000
1991	39 loans closed	\$2,300,150	Avg. loan amt.: \$58,978
1992 to 6/1/92	18 loans closed	\$1,080,600	Avg. loan amt.: \$60,033

#### Vine City Project

In 1991, Decatur Federal committed to borrow \$650,000 from the Federal Home Loan Bank of Atlanta's Affordable Housing Program to provide below market rate loans for a special development in the Vine City area of the City of Atlanta. These homes are located in census tract 26, which is 98% minority and low-income. On May 6, 1992, Decatur Federal sponsored an Open House to assist the real estate agent at the subdivision in developing awareness of this development with other area real estate professionals.

#### Acquisition, Development, Construction and Commercial Loans

Decatur Federal has been heavily involved in acquisition and development (A&D), construction and commercial lending. Such lending represents a major investment in the redevelopment and development of minority and low-and moderate-income communities. This lending activity is not included in HMDA data. A&D and construction financing ventures are generally more risky than individual permanent mortgage loans because new communities and new opportunities are being created. Since 1985, Decatur Federal has provided acquisition, development, construction, and commercial real estate financing aggregating more than \$47.0 million in low-and moderate-income and black neighborhoods.

#### Community Investment Funds/Affordable Housing Program

Decatur Federal has participated in the Federal Home Loan Bank's Affordable Housing and Community Investment Fund Programs. This participation benefits low-and moderate-income and minority areas. For example, with the DeKalb

County Affordable Housing Development Corporation and Decatur Federal's participation in the Federal Home Loan Bank of Atlanta's Affordable Housing Program, the Peachcrest Trace Subdivision was developed in 1990 in DeKalb County. Decatur Federal is providing the permanent financing. This subdivision is located in census tract 231.03, a low-income census tract with a 70% minority population. Decatur Federal's original commitment through the Affordable Housing Program was \$5 million. Decatur Federal has originated 37 loans in Peachcrest Trace.

In 1991, Decatur Federal originated a permanent mortgage loan at reduced rates, using community investment funds, for the renovation of a low-cost apartment community in the Grant Park neighborhood in the City of Atlanta. This project is sponsored by Charis Community Housing, Inc., a nonprofit corporation formed for the purpose of providing affordable housing to low-income families in and near Grant Park.

#### **Participation in URFA and GHFA**

Since 1988, Decatur Federal has participated in three programs with the Urban Residential Finance Authority (URFA), making 35 loans for a total of \$1.5 million. Approximately 90% of these loans have been to minorities in minority neighborhoods in Fulton County and the City of Atlanta.

Decatur Federal participates in Georgia Housing Finance Authority (GHFA) programs which are generally geared toward low-and moderate-income areas. In 1989, Decatur Federal made 10 loans totaling \$655,150. In May of 1992, Decatur Federal agreed to participate in two new such programs.

#### **DeKalb Housing Authority Bond Program**

Decatur Federal regularly participates in bond programs of the DeKalb Housing Authority. Since 1988, Decatur Federal has made 190 loans totaling in excess of \$14 million. A large portion of the 1990 lending was sub-committed to a builder for permanent loans in a minority subdivision. In May of 1992, Decatur Federal purchased a \$4 million commitment to originate loans under the Authority's Series 1992 A Program.

#### **Section 8 Rehabilitation**

Decatur Federal is servicing loans from a Section 8 Rehabilitation Program for the Decatur Housing Authority.

#### **Belvedere Point**

In 1990, Decatur Federal, Progressive Realty Inc. and the Decatur-DeKalb Housing Authority worked together on a cooperative effort to renovate an apartment community to provide affordable housing in a low-income and minority census tract. Residents are able to buy apartments in this facility called Belvedere Point.

## **Community Home Buyers Program<sup>1</sup>**

Decatur Federal began its first Community Home Buyers Program in January 1990. Successful completion of the concise and intensive educational program entitles participants to receive mortgage loan consideration under prudent but flexible underwriting guidelines and low down-payment requirements. The course topics cover the essential responsibilities of buying a home, such as deciding if the time is right for making a new home purchase, managing credit, controlling the household budget, and preserving the home's value. Decatur Federal loan counselors present these different topics. Real estate professionals, credit bureau representatives and attorneys also participate. The program consists of two, 2-hour sessions. Each session is usually filled to capacity. In 1991, and to date in 1992, there were 12 and 7 classes, respectively. The class size has averaged 45 participants and approximately 70% of the participants have been minority. From 1991 through June 1992, there were 10 loans and 20 loans, respectively, closed as a direct result of the program.

### **Credit Seminars**

Since 1987, Decatur Federal has conducted credit seminars at its branches in which members of minority and low-and moderate-income communities have been involved.

### **Radio Talk Show Participation**

In August 1990, a Decatur Federal loan counselor was guest host on the radio show, "Talk Back Atlanta," a daily program on WAOK radio. The purpose of the show was to discuss home buying and the Atlanta Mortgage Consortium. In November 1991, Decatur Federal's lending compliance officer spoke again on "Talk Back Atlanta." The subject of this interview was mortgage lending practices with respect to the Home Mortgage Disclosure Act (HMDA).

### **Mortgage Bankers Association's Lend-A-Hand Program**

Since 1989, Decatur Federal has participated in the Mortgage Bankers

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<sup>1</sup>In 1989 and 1990, Decatur Federal hosted seminars at Dekalb Community College's South Dekalb campus to acquaint potential homebuyers with the process of making a home purchase. The seminar speakers included a lender (Decatur Federal personnel), a builder, a real estate agent and an attorney. For the 1989 seminar, 75 people attended; in 1990, 100 people attended.

Decatur Federal did not continue this seminar format after 1990 because the Community Home Buyers Program began, which is a more comprehensive program designed to reach more potential homebuyers. Also the benefits for those attending the Community Home Buyers Program are greater than for attending the former seminars because participants receive a certificate that allows them to receive mortgage loan consideration under more relaxed underwriting standards.



Association (MBAG) Lend-A-Hand program. Annually, the MBAG renovates and refurbishes dilapidated homes whose low-income owners would otherwise be unable to upgrade their homes. These homes are generally located in minority areas or areas of extreme poverty, and some of the homes are barely habitable. In 1992, Decatur Federal committed financial and human resources to renovate a dwelling in Stone Mountain in a predominantly minority area known as Shermantown.

#### **Welcome House**

Decatur Federal is one of several lenders which has pooled resources to provide \$2.1 million for the construction and permanent financing of a 209-unit single-room occupancy (SRO) facility. The property will be located at the intersection of Memorial Drive at Pryor Street in the City of Atlanta in a low-income census tract.

#### **Childkind**

Decatur Federal has been an active supporter of Childkind since 1988 by providing the International Childkind Foundation with funds to purchase a facility that serves as a home for children, most if not all of whom are minorities, born with the AIDS virus. The International Childkind Foundation currently has a credit line with Decatur Federal.

#### **Our House**

Our House is a day care center for homeless children, most of whom are minorities. Decatur Federal has supported this organization since 1987 by providing charitable contributions as well as employee assistance.

#### **Empire Real Estate Board**

An officer of Decatur Federal is a member of the Board. Since 1987, Decatur Federal has been a participant in the Empire Real Estate Board's activities to raise funds for scholarships to assist minority students.

#### **DeKalb Community Housing Resource Board Fair Housing Program**

Since 1988, Decatur Federal has been active with the DeKalb Community Housing Resource Board (CHRB), a HUD-sponsored volunteer organization comprised of representatives from business, government agencies, nonprofit organizations and colleges and universities. CHRB's purpose is to monitor area Boards of Realtors to determine adherence to the Voluntary Affirmative Marketing Agreement (VAMA) and other fair housing related guidelines. In 1991, Decatur Federal provided a \$2,500 contribution that enabled the DeKalb CHRB to furnish an office and pay a staff person while pursuing a funding grant from HUD. CHRB received the grant and is using the grant to fund a research project to determine the impact of VAMA on the DeKalb County housing market. An officer of Decatur Federal is Treasurer of the DeKalb CHRB.

**Neighborhood Housing Services, Inc. (NHS)**

Since 1975, Decatur Federal has supported NHS. The purpose of NHS is to encourage active cooperation among residents, city government and private lenders to aid in the rehabilitation of declining or deprived neighborhoods.

**CRA Statement**

Decatur Federal's CRA Statement, copies of which are available to the public, includes an extensive list of Decatur Federal's community development programs and activities.