CFPB TRANSACTIONAL ADVISORY, EXEMPTION STATUS AND BUYER'S/ BORROWERS' CERTIFICATE OF PURPOSE

VERSION 15a-82

DATE:_____

TO BUYER or BORROWER:_____

RE:_____

INSTRUCTIONS FOR USE

TO BROKER or SELLER/LENDER or BUYER/BORROWER: This document should be completed by Buyer or Borrower prior to engaging in any commitment to a binding sale or other Seller or Lender-financing transaction for a 1 to 5 unit residential dwelling. It be completed by the Buyer or Borrower prior to any sale commitment to assure both the Seller or Lender and the Buyer or Borrower can or will make the intended sale on the terms anticipated. The first step in Seller or Lender-financing of a residential dwelling of 1-5 units intended for residential occupancy is to determine whether or not the transaction will be a "consumer transaction" as that is defined in the Safe Act and other federal law, as if not, there is no exemption and the transaction must be treated more like a conventional loan, with Truth-in-Lending statements, Loan Estimates and other Loan and Closing Disclosures. NOTE: These Safe Act exclusions generally do not apply to seller or lender who is a "Dealer" as defined in Regulation X selling or lending to a "consumer" (as defined below). "Dealers" will not qualify for exemptions from the Safe Act, will need to comply with Regulation X of the Truth-in-Lending Act which defines "Dealer" as a seller or lender in the business of selling the properties like the one sold or financed, or in the business of lending money to consumers such as what is loaned in the present transaction, contractors selling their own properties, or suppliers of goods or services selling and financing them in this transaction. Dealer sales or loans to "consumers" are covered by the Safe Act (requiring mortgage lending licensure) and by RESPA; they apply in any event if the obligations to be generated are to be assigned before the first payment is due to any lender or creditor otherwise subject to the mortgage origination and brokering regulations.

QUALIFICATION AS A "CONSUMER TRANSACTION": A "consumer transaction" under federal law is one in which the Buyer or Borrower (a "borrower" in a Seller or Lender-financed transaction) is buying/borrowing for "personal, family or household use" or for residential occupancy by himself or his family and not buying solely as a "business or investment" (in which the property will not be occupied in whole or part as a residence by the Buyer or Borrower or his family). If it is a

"consumer transaction" (an all-cash sale is not a "consumer transaction"), the listing Broker must then obtain a Seller or Lender's CFPB Certificate (ONLINE LAWSTORE FORM 14-2) to qualify the Seller or Lender as being able or willing to extend the regulated consumer financing terms allowed for a "consumer transaction." If this is a consumer transaction, then the selling Broker or Seller or Lender must use and complete the Seller or Lender's Certificate. In short-hand, normally, but not always, the Buyer or Borrower's intended use and occupancy of the property or the type of property determines whether the Seller or Lender's Certificate is required. See other transaction "EXEMPT TRANSACTIONS" as explained, below.

If it is a "consumer transaction" as to the Buyer or Borrower/borrower, then there are limitations and additional Seller or Lender qualifications and limits to consumer transaction financing terms that can come to bear.

READ AND COMPLETE THIS DOCUMENT AND RETURN IT TO YOUR AGENT, THE SELLER or LENDER, THE LMO, ESCROW or THE ATTORNEY TO SEE HOW THESE RULES WILL APPLY TO THIS TRANSACTION. ANSWER THE QUESTIONNAIRE, AS IT WILL HELP CLASSIFY YOUR TRANSACTION AND IDENTIFY ANY LIMITATIONS.

GREETINGS, BUYER or BORROWER: New Federal law (the Federal Consumer Financial Protection Bureau, the "CFPB") now governs private transactions in which the Owner ("Seller or Lender") agrees to extend financing to the Buyer or Borrower or Transferee ("Buyer or Borrower") for the purchase of a residence. Accordingly, Buyer or Borrowers need to be qualified as to the purposes for which they are buying as being either (1) for personal, family and household use as a personally-occupied residence or (2) for a business or investment purpose in which they or their family will not occupy the residence or any part thereof themselves.

To qualify your purpose in buying property, you will need to read, use and complete this Form in the process of putting together your private financing in this transaction. Which of the many new rules apply to your specific transaction and what terms are permissible and steps are required is determined by your status as a Buyer or Borrower and your creditworthiness. If you are buying for purpose of personal occupancy, there are many requirements. If you are buying for purposes of business or investment, there are far fewer. READ AND COMPLETE THIS DOCUMENT AND RETURN IT TO THE SELLER or LENDER, YOUR AGENT, MLO, ESCROW, or YOUR OWN SEPARATE ATTORNEY TO SEE HOW THESE RULES WILL APPLY TO THIS TRANSACTION.

A MINI-SUMMARY OF THE RULES

Rules Affecting Your Seller or Lender: If this is a "consumer transaction" then, depending upon the status of the Seller or Lender and the number of residential properties the Seller or Lender has sold or will sell in any given 12-month period (counting 12 months backward and 12 months forward in time as of the date of a present sale) and the terms of the financing Seller or Lender carries back, the Seller or Lender and Buyer or Borrower may or may not need the services of a

professional Mortgage Loan Originator ("MLO") or a like person or entity as established under this law or in the state where the property is located (collectively referred to here as it is by the CFPB as an "MLO"), if different. If an MLO Is used, the MLO is to obtain from the Buyer or Borrower and provide to the Seller or Lender the same type of standard financial and credit information as a conventional lender would want. Unless otherwise agreed between the Seller or Lender and the MLO, the MLO is not required to "approve or disapprove" of the Buyer or Borrower as being creditworthy—only the Seller or Lender has the right to approve and the MLO is not thereafter responsible if the Buyer or Borrower defaults, unless the MLO failed to give the Seller or Lender correct and complete material financial or credit information and it led to a Buyer or Borrower default, or misadvised the parties on the applicability of the rules. The MLO will usually charge a fee for this service.

Rules Affecting You as a Buyer or Borrower: If the Buyer or Borrower is not buying for Buyer or Borrower's of Buyer or Borrower's families' own residential occupancy and instead buying the property as a business or investment property of if the property is 25 acres or more, these rules generally do not apply either for the Seller or Lender or for the Buyer or Borrower. Other EXEMPTIONS apply, see "EXEMPTIONS," below

THE FULLER CFPB RULES ARE GENERALLY DISCUSSED BELOW IN THIS NOTICE. THIS NOTICE IS A DISCLOSURE ONLY AND NOT THE RENDERING LEGAL ADVICE TO ANY PARTY.

THE SELLER or LENDER AND BUYER OR BORROWER NEED ALWAYS TO CONSULT WITH THEIR OWN DIRECT ATTORNEYS IN THE ELECTION TO USE SELLER or LENDER FINANCING, THE TERMS OF SELLER or LENDER FINANCING AND THE GENERAL RISKS TO SELLER or LENDERS AND BUYER OR BORROWERS. NO ONE BUT THE SELLER or LENDER AND AN MLO SHOULD PASS AN OPINION ON A BUYER OR BORROWER'S FINANCIAL QUALIFICATIONS AND CREDITWORTHINESS AS A BORROWER. THE DRAFTING OF FINANCING DOCUMENTS SHOULD ONLY BE DONE BY AN ATTORNEY or A TRANSACTION MANAGEMENT PROCESS. WHERE THE LAW REQUIRES, THE PARTIES MAY NEED AN MLO TO ASSIST THE BUYER or OR BORROWER TO PROVE or ESTABLISH HIS or HER CREDITWORTHINESS AND ABILITY TO REPAY THE SELLER or LENDER AND THE APPROVAL OF THIS CREDIT IS SUBJECT ONLY TO THE SATISFACTION OF THE SELLER or LENDER. FEDERAL AND STATE FAIR HOUSING RULES APPLY IN APPROVAL or DENIAL OF CREDIT TO THE BUYER or BORROWER BY SELLER or LENDER.

CREDIT INFORMATION RECEIVED FROM THE BUYER or BORROWER or MLO IS TO BE KEPT CONFIDENTIAL TO STRICTLY SELLER or LENDER AND THE MLO. IN MOST CASES, YOUR REAL ESTATE AGENT IN THIS TRANSACTION, IF ANY, IS DISQUALIFIED FROM RENDERING CREDIT OPINIONS or HAVING CONFIDENTIAL CREDIT INFORMATION ABOUT ANY PARTY IN THIS MATTER UNLESS THE PARTY GIVES IT TO HIM AND EVEN THEN IT IS TO BE HELD AS CONFIDENTIAL.

BUYER OR BORROWER'S DISCLOSURE

Buyer or Borrower is currently intending to buy a residential property and to seek carry-back finance from the Seller or Lender for the purchase of that property. Buyer or Borrower understands that in order to determine what financing terms are permissible between Seller or Lender and Buyer or Borrower and whether the services of a Mortgage Loan Originator ("MLO") will be required to lawfully consummate the transaction, Buyer or Borrower's intended use must be determined by the scoring process, below.

Buyer or Borrower certifies that Buyer or Borrower's answers to the below scoring questions are true and accurate and arrived at by Buyer or Borrower's own independent analyses and planning without reliance or input by his agents, if any. Buyer or Borrower represents that all third parties, including the Buyer or Borrower, may rely on Seller or Lender's below answers.

BUYER OR BORROWER'S SCORING QUESTIONNAIRE:

The following series of questions and your answers will help determine what, if any, of the CFPB rules and Safe Act might apply to this transaction and then what you would have to comply with as far as procedure and terms of the financing.

You, as Buyer or Borrower, being fully advised as above and otherwise, certify, disclose and represent to the Seller or Lender, any MLO in the transaction and to all real estate agents or brokers, legal and/or accounting representatives involved in any Seller or Lender-financed transaction entered into by you, as follows:

Mark an "X" as Appropriate for Each Question:

TRANSACTION NATURE:

YES	NO	QUESTION:
____	____	Is this property or loan type one of the **EXEMPT TRANSACTONS** listed near the end of the GOOD FAITH DISCLOSURES, below?

If you answered "YES," to the above **TRANSACTION NATURE** question, then you are done with this Questionnaire and need only to drop to the bottom of it and sign it where the "X" mark appears. If you answer is "NO," above, then go to the next line below and complete that part,

YOUR TRANSACTION PURPOSES:

If you answered "NO" to the **TRANSACTION NATURE** above then you must complete the next set of questions regarding YOUR **TRANSACTION PURPOSES:**

YES	NO	QUESTION:

1. ___ ___ You ARE seeking the loan against property used for personal, family or household use for you or your family or will or do now occupy the property purchased as a home, dwelling or residence in whole or part or will at some point in time during the period of the Seller or Lender-carried financing you are seeking.

   OR, ALTERNATIVELY:

2. ___ ___ You ARE NOT seeking the loan for purposes of investment and/or business and not for personal, family or household use and you or your family do not now and will not nor or ever occupy the property purchased as a home, dwelling, or residence in whole or part at any time during the period of the Seller or Lender-carried financing you seek.

SCORE: If you answered "yes" to question 1 above and "no" to question 2, above, this is a "consumer transaction" and qualification must now turn to the Seller or Lender, who must file their status with the Agent, escrow, MLO or Transaction Management Service. If you answered "no" to question 1 and "yes" to question 2, this is NOT a "consumer transaction" and you and Seller or Lender are outside of the CFPB/SAFE Act application for this transaction. Being outside of it does not, however, permit violations of any other state or federal laws that govern business or investment sales or loans or licensures.

BUYER OR BORROWER CREDIT:

Buyer or Borrower understands that the transaction for which Certificate is predicate is contingent upon Seller or Lender's approval of Buyer or Borrower's credit. Seller or Lender reserves the right to decline credit on the basis of Seller or Lender's personal and sole judgment and discretion of Buyer or Borrower's creditworthiness. This term and condition supersedes and controls over any other term of the agreement between the parties. Buyer or Borrower agrees to cooperate and to promptly provide true, accurate and complete credit information and to use diligence in completing information needed for data. To gather and consider credit information, Buyer or Borrower hereby grants a Release of Information to all data sources, banks, tri-merge, FICO, employers and others respecting Buyer or Borrower's credit information from all sources and further releases that information to the Seller or Lender and his counselors and the MLO, if any.

BUYER OR BORROWER COVENANT:

Buyer or Borrower warrants that Buyer or Borrower has read these documents, acknowledges an understanding of the laws and rules, and warrants the above answers as true and accurate. If Seller or Lender elects to extend Seller or Lender-carried financing to the Buyer or Borrower, Buyer or Borrower will, if applicable, comply with the financing limitations, rules and terms set forth by the CFPB/Safe Act and will, where a MLO involvement is required, use and cooperate with one.

Buyer or Borrower promises to defend, indemnify and hold persons and entities harmless for any liability generated due to Buyer or Borrower's breach or misrepresentations above or Buyer or Borrower's failures to comply with the governing laws.

DATED EFFECTIVELY the_____day of_____, 20_____

X_____
BUYER or BORROWER

X_____
CO-BUYER or CO-BORROWER

b. QM—Qualified Mortgage (see below)
c. DFA—Dodd-Frank Wall Street Reform and Consumer Protection Act
d. HOEPA—Home Ownership and Equity Protection Act
e. APOR—Average Prime Offer Rate
f. LMI—Low to Moderate Income
g. HFA—Housing Finance Agencies
h. CDFI—Community Development Financial Institution
i. DAP—Down payment Assistance through Secondary Financing Providers
j. CHDO—Community Housing Development Organizations
k. TARP—Troubled Asset Relief Program
l. MHA—Making Home Affordable
m. HAMP—Home Affordable Modification Program
n. HARP—Home Affordable Refinance Program
o. HAFA—Home Affordable Foreclosure Alternatives Program
p. HHF—Providing funds directly to HFAs in states to assist in foreclosure avoidance
q. RHS—Rural Housing Service of the USDA
r. HMDA—Home Mortgage Disclosure Act
s. TILA—Truth in Lending Act
t. TIL – Truth in Lending (including Statements and Disclosures, such as Annual Percentage Rates and overall costs of the loan)
u. APLA—Anti-Predatory Loan Act
v. MLO—Mortgage Loan Originator
w. LMB—Licensed Mortgage Broker
x. ATR – Borrower's Ability to Repay the Loan