Instructions for Providing a Gift Letter

Thank you for choosing Flanagan State Bank to completed your mortgage loan. Please read through this information and feel free to ask your Loan Officer questions that you may have.

In order to use a gift letter to show the funds you will need to close, it is important that the supporting documentation be provided correctly to the underwriter. The reason that supporting documentation is required is to show that it is a true gift and the money is not being borrowed. Please follow the step by step instructions listed below.

1. All parties are required to sign the gift letter. The gift letter is available from your Loan Officer. Complete the form by filling in all requested information.
2. The donor is asked to provide a copy of their bank statements to show that they have the ability to give the gift. In addition, the donor may be required to provide information in regards to specific deposits on the bank statement provided. If there are deposits that exceed 1% of the purchase price, we will need copies of the checks/items deposited to prove that the funds are not borrowed in any way on behalf of our client. We do require a full 30-day statement and the statement must include the withdrawal of the gift funds if this is an FHA or USDA loan.
3. Have the bank you are depositing the gift funds into print out a statement of your account showing that the funds are in the account and giving an updated balance. The bank’s name and information must be on the print out OR have the bank stamp it and the teller sign the form. This also must be a 30-day statement. The deposit of the funds should show on this print out. The deposit should match the amount of the gift letter.
4. Provide through faxing or email the gift letter, donor’s bank statements, updated bank statement to your Loan Officer to present to the underwriter.

When it comes time to provide these funds for closing, you will be asked to obtain a certified check from you bank in the exact amount needed to close your loan as provided by the Closing Disclosure. The Closing Disclosure will be presented to you by your Loan Officer 3 days prior to the actual closing. At the Closing, will be a Final Closing Disclosure. Please make your closing check payable to the Title Company.

We hope these instructions were easy to follow. If further information is provided that needs additional explanation or information, your Loan Officer will advise you as soon as possible.

Sincerely,

{LO Name & NMLS #}

{phone #}