



“SEASONING” AND “SOURCING” OF FUNDS IS THE NUMBER ONE PROBLEM IN CLOSING A CONVENTIONAL LOAN!!!!!!

“Seasoning” means that you are required to prove possession of funds to be used for closing and/or reserves for the last 60 days. If not seasoned, you are then required to “Source” any deposits received within the last 60 days or they will be considered gift funds and therefore cannot be used for investment property loans.

“Sourcing” means you have to provide documentation showing rightful receipt of any large deposits (typically greater than \$200) during the last 60 days.

Tips to help prevent “Seasoning and Sourcing” issues:

- **Keep your money in an individual or joint personal financial account, not in a business account and don’t move money from account to account. Keep good books – not multiple accounts!**
- **Gift funds are OK if seasoned greater than 60 days.**
- **If you must make large deposits or transfer funds between accounts, be prepared to provide proper documentation to “Source” those funds (e.g., cancelled checks, letters of explanation, 60 days of bank statements from an account where money is being transferred from, etc.)**
- **If any money is coming from or is in a business account, be prepared to provide corporate formation documents proving ownership, business account statements for the last 60 days, etc.**
- **If your spouse is not on the loan, his/her paychecks received within the last 60 days are excluded from your funds – be sure to back out those funds.**

Also, conventional lenders do not make loans or allow you take title in the name of business entities like LLCs, S-Corps., C-Corps, Partnerships, etc. Keep everything in your own name!