



## LETTER OF EXPLANATION: USE OF PROCEEDS

Borrower(s) Name(s):

Subject Property Address:

Loan No.:

Lender Name:

I/We the Borrower(s) identified above have applied for a mortgage loan to refinance an existing mortgage loan on the above Subject Property and, in connection with the contemplated refinance transaction, I/we will receive a pre-determined cash-out payment at closing. The purpose of this letter is to explain to the Lender how I/we intend to use the proceeds from such cash-out payment received.

1. I/we confirm that the proceeds from the cash-out payment made by the Lender at closing as follows:

**(a) Acquisition, Improvement or Maintenance of Rental Properties**

\_\_\_% of the proceeds from the cash-out payment will be used to acquire new non-owner-occupied properties to be used for rental purposes

\_\_\_% of the proceeds from the cash-out payment will be (or has been) used to improve the Subject Property or other non-owner-occupied properties used for rental purposes

\_\_\_% of the proceeds from the cash-out payment will be used to maintain the Subject Property or other non-owner-occupied properties used for rental purposes

**(b) Other Uses**

\_\_\_% of the proceeds from the cash-out payment will be used to pay-off existing personal debt(s) of the borrowers (other than the current mortgage on the Subject Property) (e.g., credit card debt, medical debt, student loan debt, etc.)

\_\_\_% of the proceeds from the cash-out payment will be used for personal/consumer purposes (e.g., pay for college, pay for wedding, trip, acquisition/maintenance/improvement of an owner-occupied property, including a second home, or other household usage, etc.)



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\_\_\_% of the proceeds from the cash-out payment will be used for business purposes unrelated to the acquisition, improvement or maintenance of rental properties (e.g., capital investment in or working capital to support a business unrelated to rental properties)

Borrower 1: \_\_\_\_\_  
Signature

Dated: \_\_\_\_\_

Print Name: \_\_\_\_\_

Borrower 2: \_\_\_\_\_  
Signature

Dated: \_\_\_\_\_

Print Name: \_\_\_\_\_