



## NON-PARTICIPATING SPOUSE'S ESTOPPEL CERTIFICATE INSTRUCTIONS

Credit decisions are affected when the spouse of a borrower chooses not to accept personal liability on a loan. A new option is now in place to allow for a non-obligor spouse. This exception to standard underwriting guidelines will be considered when using a current joint financial statement and income related to the non-obligor spouse is not included in the income and expense trends and the loan continues to qualify after the potential impacts are taken into account.

### EXAMPLES OF SPOUSAL INCOME SOURCES

- W-2 Income
- Social Security / IRA / Other Retirement Income
- Schedule E Income (Non-obligor Spouse Share)
- Rental Income (Non-obligor Spouse Share)

In order to qualify for this exception, the non-obligor spouse must execute a Non-participating Spouse's Estoppel Certificate at closing. For underwriting purposes, a Preliminary Non-participating Spouse Estoppel Certificate (see attached) is required to be submitted with the initial Loan Application to insure spousal agreement upfront with the loan request.

The Current Financial Statement is to be prepared on a joint basis with no adjustments for the non-obligor spouse. The Estoppel Certificate is used to subordinate any right, title interest and/or claim that the Non-participating Spouse might have in the assets listed on the Financial Statements to 100% of the liability created by the Borrower's (and/or Guarantors) execution of the loan. Upon agreement and execution of said certificate, Non-participating Spouse will not sign on the Promissory Note. However in most states they will still need to sign the Mortgage / Deed of Trust documents at closing.

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