



Foundations On-Demand

Not Your Ordinary Assets
Answer Key

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Sale vs. Loan of an Asset

You would have captured these notes while watching the Sale vs. Loan of an Asset video.

Documentation & Loan On Asset Examples

There are no questions for this section, but check the workbook for more information on Documentation & Loan On Asset Examples.

Retirement Funds as an Asset

You would have captured these notes while watching the Retirement Funds as an Asset video.

- Q:** Which types of accounts can be used as assets from retirement?
- A:** Funds that are “vested” in accounts such as an IRA or individual retirement account, Keoghs, Roth IRAs, and 401k accounts can be used.
- Q:** What does the fund need to be, to be used as an asset?
- A:** The funds need to be vested in the account.
- Q:** How can the funds be used?
- A:** They are acceptable sources of funds (minus any penalties for withdrawing the funds) for down payment, closing costs, or reserves.

- Q:** What documentation is required when using retirement funds?
- A:** The most recent two months statements from the retirement account to verify the balance and the trail of funds, which simply means that you have obtained documentation beginning with evidence of liquidation of the retirement funds through the deposit of the money into the borrower’s account.



Life Insurance as an Asset

You would have captured these notes while watching the Life Insurance as an Asset video. The answers are below.

Q: Which type of life insurance policy can a borrower take a loan against?

A: Whole life policies can be used for funds for down payment, closing costs, or even reserves. However, not all life insurance policies have a cash surrender value. Be sure to check the policy before considering this as an asset.

Q: What documentation is required when using life insurance?

A: Documentation must be obtained from the insurance company to verify the terms of the loan and any penalties involved. Proof of receipt of proceeds can be validated with a copy of the check from the insurance company or a copy of the payout statement issued by the insurance company.

Q: If a borrower pursues this approach, does the loan payment have to be added to the borrower's debt?

A: If the borrower takes a loan against the cash value of their life insurance policy, the payments on that loan typically do not have to be added to the borrower's monthly debts for qualifications.

Q: True or False? The cash value of the policy is reduced by the loan amount?

A: True. For example, if the cash value of the policy is \$25,000 and the amount borrowed is \$12,000, then the remaining value is \$13,000.

Bridge Loan

There are no questions for this section, but check the workbook for more information on Bridge Loans.

Less Common Assets

There are no questions for this section, but check the workbook for more information on Less Common Assets.