

# Red Diamond Pre-Qualification Steps

5/6/2019

Steps	Est Time- Minutes Per Application	HIGHLIGHTS	Details of Step:	RMLO Responsibility	Sales Assistant to Review Documents	Additional Notes
Sales Assistant In Yellow			<b><u>Sales Assistant Communication Plan:</u></b>			
		RMLO in Blue	Initially, sales assistant will not communicate with the borrower either verbally or in writing. All borrower communication will be the responsibility of the RMLO. This may change over time.	No	Yes	No verbal or written communication will go to the borrower, just with the RMLO and Red Diamond Management.
			RMLO responsibility: RMLO will have full file responsibility with the assistance as outlined here from the Sales Assistant.	Yes	No	All communication with the borrower will be handled by the RMLO. Sales Assistant will communicate with the RMLO and Red Diamond Management.
			Borrower Application Data Received in Encompass: Can be loaded from an Online loan application, Phone call with the RMLO, In-person with the RLMO)	Yes	No	Full Loan Application Taken
<b><u>Initial Application Received</u></b>						
1	5	Watch for Applications Submitted in Encompass. Notifications will be sent to the Sales Assistant's Email Address.	Notification of new loan application goes to RMLO & Sales Assistant through Encompass.	No	Yes	Sales Assistant reviews the client's application on Encompass.
		Sales Assistant will send an email notification to the RMLO that they will begin working on the application.	Sales Assistant confirms the completeness of all information received. (Full 1003 is critical)	No	Yes	Sales Assistant reviews the client's application on Encompass.
			RMLO will make the initial welcome call to the borrower, and go over any missing items in the application. A full 1003 is required and necessary.	Yes	No	RMLO should confirm any missing information from the initial loan application and discuss the next steps with the borrower.
			Sales Assistant will send the eConsent on all completed applications in Encompass.	No	Yes	Sales Assistant sends the eConsent to borrower in Encompass.
<b><u>Review of the Initial Application Data:</u></b>						
2	15	Sales Assistant will review the initial loan application for accuracy.	Instructions: Confirming borrower data will be a collaboration with the RMLO. Sales Assistant will provide a second review of this information to see if any gaps exist or any corrections may be needed.	Yes	Yes	Both will collaborate on the data gatherer to ensure it's accuracy.
		Critical Fields to Watch For:	Sales Assistant to verify all borrowers full contact information are reflected on the application, including full name, address, email address, phone numbers etc.	No	Yes	Sales Assistant will Confirm Application Details
		For an Accurate Credit Pull:	Sales Assistant to verify the application reflects two years of residency. (Confirm a full two year history)	No	Yes	Sales Assistant will Confirm Application Details
		• Borrower & Co-Borrower Social Security Numbers	Sales Assistant to watch for gaps in residency and question those with the RMLO.	No	Yes	Sales Assistant will Confirm Application Details
		• Borrower & Co-Borrower's Birthday	Sales Assistant to confirm the application reflects two years of employment for all borrowers.	No	Yes	Sales Assistant will Confirm Application Details
		• Current Residence Address	Sales Assistant will review the employment information and try to complete the address of all prior employment if missing. RMLO may have to gather this information.	No	Yes	Sales Assistant will Confirm Application Details
		• Past Resident Address if Current is less than two years.				
		• Other Fields to Watch For:				

<i>Interest Rate: RMLO to confirm.</i>	Yes	Yes	RMLO to confirm prior to hand off to Sales Assistant. Sales Assistant will follow-up if information not provided or clarified.
<i>Property Types: RMLO to confirm.</i>	Yes	Yes	RMLO to confirm prior to hand off to Sales Assistant. Sales Assistant will follow-up if information not provided or clarified.
<i>Estimated Purchase Price: RMLO to confirm</i>	Yes	Yes	RMLO to confirm prior to hand off to Sales Assistant. Sales Assistant will follow-up if information not provided or clarified.
<i>Product Type: RMLO to confirm</i>	Yes	Yes	RMLO to confirm prior to hand off to Sales Assistant. Sales Assistant will follow-up if information not provided or clarified.
<i>Product Term: RMLO to confirm</i>	Yes	Yes	RMLO to confirm prior to hand off to Sales Assistant. Sales Assistant will follow-up if information not provided or clarified.
<i>Non-purchasing spouse: RMLO to confirm</i>	Yes	Yes	RMLO to confirm prior to hand off to Sales Assistant. Sales Assistant will follow-up if information not provided or clarified.
<i>Interest rate to disclose: RMLO to confirm</i>	Yes	Yes	RMLO to confirm prior to hand off to Sales Assistant. Sales Assistant will follow-up if information not provided or clarified.
<i>Loan Amount to disclose: RMLO to confirm</i>	Yes	Yes	RMLO to confirm prior to hand off to Sales Assistant. Sales Assistant will follow-up if information not provided or clarified.
<i>Proposed Investor: RMLO to confirm</i>	Yes	Yes	RMLO to confirm prior to hand off to Sales Assistant. Sales Assistant will follow-up if information not provided or clarified.
<i>Lender Credit: RMLO to confirm if applicable</i>	Yes	Yes	RMLO to confirm prior to hand off to Sales Assistant. Sales Assistant will follow-up if information not provided or clarified.
<i>Waiving Escrows: At 80% or below LTV RMLO will confirm this.</i>	Yes	Yes	RMLO to confirm prior to hand off to Sales Assistant. Sales Assistant will follow-up if information not provided or clarified.
<i>Selling Current Residence: RMLO will confirm</i>	Yes	Yes	RMLO to confirm prior to hand off to Sales Assistant. Sales Assistant will follow-up if information not provided or clarified.
<i>Gift Funds: RMLO will confirm if gift funds will be used.</i>	Yes	Yes	RMLO to confirm prior to hand off to Sales Assistant. Sales Assistant will follow-up if information not provided or clarified.
<i>Source of Funds To Close: RMLO will confirm the source and amount of funds to close</i>	Yes	Yes	RMLO to confirm prior to hand off to Sales Assistant. Sales Assistant will follow-up if information not provided or clarified.
<i>Paying off Debt at closing: RMLO will confirm this.</i>	Yes	Yes	RMLO to confirm prior to hand off to Sales Assistant. Sales Assistant will follow-up if information not provided or clarified.
<i>Credit Report/Trade Line Issues: RMLO will confirm and communicate any issues.</i>	Yes	Yes	RMLO to confirm prior to hand off to Sales Assistant. Sales Assistant will follow-up if information not provided or clarified.
<i>Citizenship Issues: RMLO will confirm and communicate this</i>	Yes	Yes	RMLO to confirm prior to hand off to Sales Assistant. Sales Assistant will follow-up if information not provided or clarified.

	<i>Unique Income: RMLO will discuss and communicate this.</i>	Yes	Yes	RMLO to confirm prior to hand off to Sales Assistant. Sales Assistant will follow-up if information not provided or clarified.
	<i>Divorce: RMLO will request Divorce Decree and communicate any issues.</i>	Yes	Yes	RMLO to confirm prior to hand off to Sales Assistant. Sales Assistant will follow-up if information not provided or clarified.
	<i>Mail Out Closing: RMLO will communicate this.</i>	Yes	Yes	RMLO to confirm prior to hand off to Sales Assistant. Sales Assistant will follow-up if information not provided or clarified.
	<i>FHA Loans: Credit will be pulled to include spouses debts.</i>	Yes	Yes	RMLO to confirm prior to hand off to Sales Assistant. Sales Assistant will follow-up if information not provided or clarified.
	<i>FHA Loans: RMLO will confirm we can send the amendatory clause.</i>	Yes	Yes	RMLO to confirm prior to hand off to Sales Assistant. Sales Assistant will follow-up if information not provided or clarified.
	<i>New Construction: RMLO will communicate the expected completion date.</i>	Yes	Yes	RMLO to confirm prior to hand off to Sales Assistant. Sales Assistant will follow-up if information not provided or clarified.

**Credit Report Pull:**

	Credit Authorization: The borrower must already have signed the credit authorization in Encompass in order for the RMLO or SA to pull credit. Everyone needs to verify the credit authorization is complete prior to pulling credit.	Yes	Yes	Credit Authorization is Complete.
RMLO will pull credit. Most likely RMLO, RMLO or Sales Assistant will remove all personal borrower contact information from the application prior to pulling credit. (This data is sold so removing it is critical.) 5 minutes to 1 hour for the RMLO.	Instructions: After the application has been reviewed and all the items above have been resolved, the Sales Assistant should pull credit in Encompass, if the RMLO has not already pulled credit. Typically the RMLO will pull credit immediately to determine product eligibility. Credit typically will already be present in Encompass for the Sales Assistant.	Yes	Yes	Typically RMLO will pull the credit report, but sales assistant can pull if not already in Encompass.
	RMLO will discuss the credit report with the client	Yes	No	RMLO will discuss credit details with the client.
	RMLO will discuss Collections/Derogatory Items	Yes	No	RMLO will discuss credit details with the client.
	Sales Assistant will make a note in Encompass (Conversation Notes) regarding any credit inquiries and the LOE required for the inquiries. (This note will be for the Loan Processor)	No	Yes	Sales Assistant will mention that all credit inquiries within the past 90 days will require a letter of explanation.

**Credit Repair:**

Sales Assistant can ignore this step.	If client going through any credit repair they should avoid writing a Purchase Contract.	Yes	No	RMLO will discuss any credit repair suggestions.
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RLMO to discuss the best Loan Type option for the client. RMLO 10 minutes.	<b><u>Loan Types (FHA/VA/Conforming/Jumbo/Non-OM)</u></b>			
	Fannie Mae: Discuss low down payment options (Home Ready 3% down option)	Yes	No	RMLO will discuss and communicate the Loan Type in Encompass for the SA.
	Fannie Mae: Discuss low down payment options (Home Ready 5% down option)	Yes	No	RMLO will discuss and communicate the Loan Type in Encompass for the SA.
	Fannie Mae: Discuss low down payment options (Home Ready 10% down option)	Yes	No	RMLO will discuss and communicate the Loan Type in Encompass for the SA.
	Fannie Mae: Discuss low down payment options (Home Ready 15% down option)	Yes	No	RMLO will discuss and communicate the Loan Type in Encompass for the SA.
	FHA Loans: For FHA both borrowers debts much be included	Yes	No	RMLO will discuss and communicate the Loan Type in Encompass for the SA.

	FHA Loans: FHA Amendatory Clause must be executed.	Yes	No	RMLO will discuss and communicate the Loan Type in Encompass for the SA.
	VA Loans: Zero down but still have closing costs	Yes	No	RMLO will discuss and communicate the Loan Type in Encompass for the SA.
	Jumbo Loans: Down payment and Fico requirements	Yes	No	RMLO will discuss and communicate the Loan Type in Encompass for the SA.
	RMLO to review the down payment requirements based upon the product preferred.	Yes	No	RMLO will discuss and communicate the Loan Type in Encompass for the SA.

**Income Information:**

RMLO will review income requirements with the client, including documentation required and debt to income ratio guidelines. 30 minutes for the RMLO.	RMLO will discuss clients income structure	Yes	No	RMLO will discuss the income struction and acceptability of income.
	RMLO will discuss our self-employed income requirements with the borrower.	Yes	No	RMLO will discuss the self employed income structure
	RMLO will discuss W-2's and Paystub requirements with the borrower. (Specifically the two year history for these documents.)	Yes	No	

**Cash To Close:**

RMLO to discuss the required cash to close with the borrower. RMLO will update Encompass with any information regarding the cash to close.	RMLO to discuss down payment options and specific cash to close requirements.	Yes	No	RMLO will discuss down payment options and product options.
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**Document Portal: Doc Request**

3	15	Sales Assistant will set up the doc requests in the document portal in Encompass.	Instructions: Sales Assistant will request documents in Encompass. This doc set will be based upon the loan type and borrower specific conditions. Each document requested will need a specific note to the client regarding exactly what we are looking for. This is a manual input added on to the doc request.				
		Instructions for the Doc Request for W-2 Borrowers:	<p><b>Initial Doc Requests</b> : W-2 borrower:</p> <p>to the document request.</p> <p>most recent 30 consecutive days of paystubs.</p> <p>Bank Statements - The most recent two months of consecutive bank statements. Please provide statements with sufficient funds to cover the closing costs and down payment.</p> <p>3. W-2's - Past two years W-2's.</p> <p>license - Clear copy of the drivers license for all borrowers.</p>	<p>Add these comments</p> <p>1. Paystubs - The</p> <p>2.</p> <p>4. Drivers</p>	No	Yes	Contact the RMLO should you have any questions on this.

Instructions for Self Employed Borrowers:	<p><b>Initial Doc Requests</b> : Self Employed borrowers: Add these comments to the document request.</p> <p>The two most recent years of tax returns available.</p> <p>2. Bank Statements - The most recent two months of consecutive bank statements. Please provide statements with sufficient funds to cover the closing costs and down payment.</p> <p>3. Business Tax Returns: If your business operates as an LLC or a Corporation, please provide your business tax returns.</p> <p>4. Drivers license - Clear copy of the drivers license for all borrowers.</p>	1. Personal Tax Returns: -	No	Yes
Other Miscellaneous Docs If Needed:	<p><b>Other Doc Requests</b> : Situational docs Add these comments to the document request.</p> <p>reflects a divorce ask for the Divorce Decree</p> <p>2. Child Support/Alimony: If the contract reflects either of these items, ask for the divorce decree.</p> <p>3. Rental</p> <p>Income: Ask for their Personal Tax Returns</p>	1. Divorce Decree: If the application	No	Yes
Sales Assistant to request updated Bank Statements and Paystubs as the file ages.	Sales assistant to identify what the ending date is for the bank statements and paystubs and make a note of that in the system. ??? Not sure the best way to execute on this.			

**Document Portal: Doc Receipt**

4	30	Sales Assistant will review the documents returned from the client in Encompass and re-label the documents in the Red Diamond Doc Labeling Format.	<b>Document Review Instructions:</b> Once the docs have been uploaded into Encompass by the borrower the Sales Assistant will review the documents and put the results from the documents into Encompass.	No	Yes	
			<b>DRIVERS LICENSES:</b> Confirm the names being used match the drivers license (Once the drivers license is received from the borrower.) This Address on the drivers license needs to match the current borrower address. Any discrepancies will require an LOE from the borrower. Sales Assistant to put in an LOE request in the Doc Request for any discrepancy.	No	Yes	Sales Assistant will confirm the full names matches the drivers license and all other documentation.
			<b>INCOME DOCUMENTS:</b> Review the income documents and load the income results into Encompass on 1003 Page 2 in the Forms section of the loan file. Income calculations can be confusing so put in the best estimate of the income at this point. The processor and the Underwriter will review the documents as well	No	Yes	If borrowers are self-employed, Sales Assistant will email a self-employed income guide to the client.
			<b>BANK STATEMENTS:</b> Sales Assistant will review the bank statements and load the current months bank balance into Encompass. This information needs to be put into 1003 Page 2 in the Forms section of the loan file. Make sure you click (SHOW ALL (VOD) and put the bank statement information here. Please put the bank name, address and if available account number and account balance into this (Quick Entry - VOD) section on the 1003 Page 2.	No	Yes	
			<b>VERIFICATION:</b> Sales Assistant will review all company names and addresses on the Paystubs and W-2's to verify the address and phone are accurate, and that the documents provided match up to the information in Encompass.	No	Yes	Sales Assistant will review company names, addresses and phone numbers for accuracy.

**RETRIEVE DOCS IN ENCOMPASS:** As the documents are received in Encompass Sales Assistant will retrieve docs from Encompass and pull the docs into the File Manager

No Yes

**DIVORCE DECREE:** Alimony & Child Support payments to the borrower would be reflected on the 1003 Page 2 in the Forms Section of Encompass in the loan file.

No Yes

NEW INFORMATION 6 7 2019

**Mortgage Insurance:**

To get an accurate cost estimate Mortgage Insurance needs to be calculated.

The required information for a cost estimate is the Purchase Price, Loan Amount, Loan To Value Ratio, Property Zip Code (We can estimate or plug this for any Texas loan use 76092. Also need Debt To Income Ratio, Borrower and Co-borrower credit scores if two borrowers. We also will need loan purpose and number of units. It's rare to have anything other than a purchase for 1 unit.

The calculations for this are built into Encompass.

NOTE: IF THE LOAN IS A HOME READY OR A HOME POSSIBLE THERE IS A LOWER MORTGAGE INSURANCE RATE. I WILL ADD THOSE COSTS HERE.

Steps to run Mortgage Insurance in Encompass:

All required information must be completed in the loan application.

Click Services from the Main Page...tab to the right of Forms

Order Mortgage Insurance - Click MGIC Direct - Click Submit

Report Request MGIC comes up: No adjustments should be required. The system is reading the data so assuming the data is correct you can just click - Rate Quote.

Click Import Fees once the quote comes back.

**Cost Estimates: Excel Spreadsheet**

5 30

Sales Assistant will prepare a cost estimate for the borrower and send it to the RMLO. This will be completed on the Excel spreadsheet provided by Red Diamond.

Sales Assistant will prepare a Cost Estimate of the clients scenario and email that to the RMLO (RLMO will approve the Cost Estimate and distribute it to the client)

No Yes

Sales Assistant will prepare a cost estimate for the borrower and will send it to the RMLO.

Sales Assistant will update cost estimates as necessary based upon any changes provided by the RMLO.

No Yes

Revisions will be updated and sent to the RMLO.

Sales Assistant will send the cost estimate to the RMLO for approval. RMLO will approve and send the Cost Estimate to the borrower. RMLO can make whatever changes/updates they would like to the Cost Estimate prior to sending to the client.

Yes No

RMLO WILL APPROVE THE ESTIMATE AND DISTRIBUTE THE COST ESTIMATE TO THE BORROWER.

**Interest Rates:**

RMLO will discuss interest rates with the client. 30 minutes for the RMLO.

RMLO will discuss current interest rates with the client and load Encompass with the agreed upon interest rate.

Yes No

RMLO will be fully responsible for all interest rate discussions. Sales Assistant will not be permitted to discuss interest rates with the client.

RMLO will discuss Loan Level Price Adjustments

Yes No

RMLO will discuss the Rate Lock timeline and what will be required based upon the Closing date.

Yes No

**Fannie Mae Desktop Underwriter:**

RMLO will determine if the loan is ready for DU.

Yes No

There may be insufficient documentation or any number of reasons to run or not run DU. The choice will be up to the RMLO.

Sales Assistant will run DU either before or after the documentation is delivered, at the direction of the RMLO.

Sales Assistant to review the DU Findings and update the DocPortal in Encompass with any updates needed.

## DU Instructions for FHA/VA Loans

### Sales Assistant will run DU when applicable.

No

Yes

Sales assistant will run DU as necessary.

Please consult with the RMLO to determine if DU is something that is needed at this time, or if they are planning on waiting.

#### Red Diamond Home Loans

#### Instructions for Running DU on Encompass

FYI: Don't ever put estimated value into Encompass. It may trigger a disclosures requirement.

Pick RDHL | 702964

First Time User: Put in your credit reporting information

Click on Production Description: Standard LCOR

Run Preliminary Findings for a Conventional Loan

Click Single Product

Leave Interim

Submit it

Quick Tip: To Find A Field in Encompass: Hit Control G

#### **On an FHA or VA Loan to run DU:**

The Sponsor ID must be in the system.

Click on Forms:

Click on HUD 1003 Addendum

FHA Loans: Click Section of the Act: 203B (This must be clicked to run DU on an FHA)

Plug in the codes below.

Line 13 put in: Red Diamond Lender ID Code: 0027000001 for FHA Loans

Line 13 put in: Red Diamond Lender ID Code: 8898020000 for VA Loans

Line 14 Plug In: Sponsor ID Code: 2809500006 (This is Penny Mac's FHA ID)

Line 14 plug in: Sponsor ID Code: Flagstar's VA Code is 74032200001

Select Submission Option:

1. Once in DU pick Flagstar Bank, FSB from the Select Submission Option drop down. (This must match the Sponsor ID Code for Flagstar in the Borrower 1003 page.
2. Click Single Products
3. Select a Product: All Products

Go back to Services: Request Underwriting

Click Fannie Mae DO for ePass

Click Submit to DO for ePass

Use Advantage Credit Inc (226)

Ignore the messages if they are minor.

Fix Amortization and Fix Interest Rate and Fix State

SOME OF OUR INVESTORS CODES ARE BELOW:

Flagstar FHA Sponsor/Agent I.D. Code: 7127400001

Flagstar VA Sponsor/Agent I.D. Code: 74032200001  
 PennyMac FHA Loan Services, LLC Code: 2809500006  
 Citizens Bank (Franklin) FHA Sponsor/Agent I.D. Code: 3447101994  
 Envoy FHA ID: 1635902460  
 Envoy VA ID: 3595552201  
 UWM VA ID: 7460480000

Red Diamond Sponsor EIN (Tax ID): 473492860  
 Red Diamond FHA Lender ID/Origination ID: 0027000001  
 Red Diamond VA Sponsor ID: 8898020000

**Pre-Qualification Letter:**

7	15	Sales Assistant will prepare the pre-qualification letter and email to the RMLO. This document is prepared in Microsoft Word.	Sales Assistant will Prepare Pre-qualification letter and email that to the RMLO.	No	Yes	Sales Assistant will prepare the Conditional Qualification Letter for the client.
			RMLO will review the Conditional Pre-qualification letter and will distribute it to the borrower and Realtors. All revisions will be prepared by the RMLO and provided to the Buyers Real Estate Agent.	Yes	No	RMLO WILL APPROVE THE LETTER AND DISTRIBUTE IT TO THE BOROWER AND BUYERS AGENT

**Purchase Contract Received:**

NEW TASK	Sales Assistant to upload contract.	Upon receipt from Red Diamond please upload the purchase contract into Encompass.	No	Yes		
8	30	Sales Assistant will input the Purchase Contract information into Encompass from the contract.	Sales Assistant will input all important items from the Purchase Contract into Encompass. Red Diamond will outline the critical items. Specifically property address, purchase price, closing date, Title Company Information, etc. The details that need to be put into Encompass are reflected on the purchase contract.	No	Yes	Input the Purchase Contract Information into Encompass.
		<b>Instructions for completing the Purchase Contract Information in Encompass.</b>	See notes added to the Purchase Contract and load the necessary information into Encompass. The Purchase Contract with the notes is a PDF doc with highlighted areas with notes in it. It will be provided separately.	No	Yes	Input the Purchase Contract Information into Encompass.
		Borrower Summary - Origination	Borrower Summary - Origination: Click on the Lender/Broker Data tab if the information is blank. Add Red Diamond Home Loans, including address to this section. It should automatically populate these fields.	No	Yes	Input the Purchase Contract Information into Encompass.
		Borrower Summary - Origination	Under subject Property Information: Click the Construction Method Drop Down: Select Site Built	No	Yes	Input the Purchase Contract Information into Encompass.
		Borrower Summary - Origination	In Subject Property Information: Property Type: Select PUD if the contract is marked with a Home Owners Association. This is identified in the Title Notices Section of the Purchase Contract.	No	Yes	Input the Purchase Contract Information into Encompass.
		Borrower Summary - Origination	<b><u>ESTIMATED VALUE: DO NOT EVER PUT IN THE ESTIMATED VALUE. IT ALWAYS MUST BE BLANK.</u></b>	No	Yes	Input the Purchase Contract Information into Encompass.
		Borrower Summary - Origination	Plug in Estimated Closing Date and Borrower Estimated Closing date as the same date based upon the contract date.			
		1003 Page 2	PUD Fees: Plus in \$30.00 into the Proposed Fees if the property has a Home Owners Association and is located in a PUD.			



Borrower Summary - Origination	If Amortization Type is blank click Fixed Rate. 99.999% of our loans are fixed rates today.			
Borrower Summary - Origination	Ask RMLO about Loan Type if not completed.			
Borrower Summary - Origination	Ask RMLO if Purpose is not completed.			
Borrower Summary - Origination	Ask RMLO if Property Will Be is incomplete. This is Occupancy. RMLO to provide this.			
Page 1	Page 1, Section 2: 1. Property: In 1003 Page 1 add the legal description into Encompass from the Purchase Contract.	No	Yes	Input the Purchase Contract Information into Encompass.
Page 1	Page 1, Section 3: Verify the purchase price and put that into Encompass. This is the same as the Appraised Value until we know the actual appraised value. Make the appraised value the same as the purchase price. The cash portion of Sales price payable by Buyer at closing is more likely correct in Encompass already so do not update this. <b><u>DO NOT EVER PUT IN THE ESTIMATED VALUE IN ENCOMPASS. WE ALWAYS MUST LEAVE THIS BLANK.</u></b>	No	Yes	Input the Purchase Contract Information into Encompass.
Page 1	Page 1, Section 5: Earnest Money: Put the earnest money amount in the 2015 Itemization at the bottom of the page.	No	Yes	Input the Purchase Contract Information into Encompass.
Page 1	Page 1, Section 6: Seller to finish at Seller's or Buyer's expense: Please watch this and put who is paying for Title into Encompass. IGNORE THIS FOR NOW. WE WILL PICK THIS UP WHEN PREPARING THE LE	No	Yes	Input the Purchase Contract Information into Encompass.
Page 2	Page 2, Section 6E(2) Membership: Add if the property is in a PUD to Encompass. <b>Put it in the Borrower Summary - Origination in the Property Section.</b> Not in the Contract - Click Borrower Summary - Origination - Subject Property Information - Click 1. Site built - (Unless the contract says Manufactured Housing at the top...very few will say this.)			
Page 3	Seller Credit: Any seller credits will go on 1003 Page 3. Click the drop down for Seller Credit and add the amount to the box for Seller Credit.			
Page 4	Page 4, Section 7 d (1) (2): Make a note of AS IS Sales vs. any sale with work to be performed. All sales should be AS IS and not subject to work being performed.	No	Yes	Input the Purchase Contract Information into Encompass.
Page 5	Page 5, Section 9: Closing: The closing date needs to be put into the Borrower Summary - Origination page under transaction details.	No	Yes	Input the Purchase Contract Information into Encompass.
Page 5	Page 5, Section 12: Settlement and Other Expenses: Any amounts entered here need to be loaded into page 2015 Itemization at the bottom of the page, under k. CC paid by seller.	No	Yes	Input the Purchase Contract Information into Encompass.
Page 9	Page 9, Broker Information: Please add the Brokers information to Encompass. The Buyers broker is on the left. The Sellers Broker/Listing agent is on the right. Put this information in to Tools, File Contacts, Buyers Agent from the left side of the Contract into the Buyers agent section. The Seller's agent is on the right side of the contract. Put their info into the Sellers agent section of the File Contacts.	No	Yes	Input the Purchase Contract Information into Encompass.
Page 9	Page 9: Contract & Earnest Money Receipt: Add the Title Company Information for the Earnest Money Receipt.	No	Yes	Input the Purchase Contract Information into Encompass.
Two borrowers	IN ENCOMPASS: Not part of the contract: 1003 Page 1: Click the check box at the top of the page if the income of two borrowers is being used.			
One income	IN ENCOMPASS: Not part of the contract: 1003 Page 1: Click the second check box at the top of the page if only 1 income is being used.			
Year Built	NOT IN THE CONTACT: Add year built on 1003 Page 1. This can be found by looking up the property in Zillow.			
USPS	NOT IN THE CONTRACT: Check USPS on every loan. The City is in some cases different. <b>See notes below.</b>			

USPS

Go to USPS.com : Click on Quick Tools: Click Look Up Zip Code: Click Find By Address. Load in the address from the contract and see how it compares to the USPS information. If it's different notify RMLO. In all cases print out the results and loan that into the eFolder for that file.

### Prepare the Loan Estimate & Complete Disclosure Package

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45

Sales Assistant will prepare the Loan Estimate and other disclosures.  
  
Sales Assistant will notify the processor that the Loan Estimate and disclosure package is complete and ready for review.

No

Yes

Input the required information into Encompass to complete the preparation of the Loan Estimate and Disclosure package.

2015 Itimization

Click on Closing Cost Program - Should already be chosen but it must be completed. This can come from the Borrower Summary-Origination Page. This populates our fees.  
Section 900: Daily interest calculates off the closing date. Must have the closing date.

2015 Itimization

Section 902: Leave the 2015 Itemization and Go to Services Tab - Click on Order Mortgage Insurance: Use MGIC Direct for Conventional Loans. Mortgage Insurance is only required on loans over 80%. Don't need to run this on loans below 80% loan to value. Click Rate Quote and it will populate the system. Click Import Fees and bring the MI back to Encompass.

2015 Itimization

1003 Page 2

For Conventional MI now go to Forms, then 1003 Page 2: Click the pencil next to Mtg Ins under Proposed. Add Cancel at 78%. Need to put in 78. Click OK. That will bring the Mortgage Insurance into the payment calculation.

1003 Page 2

For an FHA Loans: Put the Mortgage Insurance Premium on 1003 Page 2 and Click on the pencil next to the Mortgage Insurance Tab. Load the Mortgage Insurance Costs per the chart below.

APPENDIX 1.0 - MORTGAGE INSURANCE PREMIUMS

Upfront Mortgage Insurance Premium (UFMIP)			
All mortgages: 1.75 times front load (1.75% of the Base Loan Amount)			
Exemptions:			
<ul style="list-style-type: none"> <li>Streamline Refinance and Simple Refinance mortgages used to refinance a previous FHA-endorsed mortgage on or before May 31, 2009</li> <li>Reverse Home Loans (Section 2.47)</li> <li>Indian Loans (Section 2.48)</li> </ul>			
Indian Loans (Section 2.48) do not require a UFMIP			
Annual Mortgage Insurance Premium (MIP)			
Applies to all mortgages except:			
<ul style="list-style-type: none"> <li>Streamline Refinance and Simple Refinance mortgages used to refinance a previous FHA-endorsed mortgage on or before May 31, 2009</li> <li>Reverse Home Loans (Section 2.47) do not require Annual MIP</li> <li>Reverse Home Loans (Section 2.47)</li> </ul>			
Reverse Home Loans (Section 2.47) do not require Annual MIP			
Mortgage Term of More Than 15 Years			
Base Loan Amount	LTV	MIP (pts)	Duration
Less than or equal to \$625,500	≤ 80.00%	80	11 years
	> 80.00% but ≤ 90.00%	85	Mortgage term
	> 90.00%	90	Mortgage term
Greater than \$625,500	≤ 80.00%	100	11 years
	> 80.00% but ≤ 90.00%	105	Mortgage term
	> 90.00%	110	Mortgage term
Mortgage Term of Less than or Equal to 15 Years			
Base Loan Amount	LTV	MIP (pts)	Duration
Less than or equal to \$625,500	≤ 80.00%	50	11 years
	> 80.00%	55	Mortgage term
	> 90.00%	60	Mortgage term
Greater than \$625,500	≤ 80.00%	60	11 years
	> 80.00% but ≤ 90.00%	70	11 years
	> 90.00%	80	Mortgage term
Streamline Refinance, Simple Refinance:			
For refinances of previous mortgage endorsed on or before May 31, 2009			
UFMIP: 1.00% (1.0% of the All Mortgage Term)			
All Mortgage Term			
Base Loan Amount	LTV	Annual MIP (pts)	Duration
Less than or equal to \$625,500	≤ 80.00%	55	11 years
	> 80.00%	60	Mortgage term
	> 90.00%	65	Mortgage term
For mortgages where FHA does not require an appraisal, the value from the previous mortgage is used to calculate the LTV.			

Click on the 2015 Itemization:

Under Section 1001: Other: Write in Homeowners Association Dues in the empty box if the property is in a PUD.

Click on Aggregate Setup: Under 1011: Click the box Aggregate Setup: Put the #2 in the box for Cushion for Tax and Haz Ins. Just the #2 in the boxes.

Also in Aggregate Setup: For the month the loan is projected to close we need the #12 in that box for that month for Haz Ins.

Also in Aggregate Setup: For the taxes: Input the #12 in the Tax box in the month that proceeds the projected closing date for the loan. The month prior to the Haz Ins. Box.

On Line 1011: Delete the negative aggregate adjustment, or any amount in this box. You may need to click the lock box to open the field.

Next Section: Title Insurance You will need the Cost Estimate that you prepared for this next section:

Line 1103: Owners Title Insurance: Put in the Owners Title Insurance Cost from the Cost Estimate for this loan into the box to the right of Title Forward - on line 1003. You don't need the pencil on this, just plug in the \$'s. The Owners Title Cost will come from the Title Calculator Tab on the Cost Estimate, not the actual cost estimate. This will be the top number on that Title Calculator page. You need to review the purchase contract to determine who is paying for the Owners Policy - typically the Seller pays for the Owners Title Policy so you need to put this number from the top of the Title Calculator page into the Sellers side of the Line 1103 Owners Title Insurance.

Line 1104: Lenders Title Insurance: Put in the Lenders Title Insurance Amount from the Cost Estimate just like above. This will also come from the Title Calculator. You need to plug in the line called Full Premium under the Loan Amount, midway down the Title Calculator page. (I think this is wrong...I think you plug in the Simultaneous Premium amount in the Buyers side of line 1104.)

Line 1112: Title Endorsements: These costs are also calculated off the Title Calculator page. X the boxes, Not yet due and payable, T-30, T-36, T-17, T-19. All need to be checked. The total will be at the bottom. Do not include the total for the \$100.00 so remove \$100 from the Total. Put this total in the Line 1112. Title Endorsements.

Section 1400: Total Estimated Charges The Seller Credit will flow from 1003 Page 3 and appear in this section. No need to input anything for the seller credit as long as it's reflected in the 1003 Page 3, letter k.

**Pre-Qualification Estimated Timeline**

Total Minutes Per Application (Estimate) Per Day	Total Hours Per Application Estimate Per Day
215	3.58333333