# Table of Contents

# 6-00 Introduction

This module is designed to serve as a resource for managing the closing and funding function. It is a training tool, but it is also a quality control mechanism. In this way, this document will grow and change as the position and Company Name changes.

# 6-01 - General Position Description – Closer/Settlement Coordinator

Reports To

Manager of Operations

***Basic Functions***

Under the direction of the Manager of Operations, the Closer/Settlement Coordinator is responsible for planning and directing the closing and delivery function of the branch office.

***Specific Responsibilities***

- Participate in the establishment of operating objective for the closing/delivery function.
- Work with management to formulate policies and implements such to meet operating objectives.
- Work with Settlement Agents, processors, underwriting, and closing division to schedule and coordinate settlements.
- Either coordinate the delivery of Loan Instructions, Review Loan Instructions prepared in the branch office, or prepare Loan Instructions.
- Review settlement conditions associated with specific loans.
- Review packages returned from Settlement Agents. Set up quality control procedures to eliminate mistakes in documentation.
- Either deliver or direct the delivery of the warehouse/servicing/loan sale packages
- Train personnel in the review and preparation of settlement documents and conditions.
- Prepare management and other reports as directed by the Supervisor. Perform other tasks as assigned by the Supervisor.

***Desired Education and Experience***

Prefer 1-2 years of college. Prefer a minimum of 2 years' experience as closer or settlement clerk. A paralegal background is useful.

## ***6-01-1 Detailed Duties and Descriptions -Settlement Coordinator***

### ***Quality Control***

The Closer/Settlement Coordinator is directly responsible for the quality of loan closing documentation. In this capacity the Closer/Settlement Coordinator performs the following functions:

### ***Pre-Settlement Audit***

Review Loan Instructions, Legal and Closing Documentation as prepared and submitted for settlement, against the loan file for accuracy.

### ***Procedure***

- We utilize the Pre-Settlement Quality Control Audit to review loan files and documentation for accuracy. See the Audit section of the Settlement Manual for detailed instructions.
- We also use this form to transmit any required corrections to the person responsible for preparing the documents.
- Corrections may require a person-to-person explanation for proper clarification. When procedural clarifications arise, distribute a memo to all staff. Update the Settlement Manual to include any substantial or procedural changes.
- Any significant deficiencies in a loan file should cause the review to stop until the omission is corrected.
- When deficiency is realized, a settlement status memorandum should be forwarded to the processor, loan officer and operations manager to alert them of the contingency.
- The file should be returned to the processor/closer for correction before 10:00 a.m. the day prior to settlement.
- The corrections are to be reviewed upon receipt, any conditions outstanding must be satisfied, or the file should be returned, again, to the processor/closer.
- When all corrections have been made, the closer issues Loan Instructions to the settlement agent and authorizes the settlement.

## ***6-01-02Tracking***

The Closer/Settlement Coordinator is directly responsible for maintaining a status of all cases once they have been submitted for settlement. In this capacity the Closer/Settlement Coordinator performs the following functions:

### ***Reports/Notification***

### ***Loan Closing Checklist***

The Loan Closing Checklist and the documentation required in connection with the checklist must be prepared no later than 5:00 p.m. 2 days prior to settlement.

See Wiring/Warehouse section of the Settlement Manual for detailed instructions for the preparation of this form.

### ***Settlement Status Tickler Report***

- The Tickler report is delivered to the processor, loan officer and operations manager at:
- The time the loan is scheduled by the settlement agent to alert parties of a pending settlement.
- The 3 day deadline for ancillary documentation to show that the loan does not have any contingencies
- This report is then forwarded to the settlement department with the prepared Loan Instructions as a certification that all requirements have been met.
- If any deficiencies noted are due to the failure of an approved Settlement Agent to provide us required documentation within our timeframe, a copy of settlement status report is to be inserted in the approved Settlement Agent file as a record of the settlement agent's performance.
- See Tracking/Reports Section of the Settlement Manual for detailed instructions for completing this form.

### ***Closed Loan Report***

The Closed Loan Report is prepared daily to confirm that settlement has been consummated. Loans should be reported on the date of disbursement. Of primary importance is the proper FHA Case number and terms for the timely submission of the FHA MIP/VA Funding Fee and PMI from the Corporate Settlement Department.

See Tracking/Reports Section of the Settlement Manual for detailed instructions for completing this form.

### ***Closings Pending Report***

This report is delivered to Corporate Management for this use in determining the volume of pending settlements. This report should be prepared for distribution prior to each weekly meeting.

***Closed Loans by Loan Officer***

This report is prepared at the end of each month to determine the volume of closed loans.

***Master Settlement Log***

The Master Settlement Log is maintained by the Settlement Department. It is a chronological record of all closed loans, and serves as a "fail safe" follow-up system. It details when loans are closed and disbursed, when packages are due and sent to be warehoused and to shipping. It also shows when final documentation is due and when it has been delivered.

Closer/Settlement Coordinator, Settlement Assistant or Warehouse Assistant inputs the data for the log.

***Exception Card File System***

We use a “fail safe" follow up system. Every situation that requires follow up is given a card and a date to follow up. The maintenance of the exception card file system is the responsibility of the Closer/Settlement Coordinator and is separate from the final documentation card file system.

## *6-01-03 Quality Control*

### *Ongoing Settlement - Crisis Management*

When additional exceptions and problems with loan documentation are revealed at settlement:

- Analyze problem
- Ascertain whether problem can be corrected with new documentation or if loan is not “closeable”.
- Correct documentation and deliver to settlement.
- If loan is not closeable, instruct settlement agent to return loan instructions, funds, and reschedule settlement.

### *Post-Settlement Audit*

In the process of review the closed loan package, a deficiency is revealed.

- Post-Settlement Audit form is noted as to the deficiency and corrective action is taken.
- Brief notation of deficiency is made on Master Settlement Log.
- Card is prepared for Exception Card File System detailing deficiency and date to follow up.
- Follow up is continued until document error is resolved.
- If document error is on the part of a Settlement Agent, a note to this effect should be made to the Settlement Agent's Approved Settlement Agent File.
- Once exception is cleared, Exception Card is to be destroyed and notation made to the Master Settlement Log as to date of resolution.

### *Delivery/Investor Guaranty:*

Review of the loan file documentation by an investor or mortgage insurer reveals deficiency of loan closing documentation.

- If the problem is with the Note, a Warehouse Trust Receipt, or Custodian release form is prepared to retrieve note from Custodian. ANY PROBLEM WITH A DEED OF TRUST/MORTGAGE NOTE MUST BE RESOLVED IMMEDIATELY, AS A FIRST PRIORITY.
- Review file to ascertain whether correction can be made without contacting borrower.
- Ascertain whether error is due to closing department or Settlement Agent.
- If closing department error, contact borrower for resolution.
- If Settlement Agent error, contact Settlement Agent's office for correction of error.
- Note Master Settlement Log as to exception.
- Prepare Exception Card File System card, and ascertain follow up date.

## ***6-01-04 Policy Enforcement***

The Closer/Settlement Coordinator is responsible for the enforcement of the following policies:

- All loans must be approved 2 days prior to settlement.
- All required closing documentation is to be in the loan file 3 days prior to settlement.
- Loan Instructions must be submitted to the Settlement department by 3:00 p.m. 2 days prior to settlement.
- An approved Settlement Agent must conduct settlement, or advanced documentation required.
- Loan File is in correct order.
- Closed loan documentation must be returned within 48 hours.
- Homeowner's Policies must be reviewed against the Guide to determine that they fall within the guidelines of our investor's requirements (minimum of Best’s BVI).

### ***Regulatory Compliance***

A practical compliance manual for truth-in-lending Regulation Z, Regulation X - RESPA, ECOA, and other applicable reference manuals should be available for consultation. The Closer/Settlement Coordinator should have working knowledge of all applicable regulation governing mortgage loan closing.

## *6-01-05 Training*

The Closer/Settlement Coordinator is responsible for training all staff members in correct settlement procedures.

### ***Processors and Loan Officers***

Periodic training is necessary to maintain high quality and overall knowledge. Areas of weakness may require special group training sessions to acquaint staff with areas of special concern, such as title binder review, survey requirements, or condominium document and requirements. Initiation training is required for every new processor and loan officer as to

- document standards
- settlement policy and procedure

### ***Settlement Personnel***

### ***Initiation Training***

Settlement Personnel must be familiar with all areas of the settlement function. As such, training is required in the following areas.

- loan instruction and document preparation
- document standards
- settlement policy and procedure
- pre-settlement audit
- warehousing/delivery
- post-settlement audit
- follow up systems
- truth-in-lending and regulatory compliance

## ***6-01-06 Updating Procedures***

Staff must be aware of changes in settlement procedure. Any significant changes require instruction. This instruction must be supplemented by amending the Settlement Manual as applicable.

Resource Management

The Closer/Settlement Coordinator is responsible for maintaining all reference resources required in connection with Settlement documentation. In this capacity the Closer/Settlement Coordinator is responsible for maintaining the following resources.

***Condominium/PUD Documents***

Each loan on a Condominium or Planned Unit Development (PUD) is subject to the satisfaction of VA/FHA and/or FHLMC/FNMA Condominium requirements as part of the Seller's General Warranty we must make when marketing or insuring a loan.

Maintain a printed copy of the Agency Approval letter with the project file.

***Procedure for Condominiums and PUDs***

- Maintain a listing of all completed condominium file
- Each new case must be entered into the condominium files. The Closer/Settlement Coordinator must complete the Condominium Document Checklist to assure completeness.
- Standard settlement requirements for condominiums are noted on the settlement notification tickler.

## ***<u>VA/FHA/Conventional Condominium File Document Checklist</u>***

VA/FHAConventional Condominium File Document Checklist

| | |
|---|---|
| Borrower | ______________________ |
| Property Address | ______________________ |
| Project Name | ______________________ |
| Loan Number | ______________________ |
| FHA/VA Case Number | ______________________ |

The original of this form is placed in original loan file on top of appraisal

<table>
<tr><td colspan="2">FHA/VA Loans<br>Required if project is NOT on approved list</td><td colspan="2">Conventional Loans<br>Required Dependent on Underwriter’s Classification</td></tr>
<tr><td></td><td>51% Pre-Sale Certification</td><td rowspan="3"></td><td rowspan="3">Condominium Pre-sale Letter completed by Homeowner's Association or Management Company</td></tr>
<tr><td></td><td>Builder’s Warranty (New Construction)</td></tr>
<tr><td></td><td>Compliance Inspection<br>VA Compliance Inspector and<br>Local code authority</td></tr>
<tr><td></td><td>EHOC/EEO Certification</td><td></td><td>Class 1 & 2/Type B & C</td></tr>
<tr><td></td><td>Street/Common Elements Completion Escrow Letter of Credit/Street Bond</td><td rowspan="2"></td><td rowspan="2">By-laws, Public Offering Statement, Attorney’s Opinion Letter</td></tr>
<tr><td></td><td>Optional Items Certification, Evidence that Optional Items shown in model have been boldly displayed as optional.</td></tr>
<tr><td></td><td>Flood Insurance</td><td></td><td>Class 3/Type A</td></tr>
<tr><td></td><td>Replacement Cost Insurance of Common Elements/Units Fiduciary Liability Coverage for Developer/Management Agent</td><td></td><td>Budget, current year and past year</td></tr>
<tr><td></td><td>Recorded Condominium Declaration, Annexation Documents</td><td rowspan="4"></td><td rowspan="4">Condominium Policy of Hazard Insurance, showing liability coverage, replacement cost coverage for common elements and units and fidelity bond coverage for the Unit Owner's Association or management agent.</td></tr>
<tr><td></td><td>Recorded Covenants, Easements and Restriction</td></tr>
<tr><td></td><td>Recorded Plat</td></tr>
<tr><td></td><td>Engineer’s Certification that all improvements and common elements are complete as indicated in public offering statement.</td></tr>
<tr><td></td><td>Copies of Developer's Articles of Incorporation</td><td rowspan="3"></td><td rowspan="3">Condominium Certificate of Insurance, current, showing the unit owner as Insured and mortgagee</td></tr>
<tr><td></td><td>Copy of Recorded Conveyance tuning condominium over to Homeowner's Association</td></tr>
<tr><td></td><td>All documents must be in the condominium documentation file prior to the settlement of the first FHA/VA loan in the project.</td></tr>
</table>

## ***County/Jurisdiction Maps***

Maps of the locality in which we are making loans are extremely helpful aids in auditing loan files. They reveal if a property is located in a city or town – for assessment purposes - the correct zip code, and whether the street exists as it is shown in the loan file.

## ***Flood Insurance***

There are two methodologies for insuring whether properties are subject to the requirements of Flood Insurance.

- Flood Insurance Rate Maps (FIRM) - Settlement Department maintains and reviews in connection with all closing packages. The Federal Emergency Management Agency administers the FIRM program. Order missing maps from them.
- Flood certification service – may be utilized. In order to obtain the most favorable rates for ordering flood insurance certifications, requests must be made well in advance of loan closing. Often, this may be done at the same time as processing sets up the loan.

## ***Insurance Rating Guide***

Best's Key Rating Guide – the "Best's Financial Rating Guide for Insurance Companies" is published annually and provides current ratings for all insurance carriers.