5-0 Introduction

The duty of the underwriter is to review all documentation within each specific loan file and ensure that it meets investor guidelines for resale into the secondary market. If the mortgage process has been smooth, the underwriter receives a completely processed loan file. All the underlying documentation is in the correct order and is correctly reflected on the submission documents.

If the borrower qualifies as to credit, income and assets and the collateral is adequate to secure the loan, the underwriter then may

Approve the loan, subject to their specific approval authority
Recommend the approval of the loan to loan committee
Forward the loan to the investor for underwriting review

Alternately, the underwriter may find the case is not acceptable and deny the approval and return the loan to the processor or broker. The underwriter may simply conclude that there is more information required and hold - or suspend - the case for further information.

It is NOT the underwriter's responsibility to package a loan or restructure a transaction to make it more marketable. However, if time and resources permit and the underwriter does not compromise the information that has already been reviewed in the file, they may suggest changes to the way the case was presented.

The underwriter functions in the role of advisor, resident expert, and recognized authority when it comes to the processing and approval of mortgages. The expectation is that the individual will have superior product knowledge to most staff. They are the keepers of updated information and alert the production staff immediately to pending changes in business practice.

However, the underwriter should not be the ultimate source of this information. If there is a disagreement there should be a neutral process by which the borrower's best interests can be resolved. No individual can have perfect knowledge. The best way to avoid disputes in the area of subjective determination is to have an educational forum where the underlying philosophy is "continuing education" where everyone learns. As a result, the underwriting function also is a product knowledge training function responsible for assuring the production staff has appropriate knowledge to produce quality product.

5-10 - Underwriting Position Description

Description

The underwriter is responsible for the review of individual loan files to assure with secondary market, mortgage insurance or guaranty guidelines.

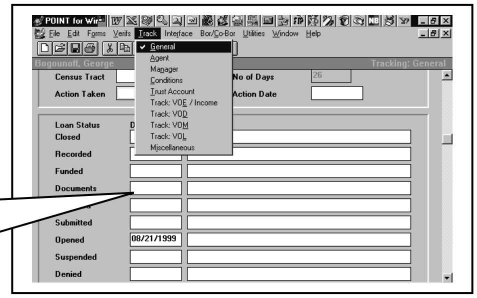
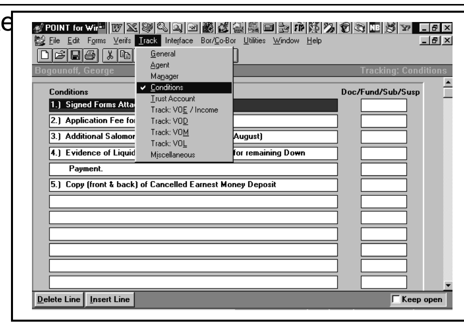
Prerequisite Experience

- 2-5 Years of mortgage production processing or similar experience.
- Detailed knowledge of FNMA/FHLMC, FHA, VA and Local Revenue Bond or Housing Authority guidelines.
- Direct Endorsement certification for FHA approval authority - or eligible to participate in instruction.
- Veteran's Administration Automatic Underwriting authority.
- Associates or Bachelors degree or MBA certification.

SPECIFIC RESPONSIBILITIES

- Maintenance of Loan Submission Log, Preparation of Daily, Weekly Underwriting Reports
- Distribute Approval Notifications and Updating Loan Approval Status
- Monitoring Changes to Loan Registration Information
- Monitoring and Distributing to all staff changes in Industry guidelines, practices and relevant information
- Prepare Bulletin summarizing changes for distribution to all staff
- Prepare and Provide regular training for processing, operations and origination support staff
- Maintain all Information Resources, including investor loan guidelines

5-11 Underwriting Flow

Responsible Party	Description of Task
Processor	Prepares case for submission using standard pre-submission checklist and copying file in correct file order
Underwriter	As received, logs Loan as submitted in loan status screen in Loan Tracking, General. Insert Submitted date in field. This is the same screen the underwriter will use to indicate approval, suspended, denied status. While here, check status of other items to populate fields 
Underwriter	Utilizes appropriate checklist to initiate review of loan
Underwriter	If outside investor, PMI loan, determines program acceptability to investor, PMI Company
Underwriter	Complete underwriting analysis, reviewing documentation to assure compliance with loan specifications as outlined by investor
Underwriter	In THE SOFTWARE - Conditions. Outline ite required to meet underwriting approval number them as whether these are prior to closing (Doc), approval (SUSP), Funding (fund). It is important for reporting purposes that the conditions are listed with the most critical items first. (i.e. do not start conditions with hazard insurance, right of rescission or other boilerplate conditions. 
Underwriter	Approve - (or forward to loan committee or 2nd signature, dependent on approval level) Issue approval letter, Underwriter Certification, M/C Suspend - Issue Suspense Notification Denial - Issue Denial Give copy to Operations manager so that they can monitor the quality of processing Note status date in system
Underwriter/Processor	Return file to processor. Review contingencies as part of ongoing training
Processor	Makes corrections, cures deficiencies, and returns file to underwriting for re-underwriting, clearing conditions, or additional consultation
Underwriter	Clears conditions Makes any required changes to system/registration based on resubmission, Returns file to processor.
Processor	Reviews for any at closing conditions - forwards file to closing department, if local or, forwards file to investor for approval and closing.

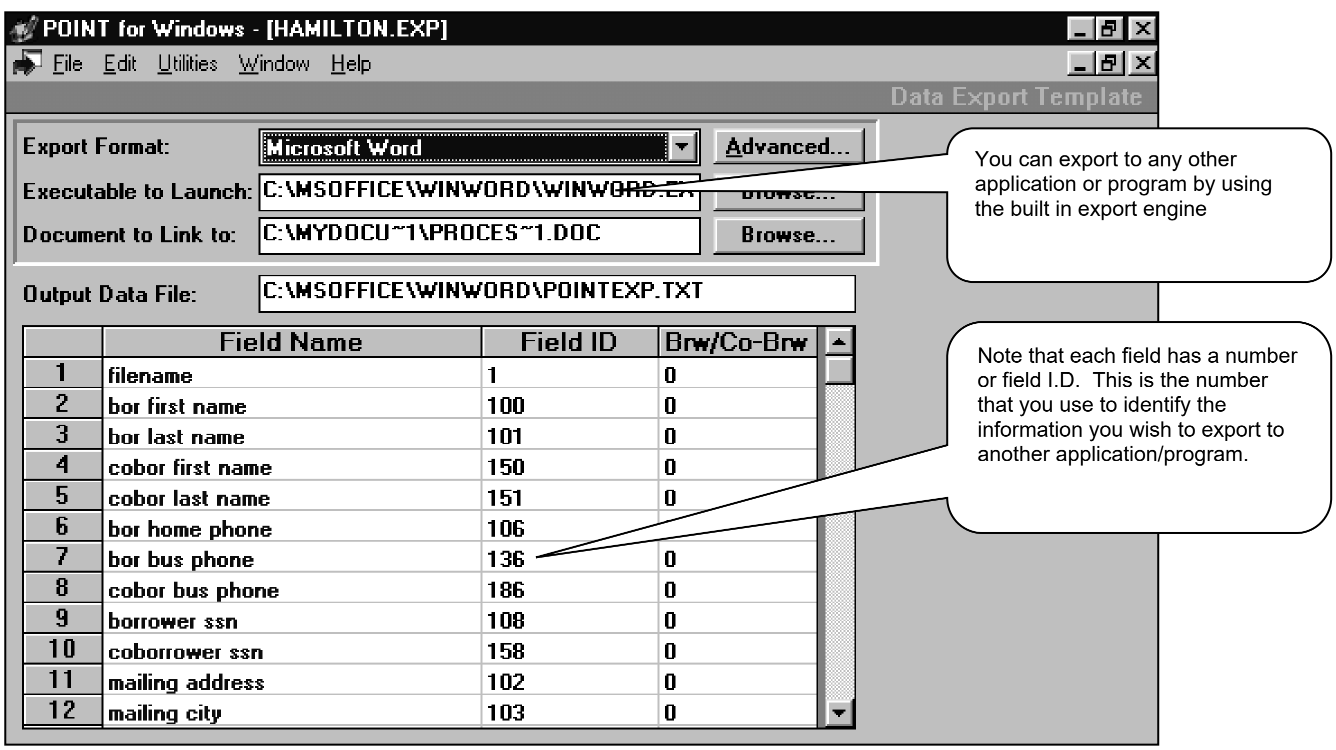
5-12 Software Introduction

We utilize loan processing software. It is Windows based and follows the conventional loan application to capture borrower information. From the software we generate all the forms necessary to comply with laws, collect information from the borrower, and compile the information needed to correctly analyze the loan for approval.

The most important added benefit of automation is that the information that is entered initially does not have to be entered, or typed, anywhere else again as long as these procedures are followed. The old adage "garbage in - garbage out" is important to keep in mind when performing the initial set up of a loan file. It is often more beneficial to request clarification if there is illegible information, than to enter it. Once it is entered it can go uncorrected throughout the process. Then it can create a problem at the end of the process when it is much more time critical, and expensive.

Using Data in the System

The process of using Data already compiled in the processing system is referred to as "Data Export". Once exported, the information from any borrower file can be utilized in any other application. This makes it a perfect way to create custom forms, letters, labels and reports.



Building an Export "Template"

There are nearly 5000 fields in the processing program. Most export functions would never utilize all of these - so we need to tell the program which fields we will use. (You can use or customize the export template which is built into the software - you do not need to customize them. This section is to show those who wish to have slightly more control, how to manipulate the program to do this.)

These fields are going to be the borrower information, the loan data, the property information and the information regarding conditions and service providers.

Using the Exported Data

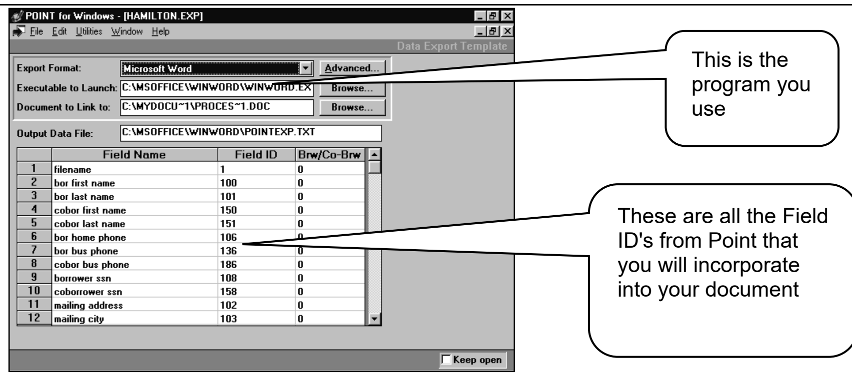
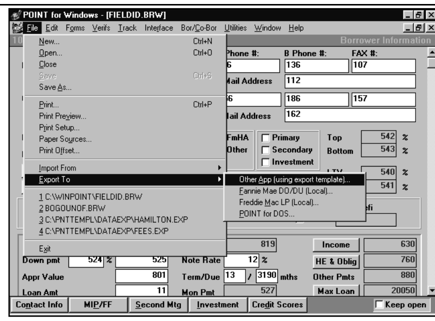
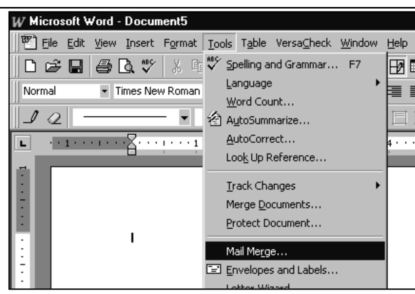
The data that has been exported is most commonly exported to Word documents. There the data is "merged" into form letters which have been set up to recognize that certain fields go in certain places. It is wise to keep a separate file of these documents on your PC so that they can be called upon one at a time when needed. Also, once the document has been opened once, Word "remembers" that it used the software export file, making future exports nearly automatic.

If you were creating a new template, you would click here before clicking on "Data Export"

To view which fields are reflected in the export template, simply click the data export template.

Suppose there is a letter you type over and over again - a welcome letter to a borrower. Wouldn't it be easier if you could simply capture the information in the loan processing program and give it to your word processing program so that all you had to do was print out the letter? This is what the export does.

<u>Preparing to Merge</u>

Step 1 Select the Export Template From the software Main Menu, go to Data Export, and set up your template.	
Step 2 Export In The software, go to "File", then select "Export". Choose which application to export to. (In this case Word)	
Step 3 - Open a New Word Document You may also open and insert fields into any existing document	

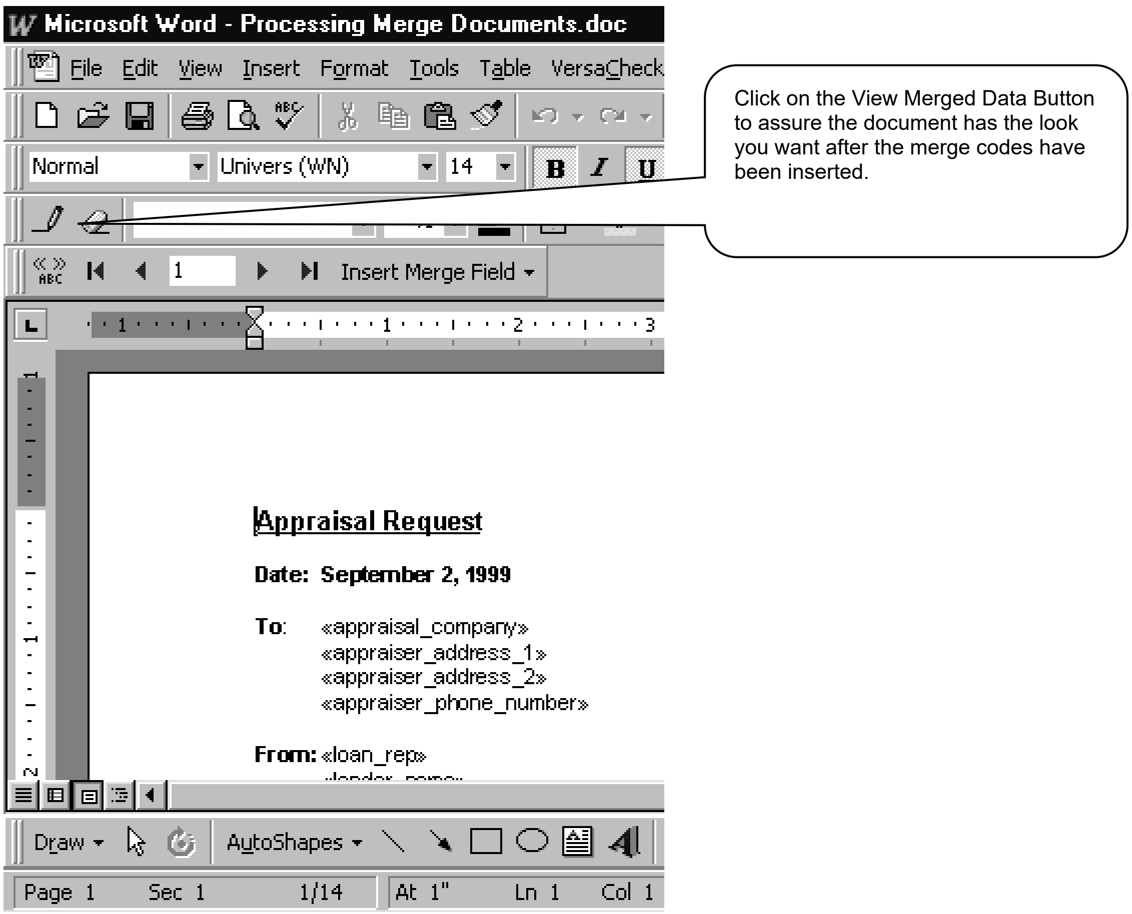
Follow the mail merge instructions to add fields from your export

Solving Simple Merge Problems

Sometimes you will have difficulty locating the data source for the file you have exported. Simply conduct a search for it within Word and select the file with today's date.

Your documents will initially show the field names given in the export template. To make sure the document looks the way you want it to, simply toggle the <<field>> code button to preview the merged information.

You can develop customized letters for nearly every repetitive task you perform, so it is mandatory to become proficient at this export exercise.



We focus extensively on the use of this feature because from this point forward we expect that the documents you generate to communicate with borrowers, underwriters, investors, and others will come from the data in the processing program. We insist on this. We want the additional quality checks that come from having others see the data that is being outputted.

Each document that is required can be generated from Word individually under the following names:

- Additional Information Request
- Approval Letter
- Condominium Questionnaire
- Underwriting Analysis

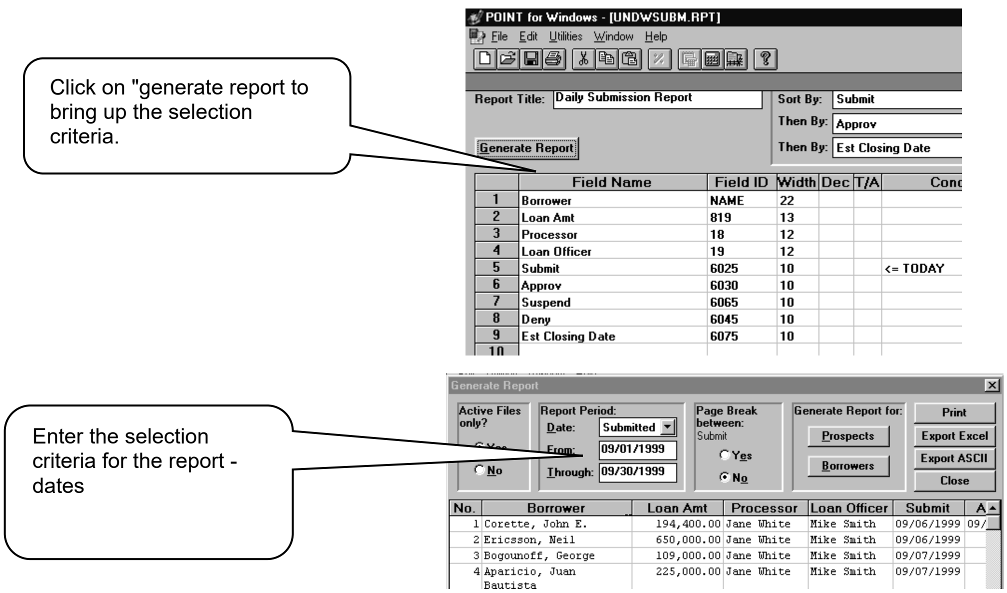
Daily & Monthly Reporting

Daily Reporting

The objective of daily reporting is to weigh the volume of loans coming in to underwriting and measure the amount of time it takes for the loan to be underwritten.

The report should be generated at the end of every day to review the volume of loans pending review. This report is generated from THE SOFTWARE.

Select report from the main interface, and then select "generate report".



This will generate a report which is to be distributed to management. Management will then determine whether additional personnel need to be applied to the case load.

Monthly Reporting

A Monthly report can be generated the same way. The purpose of the monthly report is to identify larger trends such as:

- Too many loans are being suspended or denied
- Sources of problem submissions