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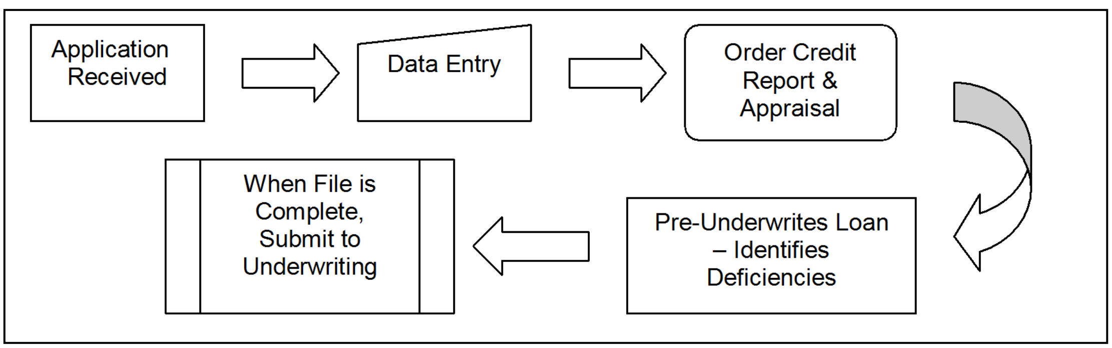
4-00-1 Introduction to Loan Processing

Welcome to Company Name. Our objective is to provide the highest quality service and we do this by documenting our process. This module is designed to define our policies and procedures. Our objective is to have a defined procedure for all tasks. In this way we have a system. Relying on the system allows us to identify repetitive problems, assure that our loans are of the highest quality, and to remove the burden of compliance from individuals to the system. Whenever a task is unclear in this system, you should identify it to your manager for improvement. You must follow the procedures we outline or seek written clarification.

The Processing Position

If the loan application is perfect, processing is where the home loan sequence may begin to reveal its nightmarish realities. Under normal circumstances, it is the processor's duty to complete the verification process, assure regulatory compliance and prepare the case for presentation to the underwriter, loan committee or other decision maker.



It seems like a simple process. But what seemed apparent to the loan officer isn't so apparent to the processor. If it isn't apparent to the processor, it isn't going to be apparent to the underwriter, either. In an ideal situation, the processor and loan officer work together to identify "critical" items which could cause the loan to be denied and ascertain whether they can be fixed. Working together and with the borrower it is likely that any adverse information can be refuted.

Then there are non-critical items - things that the loan can be approved "subject to" or as a condition of the approval - "nickel & dime" conditions. The problem comes when a processor doesn't segregate the level of importance of various documents and mails a simple list of outstanding documents to a borrower. Suddenly an inconsequential bank statement or other innocuous pieces of information are as important to the borrower as a critical document, such as proof that a delinquent account is incorrectly attributed, or the current years' tax return. The borrower receives the list and puts everything together, except for the critical document, and sends it in. The mail gets reviewed a week later and suddenly - nearly 1 month into the loan process - there is a huge problem. This is why a complete application is so important. At Company Name this is the role the processor plays. He or she is responsible for reviewing initial submissions to assure that there are not substantial omissions.

Instead of simply acting as a checker of files and a sender of forms, the processor can be much more useful to the customer by taking his or her expertise and guiding the borrower through the process.

Because of this it is important to identify the role of the processor – what exactly he or she is supposed to be doing.

4-01 The Processors Duties & Responsibilities

Job Description - Mortgage Loan Processor

Overview

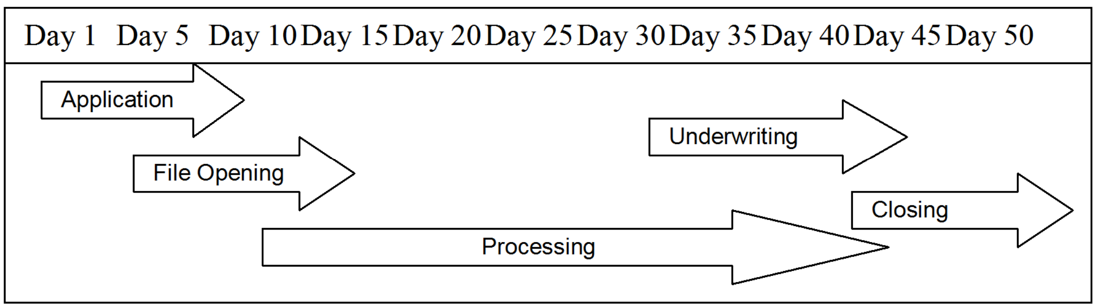
Assist customer in obtaining approval by working with loan officer, underwriter and closing department. Review application for completeness at the time of receipt and prior to underwriting. Initiate requests for all documentation needed to support approval.

Specific Duties

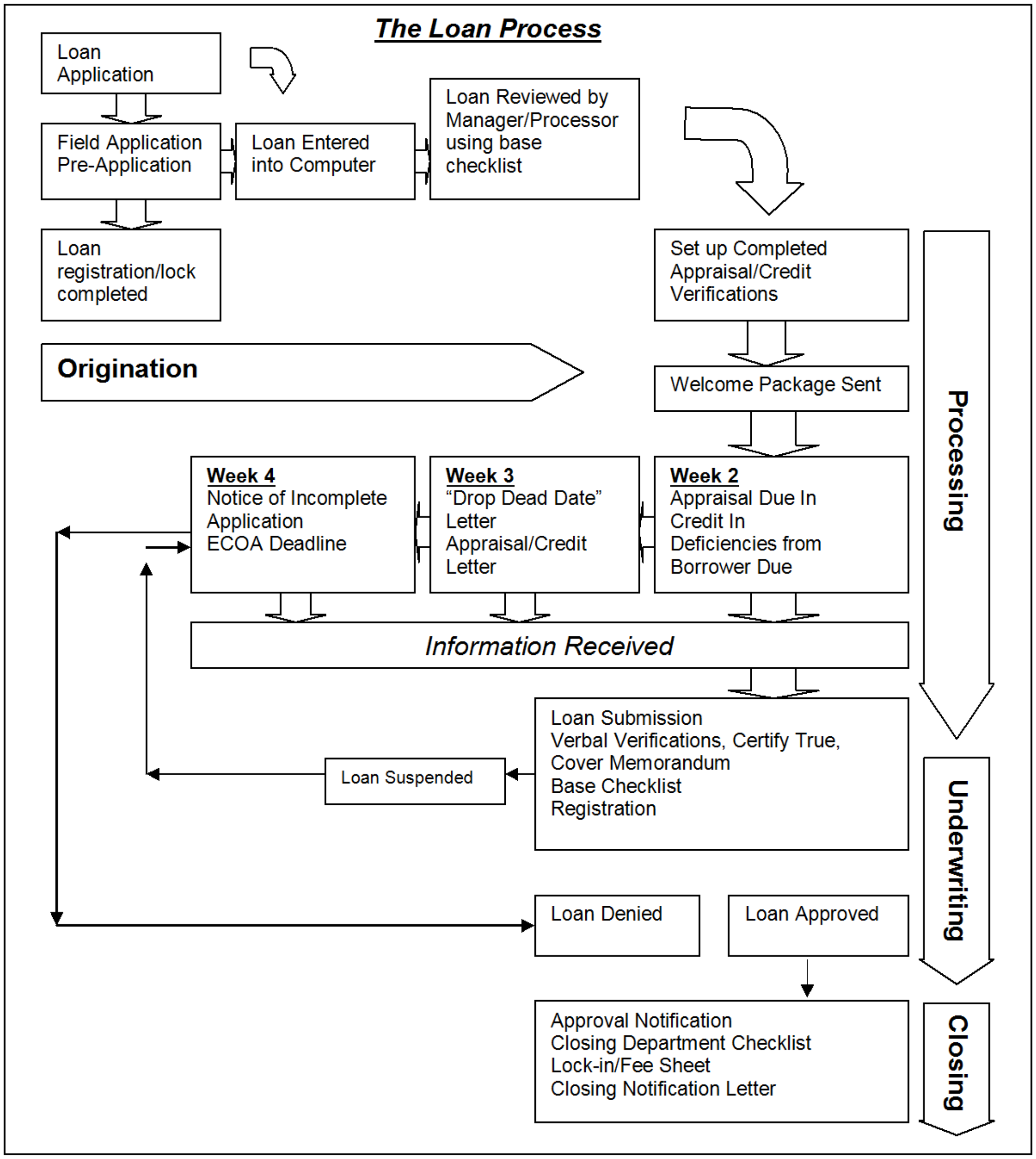
- Receive loan application after registration
- Review against loan plan specifications for accuracy
- Enter into computer assisted processing program
- Generate Loan Application (1003, 2900), Transmittal Summary (1008, 2900 LT, 1802), Appraisal Request (2800)
- Generate Disclosure Documents Appropriate to Registered Loan Program
- Order and review credit report
- Order and review appraisal
- Compile case in Stack Order
- Enter Loan into Logs
- Initiate contact with customer requesting additional documentation
- Track outstanding documents and follow up with customer, loan officer, referral source
- Update Status daily as to incoming and outgoing documents
- Ascertain readiness for loan underwriting
- Pre-Underwrite case against checklist to identify problem areas prior to submission to underwriting
- Evaluate deficiencies and notify customer, loan officer and referral source of critical issues.

4-01-1 General Description of Duties

The loan officer, if there is one, performs the role of "field underwriter." However, he or she should work with the processor to determine what information is needed prior to submitting a loan to an underwriter. The loan officer should not burden the processor with the duty of trying to qualify a borrower. Items which are generally "critical" in the determination of approval are those which materially impact the borrower's income, assets or credit history. Specifically, the file should not be submitted with critical information missing, unless it is done as a referral for judgment as to whether they missing information can be resolved. Information which is required in order to satisfy compliance or to complete standard documentation requirements is not critical and should not arrest the loan submission.



4-01-2 Process Flow



4-01-3 Contract Processing

Company Name follows SAFE Act requirements for determining the eligibility of support staff. Contract processors are independent contractors if:

- The processor represents themselves to the public to be an entity separate from the lender (e.g. email domain, business cards, company name, etc.)
- The processor gets compensated in any way other than income reported on a W2
- The processor performs processing or other loan origination activities for more than one entity

An independent contractor may not engage in residential mortgage loan origination activities as a loan processor or underwriter unless such independent contractor is a State-licensed loan originator.

4-20 Software

Software Introduction

[Insert your software manual here]

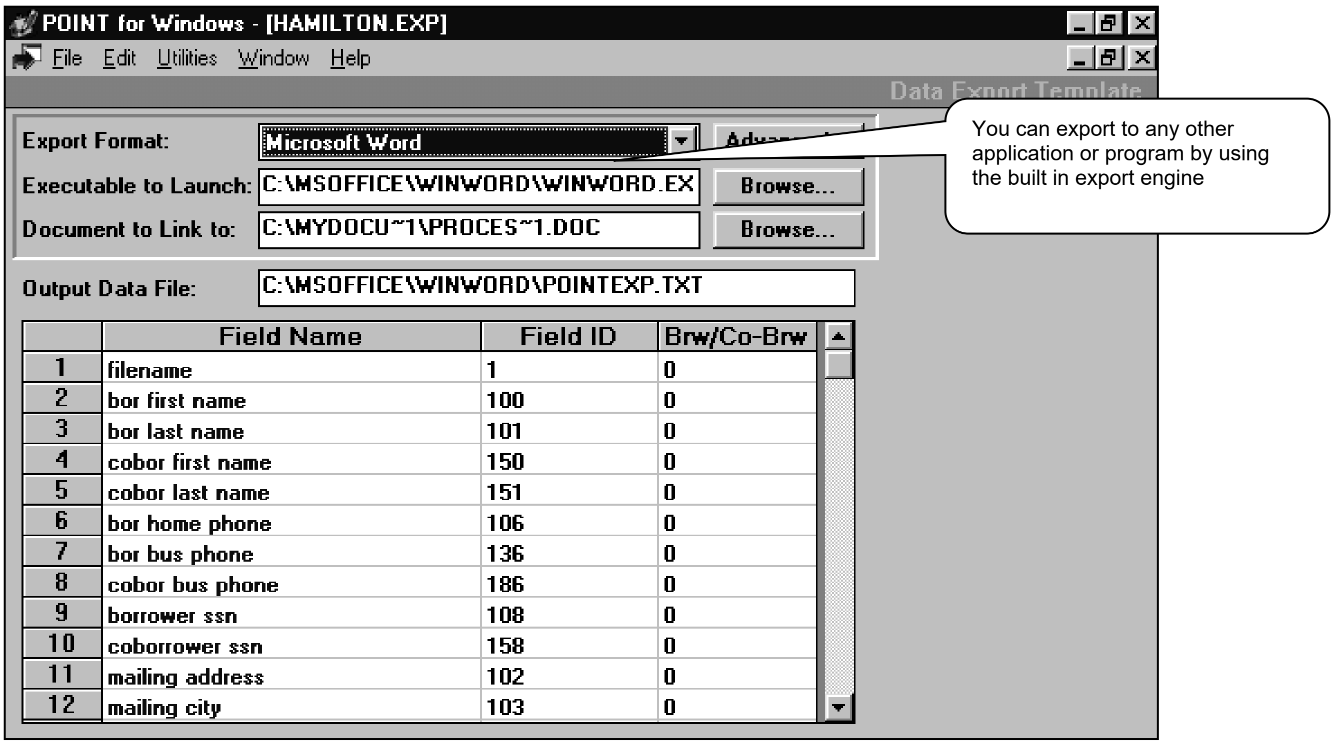
Company Name utilizes loan origination/processing software to take applications and submit loans. The software follows the conventional loan application to capture borrower information. From the software, we generate all the forms necessary to comply with laws, collect information from the borrower, and compile the information needed to correctly analyze the loan for approval.

Please refer to the software manual for Company Name's processing system for specific information on document completion. Illustrations are provided here for when there is interaction between processing software and the position duties.

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 incorrectly, it may go unnoticed until the end of the process when time is more critical.

4-02-01 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.



4-02-03 Building an Export "Template"

There are nearly 5000 fields in the software 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 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.

4-02-4 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 as needed. Also, once the document has been opened initially, Word "remembers" that it used the software export file, making future exports nearly automatic.

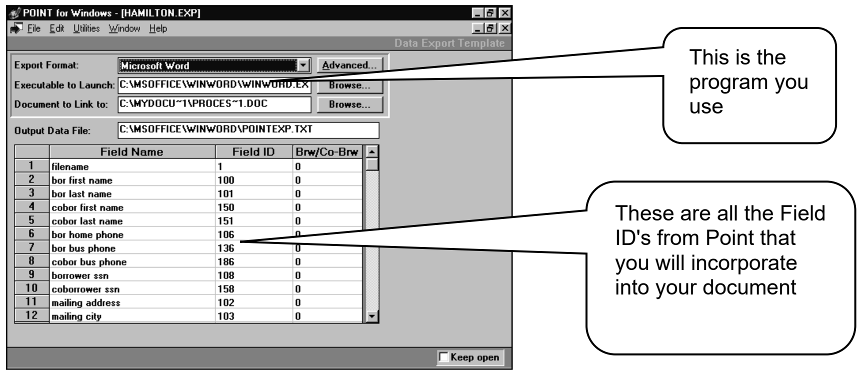
If you are creating a new template, you would click here before clicking on "Data Export"

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

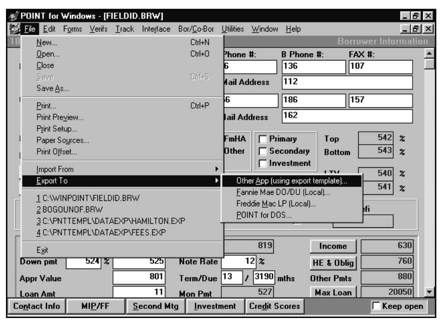
Suppose there is a letter you type over and over again - a welcome letter to a borrower. Wouldn't it be easier if you could simply capture the information in the loan processing program and give it to your word processing program so that all you had to do was print out the letter? This is what the export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

4-02-4 Preparing to Merge

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