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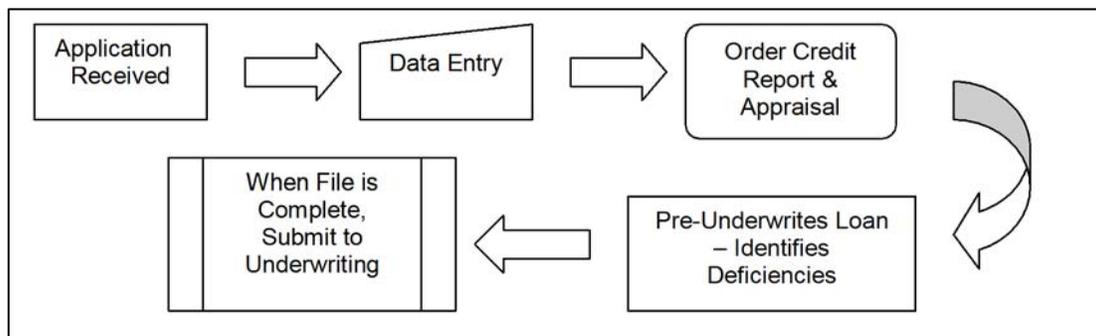
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Introduction

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.

Loan File Set-Up Procedures

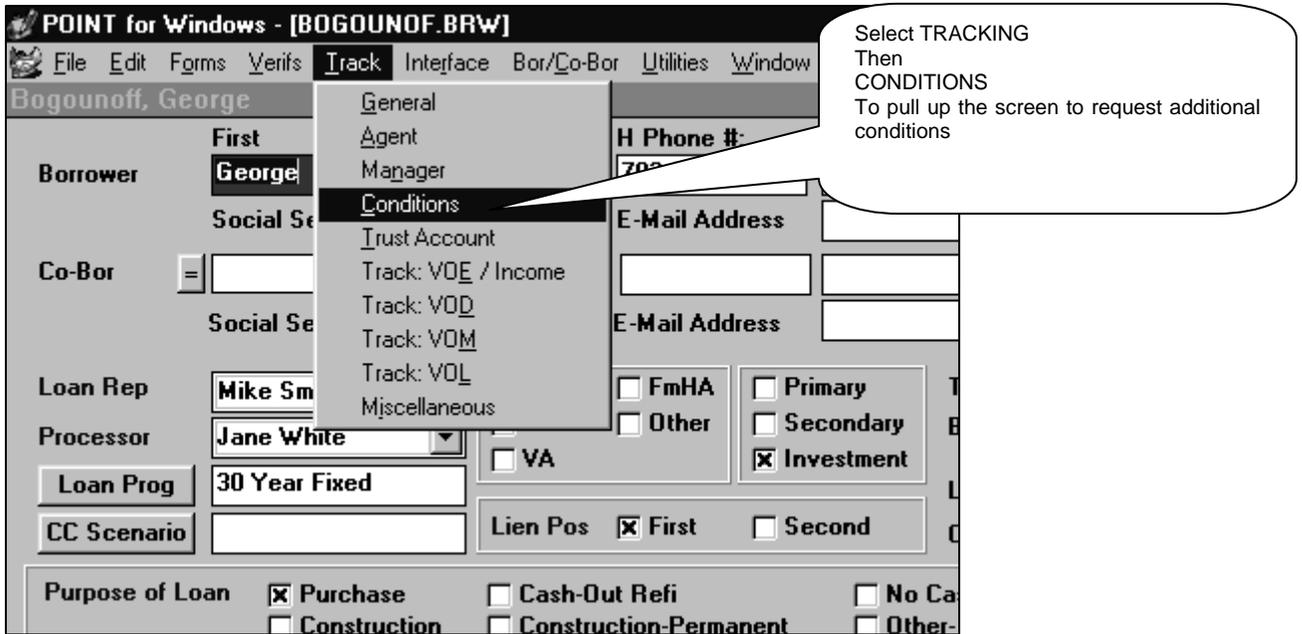
Set Up Checklist

<u>Loan File Set Up/Opening Checklist</u>	
<u>Completed</u>	<u>Step</u>
	Perform Data Entry from application or pre-application
	Enter loan into branch loan log
	Copy Application Fee Check – 2 Copies; 1 file, 1 Bookkeeping
	Order the credit report
	Is borrower currently renting? Request a landlord reference – print VOR from
	Print Employment Verification and Deposit Verification. Attach credit authorization
	Order appraisal, include all property information available - contract, listing, deed
	Condominium or PUD (Townhouse) Letter/Questionnaire to agent if sale - borrower if refinance
	Print the application (1003 - all pages) and the Transmittal Summary (1008)
	Assemble File in Stack Order on right side of folder
	Complete Application Checklist – Enter all missing documentation in “Tracking”
	Print the Borrower Introduction (Welcome) letter
	Prepare Truth-in-Lending
	Prepare Welcome Package using the checklist to assure all supporting documents are included
	Fasten copies of all borrower correspondence on left side of file

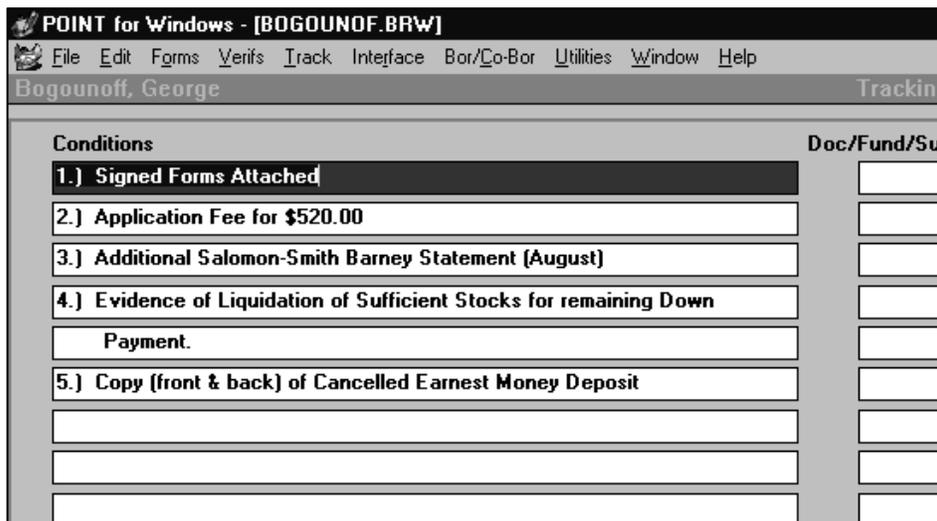
Missing Documentation

Dependent on the manner of the application, the supporting documentation may be complete, partially complete or there may be no information at all.

To ascertain the missing documentation in a loan file, utilize the complete application checklist to review file documents. **REMEMBER THE SETUP POSITION IS NOT A PRE-UNDERWRITING FUNCTION. THE PURPOSE IS TO REQUEST OR FOLLOW UP STANDARD BORROWER PROVIDED DOCUMENTATION.**



Then going through each item in the file, identify the missing documentation and enter it in the CONDITIONS fields. These documents are logged in as required prior to submission.



Pipeline Review Procedure

It is in the interest of the loan transaction to have all parties who are participating or responsible for the processing of a loan application to meet and agree an action plan to meet all requirements. While there is ample reason to schedule this loosely around a loan officer's schedule - since most often the loan officer is an outside sales person and the processing staff are inside support - the idea is to manage limited resources by planning. Weekly meetings between loan officer and processor are mandatory to review the status of outstanding items and to determine who is responsible for follow up.

Pipeline Review Process

Step/Responsible Party	Action
Loan Officer	Weekly - Prepare and review the loans in process report to assure programs are correct, lock-in dates, estimated closing dates are entered.
Processor	Weekly - Prepare and review the outstanding conditions report and the Processing Caseload Report. Assemble the cases for the respective loan officer.
Processor	Daily - File and Log in mail. Requested items, such as verifications, borrower documentation, closing items and other correspondence is to be logged into the computer as received, but left loose in the proper file.
Loan Officer and Processor	Weekly - Formal meeting to review cases. Go over Received Underwriting & Closing conditions - review for problems Identify potential problems with Conditions, such as qualification issues, sufficiency of funds, and identify whether conditions are internal (operations staff/appraisal/credit report) or external (additional information or borrower clarification) to determine if processor or loan officer is more suited to address issue and whether it is urgent. If there is no urgency, probably the information can be requested in writing by processor. If expediting is required, the loan officer is more suited. Scheduled Closings: Is the case on target for settlement?
Loan Officer and Processor	During meeting prepare written list of items to follow up on, and who is responsible. Bring list to subsequent status meetings to evaluate progress and whether obligations are being fulfilled by both parties.
Loan Officer	Distribute written Status Reports to all parties, referral sources, closing agents, borrower.