

# EQUITY

## RESOURCES, INC.

# Construction Renovation Manual

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## Underwriting Criteria & Program Requirements

### Renovation Policy and outline of criteria

The construction renovation loan program will be offered on a fixed rate loan to borrower's. The loan will be locked up-front and good through the completion date of the project at the fixed rate term and payments. If the borrower cannot live in the home during renovation, they can escrow up to 6 months of PITI payments. Underwriting will request proof of alternative living arrangements.

- Appraisal: A full "as built" appraisal is required during the initial loan application process "subject to" completion.
- Area/Market: We prefer to provide construction renovation financing in sub-divisions only. We will consider rural locations on a case by case basis.
- Borrower Loan Requirements:
  - 3 to 6 months of Principal, Interest, Taxes and Insurance (PITI) reserves are required. This is factored based upon the borrower's credit score and occupancy type.
    - Owner Occupied:
      - 680-719 credit score does require 6 months PITI reserves (liquid)
      - 720+ credit score does require 3 months PITI reserves (liquid)
    - Second Home:
      - 6 months PITI reserves required
  - Debt to income up to 43% and must have AUS approval.
  - Borrowers or relatives may not perform any repairs included in the bid. No self-help is permitted.
- Contingency Reserve – Minimum of 10% required on all loans.
- Credit Score Requirements: 680 is the minimum credit score requirement for the Construction Renovation Loan Program.
- Financing - Full financing and payments begin using the full loan payments at closing
- Loan Amounts: The maximum loan amount is the current Fannie Mae Conforming limit.
- Loan Terms: The maximum term for the construction loan period is 6 months. Extension fees apply beyond whatever term is noted on the construction documents so borrowers need to be aware of extension fees.
- Maximum Loan to Value (LTV)
  - For Owner occupied properties-
    - 95% maximum LTV
  - Second/Vacation Homes-
    - 80% maximum LTV

- Maximum Number of Properties Owned by Borrower: The borrower may own a maximum of 2 homes.
- Mortgage Payments – If home is uninhabitable during construction, up to 6 months can be escrowed, must be approved by underwriter (need proof of alternative living arrangement)
- Occupancy:
  - Owner occupied and Second homes (vacation homes) are permitted.
  - A second home or vacation home must be a “reasonable distance” from the borrower’s existing residence. Typically, a second home/vacation property that is a minimum of 100 miles away from the borrower’s residence is considered acceptable. This is subject to the discretion and review of the underwriter as well.
  - We will NOT permit-
    - Investment Properties
    - Manufactured Homes
    - Condominiums
    - Condotels
    - 2 to 4 unit properties
- Title: At the time of closing the title agency/closing attorney must provide an up to date ALTA title policy and ensure that Equity Resources Inc. is in 1<sup>st</sup> and best lien position.
- POAs not permitted
- Private Mortgage Insurance is required for any loan that exceeds 80% Loan to Value
- The loan can be set up as a purchase or a refinance. Set the loan up as a purchase when the borrower does not currently own the property. The loan will be set up as a refinance when the borrower is renovating their current home that they currently own.

## Pricing / Locking / Specific Fees

### Rates on Construction and Renovation Lending

Interest rate is now based on the following:

- a. Choose FNMA (no other lender)
- b. Choose normal lock term you would to get you through closing date (example – 30 day lock, 60 day lock, etc.)
- c. Choose a rate that does meet or is above your par marker (not below)
- d. **Add .125 to the rate**

### Specific Fees

- The following fees will be applicable for the construction loan program:
  - \$850 Renovation Admin Fee
  - \$575. Processing fee
  - \$550. Underwriting fee

- \$400 or less - Title Updates during the construction process
  - Typically, \$100 +/- per update – we only do one update at the end of the process.
- \$600 or less - Inspection Fees during the construction process
  - Typically, \$150 +/- per inspection performed by the appraiser or an approved vendor.
- Extension Fee: If needed and approved by Senior Management
  - Beginning with loans closed from 11/1/9 on - .50 of the original loan amount any time past the lock expiration.
  - Loans closed prior to 11/1/19 - \$650/mo.
  - Follow the construction loan agreement for extension fees, it will calculate for you. If not take .50 x original loan amount.

\*\* The title updates and inspection updates do vary by title agency, title/closing attorney, and appraiser. These fees must be disclosed on the LE and collected at closing.

## Renovation Process

Equity Resources, Inc. will maintain a master list of approved title agencies and closing attorney's that are approved by Equity Resources to perform the Renovation Loan closing.

- An approved title company or closing attorney must perform the closing.
- All borrowers must be present for the closing. No Power of Attorney's (POA's) are permitted.

## Sale on the Secondary Market

Renovation loans can be sold to either FNMA or Freddie, but we are approved to sell FNMA homestyle loans to them that originated on or after 9/30/20.

We will run just the DU because we will want to sell all of our loans to FNMA to get them off our books sooner.

Note re. FNMA and FRED:

- If the loan has 6 months of PITI collected on the CD, then the loan is only eligible to sale to FNMA.
- If the loan has over 75% of the as completed appraised value in alterations, then the loan is only eligible to sale to FHLMC.

A few more notes:

- 1008 – should have Comments that say “Renovation Mortgage”
- LPA – Should have Building Status that says “Substantially Rehabilitated” and New Construction field should say “Construction Conversion”
- Delivery FHLMC (for Andy) – Construction Loan indicator should say “true”, Construction Loan Type should say “Construction to Permanent”, Loan Program Identifier should say “Renovation”
- Delivery FNMA (for Andy) –
  - Special Feature Code **279 when selling when renovation is complete**
  - Special Feature Code **215 when selling prior to renovation.**

## Removal of Recourse with FNMA when delivering with SFC 215

For loans delivered with recourse, we need to request the recourse obligation be removed when the renovation is complete. The following criteria will be applicable to the removal of recourse:

- Recourse will not be removed if the loan is delinquent at time of request.
- If the borrower was 1 x 30 days delinquent at any point during the renovation work, but is current when removal is requested, the recourse may be removed.
- If the borrower had more than one 30 day delinquency or was ever 60 - 90 days delinquent, we may request recourse removal after the borrower has made 36 payments with no delinquencies.

To request removal of recourse, the we must submit a complete *Appraisal Update and/or Completion Report* ([Form 1004D](#)) and a pay history to the HomeStyle Renovation mailbox, (see [E-1-03, List of Contacts](#)). Submissions must meet the following requirements:

- The Fannie Mae loan number(s) must be identified in the email request and attached documents must have the loan numbers in the title.
- Documents must be clear and complete. For example, it is a best practice to include photos of completed renovations with all submissions.
- Manage email and attachment size to ensure delivery by
  - submitting no more than 5–7 attachments per message, and
  - properly numbering emails if there are multiple emails for the same submission on the same day. For example, 1 of 3 emails, 2 of 3 emails, 3 of 3 emails.

## Draw Process

- The Draw process will be reviewed by the Loan Officer with the Borrower and Builder to ensure a smooth transaction process.
- The normal and customary draw schedule will be in place consisting typically of less than 5 draw process.
- Equity Resources, Inc. will utilize the original appraiser on the subject property and/or an approved third party vendor (inspector) to perform all of the draw inspections.
- The expected service level agreement is to provide the funds for the draw request within 36-72 hours after the request has been made.

## Notice of Extension

1. Repairs must be completed in 6 months or less. If extensive repair work, then 10 months is acceptable.
2. If repairs take over 12 months, we would have a repurchase, which would cause us to not have a saleable loan and LO comp would be forfeited.
3. No more extension fees!

If the borrower goes over 12 months to get the renovation complete, and the loan was delivered to FNMA with SPC 215, then we must email the HomeStyle Renovation mailbox to describe the circumstances resulting in the delay and determine potential remedies. These options may include

- a limited extension of the timeframe,
- curtailment of the work to be completed,
- repurchase of the loan, or
- other remedies applicable to the specific circumstance.

#### Loans over 12 months – additional notes if not sold under FNMA SPC 215

- Freddie does not allow a renovation loan over 12 months to be sold to them.
- Fannie will allow it but require us to underwrite using current guide and not guide at the time of closing. They call this a seasoned loan.

If we have to refinance a loan because we cannot sell it, we do not pay loan officer compensation on the new loans.

#### Loans in Process Account (LIP)

- The LIP account is the amount of funds remaining that Equity Resources will manage to the completion of the residence.
- The LIP account is calculated by an Equity Resources staff underwriter and Construction Loan Funder.
- If the LIP account is greater than the loan amount, the borrower will need to bring funds to closing.
- If the LIP account is less than the loan amount, the funds will be disbursed to the title agency/closing attorney to assist in paying off the lot and/or closing costs.
- The LIP amount on the settlement statement should match the ATC on the most recent Underwriting Review Approval sheet prepared by an Equity Resources underwriter. If the amounts do not match, the loan will be placed in suspense until resolved. The borrower will assist in resolving the discrepancy.

#### Cost Overruns

- Any and all cost overruns (change orders, items added, etc.) that result in the final project cost exceeding the original contract price will be the sole responsibility of the borrower. This will require the borrower to pay this cost from their own funds/reserves.

#### Inspections

- The inspections for each draw will be performed by an approved appraiser or an approved third party vendor.

#### Title Updates

- Title updates will be required only at the final draw request. If any mechanic's liens are discovered with the title update, they need to be resolved prior to the final draw.

## Escrows (Escrow account)

- Escrow is required for all loans over 80% LTV and a waiver fee will be charged if under 80% and waiver is requested by the borrower.

## Construction Pipeline View

- All construction and renovation loans will show in Encompass in the Construction view
- Go to **Pipeline View – Construction – Construction View**



## Builder Vetting and Approval Summary

Prior to closing the loan, each builder on a construction or renovation loan must be approved by Equity Resources. This process should be done upfront, and the preference is that loans do not go into process before builder approval, however exceptions can be granted if the construction team feels the builder approval process is moving along and near completion with no red flags. In no circumstances can a loan close without full builder approval.

It is the Loan Officer's responsibility to provide the builder and/or borrower with the Builder's Acceptance Package. This package outlines Equity Resource's requirements for builder approval, as well as some of the process and procedures regarding draws and draw inspections.

A copy of the **Builder's Acceptance Package** can be found in the **LO Toolbox** under the **Construction & Renovation** tab.

Once the builder completes the Builder's Acceptance Package and gathers the supporting documentation outlined in the package, the documents should be sent to the Construction Manager for builder approval.

## Builder Review

Upon receiving a builder approval package, the Construction Manager will review the documents according to the following guidance.

The documents required from the builder for approval are as follows. Please note the requirements and exceptions that can be made next to each document.

- Builder Acceptance Package
  - Pages two and three must be completed in full
  - At least one financial reference and three supplier references should be provided
  - All questions on page three need to be 'NO'
  - Page three must be signed by a principal of the company
- Builder License
  - If the state requires licensing for contractors, a copy of a valid license must be provided
  - Ensure the license is valid and not expired
- Resume of Building Experience
  - Can be resume of builder or write-up of company history
  - Read the summary to ensure the builder is experienced in building homes similar to what we are utilizing the builder for
- Project Summary
  - This is page four of the builder acceptance package
  - Ensure the builder has completed at least five projects in the past two years that are similar to what we are utilizing the builder for

- For example, a \$5000 renovation is not a sufficient project for a \$400,000 new build
- General Liability and/or E&O Insurance
  - Review the insurance to ensure it is valid and not expired
  - \$1 million general liability insurance is typical, but slightly less can be accepted
- Workers Compensation Policy
  - If the builder employs their own workers, a worker's compensation policy should be provided
  - If work is done primarily with sub-contractors, then this can be waived
- W9
  - Ensure the builder provides a complete W9 so they can be paid
- Bank Wire Instructions
  - If the builder wishes to be paid via wire, then Wire Instructions are required
  - If this is not provided, they can be provided at a later time or paid via check
  - This should not hold up the approval

In addition to the documents required about from the builder, Equity Resources will conduct their own investigation of the builder's business to ensure no red flags are presented. The following items are to be pulled, completed and/or reviewed prior to issuing a builder approval.

- Secretary of State Search
  - Search the applicable state's secretary of state (SOS) website for the business name
  - Ensure the business is active
    - Note: Not all businesses are required to be registered with the SOS. We are looking to make sure the business is not listed as 'inactive', 'dissolved' or some other adverse status.
- Better Business Bureau (BBB) Search
  - Search the BBB for the business name
  - Ensure there are no negative, recent reviews that should be explored further
  - If there are, request the builder provide an explanation so a determination can be made if we wish to proceed with the approval
- Google Search
  - Search the company name in Google
  - Look for any red flags, negative reviews or news, or complaints against the builder
  - If anything negative is presented in the search, request the builder provide an explanation so a determination can be made if we wish to proceed with the approval
- Business Credit Report
  - Pull a Business Credit Report for our current credit provider
  - Review the bankruptcies, tax liens, judgements, and collections section of the report- ensure there are none. If there are any, request the builder provide an explanation so a determination can be made if we wish to proceed with the approval.
  - Review the Executive Summary section, are there any bad risk indicators? If so, determine what is causing this. Senior Management will need to make a determination if there are bad risk indicators and additional documentation (i.e. financials) may be required.
  - Review the Intelliscore section, does it list the business as High Risk? If so, determine what is causing this. Senior Management will need to make a determination if there are high risk indicators and additional documentation (i.e. financials) may be required.

- Review the business information reported to the credit bureaus, does it match the information listed on the application (i.e. name, address, years in business, number of employees, etc.) If there are any discrepancies or red flags, have the builder further clarify.


To ensure all items are received and reviewed, the employee conducting the builder approval will complete a Builder Approval Worksheet, which will be stored in the builder's SharePoint folder along with the supporting documents. An example of the Builder Approval Worksheet is below.

<b><u>Builder Approval Worksheet</u></b>			
<b>Builder Name:</b>			
<b><u>BUILDER APPLICATION</u></b>			
	<b>Y</b>	<b>N</b>	
Are pages 2 and 3 of the Builder Acceptance Package completed?			
Did the builder answer yes to any of the questions on page 3?			
Did the builder sign page 3 authorizing a business credit report?			
Does the project summary show at least 5 projects in the applicable price range?			
Has builder been in business at least 3 years?			
<b><u>SUPPORTING DOCUMENTS</u></b>			
	<b>Y</b>	<b>N</b>	
Was the builder's license provided and valid?			
Does the builder's resume or company history provide any red flags?			
Is the builder's insurance policy valid and not expired?			
Does the builder have a valid workers comp policy? (NA if no employees)			
Did the builder provide a complete W9?			
Did the builder provide bank wire instructions? (Not required if paid via check)			
<b><u>ADDITIONAL REVIEW</u></b>			
	<b>Y</b>	<b>N</b>	
Is the business registered with the Secretary of State?			
Review the BBB site- are there any red flags/complaints against the business?			
Search Google- are there any red flags/complaints against the business?			
<b><u>BUSINESS CREDIT REPORT</u></b>			
	<b>Y</b>	<b>N</b>	
Any bankruptcies, tax liens, judgments, or collections?			
Executive Summary- Any bad risk indicators?			
Intelliscore - low or medium risk?			
Business information reported match application?			
<b>Date Approved:</b>			<b>Approved by:</b>

All builder documents and supporting information will be stored in the following folder:  
**SharePoint – Construction – Builder Approvals – (CREATE A FOLDER FOR BUILDER)**

### Adding Builder Details to Encompass

Once a Builder has been fully approved, they should be entered as a Public Business Contact in Encompass. As the user is moving through the approval process, the contact can be created, but should not be made Public until the builder is fully approved and able to be used.

To add a new Builder, choose **Business Contacts** in Encompass, click the Add New contact button   
 Enter the following Builder Details. The fields highlighted are required fields:

**Contact Details**

Details Extra Notes History Loans Wiring Information Business Contact Custom Fields Custom Category Fields

Personal Information	Business Information
First Name	Category <b>Builder</b>
Last Name	Company
Salutation	Address 1
Home Phone	Address 2
Work Phone	City
Cell Phone	State
Fax Number	Zip
Home Email	Fees
Work Email	Web URL
Contact License #	Job Title
Lic. Issuing Authority Name	Company License #
Lic. Authority Type	Lic. Issuing Authority Name
Lic. Authority State Code	Lic. Authority Type
Lic. Issue Date	Lic. Authority State Code
<input type="checkbox"/> Do Not Email <input type="checkbox"/> Public	Lic. Issue Date

Move over to the **Custom Category Fields** tab for that Business Contact (Note: Must list the 'Category' as Builder and Save before these custom fields will appear).

Enter the Builder's Bank Wire Details on this screen. The ABA (routing) number, account number, bank name, and account name are all required.

**Contact Details**

Details Extra Notes History Loans Wiring Information Business Contact Custom Fields Custom Category Fields

Approval Expiration Date	C/O Bank Name
ABA #	Account #
Account Name	

Add an expiration date for **two years** from the date the approval was granted.

Once the Builder is fully approved, and can be utilized, the last step is to make the contact Public. To do so, click the **Public** box on the Contact Details page

☐ Do Not Email ☒ Public

Then chose **Companywide** and click **OK**.

### Selecting a Builder to use in Encompass

When the Construction Processor receives a file to begin processing, one of their first steps should be to confirm the builder is approved. To do so, they can take the following steps.

Within the loan file, go to the **Construction Draw Tracking** form.

Choose the lookup option  to choose a Builder

**Important:** The lookup must **ALWAYS** be used. No one is permitted to "free type" builder details into the Construction Draw Tracking or File Contact screens.

Once the applicable Builder is selected, the Builder details will populate onto the screen.

If the builder is not available via lookup, the Construction Processor should contact the Construction Manager to see if the builder has been approved, is in process, or still needs to be vetted. The Builder will be added once fully approved.

It is the responsibility of the Construction Processor to ensure builder approval is obtained prior to the Clear to Close being issued.

Builder approvals are good for two years, so if the Builder is selected and their approval has expired, the expiration date will turn red, and the user will receive a prompt to contact to the Construction Manager so the approval can be updated.



Once the Construction Manager receives the updated vetting documents, the approval will be extended and the expiration date will drop the red background. A file cannot close with an expired builder approval.

## Origination

### Taking an Application in Encompass

There are 3 options for starting a new loan in Encompass:

Option	Starting a New Loan
1	Originate a New Loan from the Pipeline
2	Import a Web Application from the Loan Mailbox
3	Originate Loan from the Borrower Contacts

#### Option 1: Originating a new loan from the pipeline

This is the default option unless there is a web application or the loan officer has a previous relationship with the customer. (Previous customer or business contact)

Create a new loan allows a user to start a loan from a template. To create a new loan:

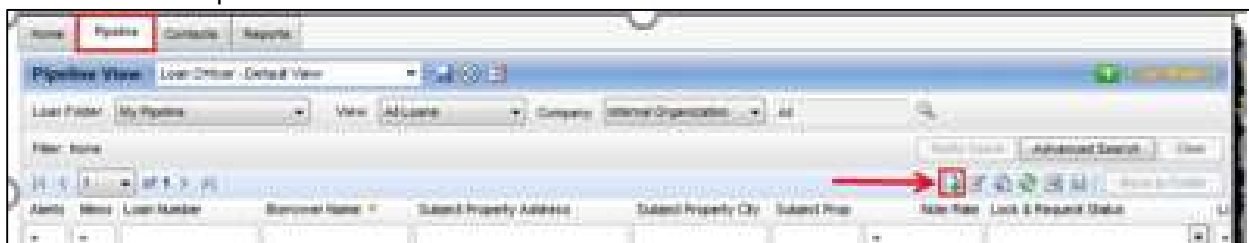
1. Go to the Pipeline tab
2. Prospects folder
3. Click on the universal Add New icon
4. Select a data template

Also, there is an option to click on an old or existing loan file and utilize the duplicate loan feature.

Templates:

- Improves accuracy
- Saves time
- Populates data to various Encompass forms
- Can be changed to another template later

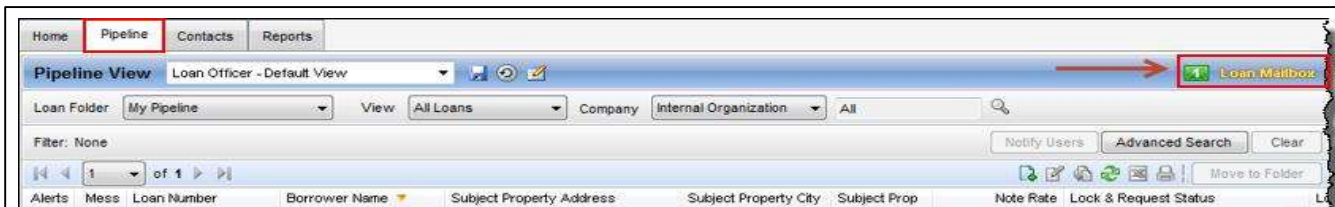
Our standard templates are fixed rate.



#### Option 2: Importing a web application

This method would be used when a borrower submits a web application. To import a web application:

1. Go to the pipeline tab
2. Click on the loan mailbox icon- click on the borrowers name not the checkbox
3. Click the blue link that says “click here to import the WebApp”
4. Select the loan folder to import the new application (prospects)



### Option 3: Originate a loan from Borrower Contacts

This method should be used if the borrower’s information is already in Encompass. To create loans from a contact entry:

1. Go the Contacts/Borrower Contacts tab.
2. Click on the Add New icon.
3. Input Contact Details.
4. Click the Save button.
5. Click Originate Loan.

### Open an Existing Loan

You must open a loan to work in the loan file. You can open a loan four ways within the Pipeline tab:

- **Double-click** the loan.
- Select the loan and **click the Edit Loan icon**.
- Right-click the loan and select Edit Loan.
- Highlight a loan, click Pipeline in the **menu bar and select Edit Loan**.

### Borrower Summary Origination

This form automatically pulls information entered on the 1003 and holds the basic borrower and loan information.

At the top you will notice an Application Date. This is not the actual application date this is the file started date.

Complete the borrower information- First Name, Last name, SSN, DOB, Phone numbers, Marital status and email address.

Scroll down and complete the customers present and previous address. If additional previous addresses are needed for a 2 year history those will be entered later.

Enter the Subject Property Information. The street address – enter the zip code before the city and state and hit tab to populate the state and county. Complete the property type and **ESTIMATED VALUE**.

Complete the Transaction details section.

**Loan Program** = Look up and select correct Renovation Program from this list →

**Purpose of Loan** = Purchase or Cash-Out Refi

**Property will be** = Primary or Secondary (no investment)

**Loan type** = Conv or VA

Term and amortization type will populate based on loan program selected, Purchase Price, Down Payment, Estimated Closing Date, and Note Rate.

	Renovation Conv Purchase
	Renovation Conv Refi
	Renovation VA Purchase
	Renovation VA Refi

If the borrower, owns the property, there will be no purchase price, it is set up like a refi. If they don't own the land now, it will have a purchase price and is set up like a purchase.

Scroll to the middle of the Borrower Summary to select a **closing cost template** and **Loan program**.

**Don't free type here!**

State	MD	Zip	21015
Unincorporated Area			
Construction Method			
<b>Transaction Details</b>			
Lender	Equity Resources, Inc.		
Loan Program	Renovation Conv Purchase		
Closing Cost	MD-Renovation		
Loan Documentation Type Code	(F) Full Documentation		
<b>Purpose of Loan</b>			
<input checked="" type="checkbox"/> Purchase	<input type="checkbox"/> Construction		
<input type="checkbox"/> Cash-Out Refi	<input type="checkbox"/> Construction - Perm		
<input type="checkbox"/> No Cash-Out Refi	<input type="checkbox"/> Other -		
<b>Loan Type</b>			
<input checked="" type="checkbox"/> Conv			
<input type="checkbox"/> FHA			
<input type="checkbox"/> VA			
<input type="checkbox"/> USDA-RHS			
<b>Lien Position Type</b>			
<input checked="" type="checkbox"/> First			
<input type="checkbox"/> Subordinate			
Sub. Financing			
<b>Lien Position</b>			
<b>Select Loan Program Template</b>			
Folder	\Public Loan Programs\Companywide		
<b>Loan Programs</b>			
Name	Program Description		
Conventional 20 YR Fi	Conventional Fixed Rate		
Conventional 25 YR Fi	Conventional Fixed Rate		
Conventional 30 YR Fi	Conventional Fixed Rate		
FHA 15 YR Fixed Rate	FHA Fixed Rate		
FHA 20 YR Fixed Rate	FHA Fixed Rate		
FHA 30 YR Fixed Rate	FHA Fixed Rate		
HELOC	TCF		
Non-Conforming Jumb	Conventional Fixed Rate		
Non-Conforming Jumb	Conventional Fixed Rate		
Non-Conforming Jumb	Conventional Fixed Rate		
Non-Conforming Jumb	Conventional Fixed Rate		
Non-Conforming Jumb	Conventional Fixed Rate		
Renovation Conv Purc	Renovation Loan		
Renovation Conv Refi	Renovation Loan		
Renovation VA Purc	VA Transaction		
Renovation VA Refi	VA Transaction		

Select the Closing Cost template, click on the look up and select State Specific Renovation template. This will populate the appropriate fees for a renovation loan into the 2015 Itemization screen. (Use the same state specific closing cost template for Renovation for both Conv and VA)

Choose the correct Fees ID (using the lookup) this will be specific to loan type, state & Title Company. Disclosure Department will add appropriate construction related fees. Currently there is one Closing Cost Template for renovation for Ohio (OH-Renovation). Please use the construction Closing Cost templates for renovation loans. If one does not exist yet for your state, please email Dustin Comisford ([dcomisford@callequity.net](mailto:dcomisford@callequity.net)) to have it set up.

### Set up the file as a Purchase or Refinance

Conventional and VA Renovations should be setup in ENC in the same manner

### Renovation Loan - Purchase

For a transaction where the property being purchased is a Renovation the purchase price of the property goes in Line A (field 136) and the price of the Alteration go in Line B (field 968) of the Details of Transaction.

*Note: Separating the purchase price and reno amount on lines a. and b. of the DOT will make your LTV appear incorrect. In the example below the LTV will appear in ENC as 121% when it is really 90%.*

VII. Details of Transaction	
a. Purchase Price	100,000.00
b. Alterations	35,000.00
c. Land	
d. Refinance	
e. Estimated prepaid items	
f. Estimated closing costs	7,483.00
g. PMI, MIP, Funding Fee	
h. Discount (if Borrower will pay)	
i. Total Costs ( a through h )	142,483.00
j. Subordinate financing	
k. CC paid by seller	
l. Cash Deposit on sales c	500.00
New First Mortgage	
CC from 2nd	
CC paid by Broker, Lender, Oth.	
m. Loan Amount	121,500.00
n. PMI, MIP Financed	
o. Loan Amount ( m + n )	121,500.00
Total Credits ( j through n )	122,000.00
p. Cash from borrower	20,483.00

### Renovation Loan – Refinance

For a transaction where the property being refinanced is a Renovation, enter the price of the Alteration in Line B (field 967) of the Details of Transaction. If there is a mortgage being paid off, this will appear in Line D (field 1092). The lien also needs to be marked to be paid off in the liabilities (VOL) section of Encompass.

VII. Details of Transaction	
a. Purchase Price	
b. Alterations	35,000.00
c. Land	
d. Refinance	50,000.00
e. Estimated prepaid items	
f. Estimated closing costs	6,938.00
g. PMI, MIP, Funding Fee	
h. Discount (if Borrower will pay)	
i. Total Costs ( a through h )	91,938.00
j. Subordinate financing	
k. CC paid by seller	
l.	
New First Mortgage	
CC from 2nd	
CC paid by Broker, Lender, Oth.	
m. Loan Amount	85,000.00
n. PMI, MIP Financed	
o. Loan Amount ( m + n )	85,000.00
Total Credits ( j through n )	85,000.00
p. Cash from borrower	6,938.00

Section I

Complete the following:

- Check the applicable boxes to indicate whether an additional person's income or assets will be used on the application
- Loan Type will default to the loan program that matches the template chosen
- Lien Position will default to first
- Amortization Type will default to fixed
- Purchase Price
- Loan amount
- MIP – Click the Edit button and follow the Mortgage Insurance instructions below
- Rate
- Term – will default to 360 but can be changed as needed for other amortization options
  - 360 – 30 Years
  - 240 – 20 Years
  - 180 – 15 Years
  - 120 – 10 Years
- The Monthly Payment will Auto Fill in

## Section II

Complete the Property information and Purpose of Loan fields

- Complete the Street address
  - For a Prequal enter TBD (do not enter a fake address or leave blank)
- Skip the City and State and complete the Zip Code. Hit Tab.
- The Select a City box will appear so the proper City and County can be selected
- No Units will default to 1
- Purpose of Loan is Purchase, No Cash-Out Refi
- Property Will Be will default to Primary but can be changed as needed

## The Refinance Loan Section of 1003 Page 1

This section will need to be filled out if the Purpose of the Loan is a refinance.

**Year Aqd** – The year the property was acquired.

**Original Cost** – The original cost of the property.

**Existing Lien** – The amount of any existing liens on the property

**Purpose of Refinance** – Make selection from dropdown menu

**Refinance with Original Creditor** – If ER is the original credit select the 'yes' box. If not, select the 'no' box

**Describe Improvements** – Be as detailed as possible

**'Made', 'To be made' Box** – Select 'to be made'

**Cost** – Input the cost of the construction/renovation contract

Refinance Loan			
Year Aqd	Original Cost	Existing Lien	Purpose of Refinance
2010	160,000.00	151,000.00	No Cash-Out Other
Describe Improvements			Refinance with Original Creditor
Addition to House			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
			Cost
			<input type="checkbox"/> made <input checked="" type="checkbox"/> to be made
			94,682.50

Only select the Manner of title in the Title will be held section. The names will flow in from another section that will be completed later.

The loan will default to Fee Simple – but can be updated if the loan is in a Leasehold.

Only one Source of down Payment can be selected from the drop down. All other sources should be free typed into the Explanation of Down Payment.

## Section III

Complete the Borrower Information & Co-borrower if applicable

- First Name
- Middle
- Last Name
- SSN
- Phone

- DOB
- School
- E-Mail
- Marital Status
- Dependents
- Ages

Dependents shared by co-borrowers should only be listed 1 borrower.

Complete the Present Address section for the borrower

- Address
- Zip Code & Select the City and County
- # of Years
- Own or Rent

If there is a co-borrower/spouse whose residency history is the same as the borrower utilize the copy from Borrower section instead of retyping the information

If the borrower has more than 1 previous address in the last 2 years utilize the “Show All VOR” button

To add an additional “Previous Address” Click the universal add button



- Choose Borrower or Co-Borrower
- Choose Residency Type Current or Prior
- Click OK

Scroll down to enter the Address, number years at the property, & own or rent  
To re-order the addresses on the 1003 use the blue up and down arrows

## Section IV

### Employment Information

Complete the borrowers Employer information, position & years on job

Check the Self-Employed box if applicable

If borrower has more than 1 job in the last 2 years utilize the “Show All VOE” button

To add an additional Employer utilize the universal add button.

Select borrower or Coborrower

Select Current or Prior Employment Status

Click OK

Complete the Employer information & Scroll down to the next section

Complete the Years on job & self-employed box as needed

To re-order the Jobs on the 1003 use the blue up and down arrows

## 1003 Page 2


## Section V

Complete the Monthly Income section

- Enter the customer’s monthly income into the appropriate sections
  - Base
  - Overtime
  - Bonus
  - Commissions

Add any non-employment income in the Other Income section utilizing the drop downs. Choose the borrower or Coborrower by filling in the B/C as applicable.

Complete the Monthly Housing Expenses

- Present Fill in as applicable
  - Rent
  - First Mtg
  - Other Fin
  - Haz. Ins
  - RE Taxes
  - HOA Dues
- Proposed
  - Fill in the monthly amounts for the Haz Ins – the system will convert this to an annual amount for the disclosures
  - Click the Edit button  to input the monthly RE Taxes utilize the 1004 Tax Reserves box to input the monthly county Taxes – the system will convert this to an annual amount for the disclosures
    - PA TAXES - enter the monthly tax amounts combined into 1 figure on line 1004 – Tax Reserve
    - Click OK – the system will add all figures together and display in the proposed housing.
    - MI TAXES - Enter the monthly tax amounts for each season
      - Summer – line 1003 – City Property Tax
      - Winter – line 1004 – Tax Reserve

- \*Note: It doesn't matter which line these appear on as long as they are each represented separately.
- Click OK – the system will add all figures together and display in the proposed housing.

## Section VI

Complete the Assets section

- **Cash Deposit is for Earnest money for the BUILDER and the SELLER**
- **Put any cash deposit for the BUILDER on the top line (this is important as it flows to our Construction Draw Tracking page to accurately calculate cash left to the contractor)**
- **Put any cash deposit for the SELLER on the bottom line**

VI. Assets and Liabilities	
Assets	
Cash Deposit	Value
Deposit to Builder	15,000.00
Deposit to Seller	2,000.00
Checking and Savings	Show All (VOD)

To add bank accounts and balance select the “Show All VOD” button

To add a banking institution, click the universal add button

Fill in the banking institution name and scroll down to add the accounts held at that institution

Each banking institution entered can hold 4 separate banking accounts. If additional accounts are need the banking institution will need added again.

Select the Account Type and add the balance.

Complete the Liabilities section

The liabilities will be imported when credit is pulled. (see pulling credit section of the manual)

From this screen Alimony / Child support can be added and the current credit report can be viewed by clicking the “View Credit” button.

If a lien on the property exists, mark as ‘Paid Off’

## 1003 Page 3

### Section VI – Continued

Schedule of Real Estate Owned

To add REO click on the “Show All VOM” button

Click the universal add new button

The system will prompt to select the Liabilities linked to the REO check box any applicable liabilities. If the property is owned free and clear don't check any of the boxes

1003 Page 3

1003 P1 | 1003 P2 | 1003 P3 | REGZ-LE | Itemization

**VI. Assets and Liabilities (continue)**

**Schedule of Real Estate Owned** Show All (VOM)

Market Value	Amount of Mtg	Gross Rent Inc	Mtg Payment	Ins / Tax / Exp	Net Rent
Totals					

**Additional Credit Received**

Alternate Name:  Creditor Name:

**VII. Details of Transaction**

a. Purchase Price:  100,000.00

b. Alterations:

c. Land:

d. Refinance:

e. Estimated prepaid items:

f. Estimated closing costs:

g. PMI, MIP, Funding Fee:

**Quick Entry - VOM**

VOM

Property Is:  Address:

**Import Mortgage From Liability**

Lien Holder /	Balance	Payment	Type
<input type="checkbox"/> Discover	1,000.00	25.00	Revolving
<input checked="" type="checkbox"/> DMI	25,000.00	400.00	Mortgage

**OK** **Cancel**

Complete the VOM quick Entry screen for the property

- Address
- Subject Property check box if a refinance and applicable
- The attach/Show Liens button can be utilized to reopen the screen used to link mortgages to the property
- Property Status
  - S – Sold
  - PS – Pending Sale
  - R – Retained
- Type of Property
- Gross Rental Income as applicable
- Taxes Ins if not escrowed into the mortgage
- Percentage of Rental should be 75% if utilizing a rental amount from a lease agreement

## Section VII





### Details of Transaction

You should have completed most of the DOT when you set up the Renovation as a Purchase or Refinance. Other items will auto-populate.

Variable Escrow Credit and Tax Proration credits can be added here.






### Purchase Renovation Loan

- Amount of construction goes on line b
- Purchase price of property goes on line a

VII. Details of Transaction	
a. Purchase Price	100,000.00
b. Alterations	35,000.00
c. Land	
d. Refinance	 <input type="text"/>
e. Estimated prepaid items	 <input type="text"/>
f. Estimated closing costs	 7,483.00
g. PMI, MIP, Funding Fee	 <input type="text"/>
h. Discount (if Borrower will pay)	 <input type="text"/>
i. Total Costs ( a through h )	142,483.00

#### Refinance Renovation Loan

- Amount of construction goes on line b
- Refinance amount goes on line d

VII. Details of Transaction	
a. Purchase Price	<input type="text"/>
b. Alterations	319,956.00
c. Land	<input type="text"/>
d. Refinance	 169,835.20
e. Estimated prepaid items	 2,562.88
f. Estimated closing costs	 3,515.30
g. PMI, MIP, Funding Fee	 <input type="text"/>
h. Discount (if Borrower will pay)	 <input type="text"/>
i. Total Costs ( a through h )	495,869.38

#### Conventional MI

Order a PMI quote to populate a monthly MI payment amount.

Go to the **Services tab** next to Forms and Tools, Click **Order Mortgage Insurance**

Select the Provider based on the best rate for the customer

The required information auto fills from the loan file and is indicated with red asterisk.  
Click the Rate Quote button at the bottom of the page.

The Rate quote automatically saves in the eFolder for your processor to reference later.

Click Import fee

Go back to 1003 Page 1 and click the MIP edit button review the imported fees at any time.

### Section VIII

#### Declarations

These will autofill from the loan template, update any questions as applicable

Complete question m then m(1) and m(2) as applicable

### Section X

#### Government Monitoring

Complete the following:








- Ethnicity
- Race
- Sex

## CONSTRUCTION MANAGEMENT SCREEN

Go to the Forms – Construction Management

**Loan Info Tab** – basic loan information and construction specific fields. Much of this information is carried over from P1 of the 1003.

Enter the **Const. Completion Date** – this will be changed to the rate lock expiration date prior to closing docs being drawn.

Additional Details	
Est. Interest On	B (Full Loan) 
Number of Days	360/360 
Est. Closing Date	08/17/2018 
First Payment Date	10/01/2018 
Const. Completion Date	12/29/2018 
1st Amort. Date	// 
Final Payment Date	02/01/2019 

**Rescission Notice** needs to be completed

- Secured by Consumer's Current Principal Dwelling generates the Notice of the Right to Cancel even when the home is being purchased
- Non-rescindable Loan suppresses the Notice of Right to Cancel and rescission requirements.

Construction Management			
Basic Info		Loan Info	Project Data
<b>Loan Info</b>			
<b>Loan Type</b> <input checked="" type="checkbox"/> Conventional <input type="checkbox"/> VA <input type="checkbox"/> USDA-RHS		<b>Lien Position</b> <input checked="" type="checkbox"/> First <input type="checkbox"/> Second <input type="button" value="Sub. Financing"/>	
<b>Property will be</b> <input checked="" type="checkbox"/> Primary <input type="checkbox"/> Secondary <input type="checkbox"/> Investment		<b>Purpose of Loan</b> <input type="checkbox"/> Construction - Perm <input type="checkbox"/> Construction <input type="checkbox"/> Construction Perm Disclosed Separately	
Gross Rent <input type="text"/> Occup Rate <input type="text"/> %		<b>Lot/Land Status</b> <input type="checkbox"/> Initial Acquisition <input checked="" type="checkbox"/> Refinance	
<b>Loan Amount</b> 452,000.00		<b>Rescission Notice</b> <input checked="" type="checkbox"/> Secured by Consumer's Current Principal Dwelling <input type="checkbox"/> Non-rescindable Transaction	
<b>Loan Program</b> Renovation Conv Refi			

### Project Data Tab

Contains the construction dates, pre-closing requirements, disbursement terms, vendor information and contact information for the borrower's designee.

**Important Dates** – Enter the Construction Contract Date. The construction processor will enter other dates as the required documents are received.

### Disbursement Terms

- **Future Advance Period** = leave this field blank
- **Minimum days between disbursements** – leave this field blank.
- **Additional Disbursements Conditions** – leave this field blank.

Construction Management					
Basic Info		Loan Info		Project Data	
<b>Project Data</b>					
<b>Important Dates</b>					
Construction Contract Date	09/08/2018			Return Lender's copy of this commitment	
Commitment Letter Date	//			within	
Commitment Expiration Date	//			days.	
Occupancy Certificate Date	//				
<b>Pre-Closing Requirements</b>					
	<b>Date Received</b>		<b>Date Received</b>		
<input type="checkbox"/> Take-out Commitment	//	<input type="checkbox"/> Environmental Assessment	//		
<input type="checkbox"/> Title Insurance	//	<input type="checkbox"/> Soil Report	//		
<input type="checkbox"/> Survey	//	<input type="checkbox"/> Water Test	//		
<input type="checkbox"/> Permits	//	<input type="checkbox"/> Percolation Test	//		
<input type="checkbox"/> Utility Letters	//	<input type="checkbox"/> Payment and Performance Bonds	//		
<input type="checkbox"/> Plans and Specifications	//	<input type="checkbox"/> Lien Agent (North Carolina)	//		
<input type="checkbox"/> Construction Contract	//	<input type="checkbox"/> Flood Hazard Determination	//		
<input type="checkbox"/> Budget	//	<input type="checkbox"/> List of Construction Agreements	//		
<input type="checkbox"/> Contractors Agreement	//	<input type="checkbox"/> Other	//		
<input type="checkbox"/> Architect's Certificate	//				
<b>Disbursements Terms</b>					
Future Advance Period		mths			
Minimum days between disbursements		days			

**Architect Information** – Architect name should be 'N/A'

**Builder Information and General Contractor Information** - Required. Builder and General Contractor will be the same. Use the drop down to complete.

**Architect Information**

Architect's Name	<input type="text" value="N/A"/>		Contact Name	<input type="text"/>
License #	<input type="text"/>		Contact Title	<input type="text"/>
Address	<input type="text"/>		Phone	<input type="text"/>
City	<input type="text"/>		Email	<input type="text"/>
State	<input type="text"/>	Zip <input type="text"/>	Fax	<input type="text"/>

**Builder Information**

Builder Name	<input type="text" value="Bob The Builder"/>		Contact Name	<input type="text" value="Bob T. Builder"/>
License #	<input type="text"/>		Contact Title	<input type="text"/>
Tax ID #	<input type="text"/>		Phone	<input type="text" value="740-349-7082"/>
			Email	<input type="text" value="njohnson@callequity.net"/>
			Fax	<input type="text"/>

**General Contractor Information**

<input type="checkbox"/> Borrower Acting as Contractor				
General Contractor Name	<input type="text" value="Bob Builder"/>		Contact Name	<input type="text"/>
License #	<input type="text" value="12345"/>		Contact Title	<input type="text"/>
Tax ID #	<input type="text" value="122346"/>		Phone	<input type="text"/>
Address	<input type="text" value="123 Sesame Street"/>		Email	<input type="text"/>
City	<input type="text" value="Marne"/>		Fax	<input type="text"/>
State	<input type="text" value="OH"/>	Zip <input type="text" value="43055"/>	Completion Affidavit	<input type="text"/>
General Liability Insurance Min.	<input type="text"/>		Punch List Total \$	<input type="text"/>
Employer Liability Insurance Min.	<input type="text"/>			

## Additional Application Questions

Complete the Additional Application Form

Complete the top section which includes all the referral information – all referral fields must be completed

Title Vesting:

If someone is not on the loan but is signing on title or releasing dower, their information should be populated on this page:

### File Setup Assistant

Clicking the **File Setup Assistant** updates the following:

1. Appraisal Fee
2. LOA
3. Jr LO
4. Processor
5. Lender Name
6. Team code (for reporting)
7. VA ID
8. USDA Tax Code
9. FHA ID

\*The LO should enter in the application data, **click save** and then click the **File Setup Assistant** button.

The screenshot shows a web form titled "Referral Information". It contains several input fields: "Referred To", "Blend Referrer Information", "Referral Type" (a dropdown menu set to "Website"), "Referral Company Name", and "Referral Individual Name". Below these fields is a section with buttons for "File Setup Assistant" and "Appraisal Fee". The "File Setup Assistant" button is circled in blue. To the right of these buttons are fields for "Order Date" (containing "//") and a text box with the message: "Title fees will not automatically fill in - you will have to pick the correct ones from the 2015 itemization. Please save before selecting these fees." At the bottom of the form is a table with the following data:

Prop State	No. Units	Loan Type	Occupancy Type	Loan Amount
PA	1	Conventio	Primary	13,200.00

To the right of the table is a note: "To use the File Setup Assistant or Appraisal Fee buttons these fields must have something in them."

The **File Setup Assistant** button will change to the **Appraisal Fee** button after the **File Setup Assistant** button has been clicked. It will change back to **File Setup Assistant** if LO is changed on the file so that it can be clicked again to update the file. The LO can use the **Appraisal Fee** button to update the appraisal fee if needed any time before disclosures are sent. Once disclosures are sent, the LO won't be able to update the appraisal fee as the button will be grayed out.

Before clicking the **Appraisal Fee** button, the following fields must be completed and correct so it applies the correct appraisal fee.

1. State
2. No. Units
3. Loan Type
4. Occupancy Type
5. Loan Amount

### **IMPORTANT INFORMATION ABOUT PULLING CREDIT:**

You won't be able to pull credit or reissue credit from Equity247 until the **File Setup Assistant** has been clicked. If you don't click the **File Setup Assistant** and you try to pull credit, it will just be grayed out and it won't indicate why.

### **For SC loans click the SC button**

Choose whether the Attorney &/or the HOI was Provided by the borrower or if they are choosing from our list check the "selected by borrower from Lender List..." check box. If customer is choosing from our list pick the applicable Attorney or HOI from the drop down.

The screenshot shows a software window titled "Quick Entry - SC State Specific". Inside, there is a section titled "South Carolina - State Specific Information". This section is divided into two columns. The left column has a dropdown menu for "SC Attorney Name", two checkboxes labeled "Provided by Borrower" and "Selected by Borrower from Lender list of acceptable attorneys", and a text input field for "Attorney Name" with a search icon. The right column has a dropdown menu for "SC Insurance Agent Name", two checkboxes labeled "Provided by Borrower" and "Selected by Borrower from Lender list of qualified agents", and a text input field for "Insurance Agent Name" with a search icon. A "Close" button is located at the bottom right of the window.

### **Borrower Required Information:**

At the time of application, review the below items with the borrower.

- Information about the Contractor/Builder Acceptance Package.
- Statement and Agreement Regarding the Selection of the Contractor/Builder
- The Draw Process (loan disbursements)
- The Documents Required for each Draw.
- Explanation if renovation takes over 4 months – updated documents will be due from the borrower
- Statement regarding habitable or not habitable during construction and option to finance 6 months PITI

The following documents are required by the borrower at the time of the application for the construction loan:

- Full 1003 and borrower information
- All normal and customary supporting documents (income and financial information)
- Agreement Regarding Selection and Acceptance of Contractor/Builder
- Borrower signed RESPA
- Contractor/Builder Acceptance Package (completed prior to the appraisal being performed)
- Builder Waiver of Liability form (executed by the borrower)
- Builder's/Contractor Bid with cost breakdown

## Pulling Credit

These fields and the following fields are required to pull credit:

- Loan Purpose
- Occupancy Type
- Borrower Home Phone
- Borrower Date of Birth
- # of Dependents
- Borrower Race
- Borrower Ethnicity
- Borrower Sex
- Borrower Marital Status
- Subject Property State

The borrower Summary Displays Borrower Pairs and loan data specific for that borrower. It is accessible under the forms tab at the bottom left of the screen.

Borrower Pairs – Utilize the drop down at the top of the screen where the borrowers name appears to toggle between borrower pairs and complete a full application for both borrower pairs.

The required applications fields must be entered before credit can be ordered. The results are immediately populated into the loan. Once the credit is viewed, be sure to import the liabilities into the 1003 page 2.

To Order Credit:

- Under the Credit Information section of the Borrower Summary, complete the credit authorization fields and then click the Order Credit button.
  - If one of the required fields (mentioned above) is missing you will get a pop that lists the missing fields that must be completed prior to pulling credit.

Double click on each missing field to complete the information

Once all the required information is input the Credit Report Providers box will open, choose CBC

- Click Submit
- Complete the Credit Report Request screen and click finish

To Import Liabilities:

1. Click Import Liabilities button on the Borrower Summary
2. Click Import button and then OK

The credit reference number will populate onto the borrower summary and the liabilities will auto populate to page 2 of the 1003.

## Requesting the eConsent

eConsent is important! When it is sent, the borrower sets up their borrower portal. This borrower portal is where they sign RESPA documents and upload their documents. It is fantastic!

You need to push out the eConsent to the borrower(s) right after application. The eConsent will prompt the borrower to set up a user name and password on the borrower portal

Here is what you need to do... Click on EFolder, click the eConsent (top middle right), choose Send

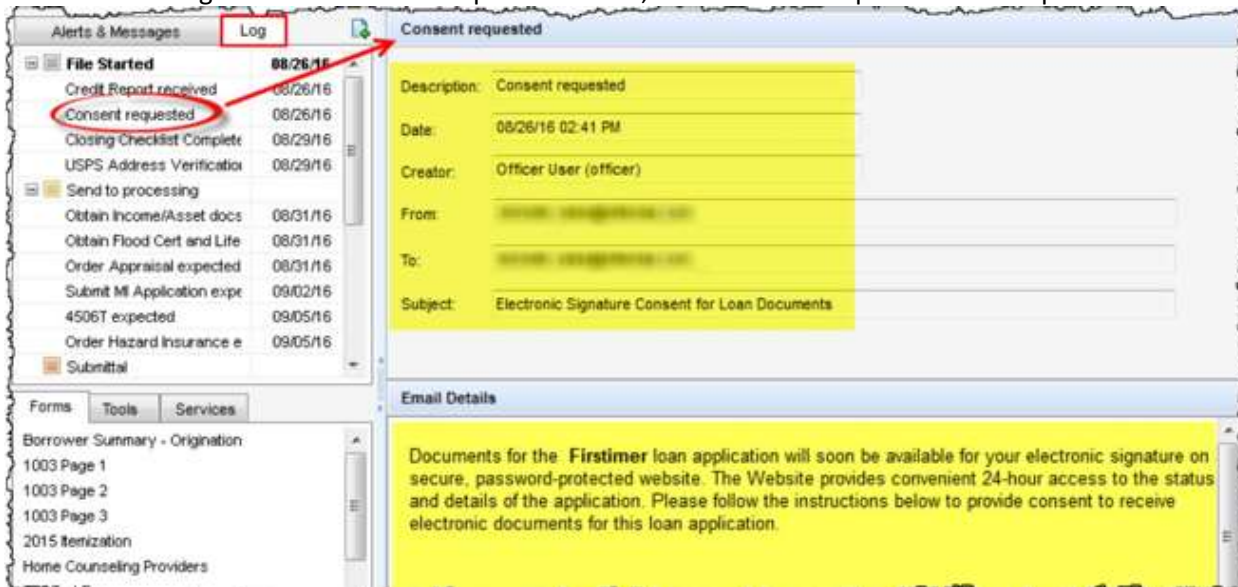
Complete the following prior to eConsent:

1. Borrowers email address & any co-borrower's email address. These addresses can be added by going to the Borrower Summary in the borrower info at the top

Borrower Information		<input checked="" type="checkbox"/> No co-app	
<b>Borrower</b>		<b>Co-Borrower</b>	
Type	<input type="text"/>	Type	<input type="text"/>
First Name	<input type="text" value="Alice"/>	First Name	<input type="text"/>
Middle	<input type="text" value="LO DEMO"/>	Middle	<input type="text"/>
Last Name	<input type="text" value="Firstimer"/>	Last Name	<input type="text"/>
SSN	<input type="text" value="991-91-9991"/>	SSN	<input type="text"/>
DOB	<input type="text" value="12/13/1965"/>	DOB	<input type="text"/>
Home Phone	<input type="text" value="740-349-1122"/>	Home Phone	<input type="text"/>
Work Phone	<input type="text" value="740-349-2345"/>	Work Phone	<input type="text"/>
Cell	<input type="text" value="740-349-0987"/>	Cell	<input type="text"/>
Marital Status	<input type="text" value="Unmarried"/>	Marital Status	<input type="text"/>
Home E-mail	<input type="text" value="test@live.com"/>	Home E-mail	<input type="text"/>
Work E-mail	<input type="text"/>	Work E-mail	<input type="text"/>

2. The Subject Property Street address must indicate TBD or be a valid address

Encompass tracks every action taken in the log. In the Log tab, click on consent requested to view the details of the consent including date and time the request was sent, as well as the requestor and recipient.



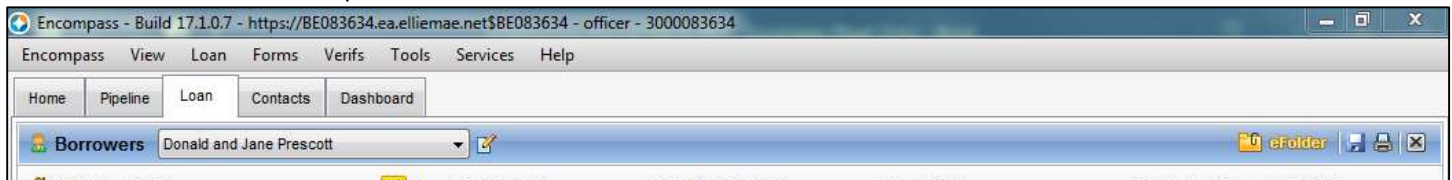
## Initial Disclosures

The Loan officer needs to request initial disclosures be sent to the borrower by the disclosure department. Follow these steps:

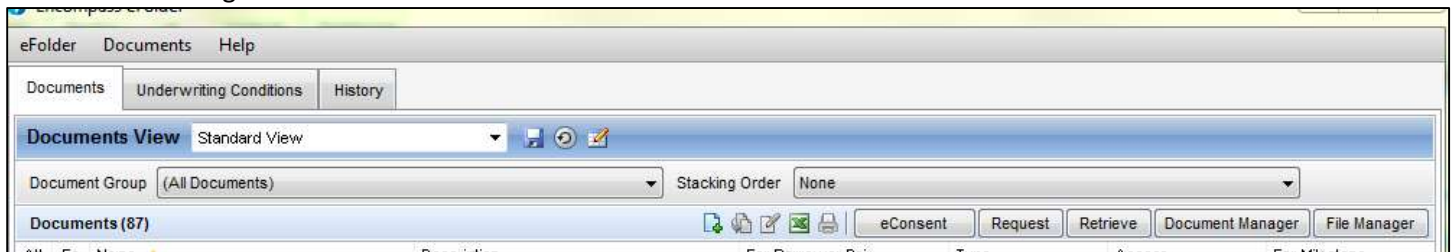
### Step 1: Upload the Purchase contract and reno bid to the eFolder (Paperless system)

Save to your desktop

Click the eFolder button to open the eFolder



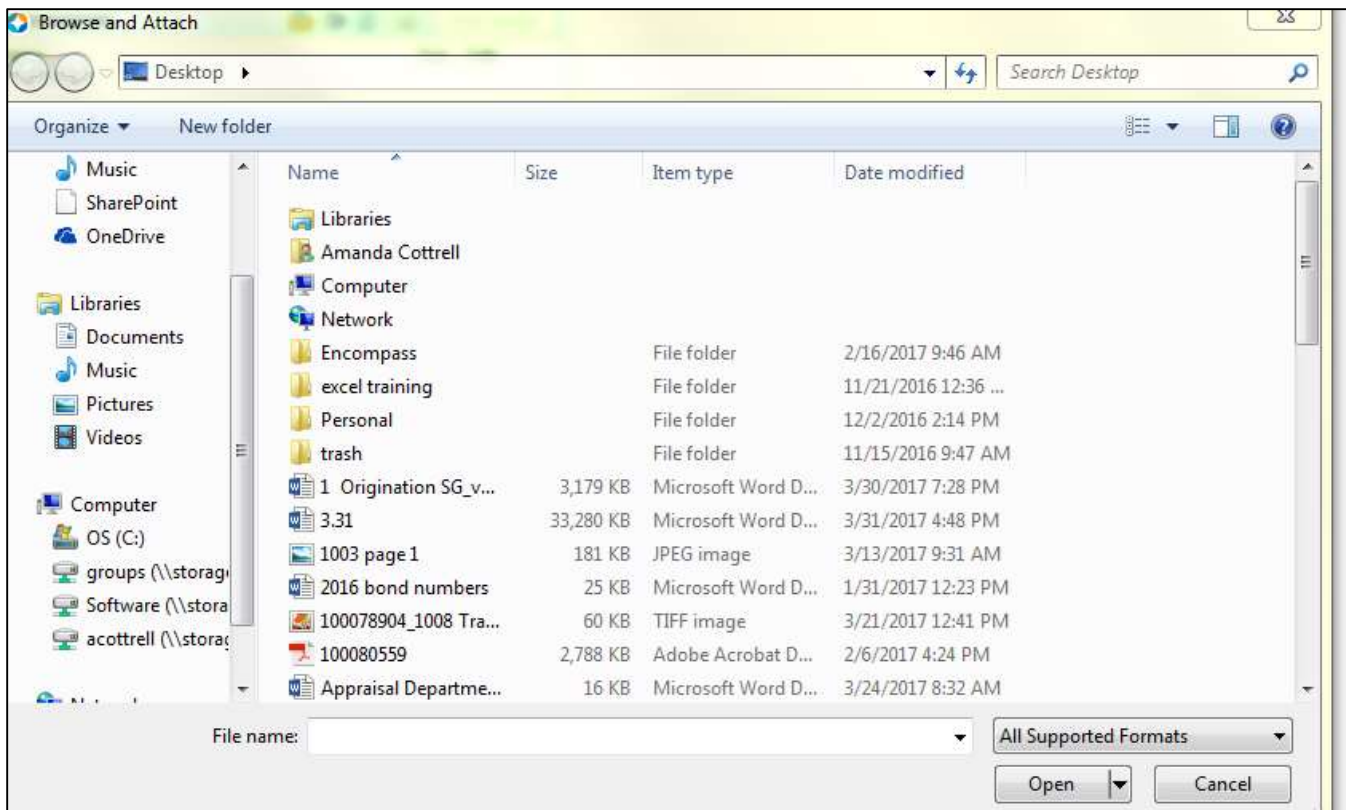
Click the file manager button



Click the little yellow folder to browse for the purchase contract



Search for your purchase contract that was saved on your desktop, select it and click open



The purchase contract has been uploaded!

## Step 2: Edit Encompass to ensure the program and terms are correct

### Borrower Summary

Check the following and update as necessary:

Loan Program/Template

Loan Amount

Rate

Purchase Price

Estimated Value

Reason for Refi

Mortgage Insurance Coverage

Closing Cost Template

Estimated Closing Date

## Step 3: Edit Encompass to ensure the fees are correct

### 2015 Itemization

#### *Loan Program & Closing Cost Template*

The Loan Program and Closing Cost Template can be double checked and changed if needed. Utilize the lookup to change the program.

P = POC/PTC, B = Borrower Select, A = APR fees  
Paid to: B = Broker, L = Lender, S = Seller, I = Investor, A = Affiliate, O = Other

Table Funded Transactions ☐

Loan Program  Closing Cost Program

700. Total Sales / Brokers Commission		Borrower	Seller	Other	Total
		Borrower	Seller	Paid By / P / B / A / Paid To	
Division of Commission as Follows					
701. \$	To			<input type="checkbox"/>	<input type="checkbox"/>
702. \$	To			<input type="checkbox"/>	<input type="checkbox"/>
703. Commission Paid at Settlement				<input type="checkbox"/>	<input type="checkbox"/>
704. \$	To			<input type="checkbox"/>	<input type="checkbox"/>

### 801 – Origination Charge

The Processing, Underwriting and CP Admin fee of \$850 should default in.

- Add the **Supplemental Origination fee (CP Admin Fee)** of \$850 if not already populated

800. Items Payable in Connection with Loan		Borrower	Seller	Other	Total
		Borrower	Seller	Paid By / P / B / A / Paid To	
801. Our Origination Charge		1,975.00			
Loan Origination Fees	<input type="text"/> % or <input type="text"/> \$			<input type="checkbox"/>	<input type="checkbox"/>
Application Fees				<input type="checkbox"/>	<input type="checkbox"/>
Processing Fees	550.00			<input type="checkbox"/>	<input type="checkbox"/>
Underwriting Fees	575.00			<input type="checkbox"/>	<input type="checkbox"/>
Broker Fees	<input type="text"/> % + \$			<input type="checkbox"/>	<input type="checkbox"/>
Broker Compensation	<input type="text"/> % + \$			<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Use LO Comp Tool					
<input type="text"/> To Equity Reso				<input type="checkbox"/>	<input type="checkbox"/>
Loan Origination Fee	To Equity Reso 850.00			<input type="checkbox"/>	<input type="checkbox"/>
<input type="text"/> To				<input type="checkbox"/>	<input type="checkbox"/>

### 802 - 815 – Your Credit or Points & additional fees

Add additional fees as required utilizing the drop downs in lines 808 and below.

- Renovation loans could have up to 5 inspections during the draw process. Add **Compliance Inspection fee** to the dropdown and add that fee on line 808. If you don't know how many there will be, disclose 4 (\$150 x 4 = \$600)

802. Your Credit or Points		Borrower	Seller	Other	Total
		Borrower	Seller	Paid By / P / B / A / Paid To	
Lender Paid Originator Compensation					
a. Lender Compensation Credit	<input type="text"/> % + \$			<input type="checkbox"/>	<input type="checkbox"/>
b. Origination Credit	<input type="text"/> % + \$			<input type="checkbox"/>	<input type="checkbox"/>
c.				<input type="checkbox"/>	<input type="checkbox"/>
d.				<input type="checkbox"/>	<input type="checkbox"/>
Total Credit for Rate Chosen					
Origination / Discount Point Adjustment					
e. Origination Points	<input type="checkbox"/> Bona Fide <input type="text"/> % + \$			<input type="checkbox"/>	<input type="checkbox"/>
f.	<input type="text"/> % or <input type="text"/> \$			<input type="checkbox"/>	<input type="checkbox"/>
g.	<input type="text"/> % or <input type="text"/> \$			<input type="checkbox"/>	<input type="checkbox"/>
h.	<input type="text"/> % or <input type="text"/> \$			<input type="checkbox"/>	<input type="checkbox"/>
Total Charge for Rate Chosen					
803.	<input type="text"/> To			<input type="checkbox"/>	<input type="checkbox"/>
804. Appraisal Fee		465.00		<input type="checkbox"/>	<input type="checkbox"/>
805. Credit Report	CBC Innovis			<input type="checkbox"/>	<input type="checkbox"/>
806. Tax Service				<input type="checkbox"/>	<input type="checkbox"/>
807. Flood Certification				<input type="checkbox"/>	<input type="checkbox"/>
808. Compliance Inspection Fee	To	750.00		<input type="checkbox"/>	<input type="checkbox"/>

Note: The appraisal cannot be POC – you can however put a credit on the DOT for the appraisal payment if the appraisal will be paid upfront.

### 900 Items Required by Lender to be Paid in Advance

901 Daily Int Charges will auto populate

902 Any upfront Mortgage insurance will be collected

903 On a purchase we collect 12 months of HOI upfront. Make sure there is a 12 entered here.

900. Items Required by Lender to be Paid in Advance				Borrower 5,273.20	Seller	Other	Total 5,273.20
				Borrower	Seller ?	Paid By / P / B / A / Paid To	
<input type="checkbox"/> Display Daily Interest to 2 Decimals							
901. Daily Int. Charges	6 days @ \$	25.2196		151.32		<input type="checkbox"/>	<input type="checkbox"/>
Interest from		05/26/2017 to //					
902. Mtg Ins. Premium				4,221.88		<input type="checkbox"/>	<input type="checkbox"/>
903. Homeowner's Ins.				900.00		<input type="checkbox"/>	<input type="checkbox"/>
904. Property Taxes	12 mths @ \$	75.00				<input type="checkbox"/>	<input type="checkbox"/>
To						<input type="checkbox"/>	<input type="checkbox"/>
mths @ \$		350.00				<input type="checkbox"/>	<input type="checkbox"/>
905. VA Funding Fee						<input type="checkbox"/>	<input type="checkbox"/>
906. Flood Insurance						<input type="checkbox"/>	<input type="checkbox"/>
mths @ \$						<input type="checkbox"/>	<input type="checkbox"/>
907.	To					<input type="checkbox"/>	<input type="checkbox"/>

### 1000 Reserves Deposit with Lender & Aggregate Setup

Click the Aggregate Setup button near line 1011

1010. USDA Annual Fee		mths @ \$		To				
1011. Aggregate Adjust.		mths @ \$						
<input type="button" value="Aggregate Setup"/>								
* Will be added to 1001 Initial Deposit For Your Escrow Account.								

If Escrows are being waived remove the Escrow Cushions – due dates should NOT be entered

1<sup>st</sup> Escrow Payment to Begin at 1<sup>st</sup> Amort Date

- Enter the Due Dates for the next Tax and Haz Ins payments
  - PA - Enter the first payment date (current year) as the due date for each of the tax amounts. Tax, City Taxes & User #1. User #1 is for line 1007 School Tax.
  - MI - Enter the appropriate due dates for each season. These will appear to collect on an annual basis and that is correct.
- Do not change the escrow cushion amounts – these should always be 2
- The MI column will auto populate with 12 “1” s – leave these in the system
- Click OK and the system will auto calculate the Aggregate Adjustment amount, if any.

Initial Escrow Account Setup

Escrow First Payment Date: 05/01/2017

Prepaid

Date	Tax	Haz Ins	Mtg Ins	Fld Ins	City Taxes	User #1	User #2	User #3	Annual Fee
Cushion	2	2		2	2	2	2		
Due Date 1	05/01/2017	03/16/2018	05/13/2017		05/01/2017	05/01/2017			
Due Date 2			06/13/2017						
Due Date 3			07/13/2017						
Due Date 4			08/13/2017						
05/2017	12		1		12	12			
06/2017			1						
07/2017			1						
08/2017			1						
09/2017			1						
10/2017			1						
11/2017			1						

Click OK

1000. Reserves Deposited with Lender

Borrower: 2,706.63    Seller:    Other:    Total: 2,706.63

	Borrower	Seller	Paid By / P / B / A / Paid To
1001. Initial Deposit For Your Escrow Account	2,706.63		
<input checked="" type="checkbox"/> Property Taxes			
<input checked="" type="checkbox"/> Homeowner's Insurance			
<input type="checkbox"/> Other			
1002. Homeowner's Ins.	3 mths @ \$ 61.08	* 183.24	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
1003. Mortgage Ins.	mths @ \$	*	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
1004. Property Taxes	11 mths @ \$ 251.61	* 2,767.71	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
1005. City Property Tax	mths @ \$	*	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
1006. Flood Ins. Reserve	mths @ \$	*	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
1007. To	mths @ \$	*	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
1008. To	mths @ \$	*	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
1009. To	mths @ \$	*	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
1010. USDA Annual Fee	To mths @ \$	*	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
1011. Aggregate Adjust.	-244.32		

\* Will be added to 1001 Initial Deposit For Your Escrow Account.

Encompass takes the monthly HOI and Taxes input and will convert the amount to an annual figure to disclose the LE. For the Loan Estimate to print correctly, the Aggregate Setup must be setup prior to disclosing the loan. If not, the aggregate adjustment will not show up in section G until the Closing Disclosure is disclosed, which will result in the "Cash from Borrower" showing a higher amount on the Loan Estimate than what it will show on the 1003 Page 3, Details of Transaction, and the Closing Disclosure.

### *1100 Title Charges*

On a purchase, the Title Insurance will auto populate.

On a refi, the Title insurance must be selected by clicking the universal edit button and selecting the state of the subject property.

Once the amount is filled based on the state tables the number will NOT update again based on changes made to the purchase amount.

Do not alter Lender's Title Insurance to simultaneous premium rates. This MUST be disclosed as the full amount of Lenders Title Insurance. All simultaneous credits will be applied to Owner's Title Insurance.

The Owner's title insurance will populate to the full amount and you can leave it this way or you can update the number to be the full amount of the owner's title insurance plus any simultaneous issue cost minus the full amount of lender's title insurance.

If the seller is paying the owners coverage premium, then in the 1400 DOT section under "other credits breakdown" type in the full amount of the owner's coverage premium. Once you have done this the Owner's Coverage Premium can be update to show the full amount plus the simultaneous issue amount minus the full amount of the Lender Coverage premium.

Example – Loan amount \$190,000, Purchase Price \$200,000 in OHIO

- Lenders coverage premium - \$730 – DON'T EDIT THIS AMOUNT
- Owners coverage premium - \$1087.50- EDIT THIS TO BE  $\$1087.50 + \$100 - \$730 = \$457.50$
- Simultaneous issue - \$100
- Owners coverage seller credit in 1400 DOT - \$1087.50

In PA, the Owners coverage premium typically shows as \$100, don't edit that unless you want it to be more.

Use this website to get actual title insurance costs in states where title insurance is regulated (this works great in Ohio).

<https://www.oldrepublictitle.com/newnational/resources/locations.asp>

- Add **Title update fees** - \$100 per draw, estimate for 4 of them if unknown = \$400

1101. Title Insurance Services		To	Liberty Title & Escrow Comp	1,759.00					
Document Preparation Fee	▼	To	Liberty Title & Escrow C	*	300.00			▼	✓
Title Endorsement Fee	▼	To	Liberty Title & Escrow C	*	25.00			▼	✓
Recording Service Fee	▼	To	Liberty Title & Escrow C	*	134.00			▼	✓
Settlement or Closing Fee	▼	To	Liberty Title & Escrow C	*	550.00			▼	✓
Title Examination	▼	To	Liberty Title & Escrow C	*	250.00			▼	✓
Title Update	▼	To	Title & Escrow Company	*	500.00			▼	✓
<input checked="" type="checkbox"/> Itemize fees when print									
* Title Insurance Services									
1102. Settlement or Closing Fees									
Settlement Fee		To						▼	
Closing Fee		To						▼	
Escrow Fee		To						▼	
	▼	To						▼	
	▼	To						▼	
	▼	To						▼	
	▼	To						▼	
	▼	To						▼	
1103. Owner's Title Insurance					1,313.00			▼	✓
1104. Lender's Title Insurance					912.00			▼	✓

### 1200 Government Recording and Transfer Charges

Enter in the Tax Stamps – YOU ARE RESPONSIBLE TO MAKE SURE THIS IS CORRECT!!! PLEASE CONTACT THE TITLE COMPANY IF YOU DON'T KNOW. Some States will fill in, Maryland will NOT. Read the contract as necessary to see if our borrower is responsible to pay this transfer tax. This is a \$0 tolerance item so we need to be careful this is accurate.

1200. Government Recording and Transfer Charges		Borrower 244.50	Seller	Other	Total 244.50
		Borrower	Seller ?	Paid By / P / B / A / Paid To	
1201. Recording Fees and Other Taxes		244.00			
1202. Recording Fees	Deed \$0.00; Mortgage \$244.00; Release	244.00		<input type="checkbox"/>	<input type="checkbox"/>
1203. Transfer Taxes				<input type="checkbox"/>	<input type="checkbox"/>
1204. City/County/Stamps	Deed \$0.50; Mortgage \$0.00	0.50		<input type="checkbox"/>	<input type="checkbox"/>
1205. State Tax/Stamps				<input type="checkbox"/>	<input type="checkbox"/>
1206.	To			<input type="checkbox"/>	<input type="checkbox"/>
1207.	To			<input type="checkbox"/>	<input type="checkbox"/>
1208.	To			<input type="checkbox"/>	<input type="checkbox"/>
1209.	To			<input type="checkbox"/>	<input type="checkbox"/>
1210.	To			<input type="checkbox"/>	<input type="checkbox"/>
* Will be added to 1201 Recording Fees and Other Taxes					
** Will be added to LE Transfer Taxes.					

We have built in several options from 1% to 2% including each 1/8<sup>th</sup> increment in between.

If you don't want to use the 1% standard defaulted amount in line 1204, just highlight the text and number value in line 1204 and delete it.

1203. Transfer Taxes		
1204. City/County/Stamps	Tax Stamp for County Deed ar	1,000.00
1205. State Tax/Stamps		

Then click the lookup in line 1205 to choose another percentage amount.

TIP: click "fee name" to sort so that all the PA options are in one spot for you to choose from.

1204. City/County/Stamps

1205. State Tax/Stamps

1206.

1207.

1208.

1209.

1210.

\* Will be added to 1201 P

\*\* Will be added to LE Tra

1300. Additional Set

1301. Required services t

1302.

1303.

1304.

1305.

1306.

1307.

State Tax/Stamps List

Fee Name	Based On	Rate %	\$Additional
FL - Intangible Tax & Stamp for Mtg	Loan Amount	0.55000	0.00
FL- Tax Stamp for County Mortgage	Purchase Pric	0.35000	
FL- Tax Stamp for Deed	Purchase Pric	0.70000	0.00
MA- TAX STAMP FOR STATE DEED	Purchase Pric	0.46000	
NH Tax Stamp State Deed	Purchase Pric	0.46000	
PA - TAX STAMP 1.125	Purchase Pric	1.12500	0.00
PA- TAX STAMP 1	Purchase Pric	1.00000	0.00
PA- TAX STAMP 1.25	Purchase Pric	1.25	
PA- TAX STAMP 2	Purchase Pric	2.00000	0.00
PA-TAX STAMP 1.375	Purchase Pric	1.37500	
PA-TAX STAMP 1.5	Purchase Pric	1.50000	
PA-TAX STAMP 1.625	Purchase Pric	1.62500	
PA-TAX STAMP 1.75	Purchase Pric	1.75000	
PA-TAX STAMP 1.875	Purchase Pric	1.87500	
RI-STAMP FOR STATE DEED	Purchase Pric	0.40000	
State Tax	Purchase Pric	1.000	
STATE TAX FOR MORTGAGE AND	Purchase Pric	0.50000	

Select

Cancel

Choose the desired % and click select.

#### 1300 section

If you disclose for a pest inspection it will go here.

#### 1400 DOT Credits

Enter any Seller Paid or Lender Credits in the DOT line L drop down box.

**\*\*Remember once a Lender Credit has been disclosed it cannot be reduced unless there is a valid change of circumstance.**

Also in the DOT section enter any misc credits such as

- Variable Escrow
- Earnest Money
- Prorations
- Owners Coverage seller credit

## Paying off Non-Mortgage Debts

Refinance, Field 1092, will not automatically update when a liability is marked to be paid off.

You must lock the field and manually input the correct value.

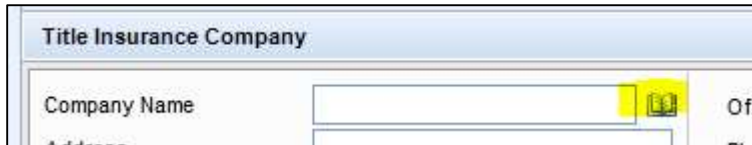
## Step 4: Additional Application Questions – confirm all complete

## Step 5: Selecting Title and Realtors

Click on Tools and File Contacts

Scroll to locate the title company and/or realtors and click to highlight the contact that should be selected.

Select the address book next to the company name box to find the contact in the look up

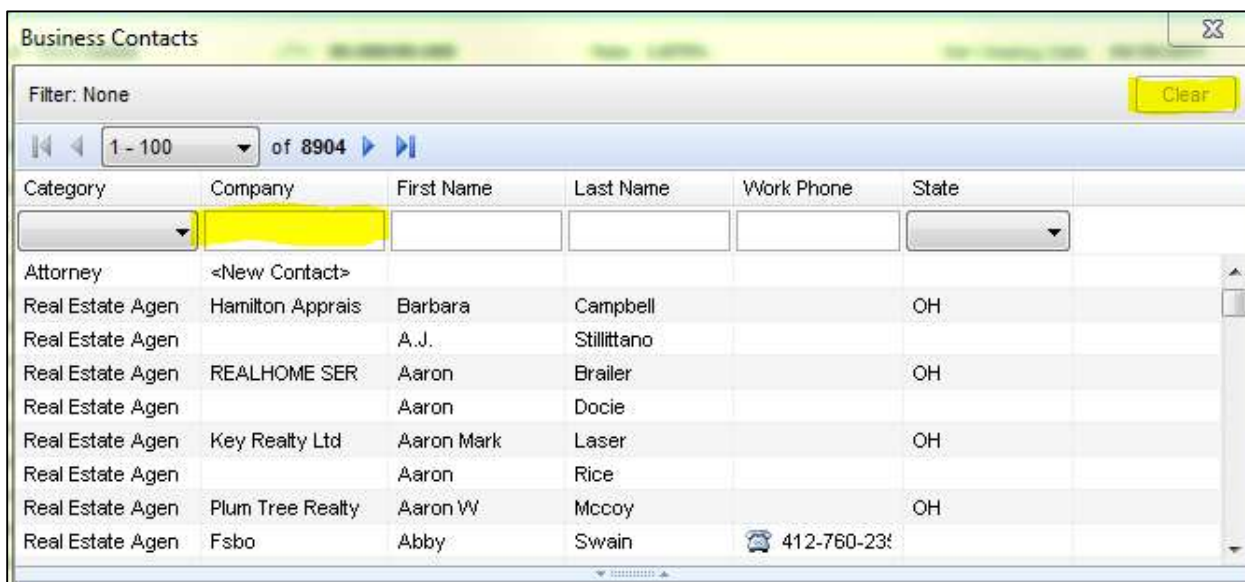


Title Insurance Company

Company Name  Off

Click the clear button in the top right hand corner of the contact look up

Start typing in the columns to search for desired contact



Business Contacts

Filter: None Clear

1 - 100 of 8904

Category	Company	First Name	Last Name	Work Phone	State
Attorney	<New Contact>				
Real Estate Agen	Hamilton Apprais	Barbara	Campbell		OH
Real Estate Agen		A.J.	Stillitano		
Real Estate Agen	REALHOME SER	Aaron	Brailer		OH
Real Estate Agen		Aaron	Docie		
Real Estate Agen	Key Realty Ltd	Aaron Mark	Laser		OH
Real Estate Agen		Aaron	Rice		
Real Estate Agen	Plum Tree Realty	Aaron W	Mccoy		OH
Real Estate Agen	Fsbo	Abby	Swain	412-760-236	

If you cannot find the Title Company you are looking for that means the title company is not vetted in our system. Follow the instructions in the Title Company Approval section of the manual.

If you cannot find a Realtor, complete the Realtor's Company and Agent Name in the space that is provided at the bottom of the page.

18	Buyer's Agent				
19	Seller's Agent				
20	Seller 1				
21	Seller 2				
22	Seller 3				
23	Seller 4				
24	Notary				
25	Builder				

Seller's Agent	
Add to CD Contact Info	<input type="checkbox"/> Yes
Company Name	<input type="text"/>
Address	<input type="text"/>
City	<input type="text"/>
State	<input type="text"/> Zip <input type="text"/>
Relationship	<input type="text"/>
Line Item Number	<input type="text"/>
Company State License #	<input type="text"/>
Lic. Issuing Authority Name	<input type="text"/>
Lic. Authority Type	<input type="text"/>
Lic. Authority State Code	<input type="text"/>
Lic. Issue Date	// <input type="text"/>
Agent Name	<input type="text"/>
Phone	<input type="text"/>
Email	<input type="text"/>
Fax	<input type="text"/>
Cell	<input type="text"/>
Reference #	<input type="text"/>
Comments	<input type="text"/>
Contact State License #	<input type="text"/>
Lic. Issuing Authority Name	<input type="text"/>
Lic. Authority Type	<input type="text"/>
Lic. Authority State Code	<input type="text"/>
Lic. Issue Date	// <input type="text"/>

## Step 6: Request Disclosure Department to send RESPA

Click on the Disclosure Due milestone in the Milestone Log

Complete any required fields listed at the bottom that may have been missed at application time.

Enter any notes to the disclosure department in the Milestone Comments section. For example: Please send this RESPA via USPS.

All RESPA will be sent via eSign unless specifically noted otherwise in the Milestone Comments.

Check the **Finished** button to turn the loan in to Disclosure.

The screenshot shows the 'Disclosures Worksheet' application. On the left is a sidebar with a 'File Started' section containing a list of milestones: Disclosure due, Send to processing, Submit to UW, UW Decision, Resubmit to UW, Clear to Close, Doc Order, Doc prep, Warehousing, Shipping, Purchase pending, and Completion. Below this is a 'Forms' section with a list of documents: Borrower Summary - Origination, 1003 Page 1, 1003 Page 2, 1003 Page 3, Reg Z - LE, Additional Application Questions, Appraisal Fee Calculator, 2015 Itemization, Loan Estimate Page 1, Loan Estimate Page 2, Loan Estimate Page 3, Home Counseling Providers, Settlement Service Provider List, Request for Transcript of Tax, State-Specific Disclosure Information, Transmittal Summary, Flood Information, Mortgage Insurance Information, and Additional Requests Information. At the bottom of the sidebar are checkboxes for 'Show in Alpha Order' and 'Show All'.

The main area of the application is titled 'Disclosures Worksheet'. It includes a header section with 'File Started By' (Dustin Comisford (dcomisford)), 'Days to Finish' (0), and a date/time stamp (03/31/2017 10:39 AM). Below this is a 'Loan Officer' field and a 'Finished' button. The main workspace is divided into two columns: 'Documents' and 'Tasks'. The 'Documents' column has an 'eFolder' button. The 'Tasks' column has a 'Task List' button. At the bottom of the main workspace is a 'Required Fields' section with a 'Go to Fields' button and a 'Field Summary' button. The 'Required Fields' section contains a list of fields with checkboxes: Co-Borr Sex Male/Female, Co-Borr Ethnicity, Borr Race American Indian, Borr Race Asian, Borr Race Black, Borr Race Native Hawaiian, Borr Race White, Borr Race Info not provided, Borr Race Not Applicable, Co-Borr Race American Indian, Co-Borr Race Asian, Co-Borr Race Black, and Co-Borr Race Native Hawaiian. To the right of the 'Required Fields' section is a 'Milestone Comments' section with a 'Date Stamp' and a 'Show All' button.

## Signing RESPA

Once RESPA has been sent the loan officer will receive an email to notify them to sign the documents. Click on the link embedding in the email [Click here to sign the documents.](#)

You must input the Client ID 3000083634

Your Encompass User Name

Your Encompass Password

Click Login

Once logged, a list of loan files will be displayed. Bold loans require signatures. Click on the loan file.

Once in the loan click eSign

Click Next to begin signing

Click Start and Sign to be taken to the first signature space. Click on the Yellow sign box

The system will take you to each signature line and then you must click finish.

Click the Loans hyperlink at the top to go back to the loan list

## SENDING INITIAL DISCLOSURES FOR RENOVATION LOAN

- Additional Disclosures to send with Package
  - Renovation – No Cash Back Disclosure
  - Renovation Reverification Disclosure

### Special Initial Disclosure Instructions

#### Purchase Transaction

- 1003 Page 3
  - Make sure the Purchase and Reno costs are separated on lines a and b of the 1003. (get with lock desk to update if not separated and loan is already locked)

VII. Details of Transaction	
a. Purchase Price	150,000.00
b. Alterations	41,642.00
c. Land	
d. Refinance	
e. Estimated prepaid items	964.23
f. Estimated closing costs	6,114.00
g. PMI, MIP, Funding Fee	
h. Discount (if Borrower will pay)	
i. Total Costs ( a through h )	198,720.23
j. Subordinate financing	
k. CC paid by seller	
l. Other	32,432.95
Tolerance cure	325.00
tax prorations	-237.72
Lender Credit	2,400.00
New First Mortgage	
CC from 2nd	
CC paid by Broker, Lender, Oth.	
m. Loan Amount	163,800.00
n. PMI, MIP Financed	
o. Loan Amount ( m + n )	163,800.00
Total Credits ( j through n )	198,720.23
p. Cash to borrower	

- Loan Estimate Page Two (**for Purchase Transactions**)
  - Lock down field LE2.X29 with payoff to builder amount
  - Lock down field LE2.X2 and enter the calculated Down Payment/Funds from Borrower amount ( $[\text{Purchase Price} + \text{Reno Amount}] - \text{Loan Amount} = \text{Down Payment/Funds from Borrower}$ )

Calculating Cash to Close		Payoffs & Payments	<input type="checkbox"/> Use Alternate
Third Party Payments Not Otherwise Disclosed		41,642.00	
<input type="checkbox"/> Use Actual Down Payment & Closing Costs Financed			
Total Closing Costs (J)		5,958	
Closing Costs Financed	-	0	
Down Payment/Funds from Borrower		27,842	
Deposit	-		
Funds for Borrower	-	0	
Seller Credits	-	0	
Adjustments and Other Credits		-41,880	
Estimated Cash to Close		75,680	

#### Refinance Transaction

- 1003 Page 3
  - Reno amount should appear on line b and refinance payoff on line d
- Loan Estimate Page Two
  - Lock down field LE2.X29 with payoff to builder amount
  - Confirm that cash to close from DOT and LE is only off by the aggregate adjustment

## SENDING REVISED DISCLOSURES FOR RENOVATION LOAN (LE/COC)

- Review the last sent LE and compare to file to see if any changes have been made (especially to the build price)
- Recalculate the Down Payment/Funds from Borrower line of the Loan Estimate Page Two
- Compare the Calculating Cash to Close section of Loan Estimate Page Two matches the 1003 Page 3 DOT

## INITIAL COMPLIANCE REVIEW

- Follow normal compliance review steps for loan program (purchase or refinance) checking for the two supplemental renovation disclosures
  - Renovation – No Cash Back Disclosure
  - Renovation Reverification Disclosure

## PROCESSING

Most processing is the typical process on every mortgage transaction. This manual will specify changes.

There are four pipelines that need monitored for construction loans by the construction processor:

- Construction – In process
- Construction– Reno in process
- Construction – Draw process
- Construction – reno Draw process

The Construction – in Process pipeline shows all loans that are being processed currently on construction loans. The pipeline is set up to show the next action date and the next processing step that needs done.

Loan Number	Borrower Name	Loan Officer	Loan Estimate - Lo	Processor Ne	Processor Next Action	Loan Proce	Est Closing	Closing Date	Total Loan Amount
200068197	<b>Lock</b> , Britton Thomas	Naomi Stevens	Purchase	09/24/2019	Survey issues - are they proceedi	Tara Mc.			180,858.00
200068983	<b>Robinson</b> , Arlando C	David Starling	Purchase	09/20/2019	Follow up on conditions	Tara Mc.	09/25/2019	09/25/2019	187,853.00
200069383	<b>Pritchett</b> , Ashton Brook	David Starling	Construction	09/23/2019	Pending title for CD prep - Follow	Tara Mc.	09/30/2019		149,150.00
200072075	<b>Chambliss IV</b> , Norman	Damon Surratt	Refinance	09/20/2019	Pending appraisal & title for CD -	Tara Mc.	09/30/2019		484,350.00

The Construction – Reno in Process pipeline shows all loans that are being processed currently on renovation loans.

Loan Number	Borrower Name	Loan Officer	Loan Processor	Loan Estimate	Processor Ne	Processor Next Action	Est Closing	Closing Date
200064360	<b>TAPEALAVA</b> , Wendy Bl	Tara McArthur	Purchase	09/25/2019	Follow up on conditions			
200066808	<b>Adcock</b> , War	Samantha	Refinance	09/24/2019	Is loan proceeding? Title issues &			
200067977	<b>Brown</b> , Carl V	Jennifer F	Purchase	09/23/2019	Gift docs, atty pref discl, signed S		09/25/2019	09/25/2019
200070077	<b>Pritts</b> , Eric S	Scott Trou	Purchase	09/17/2019	Follow up on conditions - pending		10/04/2019	
200066442	<b>Fortier</b> , Glenr	John Burd	Purchase	09/23/2019	Follow up on conditions		10/04/2019	
200065089	<b>Williams</b> , Ror	Jane Hart	Refinance	09/20/2019	Follow up on conditions - PVOES!		10/07/2019	

The Construction – Draw Process pipeline is used to show all construction loans that are closed and monitors the draw process up to final draw. This is explained later in the manual in the draw section.

The Construction – Reno Draw Process pipeline is used to show all renovation loans that are closed and monitors the draw process up to final draw. This is explained later in the draw section.

There are a few additional items that need to be noted on renovation loans during processing. Encompass is not set up to nicely and accurately calculate the LTV on renovation loans. The LTV won't update properly when we divide out the renovation amount on the 1003 DOT as needed for us to see the amount of renovation versus the amount of the purchase or amount of the refinance payoff. The LTV will need to be locked and manually entered. Be careful to review this throughout the loan to ensure it is accurate. Also, make sure when

PMI is ordered and AUS is run that the LTV is accurate. You may have to unlock and move the figures on the 1003 DOT to make the loan correctly run through the systems then need to change it back.

In order to run LP these two fees need lumped together and to run DU the fees need to be split. It is typically easier to leave them lumped until the last submission to underwriting for Clear to Close.

Here are what both a purchase and refinance look like on the DOT and how to edit the LTV.

### Renovation Loan - Purchase

For a transaction where the property being purchased is a Renovation the purchase price of the property goes in Line A (field 136) and the price of the Alteration go in Line B (field 968) of the Details of Transaction.

*Note: Separating the purchase price and reno amount on lines a. and b. of the DOT will make your LTV appear incorrect. In the example below the LTV will appear in ENC as 121% when it is really 90%.*

VII. Details of Transaction	
a. Purchase Price	100,000.00
b. Alterations	35,000.00
c. Land	
d. Refinance	
e. Estimated prepaid items	
f. Estimated closing costs	7,483.00
g. PMI, MIP, Funding Fee	
h. Discount (if Borrower will pay)	
i. Total Costs ( a through h )	142,483.00
j. Subordinate financing	
k. CC paid by seller	
l. Cash Deposit on sales c	500.00
New First Mortgage	
CC from 2nd	
CC paid by Broker, Lender, Oth.	

### Renovation Loan – Refinance

For a transaction where the property being refinanced is a Renovation, enter the price of the Alteration in Line B (field 967) of the Details of Transaction. If there is a mortgage being paid off, this will appear in Line D (field 1092). The lien also needs to be marked to be paid off in the liabilities (VOL) section of Encompass.

VII. Details of Transaction	
a. Purchase Price	
b. Alterations	35,000.00
c. Land	
d. Refinance	50,000.00
e. Estimated prepaid items	
f. Estimated closing costs	6,938.00
g. PMI, MIP, Funding Fee	
h. Discount (if Borrower will pay)	
i. Total Costs ( a through h )	91,938.00
j. Subordinate financing	
k. CC paid by seller	
l.	
New First Mortgage	
CC from 2nd	
CC paid by Broker, Lender, Oth.	

Manually calculate the LTV and click on **Sub. Financing** on **page 1 of the 1003** and lock the LTV fields and put in the correct LTV.

1003 Page 1

☒ The income / assets of a person other than Borrower will be used...  
☐ The income / assets of the Borrower's spouse will not be used...

Agency Case No 25-25-6-1142463 Lender Case No

**I. Types of Mortgage and Terms of Loan**

Loan Type	Lien Position Type	Amortization Type
<input type="checkbox"/> Conventional	<input checked="" type="checkbox"/> First	<input checked="" type="checkbox"/> Fixed Rate
<input type="checkbox"/> FHA	<input type="checkbox"/> Subordinate	<input type="checkbox"/> GPM - Rate % Years
<input checked="" type="checkbox"/> VA	<input checked="" type="checkbox"/> Sub. Financing	<input type="checkbox"/> ARM -

Subordinate Mortgage Loan Amounts

**Mortgage and HELOC Liabilities**

Creditor/ Company Name	Liability Type	Mortgage Type	Balance	Payoff	Payment	Credit Limit	Cur. Lien Pos

<

**Loan linked to current transaction** Link to Loan Add New Closed End Add New HELOC

Loan Number	Total Loan Amount	Initial Draw	Lien Position Type	Lien Position

**New Financing not Linked to Current Transaction**

New Closed End Primary Mortgage

New Closed End Subordinate Mortgage

New HELOC Draw / Credit Limit

**Total Financing for Subject Property**

Existing Liens Paid Off	<input type="text"/>
Closed End Primary Mortgage Total	327,430.00
Closed End Subordinate Mortgage Total	<input type="text"/>

**Total Ratios for Subject Property**

LTV	<input type="text"/>	94.200
CLTV	<input type="text"/>	94.200
HCLTV	<input type="text"/>	94.200

### Confirm the Contractor is approved

Within the loan file, go to the **Construction Draw Tracking** form.

Choose the lookup option  to choose a Builder

**Important:** The lookup must **ALWAYS** be used. No one is permitted to “free type” builder details into the Construction Draw Tracking or File Contact screens.

Once the applicable Builder is selected, the Builder details will populate onto the screen.

If the builder is not available via lookup, the Construction Processor should contact the Construction Manager to see if the builder has been approved, is in process, or still needs to be vetted. The Builder will be added once fully approved.

It is the responsibility of the Construction Processor to ensure builder approval is obtained prior to the Clear to Close being issued.

Builder approvals are good for two years, so if the Builder is selected and their approval has expired, the expiration date will turn red, and the user will receive a prompt to contact to the Construction Manager so the approval can be updated.

Builder Email

Builder Approval Expiration Date **07/24/2019**

**Builder needs to be reapproved - contact construction manager**

Once the Construction Manager receives the updated vetting documents, the approval will be extended and the expiration date will drop the red background. A file cannot close with an expired builder approval.

**\* Construction Draw Tracking \***

**Draw Tracking**

Borrower hereby authorizes  to disburse construction funds in the following manner:

Builder Name	<input type="text" value="Lowe's"/>	Builder Phone	<input type="text" value="740-522-7719"/>
Builder Address	<input type="text" value="888 Hebron Road"/>	Builder Contact	<input type="text" value="Dwight Caudell"/>
Builder City	<input type="text" value="Heath"/>	C / O Bank Name	<input type="text"/>
Builder State	<input type="text" value="OH"/> Builder Zip <input type="text" value="43056"/>	ABA #	<input type="text"/>
Builder Email	<input type="text"/>	Account #	<input type="text"/>
Builder Approval Expiration Date	<input type="text" value="//"/>	Account Name	<input type="text"/>

**EQUITY RESOURCES, INC. mortgages**

**Additional Contacts**

If not approved, get the loan officer together with the contractor to get them approved.

Go to our Equity Zone – Construction and Renovation section for more information and the builder approval package on construction loans. You can direct a loan officer here or email it to them by attaching it to an email.

<https://www.equityzone.org/construction-reno>

## ORDERING AN APPRAISAL IN ENCOMPASS

All appraisals are the responsibility of the Processor to order. The Loan Officer's story should note at the time of Order All if the appraisal is ready to order or if it should be put on hold.

Items to Note Prior to Ordering Appraisal:

- Make sure the Listing & Selling Realtor are listed in Encompass.
  - Tools – File Contacts to see if they are listed
- Make sure the contractor bid is uploaded in ENC before order
- Note on the order that this is for a renovation loan
- Order all appraisals through the Order Appraisal on the Services tab.

## INITIAL APPRAISAL ORDERS

Save a copy of the Purchase Contract and renovation bid to your desktop.

Save a copy of the plans and specs to your desktop.

Important: If you do not save the Purchase Contract from the eFolder before clicking Order Appraisal, you will have to exit the order to access the document in the eFolder

From the Loan file click on the Services tab.

Select Order Appraisal

Select LenderX and Click Next

The Appraisal Order Details screen will appear

The screenshot shows the 'Lender X Appraisal Order Details' window. It is divided into several sections: Sender Information, Appraiser Information, Property and Loan Information, Access Information, and Order Information. The Sender Information section includes fields for Name (Jamie Drayton), Email (jdrayton@calleguity.net), Borrower (Alice Firstimer), and Co-Borrower (John Firstimer). The Appraiser Information section includes Name (Lender X), Email (support@lenderx.com), and Phone (1-877-263-0220). The Property and Loan Information section includes Property Address (1234 Main Street, Mount Pleasant, SC 29464), Property Type (Detached), Loan Number (TEST20144), Loan Purpose (Purchase), Loan Type (Conventional), Purchase Price (250000.00), and Loan Amt. (225000.00). The Access Information section includes Contact Name (Joe Realtor), Home Phone (5555551234), Business Phone, Cell Phone, Email (joerealtor@realtor.com), and Special Instructions. The Order Information section includes tabs for General Info, Order Notes, and Watchers. Under General Info, there is a list of Forms with checkboxes: 1004 - Single Family Residence - \$415 (checked), 1004C - Manufactured Home - \$415, 1004D - Appraisal Update - \$100, 1004D - Final Inspection - \$100, and 1004M - Market Conditions Addendum - \$0. There is also a Loan Officer dropdown menu set to Kiss, Michael, a Due date dropdown set to 4/20/2017, and an Attachments section with a plus icon and a minus icon. At the bottom right, there are Order and Cancel buttons.

Sender Information		Appraiser Information	
Name	Jamie Drayton	Name	Lender X
Email	jdrayton@calleguity.net	Email	support@lenderx.com
Borrower	Alice Firstimer	Phone	1-877-263-0220
Co-Borrower	John Firstimer		

Property and Loan Information		Access Information	
Property Address	1234 Main Street Mount Pleasant, SC 29464	Contact Name	Joe Realtor
Property Type	Detached	Home Phone	5555551234
Loan Number	TEST20144	Business Phone	
Loan Purpose	Purchase	Cell Phone	
Loan Type	Conventional	Email	joerealtor@realtor.com
Purchase Price	250000.00	Special Instructions	
Loan Amt.	225000.00		

Order Information	
General Info	Order Notes Watchers
Forms	Loan Officer Kiss, Michael Due 4/20/2017
<input checked="" type="checkbox"/> 1004 - Single Family Residence - \$415	Attachments
<input type="checkbox"/> 1004C - Manufactured Home - \$415	
<input type="checkbox"/> 1004D - Appraisal Update - \$100	
<input type="checkbox"/> 1004D - Final Inspection - \$100	
<input type="checkbox"/> 1004M - Market Conditions Addendum - \$0	

Add the following notes in the Special Instructions section:

- Renovation Loan Appraisal will be subject to the completion of the Plans & Specs


Select the Appraisal Type by choosing from the list: 1004 – Single Family Residence

Choose the Loan Officer name from the dropdown

Important: DO NOT change the due date of the report without proper authorization. Making the due date sooner than the pre-populated date may result in rush fees and result in a loss to the company. Due dates cannot be changed without authorization from the Appraisal Manager.

Enter any Access Information presented including Contact Name, Phone Number and/or Email Address

Note: Contact Information is not required for the order to be placed, however to prevent delays, contact information should be presented if available.

Click the  Paperclip Icon to attach the complete purchase contract (for purchases only) and plans and specs so the appraiser can complete the appraisal "subject to" the improvements.

Browse to locate the purchase contract and plans and specs.

Choose Type and select Purchase Contract and Other for Plans and Specs, click OK

Click Order to submit the order to LenderX for assignment

## APPRAISALS

Appraisal Review Specialist (ARS) do not review construction appraisals (Form 1004). These appraisals will be submitted to underwriting for the underwriter of record to review.

1. When the ARS receives a notification, an appraisal has been received, the same day they will go into the LenderX file to do a quick review.
2. If it is a renovation loan, the ARS will submit the appraisal to underwriting as Appraisal Review Only
3. To submit the file to underwriting, enter the Loan screen in Encompass.
4. Click the milestone Log in the top, left corner.
5. If the file has already been submitted to Underwriting, click the Resubmitted to UW milestone.  
If it has not been submitted to Underwriting, click the Submitted to UW milestone.
  - a. Note: You will know if the file has been submitted or not based on the last milestone completed (in bold). If 'Submitted to UW' is not bold yet, you will click that and submit.
6. Check the Finished box near the top of the page to add the file to the underwriter's queue
7. On the Processor Extras form, choose the Submission Type as Appraisal Review Only or Conds and Appraisal
8. Exit out of the file.

### Update the Construction Complete Date & create a draw schedule

Once the contractor is approved and the appraisal has been returned, contact the contractor to discuss the **draw schedule and completion date**. This step is completed by the Construction Processor prior to CD Prep. The contractor should be more than willing to discuss with you as he/she is interested in getting the project off the ground as well. They are more knowledgeable about the construction rather than discussing this with the borrower.

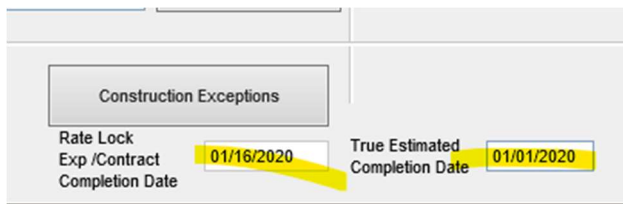
### Construction Completion Date

Typically, the draw period is between 1 to 6 months on a renovation loan. The construction completion date should be reasonable but never beyond the rate lock expiration date **or** 6 months on a renovation loan.

The date entered on the **Forms – Construction Management** screen will be the rate lock expiration date. This flows to the Construction Loan Agreement signed by the borrower at closing. The borrower pays extension fees if this date is not met, so it's important to be correct. (began 11/1/19)

The date also flows over to the **\*Construction Draw Tracking\*** screen. This date will turn RED if the date has passed only on this screen.

Type in the **True Estimated Completion Date** that the contractor/builder tells you. This will be the date we estimate draws on, so it is important.



#### Side note –

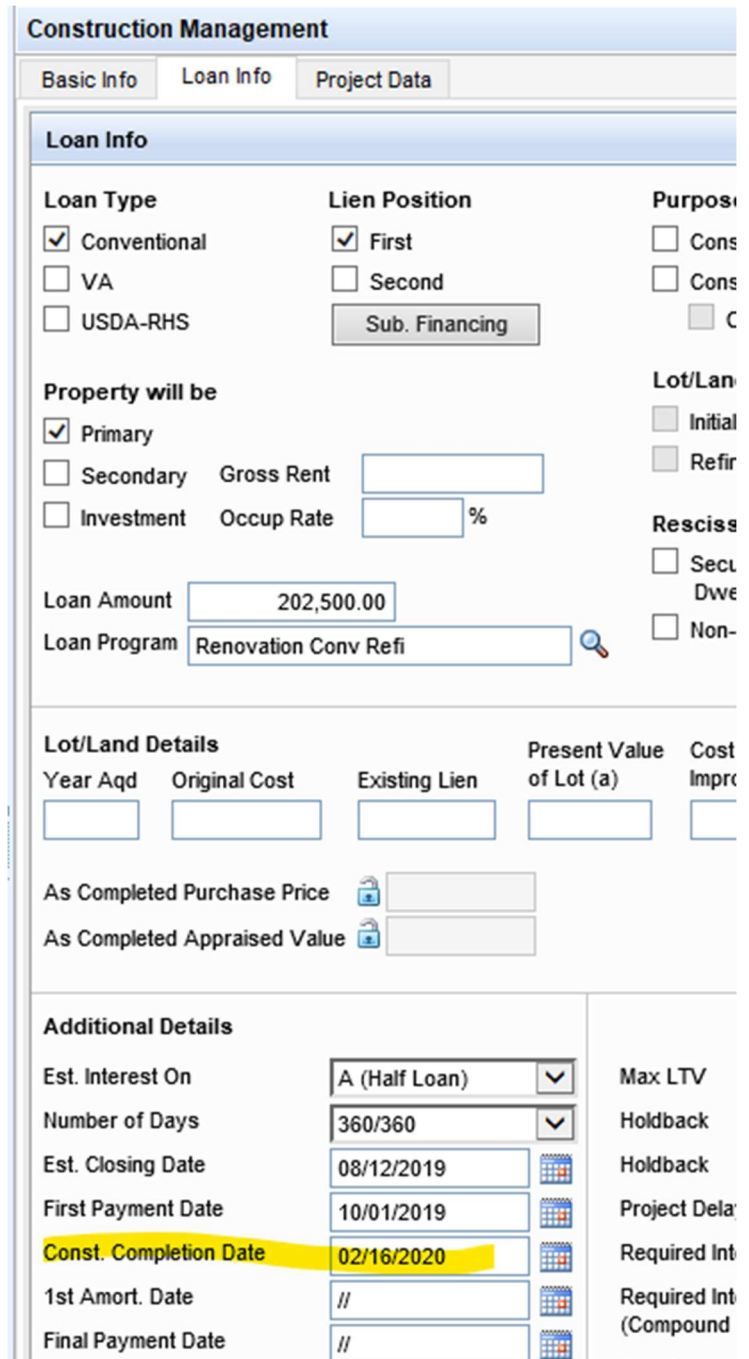
- If construction period on a reno is past 4 months we need to requalify so we want it be 4 months or less.
- If construction period is under 3 months, we can put on the PCB warehouse (better terms for us) so the more accurate the date is, the more flexible we can be on the warehouse line.

### Draw Schedule

Open up a blank Draw Schedule form – this can be found in **Sharepoint - Manager Docs – Construction folder** –Open excel called Draw Schedule.

Once open, there are two tabs.

- One is for a draw schedule that is based on percentage of completion. Use this when the contractor does not have a specific draw schedule in mind.
- One is for schedule based on builder's estimate. Use this when the contractor tells us his draw schedule. Sometimes this is noted in the Purchase contractor or contract to build or renovate. If that is



the case you can fill it out without a discussion with the contractor but still ask if there will be a draw at closing.

Enter in the information for Borrower name, address, cost to build, builder deposit and the remaining balance will calculate. If you are using the first tab, the amounts will prefill in. If the 2<sup>nd</sup> tab, then enter the amounts. Change any words the contractor wants. This is the contractor's draw schedule so we want to make them happy with it.

Ask the builder/contractor if they **expect a draw at closing** based on the scope of work. Answer that question on the draw form and make a note when you prepare the CD that there will be a draw at closing with the amount. Just fill this out now so you don't miss the note to CD prep.

Example of Draw Schedule with Percentage Draws:

DRAW SCHEDULE			
<b>Borrower:</b>	John Smith		
<b>Address:</b>	12 Main St Newark, OH 43055		
<b>Cost to Build</b>	\$210,000.00		
<b>Builder Deposit</b>	\$10,000.00		
<b>Remaining Balance</b>	\$220,000.00		
Percentage	Draw Schedule	Status of Work	Dollar Amount
10%	Draw 1	Initial Draw	\$22,000.00
25%	Draw 2	Foundation	\$55,000.00
25%	Draw 3	Under Roof	\$55,000.00
20%	Draw 4	Drywall & Exterior	\$44,000.00
20%	Draw 5	Final Draw	\$44,000.00
100%			<b>\$220,000.00</b>
<b>Will the first draw be at closing?</b>			<b>NO</b>

### Completing CD Prep (Processor)

- Before entering the Closing Date and submitting to CD Prep queue, confirm that the Const. Completion Date (field ID CONST.X3) on the Construction Management Screen is correct. This should match the rate lock expiration date (after 11/1/19)
- Confirm if there is a draw to be made at closing and note the amount in the Notes section of the CD Prep Form.

### CD PREP INSTRUCTIONS FOR CONSTRUCTION

- PLEASE REFERENCE CLOSING – CD JOB MANUAL

## Wire Fraud Prevention Process

- Educate all borrowers and transaction participants on the threat that fraud poses to everyone by doing the following:
  - Construction Processor to verbally contact the borrower prior to closing to inform them that no one (including the builder) should ask for funds to be wired directly to them during the construction phase
  - Construction Processor to verbally contact the borrower upon first draw as a reminder that no one (including the builder) should ask for funds to be wired directly to them during the construction phase
  - Construction Processor to verbally authenticate wire instructions received from the builder upon each draw request and submit to accounting with each draw request

## Renovation Closing Docs Prep and Sending Docs to Title – Conventional

Before completing steps below contact Construction Processor or Construction Processor Manager to confirm if there will be a draw at closing if one does not already show on Closing Disclosure Page 3. If there is a draw, add it to the CD on a Purchase on line K06 labeling it Initial Draw to 'Builder Name' and deduct the amount of the draw from the Payoff to Builder on line K05. For Non-seller CD, in the VOL screen (1003 Page 2), in the name of the Liability for the payoff to builder, add a parenthetical breaking down the initial draw plus the amount held in escrow. For both CD versions, after adding, check to make sure the Cash to Close from the Calculating Cash to Close section and the Summaries of Transaction Section of the CD are still matching.

### Go to Forms - \*Construction Draw Tracking\*

- Enter in the Completion Dates for construction:
  - **Rate Lock Exp/Contract Completion Date** needs to match the **Lock expiration date**
  - **True Estimated Completion Date** – whatever the builder and borrower say

The screenshot shows a web application interface for EQUITY RESOURCES, INC. mortgage. At the top, there's a status bar with '179 days remaining', a user dropdown 'FS: Naomi Stevens', and a 'Loan Purpose' dropdown. The main form is titled 'construction funds in the following manner:'. It contains several input fields: 'Phone' (919-772-2220), 'Contact' (Nick Kirsch), 'Name' (empty), and 'Address' (empty). There's a button 'Additional Contacts'. Below these are four dollar amount fields: '\$ -168519.98', '\$ 0.00', '\$ 0.00', and '\$ 0.00'. A 'Construction Exceptions' button is also present. On the right, a 'Percentage Complete' section lists: 'Current Draw #', 'Final Draw #', 'Original Contract Sum', 'Deposit', 'Modification Closing Date', and 'Rec'd Recorded Mod'. At the bottom, there are two date fields: 'Rate Lock Exp/Contract Completion Date' (04/27/2020) and 'True Estimated Completion Date' (empty).

### Prepping Docs Specific to Renovation

Prepare the Renovation Loan Agreement found in Sharepoint – Disclosure – Construction and Renovation folder. The name of the file is FNMA Reno Construction Loan Agreement and it is a fillable PDF. Fill out the fillable fields.

Page One – This is a mandatory Renovation Disclosure. Leave as is for borrower to sign.

Page Two (page one of Renovation Loan Agreement) -

- Enter the closing date on line 1
- Enter loan amount in section 1.2
- Select correct boxes in section 1.2
- For purchase, 1st and 3rd boxes
- For refinance, 2nd and 3rd boxes
- Enter contractor name(s) in section 2.1.1
- Enter contractor address(es) in section 2.1.1

Page Three

- Construction Completion Date should be the rate lock expiration date
- Once the fillable pdf is prepared, save to your desktop and drag to the eFolder – unassigned
- Create a container in the eFolder called 'Renovation Loan Agreement'

- Drag the FNMA Reno Construction Loan Agreement into the container. (\*\* The Exhibits do not need sent to closing\*\*)

## Compliance Review

Go to **Tools – Compliance Review** and make sure that you are getting a pass

If there is MI, you may be getting an error on Closing Disclosure Page One. This is because of the interest only period. Customize the months on CD Page One then rerun Mavent (Preview). After you get a pass, unclick the Customize button on CD Page One.

## Sending CP Docs

Go to RegZ-CD Screen

Update CD Date Issued to current date

Click 'Order Docs' button

**Add** the Renovation Loan Agreement folder to the list

**Add** HOI and Title Co Extra to List

Click Send and send to Title Insurance contact

Go to Log – Doc Prep and Finish the Milestone (it will change to Docs Sent) – This alerts Accounting to send funds

## FUNDING CONSTRUCTION LOANS

1. Change your pipeline view to Funder – Funding

1 - 5 of 5				
Ale	Mess	Linked	Loan Number	Borrower Name
=	=			
			200063535	O'Connell, Zackary Michael
			200065368	Thomas, Anthony W
			200065558	VanWyngaarden, Elijah
			200066045	Adams, Tyler A
			200066607	ERWIN, TONY A

2. All loans in this pipeline are ready to be funded. If the loan is in Green Text, it is a renovation or construction loan and will need to be funded differently from a regular loan.
3. Open the loan and Go to Tools → Disclosure Tracking
4. In the Disclosure History click on the Closing Docs Ordered

Disclosure History (9)								
Sent Date	Method	By	# of Disclos	LE Sent?	CD Sent?	Safe Harbor Sent?	Provider List Sent?	
04/27/2017 01:01:55 PM	Closing Docs Ord	Joe Chapman(jachapman)	24	No	Yes	No	No	
04/27/2017 11:41:49 AM	Closing Docs Ord	Kelly Welch(kwelch)	35	No	Yes	No	No	
04/25/2017 03:57:57 PM	eFolder eDisclos	Megan Staiger(mstaiger)	3	No	Yes	No	No	
04/25/2017 03:56:06 PM	U.S. Mail	Megan Staiger(mstaiger)	3	No	Yes	No	No	
04/25/2017 03:03:19 PM	U.S. Mail	Kelly Welch(kwelch)	3	No	Yes	No	No	
04/25/2017 10:48:01 AM	U.S. Mail	Kelly Welch(kwelch)	2	No	No	No	Yes	
04/18/2017 02:51:21 PM	eFolder eDisclos	Chelsea Brewer(cbrewer)	2	Yes	No	No	No	
04/07/2017 11:26:03 AM	eFolder eDisclos	Brooke Gault(bgault)	1	No	No	No	No	
04/07/2017 11:23:10 AM	eFolder eDisclos	Brooke Gault(bgault)	24	Yes	No	No	Yes	

5. In the bottom – Documents Send find Closing Disclosure and click on it to highlight
6. Click view document

Application Date 04/05/2017

**Documents Sent (24)** View Document

Name	Type
OH Closing Disclosure	Closing Document
Instruction to Escrow/Title/Closing Agent	Closing Document
Closing Disclosure	Closing Document
1003 - URLA	Closing Document

OK Cancel

7. If the screen comes up blank – click in the middle of the screen to get image to appear.
8. Save image of CD and close out of screen
9. Go to Tools → Trust Account
  - a. Check to see if the appraisal has been collected.
    - i. If collected prior to closing – it should already be entered
    - ii. If collected on the CD at closing – enter the details for check # enter CD
    - iii. \*\*\* On FHA files you CANNOT collect for a second appraisal fee from the borrower \*\*\*

**Trust Account**

Transaction Description	Trans. Date	Payments		Receipts	
		Check #	Amount	Check #	Amount
APPRAISAL	04/26/2017	2408	415.00		
Notes: HALEY APPRAISAL LLC					
Appraisal CD	04/27/2017			CD	415.00

- b. Enter any lien searches, subordinations or other fees as needed.
  - c. If the loan has Escrow Funds that need to be transferred to Escrow account.
    - i. Login to Huntington Online
    - ii. Transfer escrow funds from Main to Escrow
10. Go to Forms → Accounting Extras (Click 'Show All' if you can't see it)
11. Enter total amount of Appraisals and Inspection Fees collected on CD. If none enter zero.

**Accounting Extras**

Bank ID	PCB
Haircut %	0.98
Wire Amount	73,000.00
Warehouse Value	71,540.00
Warehouse Haircut Amount	1,460.00

Funding Number	
Appraisal CD	

12. The ABA and account number should be completed in the "Title Company Account Information" section. Make sure that they match the package.
  - a. Packages are located in G:\Warehouses\Packages. They are saved under LoanNumberLASTNAME, i.e. 200012345JOHNSON.
  - b. ABA or Account numbers beginning in 0 should have an (') prior to the number so the leading 0 doesn't drop in the excel export.
13. Once the account numbers are verified click the "<< >>" button to transfer these into the isolated fields. This is so that they are not displayed on the funder worksheet. This will put them onto the right side

**Title Company Account Information**

Click the button below to isolate the ABA and ACCT number so they won't print on the funding worksheet. Click the same button to put them back when you're done with the sheet.

Normal Fields			Isolated Fields	
ABA		<< >>	123	
Acct#			456	

14. Go to Tools → Funding Worksheet
15. Type your name in the Funder Box
16. Change Funding Type to Net
17. Funds Ordered is the day you will upload to the warehouse bank – typically today unless you are uploading this loan tomorrow
18. Funding Source is Warehouse Bank – should be completed in prior steps
19. Funds Sent date is the day we are sending the funds – this is also the warehoused date
  - a. If loan is closing prior to 10:30 am on a purchase – we will wire the business day prior
20. Title Company should be completed – Verify that account numbers are **not** displayed. If they are listed here they will be sent on the wire breakdown which is a **major** security issue.
21. Scroll to the bottom of the Funding Worksheet to work on wire
22. Select the template for the type of loan you are working on.
23. This will check the boxes associated with this type of funding. You can check and uncheck as needed.

Select Fees to deduct from the Loan Amount

Loan Amount: 224,000.00

Overwire Amount:

☐ Deduct From Broker Check

Select Template

CD Line	Itemization Line #	Fee Description	Payee	Paid By	Paid To	Amount	POC Borrow	POC Se
<input checked="" type="checkbox"/>	1011.	Aggregate Adjustment				-255.68		
<input checked="" type="checkbox"/>	A.02	801a. Origination Fee	Equity Resources of	Borrower	Lender/Oth	1,125.00	0.00	
<input type="checkbox"/>	C.01	1104. Title - Lender's Title Insur	Meridian Title	Borrower	Lender/Oth	649.90	0.00	
<input type="checkbox"/>	C.02	1101a. Title - Settlement or Closi	Jackson Law, P.C.	Borrower	Lender/Oth	975.00	0.00	
<input type="checkbox"/>	E.01	1202. Recording Fees	Deed \$26.00;Mortgag	Borrower	Lender/Oth	90.00	0.00	
<input type="checkbox"/>	F.01	903. Homeowner's Insurance	USAA	Borrower	Lender/Oth	767.04	0.00	
<input checked="" type="checkbox"/>	F.03	901. Prepaid Interest		Borrower	Lender/Oth	373.33	0.00	
<input checked="" type="checkbox"/>	G.01	1002. Homeowner's Insurance		Borrower	Lender/Oth	191.76	0.00	
<input checked="" type="checkbox"/>	G.03	1004. Property Taxes		Borrower	Lender/Oth	1,607.76	0.00	
<input type="checkbox"/>	H.01	1103. Title - Owner's Title Insur	Meridian Title	Borrower	Lender/Oth	120.50	0.00	

Select Template

Select a template to apply:

Funding Templates (3)

Create and edit templates of the fees typically deducted on the Funding Worksheet.

Name	Description
Conventional Template	
FHA Template	
USDA Template	

24. Add on your adding machine from the CD to be sure you don't miss anything
25. Check the total deductions box to be sure the adding machine and computer match.
26. Lender Credit – Enter the amount of the lender credit.
27. Principal Reduction – This is on page 3 of the CD now. Needs entered in Interim Servicing Worksheet
  - a. Click start servicing in top right corner
  - b. Go to bottom grid and add Payment
  - c. Show deduction of principal amount in overwire box

Create/Edit Transaction

**T01 Payment**

Payment #	1	Payment Method	Check
Statement Date	06/14/2017	Institution Name	
Payment Due Date	06/14/2017	Institution Routing #	
Late Payment Date	06/14/2017	Account #	
Payment Received Date	06/14/2017	Account Holder	
Payment Deposited Date		Check Amount	\$ 1,709.24
Index Rate	%	Check #	CD
Interest Rate	3.375 %	Check Date	
<b>Total Amount Due</b>	\$ 1,913.21	Buydown Subsidy Amount	\$
<b>Total Amount Received</b>	\$ 1,709.24	Comments	PRINCIPAL REDUCTION COLLECTED ON CD AT CLOSING
Principal	\$		
Interest	\$		
Escrow	\$		
Taxes	\$		
Hazard Insurance	\$		
Mortgage Insurance	\$		
Flood Insurance	\$		
City Property Tax	\$		
Other1	\$		
Other2	\$		
Other3	\$		
USDA Monthly Premium	\$		
Late Fee	\$		
Misc. Fee	\$		
<b>Additional Principal</b>	\$ 1,709.24		
Additional Escrow	\$		
<b>Total Amount Allocated</b>	\$ 1,709.24		
<b>Difference</b>	\$		

Created by Cindi Pratt on 06/09/2017 07:19 AM  
 Last modified by Cindi Pratt on 06/09/2017 07:21 AM

Save Cancel

Learn more...

Go to excel called Construction Funding Templates in the Manager Docs Folder in SharePoint and enter in new tab for this customer.

Type in

- Cash to Close from CD page 1
- Loan Amount
- Construction Phase Draws
- Draw to Builder
- Equity Fees (get from Tools – Funding Worksheet – Total Deductions)
- Sales Price
- Title fees
- HOI
- HOA/Other fees
- Property taxes
- Tax Stamps
- Adjustments
- Tax Proration
- EMD

[illegible]

Copy the correct note below depending on if we are receiving a wire or sending one. Paste this note to the Milestone comments on the Warehouse Log page.

If there are financed closing costs, they need entered on construction draw tracking.

Financed Closing Costs			
\$6,489.00			

* Construction Draw Tracking *			
Builder City	Granville		C / O Bank Name
Builder State	OH	Builder Zip	43023
Builder Email	dseaton@monogramhomes.net		ABA #
Builder Approval Expiration Date	//		Account #
			Account Name
Total Amount Paid to Contractor	\$	38,730.10	Amt Paid by Equity \$ 38730.10
Total Amount Owed to Contractor	\$	348,570.90	Amt Advanced by Equity \$ 38,730.10
Interest Only Payment Due <a href="#">Click Here</a>	\$		Borrower Funds for Draw \$ 0.00
Financed Closing Costs		6,489.00	Current Billing Balance 45,219.10

- The Financed Closing Costs field affects the amount used for billing borrowers for their interest due monthly and factors as part of the Current Billing Balance field.
- Borrower funds for draw needs populated if listed on Funding Template – if blank, there are no borrower funds for draw

#### Borrower Funds for Draw

- Current Billing Balance = Amt Advanced by Equity minus Financed Closing Costs minus Borrower Funds for Draw.

Start an e-mail to title and CC the loan officer. Make sure you are sending from [Accounting@callequity.net](mailto:Accounting@callequity.net) and not your personal e-mail. List the subject as **Last Name – Loan Number** Wire Breakdown. Use the Construction WB Signature, then copy and paste the breakdown to title as shown below:

From Accounting@calleguity.net

To: Ashley Stoick <astoick@qetterlaw.com>

Cc: Derek Good

Subject: Peters - 12345 Wire Breakdown

Hello –

Below is the wire breakdown on this file. Please let us know if you have any questions!

Funds to/from Title	
\$393,790.00	Loan Amt
-\$348,570.90	Construction Phase Draws
\$45,219.10	Total Remaining
-\$2,684.00	Due to EQRS (After LC)
<b>\$42,535.10</b>	<b>Funds due to Title/(ERI)</b>

Funds to/from Title	
	Sales Price (less deposit)
\$2,825.00	Title Fees
\$204.00	Recording
\$38,730.10	Draw to Builder
\$776.00	HOI
	HOA/Other Fees
	Property Taxes
	Owner's Title Insurance
	Adjustments
	Tax Proration
	EMD
\$0.00	Cash to Close
<b>\$42,535.10</b>	<b>Funds due to title/(ERI)</b>

Thank you,

Accounting Department | Equity Resources, Inc.  
 25 S Park Place | PO Box 5177 | Newark, OH 43058-5177 | Phone 740.349.7082 | Email [Accounting@calleguity.net](mailto:Accounting@calleguity.net)

## SHIPPING

When the file has all items in and no follow up is needed, the Post closing department will go to **Forms – Post Closing** and enter in dates for both **Post Closing Audit Complete** and **Shipping Ready**.

Additional Information	
Imaged / HUD Tracking	Post Closing Audit
Date Imaged	//
Imaged By	
HUD Requested Date	//
HUD Requested By	
HUD Received Date	//
Amended HUD Requested	//
Assigned Date	05/03/2017
Assigned To	Adam Romine
Date Reviewed	05/04/2017
Post Closing Audit Complete	05/05/2017
Shipping Ready	05/06/2017

Once the Post Closing Audit Complete and Shipping Ready dates are entered. The Servicing department will transfer the loan to the sub-servicer (DMI). The sub-servicer will be responsible for mailing payment statements to the borrower. Any payments received by Equity Resources will be forwarded on to the sub-servicer by accounting.

## DRAW PHASE

### Pipeline Review

In ENC go into the loan, then click on Forms - \* Construction Draw Tracking \*

This screen will show the original contract sum, any deposit paid to the builder, the draw expected schedule and the actual draws complete, and the total amount owed to the contractor.

Builder Zip thcustomhomes@gmail.com		ABA # Account # Account Name	<b>EQUITY</b> RESOURCES, INC. mortgages	Original Contract Sum \$ 205,000.00 Deposit \$ 5,000.00 Modification Closing Date // Modification Recorded Date //
Aid to Contractor \$ 75,000.00 Amount Paid to Contractor \$ 130,000.00 Payment Due <a href="#">Click Here</a> \$	Amt Paid by Equity \$ -31169.55 Amt Advanced by Equity \$ -5,000.00 Borrower Funds for Draw \$ 75,000.00	Construction Exceptions	Current Draw Amount Requested \$ 50,000.00 (- Holdback) \$ 50,000.00 Inspection Fees Total \$ 110.00 Total Draw Amount \$ 70,000.00	

Draw Date	Amount Requested	Amount Approved	% Heldback	Amount Disbursed	Draw Status	% Complete	Date of Draw	Inspection Type	Inspection Fee	Inspection Date
2019	\$ 50,000.00	\$ 50,000.00	0.00 %	\$ 50,000.00	Completed	25.00 %	05/24/2019	Foundation	\$ 110.00	05/23/2019
2019	\$	\$	%	\$ 20,000.00		%	//		\$	//
	\$	\$	%	\$		%	//		\$	//

**\*\* Note – if the complete line is not complete on the draw, like this 2<sup>nd</sup> draw in blue here, it is because the draw was not completed at draw time and I entered it based on what accounting entered as draws on the Warehoused – Milestone comments. \*\***

The math on the screen works like this:

- Original Contract Sum
- MINUS Deposit
- MINUS Amount Disbursed in Draw Schedule
- EQUALS Total Amount Owed to Contractor

The Original Contract Sum and the Deposit come from the following screens and these can be edited after closing if they are incorrect by the Construction Manager. Just verify what is being entered is accurate based on the CD and the Builder Contract Agreement. I went through and edited as necessary to make accurate based on the CD and the Agreement so all are currently accurate. On new loans in the system, make sure these figures are entered accurately and in this manner.

- Original Contract Sum – comes from Construction Management Screen – Cost of Improvements
- Deposit – comes from 1003 Page 2 – Cash Deposit – line 1
  - use line 1 for deposit to the builder
  - use line 2 for any deposit to the seller

Lot/Land Details			Present Value	Cost of	
Year Acd	Original Cost	Existing Lien	of Lot (a)	Improvements (b)	Total (a+b)
2016	70,000.00	0.00	70,000.00	205,000.00	275,000.00
As Completed Purchase Price		275,000.00			
As Completed Appraised Value		305,000.00			

VI. Assets and Liabilities	
Assets	
	Value
Cash Deposit	
Deposit to Builder	5,000.00

This is the process we will use on this screen to get all entered accurately at closing and throughout the draw process.

1. If a draw occurs at closing, Accounting will enter it in on the Construction Tracking page as draw number 1.
2. Construction manager to enter in the complete Draw schedule on the Construction Tracking page (1<sup>st</sup> 2 columns only). Estimated dates based on when the draws would occur based on the construction end date.
3. Construction Processor to enter the information about the draw on the Construction Tracking page (bottom left corner but not submit)
4. When Accounting actually wires the money, they would submit the draw that the construction processor entered on the Construction Tracking page
5. The amount left over will update as soon as Accounting submits the draw!

Draw # 1 – Example of entry:

Draw Schedule											
Draw #	Expected Date	Amount Requested	Amount Approved	% Heldback	Amount Disbursed	Draw Status	% Complete	Date of Draw	Inspection Type	Inspection Fee	Inspection Date
1	04/29/2019	\$ 27,943.67	\$ 27,943.67	0.00 %	\$ 17,664.52	Completed	0.00 %	04/04/2019	Initial Draw	\$ 0.00	04/29/2019
2	//	\$	\$	%	\$		%	//		\$	//

Complete Draw Schedule - Example of entry:

Draw Schedule		
Draw #	Expected Date	Amount Requested
1	06/14/2019	\$ 1,958.75
2	06/14/2019	\$ 5,220.43
3	08/15/2019	\$ 8,784.00
4	09/15/2019	\$ 2,287.00
5	10/15/2019	\$ 1,958.75
6	11/15/2019	\$ 5,220.43
7	//	\$
8	//	\$

Construction Processor entering the construction draw but not Submitting – leave Draw Status blank

Draw Detail	
Draw #	2
Expected Date	07/18/2019
Amount Requested	\$ 41,624.82
Amount Approved	\$ 41,624.82
Holdback	0.00 %
Amount Disbursed	\$ 41,624.82
Draw Status	
% Completed	12.14 %
Date of Draw	07/18/2019
Types of Inspection	Progress
Inspection Fee	\$ 110.00
Inspection Date	07/11/2019
Inspectors Company Name	Trinity
Inspector Name	3143 BB
Inspector Phone	888-573-8029
Inspector Email	account.managers@trinityonline.com

Accounting completes Draw Status – Completed & Submit Draw Details – when they hit Submit Draw Details, it will overwrite the estimated draw information and complete the line with the current draw.

Draw Detail	
Draw #	2
Expected Date	07/18/2019
Amount Requested	\$ 41,624.82
Amount Approved	\$ 41,624.82
Holdback	0.00 %
Amount Disbursed	\$ 41,624.82
Draw Status	Completed
% Completed	12.14 %
Date of Draw	07/18/2019
Types of Inspection	Progress
Inspection Fee	\$ 110.00
Inspection Date	07/11/2019
Inspectors Company Name	Trinity
Inspector Name	3143 BB
Inspector Phone	888-573-8029
Inspector Email	account.managers@trinityonline.com

Log Note

Submit Draw Details

The draw will then move up to the Draw Schedule Line

3	07/12/2019	\$ 93,972.50	\$ 93,972.50	0.00 %	\$ 93,972.50	Completed	25.00 %	07/12/2019	Frame	\$ 110.00	06/26/2019
---	------------	--------------	--------------	--------	--------------	-----------	---------	------------	-------	-----------	------------

Then Log a Note so we know accounting put in the draw amount – once you type in your note & hit Log Note, the note will appear on the right side of the screen in the Notes Log.

Log Note

Entered in Draw 3 (TEST)

Notes Log
Draw # 3 Entered in Draw 3 (TEST) Kelly Welch   7/18/2019 8:54:10 AM

Total amount owed to contractor updates once the Amount disbursed is entered in the Draw Schedule.

Total Amount Paid to Contractor	\$	224,945.00
<b>Total Amount Owed to Contractor</b>	<b>\$</b>	<b>148,625.00</b>
Interest Only Payment Due <a href="#">Click Here</a>	\$	

## Monitor Draws by Construction Processor

Daily, the construction processor will go into the two pipelines set up to manage all construction draws. The pipelines are called **“Construction – Draw Process”** and **“Construction – Reno Draw Process”**. The fields for date & next action on the \*Construction Draw Tracking\* page should be used just like the Processor Next Action in the Processor Pipeline. The pipelines are sorted by Next Draw date because that will give you the most recent up top.

aw Construction - Draw Process

2 folders are selected View All Loans Company Internal Organization All

etails Estimated Construction Interest > 0 and Last Finished Milestone contains "warehous"

of 30

Loan Number	Borrower Name	Loan Officer	Loan Estimate - Lo	Closing Date	Const. Compl	Current Draw #	Next Draw	Next Draw Action
				=	=		=	
200057007	Light, Ryon J	Derek Good	Construction	05/24/2019	12/29/2019	1		EMPLOYEE LOAN
200022727	Brewster, Brian J	Tom Piecenski	Construction	05/29/2018	03/29/2019	6		MOD DONE, Still requalifying
200048297	HOCH, CHRISTOPHER A	Catherine Gee-	Purchase	10/26/2018	07/26/2019	4		MOD DONE, Waiting for original
200051960	Reich, Nathaniel Thomas	Samantha Morr	Purchase	12/13/2018	09/01/2019	5		MOD IN PROCESS
200023478	Ross, Travis J	Dick Engle	Refinance	08/31/2018	05/31/2019	4	07/23/2019	FUP on UWV for final draw
200027130	Poling Jr, Michael	Shane Marzulk	Construction	05/30/2019	02/24/2020	2	07/23/2019	Follow up on draw request form
200033875	Welborn, Brandon M	Freddy Dunn	Refinance	11/15/2018	08/15/2019	5	07/23/2019	Builder needs to send in draw fc
200059087	Carnes III, James E	David Starling	Purchase	04/12/2019	01/12/2020	2	07/23/2019	Welcome call - ready for next dr
200059736	Bishop, Brian A	Patti DeStefanc	Refinance	04/30/2019	01/30/2020	1	07/23/2019	Welcome call
200059741	Hill, Markus John	Naomi Stevens	Purchase	05/16/2019	11/16/2019		07/23/2019	Next draw ready 7/15?
200059911	Haug, Kimberly E	Jennifer Farme	Construction	05/10/2019	12/06/2019		07/23/2019	Welcome Call
200052123	Bradley, Andrew D	David Starling	Refinance	04/05/2019	10/05/2019	1	07/24/2019	Welcome Call - you LM 7/12ish?
200052306	Chester, Trina L	Dail Perry	Construction	01/14/2019	06/15/2019	1	07/24/2019	Next draw end of July?
200053145	Mills, Jason	Connie Thomps	Construction	02/14/2019	10/25/2019	2	07/25/2019	Welcome Call
200037944	Jaimes, Victor	Jane Hartsock	Construction	02/15/2019	09/20/2019	2	07/25/2019	Inspection complete?

- Remove the date when the follow up is complete or not necessary and the loan will fall out of the pipeline when it funds.
- Set up a next draw action of “Welcome call” on any new construction loan it the system.
- Update date and next draw action each time you work in the file and do something.

Under Construction Tracking section	
<input type="checkbox"/> Draw Process-	
Next Draw Action Date	07/22/2019
Next Draw Action	Draw should be in proces
Next Servicing Action Date	//
Next Servicing Action	

***NOTE: Don't purposefully check the box that says "Draw Process" on each loan. We are only checking that when a loan falls out of the pipeline and should be in here – this happens with VA and 203K loans that get sold/purchased before construction is complete. We have checked it for Roger Lewis and Ari Stone to get them in the pipeline.***

Once you get a builder or borrower requesting a draw, then take the following steps:

1. Order the inspection through Trinity.
2. Once the inspection is returned and you confirm the draw amount then request the Completed Draw Request and Disbursement Authorization Form from builder 1<sup>st</sup>
3. After the builder has signed, sent to the borrower to sign in the borrower portal.
4. After you have the inspection and the authorization signed by all parties, you can request the money be sent from Accounting.
  - a. Accounting will contact the builder/contractor on the first draw to confirm EFT instructions are accurate.
  - b. Accounting will verify the amount is available and the inspection is accurate
  - c. Accounting will send the money by EFT when possible instead of wire

### Follow up Ideals for the Construction Processor

#### First Call

Set up the Initial Welcome Call based on type and length of construction. In this call, you basically introduce yourself and forward them a blank draw request and explain how draws work.

#### Follow up Calls when there is not an indication when next draw will be

Minimum contact every 2 weeks

Call then email (call first, if no response then send an email)

Cc the borrower on each email to the contractor (so they know what's happening)

#### Follow up Calls when the borrower or contractor has told you when the next draw could potentially be

Call when they told you they expect the next draw to be. If they said they will be ready in about 4 weeks, then contact in 4 weeks. There is no need to call every 2 weeks.

Please call then email if no answer

Cc the borrower

#### Final Draw

Call when they told you they would be ready for the final draw then call and follow up as responses are received

Revert back to every two weeks if you don't know when it will be done

Please call then email if no answer

Cc the borrower

#### In regards to a contractor not returning your calls and you are at the end of the process:

Email the loan officer and ask them to get involved and go back to your every two week follow up. Make sure your notes are updated that you emailed the loan officer to get involved. That email should be cut and pasted in the notes. When construction stalls, we want the loan officer to be back involved in the loan.

#### In regards to Requalifications:

Go back to normal processing touches – every two days, like you are doing until requalification is complete.

#### In regards to a Draw Request without paperwork:

If they request a draw and you have told them they need to send you a written request, then follow up until the draw is received. I would say every third or fourth day is acceptable. It's not like you did not tell them what needed done.

Involve the loan officer if the request is not received in a week and ask them to help.

January 31, 2020

### Conversation log

Update notes in the conversation log when contractors do respond to you or what the conversation was when you talked to them. Those notes are used to contact loan officers when contractors are not getting back so the notes are super important.

### How to order an inspection

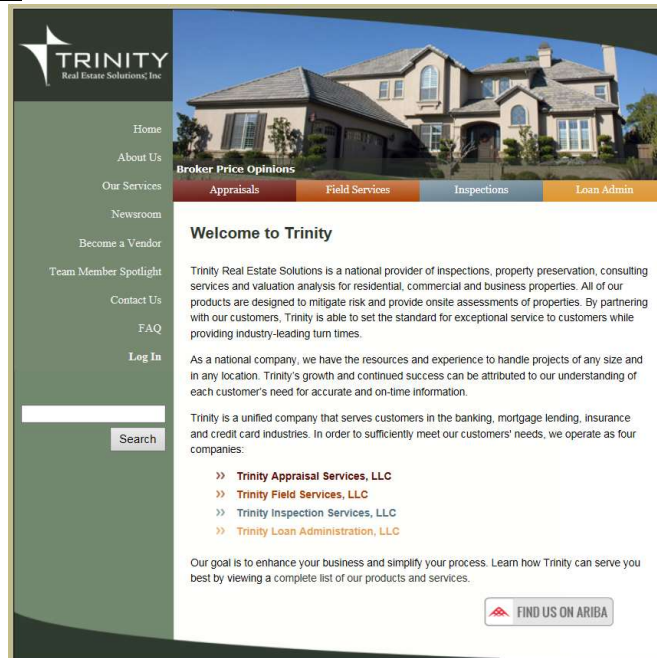
All Inspections will be ordered through Trinity. Our contact information is as follows:

- Our account manager is Penny Austin
- Phone: 972-865-0192
- Trinity Main #: 1-888-573-8029
- Email: [penny.austin@trinityonline.com](mailto:penny.austin@trinityonline.com)

If there is an initial draw to the contractor, Trinity needs to know this at the first draw request in order for the inspection to come back showing that draw. Review the draw schedule and confirm it shows an initial draw if there is one before you send the draw schedule to Trinity.

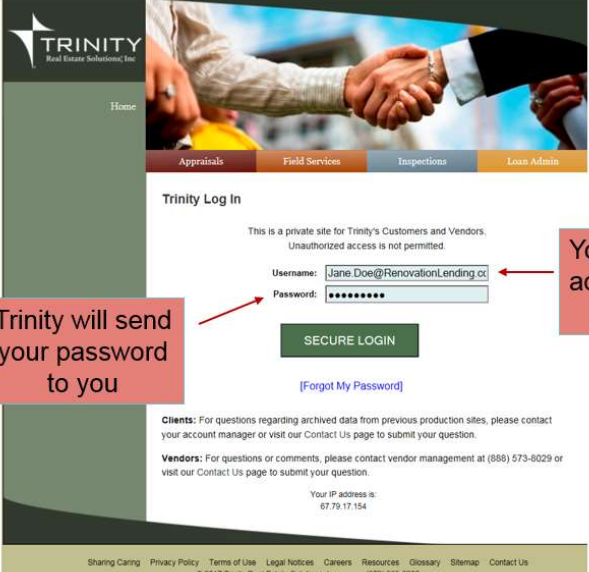
Open your web browser and enter <http://www.trinityonline.com/> in the address bar.

Once on the site click on **Log In**



Enter your **Username** and **Password** and click on **Secure Login**. (See CP Team Manager if you need login credentials)

## Website - Login



The image shows the login page for Trinity Real Estate Solutions, Inc. The page has a header with the Trinity logo and navigation links: Home, Appraisals, Field Services, Inspections, and Loan Admin. The main content area is titled "Trinity Log In" and includes a warning: "This is a private site for Trinity's Customers and Vendors. Unauthorized access is not permitted." Below this is a login form with fields for Username and Password. The Username field contains the text "Jane.Doe@RenovationLending.co". A red arrow points from a pink box labeled "Your email address" to the Username field. Another red arrow points from a pink box labeled "Trinity will send your password to you" to the Password field. Below the form is a green "SECURE LOGIN" button and a link for "[Forgot My Password]". At the bottom, there is contact information for Clients and Vendors, and a footer with various links and copyright information.

Trinity Real Estate Solutions, Inc.

Home Appraisals Field Services Inspections Loan Admin

Trinity Log In

This is a private site for Trinity's Customers and Vendors. Unauthorized access is not permitted.

Username: Jane.Doe@RenovationLending.co

Password: \*\*\*\*\*

SECURE LOGIN

[Forgot My Password]

**Clients:** For questions regarding archived data from previous production sites, please contact your account manager or visit our Contact Us page to submit your question.

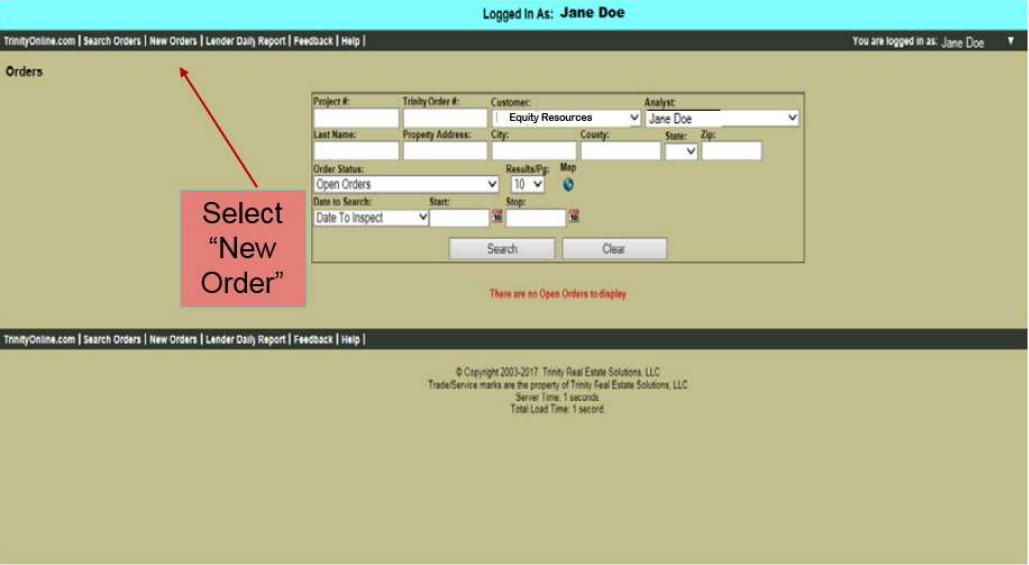
**Vendors:** For questions or comments, please contact vendor management at (888) 573-8029 or visit our Contact Us page to submit your question.

Your IP address is: 67.79.17.154

Sharing Caring Privacy Policy Terms of Use Legal Notices Careers Resources Glossary Sitemap Contact Us  
© 2017 Trinity Real Estate Solutions, Inc. (872) 965-0200

Select **New Orders** from the tool bar.

## Website - Creating a New Order



The image shows the "New Orders" page on TrinityOnline.com. The page has a header with the text "Logged In As: Jane Doe" and a navigation bar with links: TrinityOnline.com | Search Orders | New Orders | Lender Daily Report | Feedback | Help |. The main content area is titled "Orders" and contains a form for creating a new order. A red arrow points from a pink box labeled "Select 'New Order'" to the "New Orders" link in the navigation bar. The form includes fields for Project #, Trinity Order #, Customer (Equity Resources), Analyst (Jane Doe), Last Name, Property Address, City, County, State, and Zip. It also has a dropdown for Order Status (Open Orders), a Results By dropdown (10), and a Date to Search dropdown (Date To Inspect). There are Search and Clear buttons at the bottom of the form. Below the form, a red message states "There are no Open Orders to display". The footer contains copyright information: © Copyright 2003-2017 Trinity Real Estate Solutions, LLC. Trade/Service marks are the property of Trinity Real Estate Solutions, LLC. Server Time: 1 seconds. Total Load Time: 1 second.

Logged In As: Jane Doe

TrinityOnline.com | Search Orders | New Orders | Lender Daily Report | Feedback | Help |

You are logged in as: Jane Doe

Orders

Select "New Order"

Project #: Trinity Order #: Customer: Equity Resources Analyst: Jane Doe

Last Name: Property Address: City: County: State: Zip:

Order Status: Open Orders Results By: 10

Date to Search: Start: Stop: Date To Inspect

Search Clear

There are no Open Orders to display

© Copyright 2003-2017 Trinity Real Estate Solutions, LLC  
Trade/Service marks are the property of Trinity Real Estate Solutions, LLC  
Server Time: 1 seconds  
Total Load Time: 1 second

Select Equity Resources as the **Customer Name** and enter the ENC loan number as the **Project number**.

## Website - Creating a New Order

Logged In As: Jane Doe

TrinityOnline.com | Search Orders | New Orders | Lender Daily Report | Feedback | Help | You are logged in as: Valerie Mayoral ▼

Orders: New

[Get Help with Ordering Instructions Here](#)

Customer Name: **Equity Resources** ▼

Project #:

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Trade/Service marks are the property of Trinity Real Estate Solutions, LLC  
Server Time: 0 seconds  
Total Load Time: 1 second

Enter Loan Number

Select **Draw Inspection (TIS)** and then hit **Continue New Order**  
Website – Choose Product

Logged In As: Jane Doe

TrinityOnline.com | Search Orders | New Orders | Lender Daily Report | Feedback | Help | You are logged in as: Valerie Mayoral ▼

Orders: New

[Get Help with Ordering Instructions Here](#)

Customer Name: **Equity Resources** ▼

Project #: **1111111111**

Please select one of the products below that are available to your company.  
For other products, please contact your Account Manager:  
**Penny Austin**  
(972) 865-0242

☒ Draw Inspection (TIS) ☐ Feasibility (FEAS)

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Server Time: 1 seconds  
Total Load Time: 1 second

Choose Product

Select “Blank General Purpose Line Item Draw”.

Due to Perform Inspection should always be the date that you are placing the order.

Enter in the appropriate information for the Borrower Data, Property Data and Contractor Info.

## Website - Project Information

TrinityOnline.com | Search Orders | New Orders | Lender Daily Report | Feedback | Help |

New Project: 111111111

Cancel New Order

Choose the Form that you need: Blank General Purpose Line Item Draw (19) Add Pool: No

**Project Information**

Project #: 111111111 Customer: Renovation Lending Date To Perform Inspection: 09/07/2017 Status: New  
 Order #: (Generated On Save) Analyst: Doe, Jane Loan Close Date:  
 Transaction #: (Generated On Save) Supervisor: Rate Expiration Date:

**Borrower Data**

First: Test Last: Borrower  
 Work Phone: (888) 573-8025 Home Phone: (888) 573-8027  
 Cell Phone: Other Phone:  
 Email: test.borrower@abc.com  
 Code:

**Property Data**

Commercial Property  
 Street: 4851 LBJ Freeway State: TX  
 City: DALLAS County: DALLAS  
 Zip: 75244 O.A. Date:  
 APN:  
 Legal Description:

**Contractor Info**

Company: Bob the Builder  
 Contact Name: Bob  
 Phone: (972) 865-0192 Cell:  
 EMail:  
 LockBox #: Appraisal Val:  
 Cost - New: Land Val:  
 Cust Order #:

Enter any New Order comments here:  
 Special instructions go here.

Save New Order >

© Copyright 2003-2017 Trinity Real Estate Solutions, LLC  
 Trade/Service marks are the property of Trinity Real Estate Solutions, LLC  
 Server Time: 1 seconds  
 Total Load Time: 2 seconds

**Annotations:**

- Your name should appear here (points to Analyst field)
- Auto populates to date ordered unless changed by Equity or Trinity (points to Date To Perform Inspection field)
- Select "Blank General Purpose Line Item Draw" form (points to form selection dropdown)
- Enter Borrower, Property and Contractor information (points to Borrower, Property, and Contractor sections)

Click **Save New Order**

## Website - Placing a New Order

TrinityOnline.com | Search Orders | New Orders | Lender Daily Report | Feedback | Help |

Logged In As: Jane Doe You are logged in as: Valarie Mayoral

New Project: 111111111

Cancel New Order

Choose the Form that you need: Blank General Purpose Line Item Draw (19) Add Pool: No

**Project Information**

Project #: 111111111 Customer: Renovation Lending Date To Perform Inspection: 09/07/2017 Status: New  
 Order #: (Generated On Save) Analyst: Doe, Jane Loan Close Date:  
 Transaction #: (Generated On Save) Supervisor: Rate Expiration Date:

**Borrower Data**

First: Test Last: Borrower  
 Work Phone: (888) 573-8025 Home Phone: (888) 573-8027  
 Cell Phone: Other Phone:  
 Email: test.borrower@abc.com  
 Code:

**Property Data**

Commercial Property  
 Street: 4851 LBJ Freeway State: TX  
 City: DALLAS County: DALLAS  
 Zip: 75244 O.A. Date:  
 APN:  
 Legal Description: Renovation Lending

**Contractor Info**

Company: Bob the Builder  
 Contact Name: Bob  
 Phone: (972) 865-0192 Cell:  
 EMail:  
 LockBox #: Appraisal Val:  
 Cost - New: Land Val:  
 Cust Order #:

Enter any New Order comments here:  
 Special instructions go here.

Save New Order >

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 Trade/Service marks are the property of Trinity Real Estate Solutions, LLC  
 Server Time: 1 seconds  
 Total Load Time: 2 seconds

**Annotation:**

- Select "Save New Order" (points to Save New Order button)

When the order is complete you will receive a order confirmation that you can save and place in the EFolder in the Appraisal Container.

January 31, 2020

## Website - Order Confirmation

Trinity Inspection Services, LLC - Internet Explorer  
https://secure.trinityonline.com/order-confirm.asp?id=739790

**TRINITY**  
Inspection Services, LLC

**Order Confirmation**

**Project #:** 1111111111  
**Product Type:** Draw Inspection (Draw)  
**Product Ordered:** Blank Line Item Draw - Dollars  
**Order Number:** 19-739790  
**Status:** Setup Only  
**Date Ordered:** 9/8/2017  
**Date To Inspect:** 9/8/2017  
**Customer:** Renovation Lending  
**Analyst:** Jane Doe  
**Name:** Test Borrower  
**Company:** Bob the Builder  
**Address:** 4851 LBJ Freeway  
DALLAS, TX 75244  
**County:** DALLAS

[Print Order Confirmation](#)

☒ Yes! I want to receive New Order Emails everytime a new order is placed in the system.  
☒ Yes! I want to continue to see this New Order Pop Up everytime I place a new order in the system. (Please note that once this Pop Up window is disabled, only your Account Manager can re-enable it.)

[Close Window](#)

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Server Time: 0 seconds  
Total Load Time: 0 seconds

When you close the window you should also receive a email confirmation from Trinity that the order has been received.

When the report has been completed you will receive an email from Trinity with the inspection report attached. (See below for example of the email)

## Website - Order completion email

**Jane Doe**

**From:** Trinity - Report Complete <account.managers@trinityonline.com>  
**Sent:** Friday, September 08, 2017 12:16 PM  
**To:** Doe.Jane@Lending Renovation.com  
**Subject:** Borrower | 1111111111 : COMPLETED: 9/8/2017 12:05:18 PM  
**Attachments:** Draw\_2\_739200\_Complete.pdf

Status: Report Completed  
Customer: Lending Renovation  
Analyst: Jane Doe  
Business Consultant:  
Project #: 1111111111  
Trinity #: 19-739200  
Last Name: Borrower  
Address: 4851 LBJ Freeway, Dallas, TX 75244  
Please view the attached PDF or visit our website at  
<https://secure.TrinityInspection.Com/forms/xprnLineItemFixedPercentDraw.asp?cid=33630&xDrawID=739200&cDnum=2&xFormID=19&IsFaxReport=1> to view the report.

Contact Trinity at 888-573-8025 or Account.Managers@trinityonline.com with any questions.

The information transmitted herewith is sensitive information intended only for use to the individual or entity to which it is addressed. If the reader of this message is not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying or other use of, or taking of any action in reliance upon, this information is strictly prohibited. If you have received this communication in error, please contact the sender and delete the material from your computer.

A copy of the report will be attached to the email

You will receive an email when the order is complete.

You will receive an ezLink™ that will take you directly to the report on the website

Upon receipt of the inspection save it to the appraisal container in the Encompass folder. This will allow the inspection to be view in its original format when delivered to the end investor.

Review the Inspection to determine amount of draw

Open the inspection is received from Trinity, move the inspection to the eFolder in the ENC file called Property & Inspection

Review the following areas highlighted below to ensure it matches the approved draw schedule.

Confirm that the inspection for the current draw is 100% complete and the “eligible to fund” matches the draw request.

TRINITY INSPECTION SERVICES, LLC - DRAW INSPECTION RESULTS								
1-888-573-8029								
PROPERTY INFORMATION				BUILDER INFORMATION				
<b>Lender :</b> Equity Resources Inc				<b>Builder :</b> Wayne Homes				
<b>Loan / Draw # :</b>				<b>Builder Contact :</b> Amy Halls				
<b>Borrower :</b>				<b>Builder Phone :</b> (888) 308-3729				
<b>Address :</b>				<b>County :</b> KNOX				
<b>Phone :</b>				<b>Date Ordered :</b> 10/27/2017 4:34 PM				
<b>Ordered By :</b> Nate Johnson				<b>Date to Inspect :</b> 10/30/2017 4:34 PM				
<b>Inspected By :</b>				<b>Date Inspected :</b> 11/1/2017 <b>Status:</b> Report Completed				
<b>Builder's Estimated Completion Date:</b> Schedule E: \$0				<b>Invoice # :</b>				
				<b>LockBox # :</b> No Code				
#	Item Description	Line Percent	Amount	Requested	Prior Inspection	Funded	This Inspection	Eligible to Fund
1	Pre draw	10.00%	\$22,000.00	\$0.00	0%	\$0.00	100%	\$22,000.00
**** Inspector's remarks: lenders discretion								
2	Foundation complete	15.00%	\$33,000.00	\$0.00	0%	\$0.00	100%	\$33,000.00
3	Roof Complete	35.00%	\$77,000.00	\$0.00	0%	\$0.00	0%	\$0.00
4	drywall complete	30.00%	\$66,000.00	\$0.00	0%	\$0.00	0%	\$0.00
5	final Draw	10.00%	\$22,000.00	\$0.00	0%	\$0.00	0%	\$0.00

### Inspection Approval Process

Once you have determined the draw amount and the borrower and builder have signed the draw request. Submit the following documents to the accounting department via email to initiate the draw:

1. Copy of Inspection
2. Signed and completed Draw Request and Disbursement Authorization Form

All requests are to be submitted to accounting prior to 3pm EST the day before the draw is scheduled to be released.

Don't forget to complete the draw request information at the bottom of the page in the \*Construction Loan Tracking\* form. Accounting will submit it once they actually wire the money to the builder.

Draw Detail	
Draw #	2
Expected Date	07/18/2019
Amount Requested	\$ 41,624.82
Amount Approved	\$ 41,624.82
Holdback	0.00 %
Amount Disbursed	\$ 41,624.82
Draw Status	Completed
% Completed	12.14 %
Date of Draw	07/18/2019
Types of Inspection	Progress
Inspection Fee	\$ 110.00
Inspection Date	07/11/2019
Inspectors Company Name	Trinity
Inspector Name	3143 BB
Inspector Phone	888-573-8029
Inspector Email	account.managers@trinityonline.com

## Final Draw & Requalification

If the builder or borrower calls and says the house is done, this would indicate that we need to order the final inspection from Trinity and that the draw is going to the **final draw**. There are a few more steps that need done at this stage:

1. **Requalify the borrower** (needed if construction period is over 4 months – look at docs in file for indication)
2. Order a **Title Update** from the title company – you should see a charge for this on the original CD, just remind the title company that it was charged and paid for when you order it.
3. Complete and ask the borrower to sign a **Certificate of Substantial Completion** (saved in Construction – Conventional Construction folder in SharePoint)

Tell the borrower that in order to process the final draw, we need updated documents. Request the updated documents prior to ordering the inspection in order to not hold up the final draw. Request the following:

- Ask for updated income documents – last 30 days paystubs and W2 from previous year (if we don't have it)
- Ask for 2 months of bank statements for all assets
- Call for a VVOE for each borrower
- Pull new credit
- If loan over 80% LTV, the PMI cert needs to be activated and the system updated with any changes.
- Confirm new AUS has been ran with updated HOI, Taxes, DTI, etc.

Let the borrower know we will not disburse the final draw without all the information that the underwriter has requested.

Once all information is received, submit the loan back to underwriting for final approval.

Once final approval is received, make sure you have the following to request the draw from Accounting:

1. Title update showing no mechanics liens
2. Inspection showing all work complete
3. Draw request signed by borrower and builder
4. Certificate of Substantial Completion signed by the borrower and builder

Email accounting the draw request with the above items. Accounting will process the draw the following day and disburse the money to the builder.

## Accounting Procedures for Draw

1.) **Verification - On all construction draws we need to verify the following for each draw:**

- a.) **Did the borrower sign off on the draw amount?** – If they signed off on more, that is okay. The inspection or amount left to disburse might be less which is why the processor requested less than the borrower signed off on.
- b.) **Does the inspection validate that much work has been complete?** – Make sure to review previous draws on Construction Draw Tracking. On the example below, the inspection shows \$17,717.50 of work has been complete. Encompass shows that we have paid out \$6,350 in the **Amt Advanced by Equity** field. So the inspection says we can disburse up to \$11,367.50 ( $17,717.50 - 6,350 = 11,367.50$ ).

#	Item Description	Line Percent	Amount	Requested	Prior Inspection	This Inspection	Total Project To-Date
1	Windows/ Exterior Door	5.45%	\$1,800.00	\$0.00	100%	\$1,800.00	100% \$1,800.00
2	Cabinets/vanities	12.12%	\$4,000.00	\$0.00	35%	\$1,400.00	45% \$1,800.00 80% \$3,200.00
**** Inspector's remarks: Kitchen complete. Bathrooms needed.							
3	Lights	2.42%	\$800.00	\$0.00	0%	\$0.00	10% \$80.00 10% \$80.00
**** Inspector's remarks: Some exterior & interior lights still to be installed.							
4	Mirrors	0.61%	\$200.00	\$0.00	0%	\$0.00	0% \$0.00
5	Wiring (material/labor)	23.79%	\$7,850.00	\$0.00	0%	\$0.00	65% \$5,102.50 65% \$5,102.50
**** Inspector's remarks: rough							
6	Carpet	0.00%	\$0.00	\$0.00	0%	\$0.00	0% \$0.00
**** Inspector's remarks: No flooring has been installed at this time.							
7	Exterior Doors	0.55%	\$180.00	\$0.00	100%	\$180.00	100% \$180.00
8	Tops/sinks	21.32%	\$7,036.00	\$0.00	0%	\$0.00	0% \$0.00
9	Bath hardware	0.61%	\$200.00	\$0.00	0%	\$0.00	0% \$0.00
10	Door hardware	0.76%	\$250.00	\$0.00	0%	\$0.00	30% \$75.00 30% \$75.00
**** Inspector's remarks: Exterior hardware has been installed.							
11	Flooring	4.12%	\$1,360.00	\$0.00	0%	\$0.00	0% \$0.00
**** Inspector's remarks: No flooring has been installed at this time.							
12	Flooring labor	1.74%	\$574.00	\$0.00	0%	\$0.00	0% \$0.00
13	Framing materials/labor	7.27%	\$2,400.00	\$0.00	100%	\$2,400.00	100% \$2,400.00
14	Drywall material/labor	7.58%	\$2,500.00	\$0.00	0%	\$0.00	100% \$2,500.00 100% \$2,500.00
**** Inspector's remarks: Drywall							
15	Drywall material/labor	2.58%	\$850.00	\$0.00	0%	\$0.00	100% \$850.00 100% \$850.00
**** Inspector's remarks: Drywall							
16	10% Contingency	9.09%	\$3,000.00	\$0.00	19%	\$570.00	32% \$960.00 51% \$1,530.00
**** Inspector's remarks: overall % included							
<b>TOTAL DIRECT COSTS &amp; PERCENTAGES</b>		<b>100%</b>	<b>\$33,000.00</b>	<b>\$0.00</b>	<b>19.24%</b>	<b>\$6,350.00</b>	<b>34.45% \$11,367.50 53.69% \$17,717.50</b>

Total Amount Paid to Contractor	\$	13,350.00	Amt Paid by Equity	\$	-92524.99
Total Amount Owed to Contractor	\$	19,650.00	Amt Advanced by Equity	\$	6,350.00
Interest Only Payment Due <a href="#">Click Here</a>	\$		Borrower Funds for Draw	\$	0.00
Financed Closing Costs			Current Billing Balance		6,350.00

c.) Does Encompass show we have that much available to pay the builder/contractor? In the total amount owed to contractor, this is the amount we have available left to disburse.

Total Amount Paid to Contractor	\$	13,350.00	Amt Paid by Equity	\$	-92524.99
Total Amount Owed to Contractor	\$	19,650.00	Amt Advanced by Equity	\$	6,350.00
Interest Only Payment Due <a href="#">Click Here</a>	\$		Borrower Funds for Draw	\$	0.00
Financed Closing Costs			Current Billing Balance		6,350.00

Construction Exceptions

Construction Completed Date 11/17/2019

Draw Schedule								
Draw #	Expected Date	Amount Requested	Amount Approved	% Heldback	Amount Disbursed	Draw Status	% Complete	
1	07/23/2019	\$ 6,350.00	\$ 6,350.00	0.00 %	\$ 6,350.00	Completed	19.24	%
2	08/19/2019	\$ 9,500.00		%				%

If any of the amounts are less than the requested draw, we must reach out to the processor on getting this corrected. We cannot disburse more than what the borrower, inspection, or encompass say we can disburse.

## 2.) Updating Encompass

Once you have verified the draw amount is correct, we can start processing the draw. Go to Construction Draw Tracking. The processor will already have filled out the draw details.

Update the Draw Status to “Completed” and verify the date is correct. Once that is complete you can Submit Draw Details.

The draw will then move up to the Draw Schedule Line

3	07/12/2019	\$	93,972.50	\$	93,972.50	0.00	%	\$	93,972.50	Completed	25.00	%	07/12/2019	Frame	\$	110.00	06/26/2019
---	------------	----	-----------	----	-----------	------	---	----	-----------	-----------	-------	---	------------	-------	----	--------	------------

Then Log a Note so we know accounting put in the draw amount – once you type in your note & hit Log Note, the note will appear on the right side of the screen in the Notes Log.

**\*\*Note whether you are sending funds by check or ACH. If by check, list the FedEx tracking number\*\***

### Notes Log

Draw # 3  
Entered in Draw 3 (TEST)  
Kelly Welch | 7/18/2019 8:54:10 AM

Once this is posted the *Total Amount Owed to Contractor* will be updated.

Total Amount Paid to Contractor	\$	22,850.00	Amt Paid by Equity	\$	-83024.99
Total Amount Owed to Contractor	\$	10,150.00	Amt Advanced by Equity	\$	15,850.00
Interest Only Payment Due <a href="#">Click Here</a>	\$		Borrower Funds for Draw	\$	0.00
Financed Closing Costs			Current Billing Balance		15,850.00

After construction draw tracking is complete, we need to adjust the wire amount. Go to **Tools – Funding Worksheet**. You will need to take your overwire amount and take the current draw out. This will be your new overwire. In the example below, we had a \$9,500 draw. We reduced the overwire amount from -19,650 to -10,150.

If we check the construction draw tracking screen, we see that the total amount owed to contractor is \$10,150. Our overwire is -\$10,150 because we have \$10,150 we still need to disburse to the contractor. **\*\*Please note, if there is a principal reduction, the overwire will be different from the amount owed to contractor – the difference is the principal reduction amount. This is infrequent, but does happen occasionally\*\***

### 3.) Process Payment

The final step is to process the payment to the builder/contractor. If we are sending a check the processor will send you the address to FedEx the check in the draw request.

If we are paying via ACH, they will be a vendor in Loan Vision. If it is a first draw on the loan and we are submitting payment via ACH, we must call to verify their banking information.

- a. Use a third-party lookup to find the builder/contractors number.
- b. Call them and have them verbally verify their banking info to make sure it matches what we have in Loan Vision.
- c. If it does not match, we will need to send an e-mail to Jamie Drayton. A new ACH form will need completed by the builder with the updated info before we can process the draw. Once the ACH form is received, we will update Loan Vision and process the draw.

### QC Process and Procedures

Excerpt from QC Policy as it relates to our general QC policy and the inclusion of renovation loans in the discretionary pre-funding QC Program.

The purpose of our Quality Control Policy is to create a culture of conformity to standards set forth by government laws, loan program guidelines, and specifically tailored to meet investor eligibility requirements. The Quality Control Policy is set in place to be able to evaluate and then monitor and give feedback to improve the overall quality of mortgage loan production at each stage of the process. To that end, our policy sets up check points at each stage of the loan with the goal to identify and fix problems prior to closing. Training is continuous and specific to ensure each part of this policy is followed by every employee at each crucial stage of the loan process.

The majority of issues on a mortgage loan file can be discovered and corrected prior to closing the loan. To that end, procedures have been implemented during the following stages as well as post-closing review.

1. Application
2. Compliance
3. Processing
4. Underwriting
5. Pre-Closing
6. Closing

Procedure manuals for each job position include guidance on how to prevent quality and fraud issues. Training occurs initially with all new employees covering their specific job function and ongoing training occurs to create and emphasize a culture of excellent loan quality. Each of the five stages is explained fully in this policy.

The Quality Control process is monitored and managed by the QC Manager. The QC Manager is required to have 3 years of mortgage processing and underwriting experience. This position requires ability to independently solve problems and resolve issues without intervention effectively communicate and re-direct employees when issues arise, and understand investor and agency requirements for loan underwriting and delivery. The QC manager has the authority to reassess the underwriting decision based on any newly verified information to determine whether the loan remains eligible.

The company's QC reviews are done by our QC Analysts. All report to executive management. None report to the manager of our processing or underwriting. The QC Manager reports to the Executive Vice President and the QC Analysts report to the QC Manager. All are independent of production and underwriting staff.

Employees are encouraged to locate and resolve all red flags on a loan file prior to moving the file out of their department. A red flag as defined in our company and used in training of our employees to include any issue or problem that "irritates or demands immediate action". We encourage employees to point out the red flag and resolve it prior to moving forward. Each employee is empowered to resolve the issue to the best of their ability and involve any member of management for help when needed. Each red flag may not be an indication of fraud but something that needs to be resolved and explained. Utilizing our best asset, our employees as our "eyes and ears" of the loan file, is the single best way we can promote a culture that encourages the highest level of loan quality.

The QC file review process includes a process for confirming compliance with guidelines based on loan type. Guidelines include Fannie Mae Seller Servicer Guide, FHA Handbooks, VA Lenders Handbook, and USDA guidelines. We also

confirm compliance with applicable federal, state, and local laws and regulations. The QC process includes the following validation and verification steps:

1. Use the borrower's SSN to verify borrower identity;
2. Validate income calculations and supporting documentation;
3. Re-verify verbal verification of employment;
4. Validate assets needed to close or meet reserve requirements;
5. Review appraisal or other property valuation data; and
6. Confirm documentation of adequate mortgage insurance coverage.

All employees of Equity Resources, Inc. have been checked and continue to be verified as NOT being on any debarred or suspended list of any government agency including Freddie Mac's Exclusionary List, the Department of Veteran Affairs, Housing & Urban Development, and USDA.

The QC policy of Equity Resources, Inc. is updated as necessary and maintained on our main G drive – QC Forms and Plan. All QC findings and all related documentation is also kept on this drive.

## Discretionary Pre-Funding QC

### FNMA/GNMA Reviews

We have a discretionary review process that includes reviewing a strong sample of loans that were allocated and sold directly to Fannie Mae, Freddie Mac or Ginnie Mae. These files are reviewed as soon as the files are allocated which is typically 2-5 days after closing. These loans are being reviewed by our QC Manager or a QC Analyst. The following areas are reviewed for quality and any defects are noted.

- **UNDERWRITING** - The goal will be to ensure no underwriting issues exist on that particular loan file and with the underwriter that underwrote the file. The integrity of the data entered into the AU will be carefully reviewed, income will be re-calculated, the appraisal will be reviewed and review that there is adequate mortgage insurance coverage, if applicable. The option exists to either agree or disagree with the underwriting decision made. Any discrepancies in the decision or loan file documentation will be immediately reviewed with the underwriter or underwriting manager to come up with a corrective course of action.
- **PROCESSING** - The goal will be to ensure all processing actions were handled following the company's policy and that outstanding red flags have been addressed. The documents in the file will be reviewed to ensure compliance with federal and state laws, including RESPA and TILA. If the processor on the file did miss any steps in the processing of the file as set up in their processing manual, they will be carefully documented and reviewed with the processor or processing manager. If any actual red flags do exist or the file lacks proper documentation, a meeting will take place between the QC Reviewer and the parties involved to come up with a corrective course of action.
- **CLOSING** – The goal will be to ensure all closing actions were handled following the company's policy and that outstanding red flags have been addressed. The documents in the file will be reviewed ensure compliance with TILA and other federal laws. If the closer on the file did miss any steps in the post-closing of the file as set up in the closing manual, it will be carefully documented and reviewed with the closing supervisor who will then discuss with the closer, and a corrective course of action will be initiated.

### High-Risk Reviews

Discretionary loan reviews for high risk loans are done at the discretion of the QC Manager as QC Findings dictate. Through our discretionary pre-funding QC on FNMA, Freddie and GNMA loans, as well as our random post-funding QC audits, the QC Manager will determine any high-risk areas which require further review. These areas include, but are not limited to:

1. High risk loans:
  - a. Loans with credit scores under 640
  - b. Loans secured by investment properties
  - c. Cash out refinances with LTV over 69%
  - d. Construction and Renovation Loans
2. If any pattern exists that would indicate a need to target a specific area. (i.e. assets, income, multiple properties owned, certain underwriter, etc.)
3. A sample of new loan officer loans to ensure origination compliance

The audit review checklist is determined based on the type of review conducted. If the review is due to certain loan level characteristics or a certain area (#1 or #2 above) then the FNMA/GNMA discretionary review form can be used. If the review is targeting a new loan officer, then a special audit form was developed to ensure loans are originated according to Equity Resource's standards. See Appendix 22 for the QC Worksheet. This is intended to mitigate fraud, uncover issues early in the process, and provide full documentation and stories to the production staff in order to smoothly process the loan and make an underwriting decision.

## Defect Rates

We have set up defect rates that we will continuously work to meet and improve on for all deficiencies. We have set up three categories that the file can be rated during discretionary review. We want defects to be as low as possible. Our defect goal for each category is based on the seriousness of the deficiency.

Rating system on discretionary reviews:

**Eligibility** – Defect or loan rating which results in a loan being ineligible for delivery and/or requires self-reporting.

**Significant** – Defect or loan rating in which a material change must be made resulting in AUS alteration, any compliance violation, and/or additional documentation being requested from the borrower in order to make the loan eligible.

**Moderate** – Defect of loan rating in which any other defects are found, being minor in nature that does not fall into a more severe category.

	Target Gross Defect %	Target Net Defect %
Eligibility	<1%	0%
Significant	10%	0%
Moderate	20%	0%

We are under the assumption that at the discretionary review stage, all defects can be resolved prior to closing the loan. Equity Resources will not close a loan if a defect is discovered prior to closing. All defects found in the discretionary review stage will be used both to strengthen the quality of our loan portfolio and to train employees to limit future defects and create better internal processes.

## VA Renovation

The VA renovation product follows the same policies and procedures in this manual except for a few differences in the VA program. All credit and underwriting criteria should be based on VA Lenders Handbook. Guaranty fees

do not deviate from current VA programs. Follow the program sheet created internally for any overlays. The changes and clarifications are noted here.

### Eligible VA Loan Types

The types of alteration or repair loans eligible for VA guaranty upon completion of the improvements are VA purchase loans, and VA regular (aka Cash-Out) refinance loans.

(1) Loans for alteration and repair in conjunction with a purchase: this allows the Veteran to purchase a home that needs improvement, or where the buyer wants to alter the home to their preference. It is mandatory to use the lesser of the as-completed value, or the acquisition costs in the transaction.

(2) Loans for alteration and repair in conjunction with a refinance of an eligible residence already owned and occupied by the Veteran: this allows the Veteran to refinance the existing loan and use the as-completed value in the transaction.

### Maximum loan amount

Loans for alteration and repair in conjunction with a purchase must use the lesser of the acquisition cost or the as-completed value determined by the VA fee panel appraiser. To determine the acquisition costs for a purchase, add the following: Contract sales price, total cost of alterations and repairs, contingency reserves, inspection fees, title update fees, and permits.

Loans for alteration and repair in conjunction with a refinance must use the lesser of the acquisition cost, or the as-completed value determined by the VA fee panel appraiser. To determine the acquisition costs for a refinance, add the following: Existing loan payoff, total cost of alterations and repairs, contingency reserve, inspection fees, title update fees, and permits.

### Contingency Reserve

We will require a 10% contingency reserve on all loans.

### Builder and Contractor Registration Requirements

For any property appraised for alteration and repair, the builder, or contractor must have a valid VA builder identification number prior to a VA NOV being issued. The builder or contractor must be registered with VA. A list may be found at <https://vip.vba.va.gov/portal/VBAH/Home>. Instructions to become a registered builder with VA can be found at [https://www.benefits.va.gov/HOMELoans/appraiser\\_cv\\_builder\\_info.asp](https://www.benefits.va.gov/HOMELoans/appraiser_cv_builder_info.asp). Borrowers are free to choose their builder or contractor, subject to any additional requirements the lender may require. We are responsible to ensure that the builder or contractor is licensed, bonded, and insured according to all state and local requirements and we will use our standard Builder Approval Package.

### Fees & Charges

The VA has specific charges that they allow. We will charge our standard \$850 fee as long as it does not exceed the requirements noted here. Per the VA Circular 26-18-6:

Lender's may charge the Veteran a construction fee of up to two percent of the amount of the loan for its services, provided that the majority portion (51 percent or more) of the loan proceeds are paid out by the lender during the actual progress of the construction, alteration, improvement, or repair. Such charges may be in addition to the one percent origination charge. If the portion of disbursed proceeds for services is less than 51 percent, a one percent or less construction fee is permissible in addition to the one percent origination charge.

(1) Fees charged on the loan guaranteed by VA must comply with the VA Lender's Handbook, 26-7, Chapter 8.

(2) The funding fee is due and payable to VA within 15 days of loan closing. It is not tied to the commencement or completion of construction.

- (3) Loans must be reported to VA within 60 days of receipt of a clear VA final inspection report.
- (4) In an alteration/repair purchase, for the purpose of reducing the funding fee, a down payment will only apply to the extent that the loan amount is based off of the lessor of the NOV or the acquisition cost.
- (5) In an alteration/repair refinance, for the purpose of reducing the funding fee, equity will count only to the extent that the loan amount is less than the NOV.

### Appraisal Order

Specifications for materials to be used in projects must be provided to the appraiser for consideration in the preparation of the appraisal report. If renovations require permits and local authority inspection and/or require building plans, these exhibits along with any materials specifications “must” be provided to the appraiser at the time of appraisal order to be utilized in the preparation of the appraisal report for valuation purposes. Appraisers will “hold” appraisal assignments until the appropriate exhibits are received.

### VA NOV

The NOV must be issued by one of our underwriting SAR’s, the following conditions should be noted on the NOV if they apply:

- When a project is primarily cosmetic (i.e. carpet, paint, minor repairs) and does not require permitting and inspection from the local authority, the lender may condition the NOV for lender certification “or” may condition for appraiser reinspection/certification. Lender certifications in these cases reduce, days to finalize loans and obtain guaranty and/or may promote financial savings (i.e. reinspection fees) benefiting Veterans.
- If the project requires permitting and local authority inspections or requires detailed construction exhibits to be provided to the appraiser, the lender “must” condition the NOV for appraiser reinspection/certification. This ensures compliance with exhibits and information used in the preparation of the subject’s valuation.

### Warehouse

We will utilize the warehouse at BB & T because we have set up our interest-bearing escrow account with them. Disburse full funds on day of disbursement and put funds in the escrow account until draws are ready to occur. The loan will be put in the GNMA security as soon as the loan closes. VA does not require the work to be complete prior to securitizing it.

### Change Orders

Borrowers are permitted to pay for change orders and upgrade out of pocket. Change orders/upgrades made after the appraisal cannot be mortgaged into the new loan, unless the appraisal is updated. Change orders must be approved, in advance, by the appraiser, to ensure there is no loss in value. If an appraisal is to be updated, the lender is responsible for contacting the appraiser with the documented change order(s). The lender should contact the Regional Loan Center (RLC) of jurisdiction for assistance, if needed. The Veteran is allowed to pay an additional appraisal charge if change orders are requested. This additional appraisal charge may come out of available contingency reserve funds.

### Final Draw

The final draw inspection must be one by a VA appraisal. So while we can have our company Trinity do the inspections for all interim draws, the final draw inspection must go back through the VA portal. VA instructions are as follows:

- Final inspection: When the property is 100 percent complete, the lender will contact the original VA fee appraiser to complete the VA final repair inspection. If the original VA fee appraiser is not available, the lender will contact the RLC of jurisdiction for another VA appraiser to complete the VA final inspection.

Note: The VA final inspection is to certify all VA MPRs have been met and the house was improved according to the original plans, specifications, approved change orders, and the as-completed value from the appraisal was maintained.

#### Guaranty

The final guaranty will not be issued until a clear final inspection report has been completed by the VA fee appraiser. Once that is received, the construction manager will ensure the VA guarantee has been requested and received.