



Employee Handbook

UPDATED APRIL 2009
GA Residential Mortgage Licensee #16837
HUD Title II Correspondant 2202400009

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Preface

Most of the procedures and forms are now kept on our website for download by anyone who needs the information. Simply go to www.nloans.net and on the left menu bar under company info click on the Loan Officer Toolkit.

In addition to the forms, reference information such as State Taxes and other information can be found there.

Finally, all of our policies are listed on the website along with a complete copy of this manual.

Update History:

December, 2008	Kris Reuland	Various
March, 2009	Jim Reuland	Added Website info

GENERAL COMPANY RULES

Neighborhood Mortgage Inc. (NMI) wants to encourage a safe and pleasant, non-smoking work atmosphere. This can only happen when everyone cooperates and commits to appropriate standards of behavior.

The following is a list of behaviors that the company considers unacceptable. Any employee found engaging in these behaviors will be subject to disciplinary actions including reprimand, warning, or dismissal:

1. Willfully damaging, destroying, or stealing property belonging to fellow employees or the company.
2. Fighting, engaging in horseplay or disorderly conduct.
3. Refusing or failing to carry out any instructions of a supervisor.
4. Coming to work under the influence of alcohol or any non-prescribed drug, or bringing drugs onto company property.
5. Intentionally giving any false or misleading information to obtain employment or a leave of absence.
6. Using threatening or abusive language toward a fellow employee.
7. Falsifying any record.
8. Smoking contrary to established policy or violating any other fire protection regulation.
9. Willfully or habitually violating safety or health regulations.
10. Violating GA Dept of Banking & Finance regulations
11. Violating Federal RESPA regulations
12. Failing to wear clothing conforming to standards set by the company.
13. Working outside of the office without keeping management informed of your whereabouts and activities.
14. Not taking proper care of, neglecting, or abusing company equipment and tools.
15. Using company equipment in an unauthorized manner.
16. Unauthorized removal of company equipment from company premises.
17. Possessing firearms or weapons of any kind on company property.
18. Repeatedly criticizing (not constructively) management or the companies processes and procedures
19. Recruiting or encouraging fellow employees to leave the company
20. General unpleasantness, unhappiness and habitual negative attitude

MANAGEMENT ROLES

John Norwood / Jim Reuland – Owners - Sales Operations Managers

1. Borrower or Real Estate Agent Sales issues and complaints
2. Lender locking/pricing issues
3. Account Executive Issues
4. Loan scenarios and placement

Sonya Purdom – Office Manager

1. Checks/payroll issues
2. Lead collection and distribution
3. Loan submissions/processing assignments
4. Post closing issues
5. Broker packages
6. Ordering supplies

BENEFITS

Neighborhood Mortgage is a casual work place. This means that although suits are not required, proper dress is. Shorts are acceptable in the summer if they are dress shorts. The following are unacceptable attire: gym/workout shorts, jean/denim shorts, flip flops (rubber not acceptable – decorative/designer are ok) tank tops, t-shirts and other such casual wear. Please always expect that a borrower may be in the building at any point.

Neighborhood Mortgage is pleased to provide you with the opportunity to join our simple IRA with Fidelity Investments after one year of employment with Neighborhood Mortgage, Inc. Open enrollment will be January 1 – January 31st of every year. You can contribute up to 3% and Neighborhood Mortgage will match 50% of the employee contribution. The employee can contribute additional money up to a total of 10% with no company match above 3%.

NMI also offers Health Coverage and Dental Coverage – see section titled HEALTH CARE BENEFITS for more information.

Company Policy Regarding Issues on Quality Control And Fraud Prevention

All employees are hereby advised that the following policies are in effect:

Loan Officers are advised that they may be employed by only one mortgage company and are not permitted to originate loan applications for any other mortgage company. Evidence that they are working for another Mortgage Company will result in immediate dismissal.

Loan Officers are not to make photocopies of original year-to-date pay stubs, W-2's, bank statements, or any other original documents supplied by the borrowers. All original documents are to be turned in to the Loan Processor with the application package.

Loan Processors are to photocopy original documents and return the originals to the borrowers.

Loan officers are not permitted to hand carry any verifications, unless discussed with the Manager in advance. Loan Officers are to sign a certification stating that they hand carried the document and certify that it is true and correct document.

No employee is permitted to remove any file, credit report or other property of Neighborhood Mortgage, Inc. from the premises.

Any employee who detects information that appears to be fraudulent must notify the Manager immediately.

Employees are not to pull their personal credit reports at any time without written permission by management.

All employees will maintain the highest standards of ethics and honesty in situations and report any suspicious behavior to the Manager immediately.

REF: The Detection, Investigation, and Deterrence of Mortgage Loan Fraud Involving Third Parties: A White Paper, produced by the Oct 27 – Nov 7, 2003 FFIEC Fraud Investigations Symposium issued Feb 2005 - you verify you have read and understand and have had the opportunity to ask questions and review the guide with management.

A two-week, written notice to management is required prior to leaving Neighborhood Mortgage, Inc. If documentation has been removed and/or appraisals or other services are left unpaid, any amounts owed to Neighborhood Mortgage, Inc. will be deducted from your final paycheck. If a paycheck is not owed, Neighborhood Mortgage reserves the right to take necessary actions to collect unpaid fees.

COMPANY EXPENSE POLICY

The company will reimburse reasonable and customary expenses such as office supplies (pens/files). All purchases (over \$100) should be cleared with Jim Reuland before placing an order.

Some items are not reimbursable expenses, such as: additional accessory furniture (chairs, armoires, paintings, clocks, and other do-dads); decorations for persona. We provide desktop computers and monitors and equipment for employees when needed, however, we do not reimburse for Laptop computers or personal software.

We will allow you to self-reimburse yourself using pre-tax money you have earned through the company. In other words, we will deduct your major expenses from your pay-check on a pre-tax basis so that you do not have to worry about trying to deduct it on your own personal tax return. This can be done on a case-by-case basis, depending on the items purchased and with prior authorization from Management to do so. Examples of this are large software purchases, such as loan toolbox, or other marketing/advertising expenses such as signage, mass mailings, newsletters, etc. where Neighborhood Mortgage public branding is enhanced.

HEALTH CARE BENEFITS

MEDICAL - You are eligible to join Kaiser Permanente for medical coverage after 90 days employment. Neighborhood Mortgage, Inc. (NMI) will be responsible for paying 50% of the employee's monthly coverage. If you chose to enroll, you will be responsible for the current month's premium as well as the next month's, as NMI pays one month in advance for coverage. If you have a loan closing during the enrollment period, we can deduct the 2 months directly from your payroll or you will be responsible for writing a check to enroll.

After enrollment, your monthly premium will be taken out of the end of month payroll. If you do not have a check coming to you during that pay period, you are responsible for writing a check, payable to Neighborhood Mortgage, Inc. to cover your monthly premium. The check is due to the Office Manager by the 5th of every month or you risk termination from coverage.

If you are interested after a 90 day period, please ask the Office Manager for current rates as they change periodically.

Open enrollment is September 1-30th of every year. It is your responsibility to inform the office manager if you want to enroll during that timeframe in order to have health benefits starting October 1. Again, please refer to the initial paragraph under MEDICAL regarding initial payments due to NMI to begin coverage.

DENTAL - We are currently offering coverage via Broker's National Preferred Dental Program. NMI does not cover any portion of dental coverage. If you chose to enroll, you will be responsible for the current month's premium, which can be taken out of the end of month payroll. If you do not have a check coming to you during that pay period, you are responsible for writing a check, payable to Neighborhood Mortgage, Inc. to cover your monthly premium. The check is due to the Office Manager by the 5th of every month or you risk termination from coverage. If you are interested, please ask the Office Manager for current rates.

NEW HIRE PROCEDURES

When you first join the company you will receive a 'New Hire Package'.

In this package you will find:

1. Company policy regarding issues on quality control and fraud prevention
2. Government form I-9 to determine Employment eligibility verification – you must at that time provide copies of appropriate listed identification items.
3. Tax withholding forms
4. Consent and release form to authorize Neighborhood Mortgage to do a criminal background check
5. Personal information sheet – emergency contact information etc..
6. The Detection, Investigation, and Deterrence of Mortgage Loan Fraud Involving Third Parties: A White Paper.

The GA Dept. of Banking & Finance regulations do not allow anyone to work in the mortgage industry (loan officer, processor etc.) if they have a felony conviction. Once this package has been read, signed by you and all forms returned, a background check will be completed.

After the return of your clean background check, you will be provided with:

1. Personalized Employee Agreement based on commission structure agreed upon
2. Phone extension and voice mail
3. E-mail account for nloans.net
4. Credit account to pull credit
5. Business cards (these cards will be paid for by Neighborhood Mortgage unless you leave or are terminated within 90 days of your 1st day of employment – the fee will then be deducted from your final paycheck)

METHODS AND PROCEDURES

States We Can Do Business In

Neighborhood Mortgage Inc is currently licensed in Georgia, Tennessee (John Norwood and Jim Reuland) and Florida (John Norwood only). To originate a loan, other than an FHA loan in Florida, the loan officer must be individually licensed as well. We are also registered to do business in Colorado, Tennessee and Missouri. We can also do loans in South Carolina.

If you close a loan in TN, a 10% administration fee must be collected to pay for the Tennessee Excise Tax.

No-Licensing States

The following states do not require a license to originate mortgage loans:

Alaska, Colorado, Indiana, Mississippi, Montana, Utah, West Virginia, Wyoming

FHA States

FHA States – we can do FHA loans in the following states:

AL, FL, GA, SC, TN

Exemption States

Exemption States – we are registered to do business in these states:

Missouri
Alabama (no subprime)
Tennessee

ORIGINATING A LOAN

Do-Not-Call Policy

Neighborhood Mortgage, Inc. (NMI) is dedicated to the concept of individual privacy and ethical business practices. We support and encourage registration of the National Do-Not-Call registry <http://www.donotcall.gov> and will appropriately apply this filter on all telemarketing efforts. The following procedures should ensure that persons not wanting to be contacted in the future have the appropriate means available to them to retain their privacy.

NMI has adopted and adheres to the policies described below to comply with the Federal Trade Commission's (FTC) and Federal Communications Commissions (FCC) regulations. The Direct Marketing Associations (DMA) Ethical Guidelines and if applicable, state Do Not Call laws.

NMI checks telephone numbers on our calling lists against the DNC lists that we obtain from various sources, or we document why that person may be contacted without checking the DNC lists. We honor the relevant portions of the national DNC list each month. We check against the DMA's Telephone Preference Service (TPS) each month. And, we check against state lists each month. In addition, to remove wireless numbers from our database we use the DMA's Wireless Suppression Service. We will also remove from our calling lists the telephone numbers of those individuals who submit requests directly to us. Consumers may submit DNC requests by contacting us by the means provided below. Such requests are recorded in our databases within three business days of receipts.

NOTE: Federal regulations require companies to honor DNC requests within 30 days. To fully implement such requests it may take up to 30 days.

We retain company-specific DNC requests for a minimum of 5 years. If you move or change your telephone number your request may be deleted. If you wish to re-establish your Do-Not-Call request, please contact us one of the ways below.

We have trained our employees that are engaged in telephone marketing on these policies and procedures and we require our employees to follow them at all times. We have a policy of disciplining and we will discipline any employee who fails to abide by these policies and procedures.

If you have questions about our Do-Not-Call policy, please contact us during normal business hours. Questions about our company's DNC policies should be direct to:

Office Manager
1835 Lockeway Drive, Suite 306
Alpharetta, GA 30004
info@nloans.net
877-208-6451 x8772
or 678-990-8601 fax

Equal Credit Opportunity Act (ECOA)

NMI would like to state our commitment to fulfilling the requirements of the federal ECOA and our expectations to adhere to full compliance with the ECOA.

The ECOA prohibits discrimination based on any of the following factors:

Race, Color, Religion, National Origin, Sex, Marital Status,
Age (provided the applicant has the capacity to enter into a binding contract)
The applicant's receipt of income derived from any public assistance program
The applicant's exercise, in good faith, of any right under the Consumer Credit Protection Act.

Under the ECOA, it is unlawful to discriminate on a prohibited basis in any aspect of the credit transaction, including, but not limited to:

Failing to provide information or services regarding any aspect of the lending process, including credit availability, application procedures, or lending standards;
Varying the terms of credit offered, including the amount, interest rate, duration, or type of loan; or
Using different standards to evaluate collateral.

ECOA and fair lending compliance is a focus of government scrutiny. You must ensure that you make credit available to all creditworthy applicants on a fair and consistent basis.

Pulling Credit Bureau Reports & Equal Credit Opportunity Act Disclosures

We have granted you the authority to pull credit on your borrowers (with proper ECOA guidelines etc..) and perform the requisite follow-up regarding the disclosures and collection of unusual fees.

The Loan officer is responsible for compliance with the RESPA, ECOA and the FACT act requirements.

Company policy has always been that if you do a credit rescore or any work above and beyond the standard tri-merge for a borrower, you are responsible for getting those fees collected from the individual. This can be done by obtaining a credit card, a check made out to NMI, or ensuring it is collected on the HUD at closing.

We understand that work must be done to close loans, but let's not work for free. Please collect the reporting fees upfront if at all possible. If the unusual credit charges are not collected, the extra fees will be deducted from your next paycheck.

Once you pull credit (1,2 or 3 bureaus), you must send the ECOA Disclosure, Good Faith estimate, disclosure letter and borrower's authorization to your applicant. Be sure to mail or e-mail the above mentioned forms to your applicant within 3 days of the loan application. (These forms are in Calyx Point under FORM GROUPS).

All application packages (document packages) **MUST** be dated and sent within 3 days of pulling a credit report. If the package will be mailed or sent overnight you must also include a letter with this same date,

stating that the documents need to be signed and returned to us. The Loan Officer should sign this letter and a copy should be kept in the file.

To do this, please follow these steps:

- 1ST – pull credit through point file, then set-up your GFE using the NMI template or your own
- 2nd – Go to File>Print> and within the “Borrower Forms” pop-up window click on the “Form Groups” tab and select the ECOA Group.
- 3rd- On the print pop-up window go to Output Option> and change it from “Print” to “e-mail as PDF file”
- 4th – a mail window will pop-up with 4 forms in it, mail these to the borrower’s email address and copy to ecoa@nloans.net Show “*ECOA and BORROWER’S NAME*” in subject
- 5th - mail the point file to ecoa@nloans.net with the following in the subject line:
Last name, first name/initial – CREDIT or Last name, first name/initial – ECOA

Credit Reports should be reviewed in detail by the loan officer. If there are any “credit warnings” the Loan Officer should follow-up on them by **calling the clients at the numbers listed on the credit report. Do not call them using the numbers listed on the 1003 since those may be fraudulent numbers.** Also review the inquiries to see if the client has been opening multiple lines of credit in the recent past. This could indicate a stolen identity theft. Other Red Flags should be identified and reviewed with the management before proceeding with the loan application.

Commercial Loans

Neighborhood Mortgage, Inc. specializes primarily in Residential Loans. On occasion, a commercial deal may arise. All commercial loans need to be closed through Neighborhood Mortgage Inc. and the Commercial Lender. All loans must be included on your pipeline. All checks for closing fees earned should be made out to Neighborhood Mortgage, Inc.

Identify Appropriate Loan Program.

Determine if the loan is prime, sub-prime or FHA candidate.

Prime - credit scores > 620

Sub-prime - credit scores between 500 - 580

FHA loans – credit scores between 580 and above

Obtain commitment to order appraisal on REFINANCES

Be sure all appraisals and/or surveys are COD to the borrower. You may choose, at your own risk, to bill NMI for the service. If a loan does not close and you have Neighborhood Mortgage billed for the services, the fee will be deducted from your next paycheck.

You specifically agree to allow NMI to offset these charges from any amounts owed by NMI to you.

In certain circumstances we will be able to accept a credit card from the borrower to pay for the appraisal – see the Office Manager if this is the case

Good Faith Estimates & TIL

Standard Fees required on a GFE

We require a one-time fee to cover costs per loan and that is an Administration Fee. The minimum required for Neighborhood Mortgage is \$150. You will be paid any amount above the \$150. If you do not charge an Administration fee, it will come out of your YSP or other administrative fee to cover the charges.

Processing Fees:

1. For: conforming first mortgages: \$425
2. for FHA loans: \$525
3. for second mortgages \$200.
4. For closing document prep (USBank) : \$100

If a loan requires a 2nd lender submission, the processing fee increases by \$25. A 3rd submission increases the processing fee by \$50. This fee must be charged to every borrower or if you do not charge a processing fee, it will come out of your YSP or other administrative fee to cover the charges.

Application Fees: You may collect an “Application Fee” on the settlement statement as long as it was originally on your good faith estimate that was signed by the borrower. Collection of application fees should be consistent across a sales channel (i.e Bank Rate leads) and should not show any pattern that could be construed as violating the Fair Credit Reporting Act.

“P.O.C” fees to Neighborhood Mortgage: You may accept a credit card or a check made payable to the company in order to cover an appraisal or credit report work, etc. In no case should a check ever be made out directly to anyone in person other than Neighborhood Mortgage, Inc.

In the section labeled COMPENSATION TO BROKER you must list YSP 0-5%

Ensure that the GA Residential Mortgage Fee of \$6.50 is listed under the state tax section of the GFE.

Ensure that all Lender fees in section 800 are checked as PFC (Prepaid Finance Charge) so they will be included as part of the APR calculation.

HIGH-COST LOANS.

WE DO NOT ALLOW HIGH-COST LOANS. Check your fees carefully. High cost worksheets must be filled out with each loan, and no loan above 4.95% will be accepted. The list of fees counted in the High Cost Loan Test are available from management on request or at our website under the Loan Officer Toolkit.

Also, review the APR calculation so that the Truth in Lending statement is accurate to within \$100. If it is off by more than this amount. The extra money collected must be returned to the borrower and will be deducted from the loan officers sales revenue.

Pre-Qualification & Pre-approval Letters / LOAN COMMITMENT

Loan Officers may give a letter of Pre-Qualification to their borrowers. This letter should state pre-qualification and not pre-APPROVAL unless the loan has been run through DO or LP and received an approval. The standard letter can be obtained from the Office Manager but must include the following conditions (but is not exclusive to):

- Credit scores to remain the same or improve.
- Satisfactory appraisal of value.
- Satisfactory termite inspection.
- Satisfactory purchase agreement.
- Satisfactory funds to close.
- Satisfactory verification of income and assets.
- Completed and signed application and disclosures.

AT NO TIME SHOULD AN EMPLOYEE FROM NEIGHBORHOOD MORTGAGE ISSUE A LOAN COMMITMENT – this can only be issued by a LENDER.

Creating & Mailing the Loan Application

All purchase loans applications must be sent with the HUD booklet titled “Buying Your Home: Settlement Costs and Helpful Information”. Extra copies of this booklet can be found in the copy room. This booklet is also available in electronic form on our website under the Loan Officers Toolkit.

Samples of the Standard Cover letter, additional information sheet, choice of attorney form and list of attorneys can be provided and e;mailed to you by the office manager.

Loan forms required in an application.

OUTGOING LOAN APPLICATIONS MUST INCLUDE THE FOLLOWING FORMS FOR COMPLIANCE – when printing from point, create in ‘form groups’.

Conforming Loan Print Group

Print Form Group for CALYX:

- Loan App pages 1-4
- Mortgage Loan Origination Agreement
- Mortgage Broker Business Contract
- Good Faith Estimate
- Good Faith Estimate Provider
- Truth-in-lending
- Servicing Disclosure (2 pages)
- Credit Score Information Disclosure
- Equal Credit
- Fair Lending Act
- Disclosures
- Affiliated Business Contract – listing Unified Title Group, LLC
- GA Disclosures (or applicable state disclosure)
- Tax form 4506 (2 pages)
- Privacy Policy Disclosure (2 pages)
- Patriot Act – Information
- Borrower/ co-borrower Signature Authorization
- Choice of Attorney signature page

FHA / VA Disclosures (UNDER FHA/VA TAB):

If doing an FHA OR VA loan, please ensure the following disclosures are included in your initial loan application:

- FHA Amendatory Clause/Real Estate Certification
- FHA Assumption Notice – Release of Liability
- FHA Borrower’s Blanket Signature Authorization
- FHA Consumer Choice Disclosure Notice
- FHA Home Inspection (HUD-92564-CN)
- FHA HUD Appraised Value Disclosure
- FHA Identity of Interest Certification
- FHA Notice to Homebuyers (HUD-92900-B) and page 2
- FHA Social Security Number Certification (Bor & Co Bor)
- FHA/VA Addendum – pages 1 & 2

VA Disclosures:

VA Certificate of Eligibility VA 26-1880) – and page 2
VA Certificate of Loan Disbursement (VA 26-1820) – & 2
VA Debt Questionnaire (VA 26-0551)
VA Federal Collection Policy Notice (VA 26-0503)
VA Loan Analysis (VA 26-6393)
VA Loan Summary Sheet (VA 26-0286) and page 2
VA Military Counseling Checklist (VA 26-0592)
VA Request of Veteran Status (VA 26-8621-A)
VA Rights of VA Loan Borrowers (VA 26-8978)
VA Transmittal List (VA 26-0285)
VA Verification of Benefit (VA 26-8937)
FHA/VA Addendum – pages 1 – 4
Request of Value – pg 1 – VA File (26-1805) and 2
Certifi of Value – pg 3 – Requestor’s (26-1843) & 4 & 5
VA Amendment to Contract
VA Borrower’s Acknowledgement of Disclosures

FHA CONNECTION for FHA loans

Anyone can sign themselves into FHA Connection and set themselves up as a standard user by getting onto the following website: <https://entp.hud.gov/clas/index.cfm> Once you are approved by HUD, your login information will be forwarded to the Office Manager so we are aware of who is signing up. At that point, the Office Manager will go in and assign access to CAIVERS etc...

Ordering Titles & Appraisals

Loan Officers may choose to order the Title and Appraisals themselves or defer it to the loan processor.

You may want to use the title company listed in the purchase contract unless they are not on your approved lender list. Copies of the appraisal and/or title order must be kept in the file turned into processing. This is required by the GA DB&F.

Charge Authorization

You may accept a credit card from your borrower to pay for appraisals or to have their credit rescored. See the addendum at the end of this handbook for the form. This form is also available in electronic form on our website under the Loan Officers Toolkit.

Once completed, submit to the Office Manager who will process the fee and when approved, pay a check directly to the credit bureau or the appraiser.

Underwriting (automated through DO or LP)

Selection of which automated underwriting system to use depends on the loan program selected. In most cases the Loan Officer will need to run a specific lender's automated underwriting system. In most cases the loan processor will run DO or LP. Some lenders require the loan to be registered before being submitted. This is the responsibility of the Loan Officer.

Desktop Originator – FannieMae's system

Loan Prospector – FreddieMac's system

When running DO/LP whichever desktop underwriting system you choose, please be sure to only use ONE per file whenever possible.

DO/LP is used only for FannieMae or FreddieMac loan programs. In most circumstances, stated income loans should not be run through DO or LP.

NMI understands there are cases where the loan has to be moved, but keep in mind, there is a charge to NMI **each time you use desktop underwriting**.

It is expected that Loan Officers will attempt to minimize these fees to NMI.

Do not use a lender's underwriting system if you are not fairly certain it will be going to that lender.

Pricing and Locking

Do not lock loans and then pull them from the lender without first consulting a sales operation manager. Loan Officers who abuse this may lose their locking privileges.

Processors are not responsible for locking loans.

Processing – Loan Application Checklist

No file is to be turned in directly to a processor. Please hand it to the Office Manager (if we're not in, then Jim R) and it will be logged into the pipeline.

The loan officer should ensure that the proposed loan is viable – i.e.: preliminary approval/underwriting should be completed by the loan officer before handing the file into the processor.

REMINDERS OF WHAT TO LOOK FOR TO VERIFY IF IT'S A VIABLE LOAN:

If debt ratio is in the 40s for a conventional loan, review with LO
If LP comes back anything but **ACCEPT** or better, review with LO

The "processor submission sheet" must be completed before handing the file in to be assigned. (sample found at end of handbook in the appendix).

When turning a file in for processing, **loan officers are responsible** for having the following signed and dated forms stacked in the following order at the back of your file:

Loan App pages 1-4
Mortgage Loan Origination Agreement
Mortgage Broker Business Contract
Good Faith Estimate
Good Faith Estimate Provider
Truth-in-lending
Servicing Disclosure (2 pages)
Credit Score Information Disclosure
Equal Credit
Fair Lending Act
Disclosures
Affiliated Business Contract – listing Unified Title Group, LLC
GA Disclosures (or applicable state disclosure)
Tax form 4506 (2 pages)
Privacy Policy Disclosure (2 pages)
Patriot Act – Information
Borrower/ co-borrower Signature Authorization
Choice of Attorney signature page
Date of the GFE must be within 3 DAYS or earlier of the loan application.

Files are NOT to be removed from the Processors' offices without first letting the processor know and/or leave a copy package. Files are never to be removed from the building.

LOs or Processors can run LP or DO at the LPs discretion. Lender's private U/W systems (ex. Emits, CWBC etc.) that require product selection and rate should be run by the LO.

Interaction with the AE on product guidelines, rates, etc. should be done by the LO.

IT IS THE RESPONSIBILITY OF THE LOAN OFFICER to obtain a copy of the HUD/NOTE and TIL for both the 1st and 2nd (if applicable) Faxed copies are acceptable.

If the file is turned in without all applicable HUD/NOTE/TILs, a fee of \$20 per file will be charged to the loan officer and taken out of the current payroll.

PROCESSING NOTES –

No loan should be submitted directly to an AE or Lender without first sending it to the company processor for proper verification

Processing Responsibilities

It is the responsibility of the processor to verify all documents received by a borrower are true and valid.

Please use the new “Pre-Submission Checklist (Fraud) 2009” document available on the website.

For borrowers who provide Tax Returns:

They will need to furnish "proof of filing".

If they are signed by a "paid-preparer" then just verify with the company listed at the bottom of page 2.

If they were "self-prepared", then determine if they were "e-filed".

If they were actually “e-filed”, then request their e-file receipt.

If they were NOT e-filed, but rather were simply mailed into the IRS,

then have them sign a 4506T and execute that thru TRV (part of our CIC credit company) and compare it to the originals provided and then keep the Transcript from the IRS in the file. If there are any discrepancies, immediately consult upper management. If an unexplainable difference is detected, WE CANNOT CLOSE THE LOAN.

Copies should be made of all original documents and original documents returned to the borrower.

Review the title for any inaccuracies/liens etc. that may affect the mortgage

Review the appraisal for value, proper address, appropriate comparables, etc.

Income docs – **review the SS WAGE CAP on all W2s** Social Security tax withheld should = 6.2% of Social Security Wages.

Again, verify all documents provided to an underwriter are true and valid.

A title commitment for the property to be used as collateral for a mortgage loan is to be submitted to the lender’s underwriting department for approval prior to the loan closing date.

Processing Procedures For Calyx/Point System

In POINT System please fill in the following:

TRACK -	
Loan Application -1	– put in final loan # assigned by final lender – in Lender Case Number
TRACK / AGENT LIST	– if Purchase -fill out listing agent/selling agent information, builder etc..
TRACK / GENERAL	
CANCELLED	– If withdrawn by applicant put date notification mailed to applicant in the spot where it says
TRACK -Registration & Rate Lock	Lender Info
	Rate Lock Info
TRACK-STATUS	Submitted – date submitted to Lender
	Approved – Date loan commitment received from Lender
	CTC – date final approval received
	Closed – date of closing
	Fund – date of funding

Under BASIC DOCUMENTS

Preliminary Report	indicate when title is ORDERED then RECEIVED
Credit Report	indicate when ORDERED
Appraisal Report	indicate when appraisal is ORDERED then RECEIVED
U/W Conditions	received & resubmitted to underwriting

Under Request for Appraisal: Complete Appraiser information

Under Request for Title : Complete title agent information

USE CONVERSATION LOG – Control ‘L’ when in POINT

QUALITY CONTROL ON CLOSED FILES

Closing Procedures

By management exception only: if the appraisal is not paid outside of the closing, then make sure it is paid directly to the appraiser on the HUD – make sure the attorney does not include it in the check for Neighborhood Mortgage.

Attached is the updated stacking order for closed loans. This is based on the Georgia Department of Banking and Finance requirements. The application and disclosure list is programmed into everyone's computer so all applications leaving Neighborhood Mortgage will include all mandatory forms requested for signatures.

Closed or withdrawn files will be turned in within 10 business days of the file being closed or withdrawn (including the date of the closing). For example, if a refinance file is closed on Monday, 14th, the closed file, properly stacked including signed HUD/NOTE/TIL must be turned in by the following FRIDAY, 25th. Purchases must be turned in within 5 business days of the closing, including the date of the closing.

IT IS THE RESPONSIBILITY OF THE PROCESSOR to properly stack the files based on the attached list – SEE KRIS FOR LIST TO BE E:MAILED

Closed Loan Checklist:

- Quality Control Checklist
- Copy Signed HUD / NOTE / TIL – If 1st and 2nd – need for both files
- Title/CPL/Wiring Instrs (Insure ATTORNEY info & closed dates in Point)
- High-cost points & fees worksheet

- Final 1008/1003 (Insure this went to closing for final signatures)
- HomeOwner's Insurance
- CTC from lender (Insure lender info in Point under LOAN SUBMISSION)
- All lender info/approvals (lock sheet/submission sheet/fee sheet)
- U/W findings (LP/DU/lender)
- COPY OF CREDIT REPORT
- Copy of Id Paystubs & W2s/Asset info or STATED
- VOD/VOE/VOM/VORs w/ processor verification
- Rental leases, divorce decrees (if applicable)

- Appraisal (APPRAISER info in Point)& APPRAISAL ORDER FORM
- IF PURCHASE – copy of signed sales agreement

- COPY OF SIGNED LOAN APP – ensure LO has signed
- Mortgage Loan Origination Agreement
- Mortgage Broker Business Contract
- Good Faith Estimate
- Good Faith Estimate Provider
- Truth-in-lending
- Servicing Disclosure (2 pages)

- Credit Score Information Disclosure
- Equal Credit
- Fair Lending Act
- Disclosures
- Affiliated Business Contract
- GA Disclosures (or applicable state disclosure)
- Tax form 4506 (2 pages)
- Privacy Policy Disclosure (2 pages)
- Patriot Act – Information
- Borrower/ co-borrower Signature Authorization
- Choice of Attorney signature page

IF APPLICABLE: FHA DISCLOSURES

- FHA DISCLOSURES (UNDER FHA/VA TAB):
- FHA Amendatory Clause/Real Estate Certification
- FHA Assumption Notice – Release of Liability
- FHA Borrower’s Blanket Signature Authorization
- FHA Consumer Choice Disclosure Notice
- FHA Home Inspection (HUD-92564-CN)
- FHA HUD Appraised Value Disclosure
- FHA Identity of Interest Certification
- FHA Notice to Homebuyers (HUD-92900-B) and page 2
- FHA Social Security Number Certification (Bor & CoBor)
- FHA/VA Addendum – pages 1 & 2

I verify all of the above is included in this file _____

Processor Signature

QUALITY CONTROL PLAN – ALL EMPLOYEES

PURPOSE:

The purpose of our Quality Control Plan is to evaluate and monitor the quality of all HUD loans originated by the Company. Our program will ensure compliance with our lending guidelines, HUD/FHA, and applicable government regulations. NMI maintains an ongoing Quality Control Review Program.

RESPONSIBILITY:

These quality control reviews are to be performed by an individual or individuals who are completely independent from the origination, processing, underwriting or closing of the loan being reviewed. These reviews can be conducted by a company employee or an outside contractor and are currently reviewed by Senior Management.

NEIGHBORHOOD MORTGAGE (NMI) OFFICE:

- All FHA/HUD registrations and state licenses shall be properly renewed and licenses are displayed along with Fair Housing Logo.
- NMI maintains a professional, business-like environment that is accessible to persons with mobility impairments.
- NMI has toll-free phone lines and will accept collect calls from borrowers.
- NMI follows all requirements of the State and Federal Labor Law and posts proper Fair Labor Standard Act, HIPAA Discrimination notices and OSHA notifications
- NMI is in compliance with the Fair Housing Act, the Federal Truth In Lending Act and the Equal Credit Opportunity Act.
- All personnel in the office are properly trained, and background checks are performed. No one is employed for HUD origination, processing, underwriting or servicing who is debarred, suspended, subject to a Limited Denial of Participation (LDP) or otherwise restricted from participation in HUD/FHA programs. The employee list is checked at least semi-annually.
- Senior management will take prompt, effective corrective measures and document the measures taken when deficiencies are identified
- HUD shall receive timely reports under HMDA.
- Any violation of the law or regulation, false statement or program abuse shall be reported to the HUD regional office, area office or OIG.
- All loans shall be processed by employees or Authorized Agents.
- MIPs shall be remitted within 15 days of closing
- DB&F Newsletters and Cease & Desist announcements are reviewed by Senior Management on a monthly basis.
- HUD Mortgagee Letters are reviewed by Senior Management as they come in and are forwarded to staff as necessary.

- HUD Newsletters are reviewed by Senior Management as they come in and are forwarded to staff as necessary.
- Copy of current Handbook and Quality Control plan maintained in Neighborhood Mortgage, Inc. Library located in Printer/Copy Room.
- All personnel shall become familiar with FACTA – The Fair and Accurate Credit Transactions Act (FACTA) and adhere to all policies. Refer to the following website: <http://www.privacyrights.org/fs/fs6a-facta.htm>

QUALIFIED STAFF:

Current guidelines relating to the quality control are reviewed on a monthly basis with the staff to include processors, loan officers and management. Note - the statutes, regulations, HUD Handbooks and Mortgagee Letters which establish the requirements for FHA programs are available on the web page for HUDCLIPS at: <http://www.hudclips.org/cgi/index.cgi>.

Our loan production personnel that are directly or indirectly involved in the loan production are familiar with the following:

- Regulatory requirements that affect Mortgage Banking/Brokering – all updates involving the industry are distributed via e:mail by Senior Management as they arise. Also reviewed at monthly staff meetings.
- All loan programs and documents needed for the programs that our investors offer are distributed via email and discussed at monthly meetings.

Our loan production personnel comply with RESPA by confirming and providing the following:

- Special Information Booklets are distributed to all mortgage applicants.
- Good Faith Estimates are prepared and given to borrower no more than 3 business days after application is prepared
- Good Faith Estimate Provider Relationship forms are sent to all borrowers in the initial application noting any business relationships or affiliated entities.
- All borrowers are provided with a copy of their HUD-1 for purchases or HUD –1A for refinances allowing the borrower to know specifically the costs of the loan and to whom the fees are being allotted
- Kickbacks between lenders and third-party settlement service agents in the real estate settlement process (Section 8 of RESPA) are prohibited.

FILE RETENTION:

Quality control reviews as well as follow-up information will be maintained for a minimum of 2 years. Original borrower files closed, withdrawn, or denied will be locked up and stored for seven years in an off-site facility. HUD and the Department of Banking and Finance are made aware of the storage facility address. Current year files are kept in locked filing cabinets on-site.

CLEAN DESK POLICY:

All private customer information, including loan files, should not be left out in the open or on the desktops, unless they are behind a 'locked' door. This means files should be placed in desk drawers or filing cabinets or your office should be left 'locked'. Also, when disposing of private information, it should be placed into the shredding bin located in the printer/copy room and not in individual trash baskets.

For more information, please review <http://www.workplaceidentitytheft.com>.

QUALITY CONTROL FOR FILES IN PROCESS – BEGINNING TO END

All loans are reviewed by Senior Management if they meet the following criteria:

- Copies, not originals, of any income or asset documentations are sent by borrower
- Copies of tax returns are sent by borrower, or tax returns unsigned
- Credit Score is 620 or lower

If copies of are sent, the processor must perform a VOE, VOD or contact the CPA of record, to verify the validity of each document.

A Pre-Submission Checklist must be filled out with each loan that must be signed off by Senior Management if the above criteria is met (i.e. no originals) – (COPY OF CHECKLIST AT END OF QC POLICY).

The review consists of a thorough review of the Loan Application, Credit Report, Income Documentation, Asset Documentation, Appraisal Report and any other pertinent information contained in the loan file. Senior management will review these findings within 30 days of receipt and will immediately implement corrective action to prevent the reoccurrence of any major exception noted.

Loans are reviewed to ensure compliance with applicable State and Federal regulations and with specific loan programs. In particular, reviews will include a determination that a face-to-face interview was performed with the mortgagor prior to signing the HUD 92900 (unless otherwise exempt i.e. in refinances)

In addition to the specifics of our program it is NMI's responsibility to look for or verify the following:

- Review the title for any inaccuracies/liens etc. that may affect the mortgage
- Review the appraisal for value, proper address, appropriate comparables, etc.
- Income docs – **review the SS WAGE CAP on all W2s** Social Security tax withheld should = 6.2% of Social Security Wages.
- Verify all documents provided by the borrower and submitted to an underwriter are true and valid.

- A title commitment for the property to be used as collateral for a mortgage loan is to be submitted to the lender's underwriting department for approval prior to the loan closing date.
- Verify relevant documents were signed in blank by the mortgagor or employee of lender, and all corrections were initialed by mortgagor/employee.
- If more than 2 credit reports were ordered, all were submitted with the package to HUD.
- Verify escrow funds received are not used for any other purpose than for the reason they were received.
- Preliminary loan application lists each outstanding debt and asset and each was used to qualify the mortgagor.
- Outstanding judgments on the Credit Report were listed on the HUD 92900 with an explanation.
- Verify the occupancy of the property.
- Verify insurance was obtained for the property.
- That the file has documentation on source of funds and if other than deposits, the source is verified.
- If the mortgagor is self-employed, that the file has a financial statement and business credit report.
- If there is a gift letter, that it has the relationship of a donor and no repayment and that funds are deposited into mortgagor's account.
- That the HUD-1 is accurate and certified
- That the loan was current when submitted for endorsements.
- That the mortgagor did not transfer the property to a straw buyer.
- That all conflicting information was resolved prior to submission to HUD.
- That there was accurate and complete underwriting.
- Determine if ARM adjustments are calculated properly
- Required to verify that the information entered into an automated underwriting system is valid – COPIES OF AUTOMATED UNDERWRITING FINDINGS are included in all files. If the AU findings are ineligible, a copy will be documented and retained.
- IF LOAN IS DENIED BY LENDER – state accurate reason on Statement of Credit Denial.
- IF LOAN IS WITHDRAWN BY BORROWER – state accurate reason on Statement of Credit Denial.

HIGH COST LOANS

NMI does not allow high-cost loans. A High-Cost worksheet is calculated with each loan as soon as the processor receives the signed GFE as well as the lock from the Loan officer indicating YSP. This calculation is to be completed prior to closing and funding of the loan.

APPRAISAL POLICY:

Neighborhood Mortgage Inc., (NMI) maintains that all appraisal reports must, at a minimum:

- Comply with the standards of the Uniform Standards of Professional Appraisal Practice (USPAP), promulgated by the Appraisal Standards Board of the Appraisal Foundation, located at 1029 Vermont Ave., NW, Washington, DC, 20005.
- Be written and contain sufficient information and analysis to support the decision to engage in the transaction.
- Be based upon the definition of market value as set forth in the USPAP.
- Be performed by a state licensed or certified appraiser.
- Approved appraisers and appraisers currently on NMI's 'watch list' can be found on our current Lender List.
- See section titled "Complete Appraisal Policy" located in current Employee Handbook for all appraisal policies.

CLOSED LOAN REVIEW, TIMELINESS, SAMPLING:

A quality control checklist/worksheet is completed for each loan by the processor. (Copy attached at end of QC policy). These reviews are currently conducted by Senior Management.

Quality control reviews of all closed files will be conducted on a random sample, not less than 10%, of loans originated. The sampling will represent the full scope of our product line and production process.

Over a twelve (12) month period, the sampling will include the following:

Mortgages from all product lines;

Mortgages from all states operating in;

Mortgages from all correspondent brokers;

Mortgages from all authorized agents;

Mortgages from all loan officers;

Mortgages from all underwriters;

Mortgages from all appraisers.

ALL loans going into default within the first six payments.

Reviews of files will take place at least once per month and shall be performed within 45 days of loan closing. Notices of discrepancies or documents missing shall be sent to the processor responsible for closing out the file. The processor must make corrections to files within seven (7) days of notice. Records of Quality Control findings and actions taken shall be maintained.

Findings of fraud are reviewed immediately by Senior Management and appropriate action is taken. Notices are sent in writing with supporting documentation to HUD or to the state regulator where the property is located within 60 days of initial findings.

OTHER QUALITY CONTROLS:

- A. A copy of the Quality Control Plan and future revisions will be distributed to all employees. Each employee will acknowledge receipt and review of the plan.
- B. It is agreed that NMI will furnish a written copy of its current Quality Control Review Plan and the results of its quality control reviews over the past year upon request of a lender.
- C. When the review reveals patterns of deficiencies or potential fraud, the scope of the review will be expanded to the extent necessary to clearly understand the problems(s) and take proper corrective action.
- D. In reference to Credit Underwriting Review, the existence and accuracy of all credit documentation and the validity of the underwriting decision is evaluated.

Anti-Money Laundering Program Certification

Neighborhood Mortgage Inc., (NMI) implements an Office of Foreign Assets Control (OFAC) Alert screening process and Anti-Money Laundering Program that meets the following requirements:

- Loan officer (LO) to provide a “Customer Identification Notice” to each applicant at the time of application advising them of anti-money laundering activities.
- LO to obtain customer’s complete name, middle initial, address, tax ID number and date of birth.
- Fact-to-face applications: LO must identify their customers by reviewing driver’s license, green card, passport, etc. and document in the loan file that the identity has been verified. (Mail and Phone applications will not require any additional documentation other than what is customary in the normal course of business)
- LO to check OFAC lists and identify matches at Office of Foreign Assets Control (OFAC) website <http://www.treas.gov/offices/enforcement/ofac/>
- All Loan officers are to be familiar with and follow the Foreign Asset Control Regulations of OFAC

Approved Lenders

Neighborhood Mortgage, Inc. shall review each broker package application in reference to 3rd party fraud and ensure Neighborhood Mortgage, Inc. is not liable.

COMPLETE APPRAISAL POLICY:

Special requirements apply to appraisals that identify adverse market conditions (for example, declining values, an over-supply of properties, or marketing times in excess of six months (180 days)). These appraisals need to be documented and reviewed carefully.

Required documentation includes:

1. At least two of the three comparables must be dated within 90 days of the appraisal date.
2. A minimum of one listing or pending sale is required. Ideally and when possible, at least two additional comparable listings or pending sales should be provided.
3. The appraiser must address the impact on marketability and value of both favorable and unfavorable factors and avoid using subjective, racial, or stereotypical terms, phrases or comments within the appraisal report.
4. Days on market must be reported for subject property and each comparable sale and must support the average marketing time listed on Page 1 of the appraisal.
5. Appraisal must contain the total number of listings, and the sale to list price ratio as well as average marketing time for those listings, based on data available for most recent and preceding quarters (last 90 days and last 180 days) If the appraiser is unable to provide two comparables within 90 days and/or current listing(s), the appraiser must provide a detailed explanation and identify whether value adjustments resulted. The explanation from the appraiser must be consistent with other tools utilized to review the appraisal. When the appraiser is unable to provide this (or other) information, second level reviews through FAMC escalation processes may be required.

What is the sale to list price ratio?

Generally, the sale to list price ratio is based on the “original” list price compared to the “sale price”. For example, Original List Price is \$350,000. At day 60, price is reduced to \$335,000. The final sale price is \$330,000. This represents a sale to list price ratio of 94%. A sale to list price ratio below 90% indicates rapidly declining values that could lead to a reduction in maximum LTV or a loan declination.

Where can the appraiser find this information?

Most services that provide comp data, such as the MLS, offer a reporting function that can pull this data. Please check with your provider. If not, this information can be calculated manually. We are looking for total number of listings in the subject market area for last 90 days and 180 days comparing the original list price to the final sales price of those homes. Note: The actual homes that have sold will generally be considerably less than the homes listed, making a manual calculation manageable.

Where does the appraiser put the sale to list price ratio on the appraisal?

This information should go in the Marketing Section of the appraisal, but often won't fit. Many appraisers will put “see addendum” in the marketing section then address in the addendum

Example verbiage for sale to list price ratio:

A sales search for the single family residences within a two-mile radius and a square footage differential of roughly 20% plus or minus of the subject reveals that there were 36 sales within the 90 day period from xx/xx/08 through xx/xx/08. Average Days on the Market was 91 days; average sales price was \$xxx,xxx, which averaged 96% of the list price.

Not part of the adverse market policy, but required and commonly missed on appraisals:

1. **Sale or transfer date for subject property and comps for past 12 months**, subject property transfer dates should be consistent with chain of title from prelim
2. **FHA appraisals should contain the verbiage:** Appraiser certifies property was inspected and specific systems tested per the 4150.2 and property meets min HUD property standards
3. **FHA appraisals require photos on all 4 sides** of the subject property

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Mortgages from all underwriters;

Mortgages from all appraisers.

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C. When the review reveals patterns of deficiencies or potential fraud, the scope of the review will be expanded to the extent necessary to clearly understand the problems(s) and take proper corrective action.

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- LO to check OFAC lists and identify matches at Office of Foreign Assets Control (OFAC) website <http://www.treas.gov/offices/enforcement/ofac/>
- All Loan officers are to be familiar with and follow the Foreign Asset Control Regulations of OFAC

Internal Controls & Red Flags

Application

The mortgage application is the initial document completed by the borrower that provides the FI with comprehensive information concerning the borrower's identity, financial position and employment history.

Red Flags

- The application is unsigned or undated.
- Power of attorney is used. Investigate why the borrower cannot execute documents and if formal supporting documentation exists.
- Signatures on credit documents are illegible and no supporting identification exists.
- Price and date of purchase is not indicated.
- Borrower is selling his current residence, but does not provide documents to support a sale.
- Down payment is not in cash, i.e., source of deposit is a promissory note or repayment of a personal loan.
- Borrower has high income with little or no personal property.
- Borrower’s age is not consistent with the number of years of employment.
- Borrower has an unreasonable accumulation of assets compared to income or has a large amount of unsubstantiated assets.
- Borrower claims to have no debt.

- Borrower owns an excessive amount of RE.
- New housing expense exceeds 150% of current housing expense.
- A post office box is the only indicated address for the borrower's employer.
- The same telephone number is used for the borrower's home and business.
- Application date and verification form dates are not consistent.
- Concentration of loans to individuals related to a specific project is noted.
- Borrower's income is not consistent with job type.
- Employer is an unrealistic commuting distance from property.
- Years of education is not consistent with borrower's profession.
- Borrower is buying investment properties with no primary residence.
- Transaction resulted in a large cash-out refi as a percent of the loan amount.

Internal Controls/Best Practices

- √ Establish an employee training program that provides instruction on understanding common mortgage fraud schemes and recognizing red flags.
- √ Conduct pre-funding reviews on new production.
- √ Closely monitor new brokers, correspondents, and products. Scorecard criteria can be used to track performance. Typical tracking data includes: default rates, pre-purchase cycle times, loan quality indicators such as underwriting exceptions, and key data changes prior to approval.
- √ Verify the source of down payment funds by directly contacting the FI where funds are shown deposited.
- √ Closely analyze the borrower's financial information for unusual items or trends.
- √ Independently verify employment by researching the location and phone number of the business.
- √ Employ pre-funding and post-closing reviews to detect any inconsistencies within the transaction.
- √ Conduct risk based QC audits prior to funding.
- √ Ensure that prior liens are immediately paid from new loan proceeds.
- √ Assess the volume of critical post-closing missing documents, determine the potential for repurchase recourse, and evaluate reserve adequacy.
- √ Monitor RE markets from the locale in which the FI's mortgage loans originated.
- √ Establish a periodic independent audit of mortgage loan operations.

√ Provide fraud updates/alerts to employees. Review patterns on declined loans, i.e., individual social security number, appraiser, RE agent, loan officer, broker, etc.

√ Establish a fraud hotline for anonymous fraud tips.

√ Increase the use of original supporting documentation on third party transactions, i.e., wholesale and correspondent originations.

Appraisals

An appraisal is a written report, independently and impartially prepared by a qualified individual, stating an opinion of market value of a property as of a specific date.

Red Flags

- The appraiser is a frequent or large volume borrower at the FI.
- The appraiser owns property in the project being appraised. This is a violation of the appraisal regulation and raises concerns about appraiser independence and bias.
- The most recent assessed tax value does not correlate with the appraisal's market value.
- An appraiser is used who is not on the institution's designated list of approved appraisers.
- The appraiser is from outside the area and may not be familiar with local property values. Understanding of local market nuances is critical to an accurate property valuation.
- An appraisal is ordered by a party to the transaction other than the FI, such as the buyer, seller, or broker.
- An appraisal is ordered before the sales contract is written.
- Certain information is left blank such as the borrower, client, or occupant.
- The appraised value is contingent upon curing some property defects, i.e., drainage problems or a zoning change.
- Comparables are not verified as recorded or are submitted by a potentially biased party, such as the seller or broker.
- Old comparables (9-12 months old) are used in a "hot" market.
- Comparables are an excessive distance from the subject property or are not in the subject property's general area.
- Comparables all contain similar value adjustments or are all adjusted in the same direction.
- All comparables are on properties appraised by the same appraiser.
- Unusual or too few comparables are used.
- Similar comparables are used across multiple transactions.
- Comparables and valuations are stretched to attain desired loan-to-value parameters.

- Excessive adjustments are made in an urban or suburban area when the marketing time is less than six months.
- Appreciation is noted in a stable or declining areas.
- Large unjustified valuation adjustments are shown.
- The land constitutes a large percentage of the value.
- The market approach greatly exceeds the replacement cost approach.
- Overall adjustments are in excess of 25%.
- Photos do not match the description of the property.
- Photos of comparables look familiar.
- Photos reveal items not disclosed in the appraisal, such as a commercial property next door, railroad tracks, etc.
- Items with the potential for negative valuation adjustments, i.e., power lines, railroad tracks, landfill, etc., are avoided in appraisal photos.
- Loan amounts are disclosed to the appraiser.
- File documentation is inadequate to determine whether appraisals were properly scrutinized or supported by additional appraisal reviews.
- The appraisal fee is based on a percentage of the appraised value.
- Independent reviews of external fee appraisals are never conducted.
- One or more sales of the same property has occurred within a specified period (6-12 months) and exceeds certain value increases (10% or more value increase).
- A fax of the appraisal is used in lieu of the original containing signature and certification of appraiser.

Internal Controls/Best Practices

- √ Establish an employee training program that provides a good overview of common mortgage fraud schemes, the appraisal regulation, the RE lending standards regulation, appraisal techniques, and red flag recognition.
- √ Implement a strong appraisal and evaluation compliance review process that is incorporated into the pre-funding quality assurance program.
- √ Ensure reviewers identify violations of regulations and noncompliance with RE lending standards and other interagency guidance.
- √ Establish an approved appraiser list for use by retail, broker, and correspondent origination channels. This list should be generated and controlled by a unit independent of production.
- √ Obtain a current copy of each appraiser's license or certificate.
- √ Implement "watch" list and monitoring systems for appraisers who exhibit suspect practices, issues, and values. Include a postclosing review to detect any transaction inconsistencies.
- √ Establish a "suspended" or "terminated" list of appraisers who have provided unreliable valuations or improper practices.

- √ Implement controls to ensure that "terminated" appraisers are prohibited from engaging in future transactions with the FI, and its brokers and correspondents.
- √ Implement third party appraisal controls to ensure compliance with regulatory guidance, specifically as it applies to appraisals and evaluations ordered by loan brokers, correspondents, or other FIs.
- √ Develop appraisal requirements based on transaction risks.
- √ Statistically test the appropriateness of appraisals obtained by brokers and correspondents by obtaining independent AVMs and appraisals.
- √ Establish an independent appraisal review/collateral valuation unit to research valuation discrepancies and provide technical oversight.
- √ Review the appraisal's three-year sales history to determine if land flips are occurring.
- √ Perform detailed research on each appraiser's business history and financial condition.
- √ Physically verify the location and condition of selected subject properties and comparables.
- √ Monitor RE market values in areas that generate a high volume of mortgage loans and where concentrations exist.
- √ Employ pre- and post-closing QC reviews to detect inconsistencies within the transaction and hold production units financially accountable for proper documentation and quality.
- √ Conduct periodic independent audits of mortgage loan operations.

Credit Report

A credit report is an evaluation of an individual's debt repayment history.

Red Flags

- The absence of a credit history can indicate the use of an alias and/or multiple social security numbers.
- A borrower recently paying all accounts in full can indicate an undisclosed consolidation loan.
- Indebtedness disclosed on the application differs from the credit report.
- The length of time items are on file is inconsistent with the buyer's age.
- The borrower claims substantial income but only has credit experience with finance companies.
- All trade lines were opened at the same time with no explanation.
- A pattern of delinquencies exists that is inconsistent with the letter of explanation.
- Recent inquiries from other mortgage lenders are noted.
- AKA (also known as) or DBA (doing business as) are indicated.

- The borrower cannot be reached at his place of business.
- FI cannot confirm the borrower's employment.
- DTI ratios are right at maximum approval limits.
- Employment information/history on the loan application is not consistent with the verification of employment form.
- Credit Bureau alerts exist for Social Security number discrepancies, address mismatches, or fraud victim alerts.

Internal Controls/Best Practices

- √Establish an employee training program that provides instruction on understanding common mortgage fraud schemes, analyzing credit reports, and recognizing red flags.
- √Include an analysis of the credit report in the pre-funding quality assurance program.
- √Make direct inquiries to the borrower and creditors to get an explanation of unusual or inconsistent information.
- √Obtain an updated credit report if the one received is older than six months.
- √Independently verify employment by researching the location and phone number of business.
- √Implement a post-closing review to detect any inconsistencies within the transaction.
- √Establish a periodic independent audit of mortgage loan operations.
- √Define DTI calculation criteria and conduct training to ensure consistency and data integrity.
- √Clarify non-borrower spouse issues, such as community property issues and the impact of bankruptcy and debts on the borrower's repayment capacity.
- √Ensure lease obligations are reflected in borrower debts and repayment capacity.
- √Conduct re-verification of credit to ensure accuracy of broker/correspondent provided credit reports.
- √Obtain more than one report from multiple repositories available to corroborate the initial credit report if data appears questionable.

Escrow/Closing

A closing or settlement is the act of transferring ownership of a property from seller to buyer in accordance with the sales contract.

Escrow is an agreement between two or more parties that requires certain instruments or property be placed with a third party for safekeeping, pending the fulfillment or performance of a specific act or condition.

Red Flags

- Related parties are involved in the transaction.
- The business entity acting as the seller may be controlled by or is related to the borrower.
- Right of assignment is included which may hide the borrower's actual identity.
- Power of attorney is used and there is no documented explanation about why the borrower cannot execute documents.
- The buyer is required to use a specific broker or lender.
- The sale is subject to the seller acquiring title.
- The sales price is changed to "fit" the appraisal.
- No amendments are made to escrow.
- A house is purchased that is not subject to inspection.
- Unusual amendments are made to the original transaction.
- Cash is paid to the seller outside of an escrow arrangement.
- Cash proceeds are paid to the borrower in a purchase transaction.
- Zero funds are due from the buyer.
- Funds are paid to undisclosed third parties indicating that there may be potential obligations by these parties.
- Odd amounts are paid as escrow deposits or down payment.
- Multiple mortgages are paid off.
- The terms of the closed mortgage differ from terms approved by the underwriter.
- Unusual credits or disbursements are shown on settlement statements.
- Discrepancies exist between the HUD-1 and escrow instructions.
- A difference exists between sales price on the HUD-1 and sales contract.

Internal Controls/Best Practices

- √ Establish an employee training program that provides an understanding of common mortgage fraud schemes, proper closing procedures, and recognizing red flags.
- √ Provide the closing agent with instructions specific to each mortgage transaction.
- √ Instruct the closing agent to accept certified funds only from the FI that is the verified depository.
- √ Require the closing agent to notify the FI if the agent has knowledge of a previous, concurrent, or subsequent transaction involving the borrower or the subject property.
- √ Obtain a specific transaction closing protection letter from the closing agent.
- √ Implement controls to ensure loan proceeds fully discharge all debts and prior liens as required.

√Employ pre- and post-closing reviews to detect any inconsistencies within the transaction.

√Conduct periodic independent audits of mortgage loan operations.

√Use IRS form 4506 on all loans to facilitate full investigation of future fraud allegations.

Title Insurance/Opinion

Title insurance refers to an insurance policy that protects the holder, lender and/or owner, from loss sustained by defects in the title. When a property is purchased, a lender and/or owner would require a title search and a title report (opinion), a document stating the status of the title such as the existence of liens, easements, covenants, or other claims and defects.

Red Flags

- The seller either is not on the title or is not the same as shown on the appraisal or sales contract.
- The seller owned the property for a short time with cash out on sale.
- The buyer has a pre-existing financial interest in the property.
- The chain of title includes the buyer, realtor, or broker.
- The title insurance or opinion was prepared for and/or mailed to a party other than the lender.
- Income tax or similar liens are noted against the borrower on refinances.
- Delinquent property taxes exist.
- A notice of default is recorded.
- A modification agreement is apparent on an existing loan(s).
- A judgment exists against the borrower and is not shown on the credit report.
- Lien holders are not shown on HUD-1.
- The title policy is not issued on the property with the lien or on the whole property.
- Faxes of documents are used rather than originals or certified copies.

Internal Controls/Best Practices

√Establish an employee training program that provides instruction on understanding common mortgage fraud schemes, evaluating title insurance/opinions, and recognizing red flags.

√Include a review of the title commitment in the pre-funding quality assurance program.

√Review the final title policy and check for discrepancies with the original title commitment.

- √ Compare the final title policy with other closing documents, like the HUD-1, to ensure consistency regarding the first lien holder, lien amount, property size and location, and other pertinent information.
- √ Employ a post-closing review to detect any inconsistencies within the transaction.
- √ Establish a periodic independent audit of mortgage loan operations.

Verification of Employment (VOE)

Verification of employment is an independent corroboration of an individual's employment and income to substantiate what an applicant has reported on his mortgage application.

Red Flags

- Similarities in names, like the seller and applicant, are noted.
- The verification source is inappropriate, i.e., secretary or relative.
- The VOE is not on original letterhead or a standard FNMA/FHLMC form.
- The VOE is completed the same day it is ordered, indicating it may have been hand-carried or completed before the initial application date.
- An illegible signature exists with no further identification provided.
- The employer uses only a mail drop or post office box address.
- The employer is out of town which may signal a nonexistent firm.
- The business entity is not in good standing with the State or registered with applicable regulatory agencies.
- An overlap exists with current and prior employment.
- The borrower changed professions in moving to current employer.
- Excessive praise is noted in the remarks section of response.
- Round dollar amounts are used in year-to-date or past earnings.
- Income is not commensurate with stated employment, years of experience, or type of employment.
- Income is primarily commission based which can indicate selfemployment.
- The borrower is a business professional which can be another indication of self-employment.
- The borrower's interest in the property is not logical given its distance from the place of employment.
- The borrower has a recent large increase in income or started a new job for which he does not appear qualified.
- Forms received contain last minute changes.
- Faxes of documents are used in lieu of originals.

Internal Controls/Best Practices

- √ Establish an employee training program that provides instruction on common mortgage fraud schemes, performing proper VOE, and recognizing red flags.
- √ Detail specific employment verification procedures in the prefunding quality assurance program.
- √ Independently verify employment by researching the location and phone number of the business.
- √ Ensure the address information on W-2 forms and tax returns match data provided on the application.
- √ Determine if the employer is within a logical distance from subject property.
- √ Employ a post-closing review to detect any inconsistencies within the transaction.
- √ Establish a periodic independent audit of mortgage loan operations.

Verification of Deposit (VOD)

Deposit verification is an independent assessment of the status of an individual's depository accounts to corroborate what an applicant has reported on his mortgage application.

Red Flags

- The VOD is completed on the same day it was ordered.
- Deletions or cross outs exist on the VOD.
- No date stamp was affixed to the VOD by the depository to indicate the date it was received.
- The buyer has no deposit accounts, but a VOD is in the file.
- The deposit account is not in the borrower's name or is a joint account with a third party.
- The borrower's account balance at the FI is insufficient to close the transaction.
- The deposit account is new or has a round dollar balance.
- The closing check is drawn on a different FI.
- An existing loan is secured by the checking or savings account.
- An illegible signature exists with no further identification provided.
- Significant balance changes are noted in depository accounts during the two months prior to the date of verification.
- The checking account balance is excessive versus the savings account balance.
- The checking account's average two-month balance exactly equals the present balance.
- Funds for the down payment are only on deposit for a short period.
- Young borrowers have a substantial amount of cash in the FI.

- A low-income borrower has a large amount of cash in the FI.
- An IRA is shown as a source of down payment funds.

The down payment source is held in a non-depository "depository," such as an escrow trust account, title company, etc.

- An escrow receipt is used as verification which may have been from a personal check not yet cleared, or a check returned due to insufficient funds.
- The VOD is not folded indicating it may have been hand carried.
- The VOD is not on original FI letterhead or a recognized form.

Internal Controls/Best Practices

√Establish an employee training program that provides instructions on common mortgage fraud schemes, performing proper VOD, and recognizing red flags.

√Detail specific deposit verification procedures in the pre-funding quality assurance program.

√Independently verify the legitimacy of the depository by researching its location and phone number.

√Validate borrower provided information on the application by making direct inquiries to the depository regarding the account's name, age, average balance, number of monthly transactions, recent large dollar transactions, etc.

√Employ a post-closing review to detect any inconsistencies within the transaction.

√Establish a periodic independent audit of mortgage loan operations.

OTHER

Red Flags

- Critical loan processing activities, such as verification of income, employment, or deposit, is delegated to brokers.
- Delegated underwriting allowed for correspondents that are new or lack an established track record with the FI.
- A growing number of loans is being repurchased due to misrepresentations by the FI under purchase and sale agreements with secondary market investors. The originating FI may suffer significant financial losses in the event of a large and unforeseen fraud.
- Third party mortgage loan fraud is not covered in standard fidelity bond insurance.
- Tax returns show RE taxes paid but no property is identified as owned.
- Alimony is paid but not disclosed.
- Evidence of white out or other document alterations is observed.
- Type or handwriting varies from other loan file documents or

handwriting is the same on documents that should have been prepared by different people or entities.

Internal Controls/Best Practices

√ Review purchase and sales agreements with brokers, correspondents, and secondary market investors to determine if general representations and warranties contain appropriate fraud and misrepresentation provisions.

√ Determine the FI's responsibility for repurchasing and putting back loans that were funded based on misrepresentations.

√ Check whether an endorsement or rider exists to the fidelity bond that provides coverage of third party mortgage fraud.

√ Regularly document the FI's review of insurance coverage.

√ Establish procedures to ensure the bonding company is notified of a possible claim within the policy's specified period.

√ Adopt detailed policies and procedures to ensure effective controls are in place to set, validate, and clear conditions prior to final approval processes.

√ Base underwriter compensation on loans reviewed and not loans approved.

√ Establish effective pre-funding and post QC programs that include sampling, portfolio analysis, appraisal, and income/down payment verification practices.

√ As a part of the pre-funding QC process, use AVMs to corroborate appraised values.

√ Employ internally developed or vendor-provided fraud detection software.

√ Institute corporate wide fraud awareness training.

√ Perform due diligence of brokers and correspondents. Understand the risks in their policies, procedures, and practices before transacting business.

√ Determine how and when the FI reserves for fraud and ensure compliance with FAS 5.

√ Review the FI's litigation roster for existing and potential class actions, and threatened litigation that may highlight a problem with a particular broker, correspondent, or internal practices.

√ Review whistle blower and hot line reports, which may indicate fraudulent activities.

PAY STRUCTURE

Pay Commission Reports

The most updated version of the Pay Commission Report can be received, via e:mail from the Office Manager. This must be turned into the office manager, prior to receiving a paycheck. It is a great way to double check all numbers and to make sure the numbers you come up with are the same that are being submitted for payroll.

This is not for the processors to fill out but for the loan officers to give to the Office Manager along with the FINAL HUDs and copy of the appraisal invoice from your closings. It is also the main responsibility of the Loan Officer to obtain a copy of the signed Note and TIL for each closing – theory being, you attend your closings and can pick up a copy at that point. You must sign the commission report indicating that you have received a copy of the signed Note/TIL and forwarded it on to your processor for the final file.

Payroll Dates

IT IS THE MAIN RESPONSIBILITY OF THE LOAN OFFICER to obtain a copy of the HUD/NOTE and TIL for both the 1st and 2nd (if applicable). Faxed copies are acceptable.

You may not be compensated until all applicable HUD/NOTE/TILs, are in the file.

Payroll checks will be issued on the 5th and 20th of every month. If this date falls on a Saturday you will receive your check on the previous Friday. If this date falls on a Sunday, you will receive your check on the following Monday.

Pay periods run from the 1st through the 15th and from the 16th through the last day of the month. This allows Loan Officers to turn in commission reports along with a copy of the HUD & Appraisal Invoice by 10 am on the 1st and on the 16th of every month. If this date falls on a weekend, you will have until Monday 10am.

Loans may not be paid if the loan hasn't funded.

Loans that are closed through the end of the month will be paid on the 5th. Loans that are closed up to and including the 15th will be paid on the 20th. This allows for the three-day rescission period, a fourth day for the loan to fund and payroll to be completed.

SALES MEETINGS

Loan officers and Processors – you are expected to attend all MANDATORY sales meetings to discuss the following which includes but is not limited to:

Loan scenario reviews

Lender specials

Lead collection
Sales incentive Reviews

Pipeline Review
Office Policies

GA DEPT OF BANKING & FINANCE

Purchase mortgages; you must include the attorney fees in the high cost worksheet! Because the sales contract usually states the attorney the borrower must close with; the borrower really isn't allowed the benefit of choosing one themselves. Therefore the fees must be calculated into the high cost worksheet. This is imperative and should be followed.

All application packages (document packages) **MUST** be dated within 3 days of pulling a credit report. If the package will be mailed or sent overnight you must also include a letter with this same date, stating that the documents need to be signed and returned to us. The Loan Officer should sign this letter and a copy should be kept in the file.

Updates from the Department are emailed to all employees on a regular basis and for convenience are also printed and kept in the Employee Handbook available in the copy room.

MISCELLANEOUS

Personal Loans

Because we strive to remain compliant with the Georgia Department of Banking and Finance laws regarding fraud, it is against company policy for any employee to originate or underwrite his/her personal loan.

Therefore, all personal loans and pre-approval letters must be originated and approved by a member of management.

Management must also sign all pre-approval letters written on behalf of the employee.

As a reminder, it is against company policy for any employee to pull his/her own credit report without written management approval.

Exiting Procedures

1. A two week notice is expected from anyone planning to leave the company
2. There will be no transferring of leads/deals unless specifically authorized by Management
3. Exits will be conducted during normal work hours with management present.
4. Management will review what may be considered 'personal items' which can be removed from the company.
5. The company may deduct or setoff any and all amounts owed by Loan Officer to the company from or against any amounts payable by the company to the Loan Officer, including but not

limited to their outstanding pay.

6. The company may or may not pay sales or referral bonuses if employee is no longer employed when pay period occurs.

Examples of potential amounts owed to the company may include but are not limited to:

Credit reporting fees

Underwriting fees

Unpaid appraisal fees

Network/professional dues fees

Outstanding loans (personal)

Loan processing fees on unclosed loans

APPENDIX A. Company Forms

SEE OFFICE MANAGER TO GET THESE FORMS ELECTRONICALLY AND ON LEGAL PAPER

CHARGE AUTHORIZATION FORM

Date: _____

Loan Officer: _____

Borrower: _____ Card Holder Name:(exactly how it appears on card)

First Name Middle Initial Last Name

Billing Address of Card Holder:

Street

City

State

Zip

Credit Card # _____ Exp. Date _____

Card Verification Value: (3 digit value printed on signature panel on back of card after account number)

Amount to be charged: \$ _____

Reason (Appraisal co/credit etc..)

Signature of Loan Officer: _____

PROCESSOR SUBMISSION FORM

LO NAME:			
DATE TO PROCESSING:		CLOSING DATE:	
BORROWER:	STATE:	LEAD / REF	FEES:

LOAN AMOUNT 1st _____
 2ND _____

1st LENDER: _____ RATE LOCKED? Yes No LOCK EXP.
 2nd LENDER: _____ RATE LOCKED? Yes No LOCK EXP

PURCHASE: Sales Contract Enclosed? YES NO REFINANCE : Rate/Term Cash Out
 LOAN TYPE: Conv Sub-prime FHA VA LTV: _____ CLTV: _____

LOAN PRODUCT: Fixed ARM 80/20 Other _____

ESCROWS? Yes ___ No ___ DOC TYPE: Full Stated No Doc

SUBORDINATE FINANCING: New or Resub Amt:

	ORDERED DATE -	REC'D DATE		ORDERED DATE -	REC'D DATE
PAYSTUBS / W2	_____ -	_____	VOE Y / N	_____ -	_____
BANK STMTS	_____ -	_____	VOD Y / N	_____ -	_____
401K STATEMENTS	_____ -	_____	VOR Y / N	_____ -	_____

APPRAISAL _____ - _____
 APPRAISER NAME/PHONE # _____

TITLE/CPL/WIR INST _____ - _____
 ATTORNEY NAME/# _____

PAYOFF(S) _____ - _____

HAZ INSUR DEC _____ - _____

AGENT NAME / # _____

FILE SUBMITTED TO UNDERWRITING INITIALLY _____

CONDITIONS RECEIVED _____	COPY GIVEN TO LO YES / NO
CONDITIONS RECEIVED _____	COPY GIVEN TO LO YES / NO
CONDITIONS RECEIVED _____	COPY GIVEN TO LO YES / NO
CLEAR to CLOSE _____	NOTICE GIVEN TO LO YES / NO

(Email or Voice)

PRE-SUBMISSION TO LENDER CHECKLIST

Must be completed for all loans BEFORE they are submitted to a Lender *Senior Mgt Signature not required if ALL originals sent in – unless score <620*

REMINDER:

HIGH-COST LOAN WORKSHEET must be completed on ALL LOANS once you have received the signed GFE and the loan is locked. Do not wait until the day of closing.....

<i>Borrower Name</i> _____
<i>Loan Officer</i> _____
Processor _____

INCOME DOCUMENTS	Original?	Copy	VOE Done
W2 – 1 st year			
W2 – 2 nd year			
PayStubs			

Tax Returns?	Action	Signoff
self prepared and e-filed?	Get copy of e-file record for file	
Tax Returns self prepared and NOT e-filed	Pull 4506T	
Tax Returns –Paid Preparer?	Contact Paid Preparer	

ASSET DOCUMENTS	Original	Copy	VOD Done
Bank Statements			
401K Docs.			
Investment Docs.			

Senior Management Review/Approval

Manager

Date



TAX TRANSCRIPT COVER SHEET

CIC Mortgage Credit, Inc.

2206 21st Ave S #303
Nashville, TN 37212
Phone (800)-352-5882

"Quality Reports with Quality Service"

Fax (800)-329-8898

www.ciccredit.com

To request W2 or tax return transcripts, simply fax this cover sheet with the completed and signed 4506T form to 800-329-8898. Please contact us should you have any questions at 800-352-5882.

Company Name	<input type="text"/>	Client ID #	<input type="text"/>
Requested By	<input type="text"/>	Date:	<input type="text"/>
Email Address	<input type="text"/>	Phone #	<input type="text"/>

****please fill out the above requested information to insure proper delivery of your completed request.****

Please choose service requested W2s 1099 1040 1120

	CONSUMER NAME(S)	SOCIAL SECURITY #	YEAR(S) REQUESTED			
	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
1	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
2	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
3	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
4	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
5	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
6	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
7	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
8	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
9	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Form **4506-T**

Request for Transcript of Tax Return

(Rev. November 2005)
Department of the Treasury
Internal Revenue Service

- ▶ Do not sign this form unless all applicable lines have been completed.
Read the Instructions on page 2.
- ▶ Request may be rejected if the form is incomplete, illegible, or any required line was blank at the time of signature.

OMB No. 1545-1872

Tip: Use Form 4506-T to order a transcript or other return information free of charge. See the product list below. You can also call 1-800-829-1040 to order a transcript. If you need a copy of your return, use Form 4506, Request for Copy of Tax Return. There is a fee to get a copy of your return.

1a Name shown on tax return. If a joint return, enter the name shown first.	1b First social security number on tax return or employer identification number (see Instructions)
2a If a joint return, enter spouse's name shown on tax return	2b Second social security number if joint tax return
3 Current name, address (including apt., room, or suite no.), city, state, and ZIP code	
4 Previous address shown on the last return filed if different from line 3	
5 If the transcript or tax information is to be mailed to a third party (such as a mortgage company), enter the third party's name, address, and telephone number. The IRS has no control over what the third party does with the tax information.	

Caution: If a third party requires you to complete Form 4506-T, do not sign Form 4506-T if lines 6 and 9 are blank.

6 Transcript requested. Enter the tax form number here (1040, 1065, 1120, etc.) and check the appropriate box below. Enter only one tax form number per request. ▶ _____

- a Return Transcript, which includes most of the line items of a tax return as filed with the IRS. Transcripts are only available for the following returns: Form 1040 series, Form 1065, Form 1120, Form 1120A, Form 1120H, Form 1120L, and Form 1120S. Return transcripts are available for the current year and returns processed during the prior 3 processing years. Most requests will be processed within 10 business days.
- b Account Transcript, which contains information on the financial status of the account, such as payments made on the account, penalty assessments, and adjustments made by you or the IRS after the return was filed. Return information is limited to items such as tax liability and estimated tax payments. Account transcripts are available for most returns. Most requests will be processed within 30 calendar days.
- c Record of Account, which is a combination of line item information and later adjustments to the account. Available for current year and 3 prior tax years. Most requests will be processed within 30 calendar days.
- 7 Verification of Nonfiling, which is proof from the IRS that you did not file a return for the year. Most requests will be processed within 10 business days.
- 8 Form W-2, Form 1099 series, Form 1098 series, or Form 5498 series transcript. The IRS can provide a transcript that includes data from these information returns. State or local information is not included with the Form W-2 information. The IRS may be able to provide this transcript information for up to 10 years. Information for the current year is generally not available until the year after it is filed with the IRS. For example, W-2 information for 2003, filed in 2004, will not be available from the IRS until 2005. If you need W-2 information for retirement purposes, you should contact the Social Security Administration at 1-800-772-1213. Most requests will be processed within 45 days.

Caution: If you need a copy of Form W-2 or Form 1099, you should first contact the payer. To get a copy of the Form W-2 or Form 1099 filed with your return, you must use Form 4506 and request a copy of your return, which includes all attachments.

9 Year or period requested. Enter the ending date of the year or period, using the mm/dd/yyyy format. If you are requesting more than four years or periods, you must attach another Form 4506-T. For requests relating to quarterly tax returns, such as Form 941, you must enter each quarter or tax period separately.

_____ / ____ / _____
 _____ / ____ / _____
 _____ / ____ / _____
 _____ / ____ / _____

Signature of taxpayer(s). I declare that I am either the taxpayer whose name is shown on line 1a or 2a, or a person authorized to obtain the tax information requested. If the request applies to a joint return, either husband or wife must sign. If signed by a corporate officer, partner, guardian, tax matters partner, executor, receiver, administrator, trustee, or party other than the taxpayer, I certify that I have the authority to execute Form 4506-T on behalf of the taxpayer.

	Telephone number of taxpayer on line 1a or 2a ()
Signature (see instructions)	Date
Title (if the 1a above is a corporation, partnership, estate, or trust)	
Spouse's signature	Date

APPENDIX B - GENERAL INFORMATION

1835 Lockeway Drive, Suite 306 Alpharetta, GA 30004 877-208-6451 678-990-8600 678-990-8601 fax	
UPS Account – to ship packages to your borrowers Please select NEXT DAY AIR SAVER	www.ups.com login – get from Office Mgr PW -
FHA Connection Title II 22024-0000-9 VA # 382316-00-00-1	https://entp.hud.gov/clas/index.cfm
Credit– pulled directly through Calyx	Credit Technologies https://credit.credittechnologies.com/custom/login.aspx First American Credco
E:mail Account Office Mgr will set up your individual accounts	To get e:mail remotely from any browser – http://mail.nloans.net Password = 1234 (initially 1234, you can then change it to whatever you want)
Voice Mail Messages	To get voicemail remotely – call main # 678-990-8600, hit **, then follow prompts
Freddie Mac (aka LP) www.loanprospector.com	ID – nmi855/knorwood 800-373-3343 PW – Madison Svc# 0013814
Fannie Mae (aka DO/DU – desktop originating/desktop underwriting) www.fffaniemae.com	ID – p0hu1knr 877-722-6757 PW – n480_vbm
Preferred Appraisers: Doug Smith Smith Appraisals Nancy Misita - Aggressive Appraisals	404-202-3452 c 770-622-4404 4405 fax smithapps@bellsouth.net 404-483-5744 c

REQUIRED SIGNATURE

Please sign and return this page to the Office Manager.

I have read the handbook, dated November 2008, and the enclosed Quality Control Plan in its entirety. I have also received The Detection, Investigation, and Deterrence of Mortgage Loan Fraud Involving Third Parties: A White Paper.

I understand the methods and procedures and have had an opportunity to ask questions and get clarification and agree to abide by the contents and commitments contained herein.

Signature

Date

Print Your Name

This document was created with Win2PDF available at <http://www.daneprairie.com>.
The unregistered version of Win2PDF is for evaluation or non-commercial use only.