

Table of Contents

INTRODUCTION.....	1
CHAPTER 1 – THE PROCESSORS DUTIES & RESPONSIBILITIES.....	3
Job Description - Mortgage Loan Processor.....	3
CHAPTER 2 - MORTGAGE INDUSTRY OVERVIEW	7
Basic Mortgage Math	12
Loan Products	15
Understanding ARMs.....	16
Understanding Loan Plan Specifications and Guidelines	19
CHAPTER 3 - NEW LOAN SETUP, VENDORS AND DISCLOSURES	29
The Importance of a Thorough Loan File Setup	29
Sources of Applications and Treatment	30
Assigned Files.....	35
Sending Out Disclosures.....	39
RESPA – The Real Estate Settlement Procedures Act	39
The Truth-in-Lending Act (TILA)	43
Section 32 of Truth-in-Lending Act – HOEPA.....	49
The Equal Credit Opportunity Act (“ECOA”)	51
Handling Missing Documentation	56
The Welcome Package - Borrower Introduction	57
Direct Verifications	59
File Order	59
CHAPTER 4 - DOCUMENTATION REVIEW – REVIEWING CREDIT AND PAYMENT HISTORY	61
Credit Bureaus vs. Credit Repositories.....	61
Components of the Housing and Expense Ratios	62
Credit History	70
Sub-Prime Lending	75
CHAPTER 5 - DOCUMENTATION REVIEW - INCOME DOCUMENTATION	81
Income Computation	81
Self-Employment.....	89
Self Employment Analysis Tools.....	95
CHAPTER 6 - DOCUMENTATION REVIEW - ASSETS	99
Verifying Assets	99
Seller Contributions.....	102
Assets for Down Payment, Closing Costs and Reserves	103
The Earnest Money Deposit.....	107
CHAPTER 7 – DOCUMENTATION REVIEW – PROPERTY, APPRAISALS, PROJECTS, NEW CONSTRUCTION	109
Understanding Property Types	109
Investment Property	117
Appraisals.....	118
CHAPTER 8 – UNDERWRITING SUBMISSION AND APPROVAL	121
Basic Underwriting Preparations.....	121
Detailed Credit Package Order	123
Basic Loan Submission Checklist.....	127

Base Processing Checklist.....	128
Reviewing the Application	133
Sections 1 & 2 of Application	134
Section 3 – Personal Information	134
The Approval Process.....	138
Understanding FHLMC Loan Prospector Results.....	141
CHAPTER 9 - THE CLOSING AND REQUIREMENTS.....	145
Brokered Transactions vs. Funded Transactions	145
Settlement Agent – Document Requirements.....	148
Required Closing Conditions	149
CHAPTER 10 - TIME MANAGEMENT STRATEGIES FOR PROCESSORS	155
Pipeline Management - Loan Tracking Reports	155
Processor Time Management Techniques	158
System 1 - Pipeline Review	159
Loan Status Procedure	159
System 2 - The Complete Application System.....	162
System 3 – Time Blocking.....	163
System 4 – Forms Management.....	163
Software Introduction	164
Status Reports	166
In Conclusion	168