

Table of Contents

Table of Contents.....	i
Introduction	v
Section 1 - General Position Description – Closer/Settlement Coordinator.....	1
Basic Functions	1
Specific Responsibilities	1
Desired Education and Experience	1
Detailed Duties and Descriptions.....	2
Settlement Coordinator	2
Pre-Settlement Audit.....	2
Procedure	2
Tracking.....	3
Reports/Notification	3
Loan Closing Checklist	3
Settlement Status Tickler Report.....	3
Closed Loan Report.....	3
Closings Pending Report.....	3
Closed Loans by Loan Officer	4
Master Settlement Log.....	4
Exception Card File System	4
Quality Control	5
Ongoing Settlement - Crisis Management.....	5
Post-Settlement Audit	5
Delivery/Investor Guaranty:	5
Policy Enforcement	6
Regulatory Compliance	6
Training	7
Processors and Loan Officers	7
Settlement Personnel	7
Initiation Training	7
Updating Procedures	7
Condominium/PUD Documents.....	8
Procedure for Condominiums and PUDs	8
VA/FHA/Conventional Condominium File Document Checklist	9
Underwriting Project Classifications	10
County/Jurisdiction Maps.....	11
Flood Insurance	11
Insurance Rating Guide	11
Scheduling Closings.....	12
Closing Checklist/Initial Warehousing Package.....	13
Initial Warehousing Package	13
Loan Closing Checklist	13
Tracking.....	14
Maintain Master Settlement Log.....	14
Final Warehouse Package	15
Final Audit/Delivery	16
Section 2 - General Closing Documentation Requirements	17
Title Insurance Requirements	18
Coverage Amount.....	18
Form.....	18
Grantors	18
Acceptable Title Exceptions.....	19

Unacceptable Exceptions	19
Powers of Attorney	21
Standard Endorsements	21
Effective Dates	21
Survey Requirements	22
Hazard Insurance	24
Dwelling Coverage	24
Effective Dates and Period	24
Paid Receipt	24
Mortgagee Clause	24
Other Coverage	25
Binders	25
Insurance for Condominiums	26
Flood Hazard Insurance and Flood Determination	27
Flood Zone Determination	27
Wood Destroying Insects	29
Exceptions	29
Termite - High Rise Condominium	29
Termite - New Construction Properties	29
Termite Report Requirements	29
VA/FHA Loans	29
Conventional Loans	30
Soil Treatment Guarantee and Well System Properties	30
Well and Septic Certification	31
Well Certifications	31
Septic Certifications	31
Borrower's Acknowledgement	31
New Construction	31
Community Water Supplier	32
New Construction	33
All Loans	33
Residential Use Permit/Certificate of Use and Occupancy	33
Conventional Loans	33
FHA/VA Loans	33
Completion Escrows	34
Builder's Warranty	34
Mortgage Insurance	35
Review the Certificate of Insurance	35
Powers of Attorney	36
Refinance	38
Right of Rescission	38
Scheduling Refinance Settlements	39
Transfer of Funds	40
Conditions of Closing	41
Hazard Insurance	41
Residential Use Permit/Certificate of Occupancy	41
Signed Final Typed Loan Application (1003)	41
Sale of Previous Homes	41
Proof of Payoff of Debts	42
Pay Off of all Existing Liens	42
No Cash Out	42
Name Affidavit	42
Active Duty Certification	42
Section 3 - Settlement/Closing Flow and Procedures	44
Closing/Settlement Notification and Tickler Report	47
Settlement Exception Report	48

Pre-Settlement Quality Review.....	49
Pre-Closing Document Review Checklist.....	50
Final Warehouse and Delivery Package Completion	50
Final Warehouse and Delivery Package Completion	51
Final Documentation Follow-Up Process.....	51
Final Documentation Follow-Up Process.....	52
Section 4 - Closing Specific Loan Types.....	56
Closing FHA and VA Loans	57
Allowable Fees and Charges.....	57
VA/FHA Loans - Allowable Charges.....	57
Loan Origination Fee	57
Loan Discount Fee.....	57
Title Examination/Title Insurance Fees	58
Recording Fees and Taxes.....	58
Escrows for Real Estate Taxes and Hazard Insurance- Per Diem.....	58
Disallowed Charges	58
Understanding the Mortgage Insurance on FHA Loans	59
FHA Mortgage Insurance Escrow premium.....	59
Closing a Fixed Rate Mortgage.....	61
Term/Amortization	61
Interest-Only	61
Prepayment.....	61
Prepayment Penalties.....	62
Bi-Weekly Payment Plans.....	63
Closing Balloon Mortgages	64
Conditional Refinance Provisions.....	64
Product Specific Documents.....	64
Closing Loans with Buydowns	65
Specific Closing Documents for Buydowns	66
Closing Adjustable Rate Mortgages.....	67
ARM Components - The Basic Four.....	67
Frequency of Changes	67
The Index.....	68
The Margin.....	68
Payment Caps	69
Conversion Options	70
Product Specific Closing Documents – ARMs.....	70
Closing Second Mortgages	71
First and Second Mortgage Combinations	71
Seller held Mortgages, Assumptions and Wraps.....	71
Product Specific Closing Documents	71
Section 5 - Closing Costs and Settlement Documentation.....	73
Understanding Closing Costs.....	73
HUD-1 Settlement Statement.....	74
Underwriting Review of Cash Requirements and HUD-1.....	77
What These Costs Represent.....	78
Section 800 – Lender and Broker Fees.....	81
Disallowed Fees	81
Assigned and Brokered Loan Referral Fee Policy.....	82
Brokering loans out for referral fees	82
Financing Agreement Review.....	83
Lender/Broker Credits - "Above Par" Pricing Towards Closing Costs.....	84
Reading a Good Faith Estimate	85
Section 900 – Title Charges.....	86
Title Insurance	86

Section 1100 and 1200 - Prepaid Items & Escrows.....	87
Interim Interest.....	88
Interest Credit Closing.....	88
Partial Payment Closing.....	88
Mortgage Insurance and Insured Loans.....	90
The Funding Fee.....	90
Private Mortgage Insurance Escrow.....	90
Property Completion Escrows.....	91
Insurance Escrow.....	92
Hazard Insurance Escrows.....	92
Real Estate Tax Escrows.....	93
Calculating the Real Estate Tax Escrow Amount.....	93
Escrows and Escrow Procedure.....	94
Real Estate Tax Escrows.....	94
Escrow Waiver.....	95
Transfer of Escrows.....	96
Procedure for Escrow/Impound Transfer Request.....	96
Avoiding Problems with Seller Contributions.....	98
Section 1200 - Government/Municipal Title Related Charges.....	99
Section 1200 - Government/Municipal Title Related Charges.....	100
Transfer Tax/Recordation Tax Tables for Jurisdictions Covered by Company Name.....	101
Post-Closing Audit Preparation Checklist.....	102
Section 6 - Approved Attorney System.....	104
Approved Settlement Attorneys and Title Companies.....	105
Approved Attorney Form.....	106
Approved Attorney List.....	107

Section 3 - Settlement/Closing Flow and Procedures

This is an overview of the entire standard closing process as to the involvement of all parties, internal and external. It is important to understand who is responsible for this tasks occurring so that, if there is an error, the closing department can identify who is responsible for fixing the problem.

Responsibility	Activity
Loan Officer	Delivers to borrower checklist of items required prior to settlement
Processor	Processes loan to approval
Underwriter	Delivers copy of underwriting approval to settlement Department.
Processor	Collects required documents. 3 working days prior to settlement the following must be in file: Hazard Insurance Title binder Survey Termite report Residential Use Permit/Cert of Occupancy Well/septic certification Final inspection PMI Conditions of approval Loan Lock-in
Settlement Agent	Contacts the Settlement Department a minimum of four (4) days prior to an anticipated closing. Only the Settlement Agent may schedule closing dates.
Settlement Department	Schedules tentative settlement date.
	Checks on Approved Attorney data Checks approved attorney file to assure general loan closing instructions have been Issued. If not, delivers instructions.
	Completes Settlement Status Tickler Report indicating scheduled date and delivers to processor, Loan Officer, and Operations Manager.
	Prepares closings pending report weekly/updates daily
	Prepares Settlement Status Tickler report 3 days prior to scheduled settlement date
Settlement Agent	Delivers, a minimum of three days prior to the anticipated settlement date, the following documentation: Title Binder Applicable Covenants, Easement and Restrictions Survey ALTA Closing Protection Letter Detailed Wiring Instructions Documents not delivered within the three-day deadline will cause the closing to be postponed by the Settlement Department. Additionally, delinquencies will be noted In Approved Attorney Files, for reference in scheduling future closings.
Sales Agent and/or Borrower	Brings, a minimum of three days prior to the anticipated settlement date, the hazard insurance policy, with paid receipt, and termite
Processor	Receives Settlement Status Tickler Report. Certifies that pre-closing items have been received and are in file
Settlement Department	Returns Settlement Status Tickler to processor indicating when loan file and conditions are due to settlement department.
Processor	Places file in correct order Assembles loan documents in file.

Responsibility	Activity
	Delivers completed file to Settlement Department no later than 3:00 p.m., two days prior to scheduled closing.
Settlement Department	Prepares Loan Instructions and Settlement documents
	Audits completed settlement package against loan file utilizing Pre-Settlement Quality Control Review.
	Prepares initial warehousing package by 5:00 p.m., 2 days prior to settlement.
	Prepares Closing Checklist by 5:00 p.m., 2 days prior to settlement
	Deliver Closing Checklist to Corporate
	Deliver initial Warehousing Package to Warehouse Bank via courier.
	Audited Settlement package to closer by 10:00 a.m., the day prior to settlement for document correction. if loan file is deficient of documentation: Notifies processor, Loan Officer of deficiency. Determine upon consultation with processor and Loan Officer if deficiency is correctable. If not correctable notifies Settlement Agent, Corporate Closing, Accounting and Marketing of cancellation.
Processor	Corrects closing documentation as required by Pre-Settlement Quality Control Review.
Settlement Department	Reviews corrections. If sufficient, authorizes settlement,
	Copies loan Instructions and documents - coordinates delivery to settlement agent.
	Makes additional copy of the 1 st payment letter for transmittal to servicing.
	Pulls rolodex cards from Loans in Process Card kept by receptionist.
Corporate/Marketing	Reviews Loan Closing Checklist. Notifies Regional Settlement Department of any errors or inconsistencies.
Settlement Agent	Conducts Settlement as detailed in Instructions
	Reviews documents. Prepares deed and HUD-1 settlement statement. Faxes to Settlement Department for review
Settlement Department	Reviews Settlement Statement –confirms minimum cash to close, seller paid costs within guidelines, authorizes closing
Settlement Agent	Discrepancies are noted immediately to the Settlement Department. Notifies Settlement of any change in settlement status. Settlement postponed Funds not received Borrowers or sellers not attending/consummating transaction
	Records Deed of Trust a. In a purchase transaction, the funds must be disbursed and Deed of recorded on the settlement date. b. In a refinance transaction, Deed of Trust recorded and the funds must be disbursed on the day following the expiration of the rescission period. (4th business day following settlement).
	Disburses funds.
Settlement Department	Verifies loan closed with Settlement Agent.
	Prepares daily closed loan report and delivers to corporate.
	Enters information Into Master Settlement Log.
Settlement Agent	Returns closed loan documentation 48 hours subsequent to settlement (or disbursement, if refinance)
Settlement Department	Utilizing Master Settlement Log, contacts Settlement Agent requesting loan closing documentation within 48 hours of settlement. Notes approved attorney file if documentation is more than 48 hours late
	Audits closed loan package using Post-Settlement Quality Control Review. Notes to exception card file system any deficiency, corrective action taken and date to follow up.
	Notes deficiency on Master Settlement Log.

Responsibility	Activity
	Completes final warehouse package and delivers to warehouse bank. Logs delivery date on Master Settlement Log.
	Completes Final Audit and Transmittal to corporate delivery department. Logs date of delivery in master Settlement Log.
	Places file in Pending Final Documentation Drawer.
	Logs date final documentation received on master Settlement Log. Contacts Settlement Agent for any documentation not in 30 days after settlement. Prepares final documentation tickler card as to date to follow up. Follows up until document received.
	Forwards Final Documentation to Corporate Delivery Department.
	Indexes and stores completed files.