

# Senior Freedom Inc.

Conference Call July 21, 2015 at 10am

**NEW! Call in number 712-832-8310 SAME Code 122150**

1. We have received underwriting conditions on the first two FA loan submissions. And several underwriting requirements have become apparent and will need to be addressed when doing a Prequal request or when collecting data for loan submission. The following items are as important as credit history and income in determining whether a LESA is required. Also, apparently, even though a poor credit report, or late insurance payments, or late tax payments would indicate a full LESA is required, apparently, the lender has to still see all the FA required information to determine if there are extenuating circumstances that would change the LESA situation. The following things are definitely required:
  1. 24 month tax payment history. It's not enough that we supply a tax cert showing that taxes have been paid the last 2 years, or that they are currently paid, we have to show that they were paid on time without late penalties or interest added. Some tax offices in larger counties provide payment receipts online, but the vast majority do not. Canceled Checks or payment receipts will need to be obtained from the borrower or perhaps they can be requested from the tax office.
  2. 12 month insurance payment history. Must have a statement from the insurance agent that insurance has been paid on-time for the previous 12 months and that the policy has been in force for longer than 12 months. If they have changed insurance, information will also have to come from the prior agent.
  3. Previous Insurance Dec page. It is apparently not enough to just get an insurance agent's name and number so we can order a binder for loan submission either. Underwriting is requiring the previous dec page as well to prove insurance has been in force for over 12 months, unless the agent can provide proof of coverage for over 12 months in some other way.
  4. All FA Income documents must be submitted even if a LESA is assumed. Even if you know that a LESA will be required and there is plenty of room for one to fit in the reverse, we are still required to collect all the FA income documentation. For SS income, SS benefit letters are required, for pensions, a benefit statement is required, If you are relying on tax returns, they have asked if the prior year's return (2014) was not filed, was an extension filed (?)
  5. LOE's for late payments or collections on credit reports are required, even if a full LESA is assumed. It is apparently not enough to just say the borrowers are fine with a LESA. If they have late payments or collections, they need to be explained with an LOE even if a LESA is OK with the borrowers.
  6. Giving an estimate of time for a loan to be approved. It is apparent that we are having to collect more information than ever before from both borrowers and 3<sup>rd</sup> party sources. Most is information we never had to collect before. Underwriting is taking much longer than before as well. We have to rely on 3<sup>rd</sup> party sources for virtually everything we have to assemble. Based on this, it is highly unprofessional to give an estimate of time required to approve a loan. If you indicate a borrower is telling you it is taking too long, they have obviously been given an unreasonable expectation of the time necessary to complete the process. You will probably find that getting documentation needed from your borrower will become the most problematic issue.