

Conference Call November 25, 2014 at 10am

Call in number 716-274-3400 Code 122150

1. **CE requirements and license renewal period alert!** If you need the info for our discounted CE contact us
 - a. Also have the entire current BrokerCE course in a word doc that can be used to pass final test.
2. Financial Assessment Rules coming in March
 - a. Other than some added workload, this probably won't kill very many deals, although there will be some closings with escrows, (when people need the money, they will accept the consequences)
 - b. It appears that a few aspects of the new rules are not yet ironed out
 - c. Credit scores do not matter, collections and late payments do
 - i. Any 90-day late in the past 12 mos, or 3 accounts 60-days late in the past 12 mos, will require an escrow (possibly may discount medical collections the same as forwards)
 - d. If the client's income is not deemed sufficient when working the math, an escrow will be required
 - e. The lender can flat turn down a client - lenders can use a higher underwriting standard than FHA
 - f. Savings will be factored into the equation
 - i. Non taxed savings will be counted dollar for dollar
 - ii. Taxed savings will be discounted based on either 85% of amount saved, or the actual tax bracket of the client will be subtracted from their savings
 - iii. These savings will be added and then divided by the number of months the actuarial tables project the client to live
 - iv. This amount of savings per month will be added to the client's income per month
 - g. The client's utilities expense will be calculated as:
 - i. Square footage of home multiplied by .14
 1. Example: 1,000 sq ft X .14 = \$140/month
 - h. Revolving credit per month is added (credit cards, car payments, etc.)
 - i. The VA table of other expenses is then added
 - i. For one person living in home it is \$540 per month in Texas
 - j. If the amount of assets per month is less than one's expenses, then an escrow is required
 - k. Not sure if taxes and insurance are added to expenses, or considered part of the \$540--that was not covered in the two seminars so far
 - l. Extenuating circumstances can be used as a reason the client has derogatory credit
 - m. It appears the lenders are being given some leeway in assessing the escrow needs, but the math will obviously be done the same for everyone
3. New seasoning requirements
 - a. Any equity loan where the homeowner received more than \$500 cash cannot be paid off with a HECM until 12 months after the initial loan closed
 - b. Rate change loans, or remodeling loans, where not more than \$500 cash was received can be paid off before the 12 month period.
4. Keep us apprised of what is happening with the Senior Leads
5. Appraisal orders requested prior to reviewing title and credit
 - a. It has always been our policy to review title and credit before ordering an appraisal
 - b. Often problems are revealed on title or credit that need to be addressed before appraisal order
 - c. Items that must be resolved prior to ordering title:
 - i. Judgments, additional liens not expected
 - ii. Bankruptcy (whether discharged or not, depending on date of discharge)

- iii. property held in a trust
 - iv. Property isn't titled in the borrower's names
 - v. Issues with heirs due to death of a spouse (children have an automatic claim in the event of the death of a spouse if there was no will, unless the matter has been probated)
 - vi. Probate issues
 - vii. Issues with title due to a divorce
- d. In the future, we will order an appraisal prior to reviewing title and credit if the LO signs a request and assumes responsibility for the order.
6. Review: The loan processing order after an application
- a. Open title – only need a copy of the signed 1009 so email this as soon as received
 - b. Review complete loan app and supporting docs against submission checklist
 - c. Notify LO of what is missing or needed
 - d. Pull GSA and LDP on borrowers to make sure they are not ineligible
 - e. Order FHA Case number (need executed 1009-92900, legible signed and dated counseling cert, list of counselors from app, legible DL and SS card or Medicare card) – process stops here until this is completed and a case number issued
 - f. LO and processor review title when received, review credit
 - g. Order appraisal if there are no title or credit issues
 - h. Order insurance binder and order payoffs if needed
 - i. Once appraisal is in, prepare redisclosures if needed (depending on lender used)
 - j. Assemble final loan submission file and submit to lender
 - k. Review underwriting conditions and send copies to LO and everyone who has conditions (title, appraiser, LO, borrower, etc.) Note: even what appears to be a very clean file can have unforeseen conditions because the underwriters check other sources for information on the property and the borrowers, such as Googling the address and borrower's names to see if they might be running a business from the property. After processing hundreds of loans, some of the conditions never cease to amaze.
 - l. Assemble completed conditions and resubmit to underwriting
 - m. Review and handle any new or modified conditions
 - n. After CTC, request title fees, complete lender fee sheet, assemble closing doc request and submit to closing dept. once borrower tells LO what day they want to close (changing a closing to a later date once the doc request is ordered is not a problem as long as it's prior to closing docs being completed, If closing docs have been completed, a doc redraw is required, and for most lenders, it must be ordered the same as a new closing doc order and will add 48 hours to the process and may incur a fee that is subtracted from loan proceeds)
 - o. Coordinate closing