

## Frequent Issues Regarding Processing & Underwriting

### 1. 11 Point Checklist:

Please utilize processing procedures (Check Points) A~K. 11 point check before running AUS. This can save the broker credit report fees and/or a lot of time and effort. *Sometimes a deal may not even be considered a deal to begin with.*

### 2. DU Findings:

VVOE, Written VOE Only!! Brighten Lending will NOT accept VVOE nor Written VOE only as income document. In addition; Brighten Lending will need 4506T executed and IRS Tax transcript in file for fist submission. Without those documents; the file will be suspend and no more further consideration.

### 3. Assets:

*example:* A rich family member will come up with 20% down payment as gift. We will require borrower's and donor's bank statements to document the receipt of this gift and donor's ability to give this gift, respectively.

### 4. Appraisals:

Brighten Lending will need a "Certify Appraiser" to perform the appraisal for ALL Agency High Balance and Jumbo loans.

Please check with Brighten Lending on your appraiser's status.

If the appraiser is in our list as: watch, review, pending, or decline list, the best suggestion is to change the appraiser and re-do the appraisal again.

Feel free to contact our loan set up department to check your appraiser's status before you order appraisal report.

**Please note:** Brighten Lending will perform 100% desk re-view.

5. Title Reports:

- A. BL does not lend on Trusts, Corp.'s or LLC's.
- B. Child support? Complete the Statement of Information (SI) and send to title A.S.A.P. Your file will be suspended without the SI.
- C. Tax Lien? Send your SI to title or ask escrow to send a request for payoff statement A.S.A.P. Some tax agencies take a long time. Watch your Lock-In strategy. *Reminder: A high fall out ratio will change your Lock-In privilege down to only 10 days or may change your pricing tier.*

6. 4506-T:

Brighten Lending will need 4506T executed and IRS Tax transcript in file for fist submission. Our DE Underwriter will be required to report to HUD if there are any income discrepancies. HUD will NOT be lenient on this. Please make sure to perform your own QC regarding income before submitting.

7. Debts Paid by Others:

Always have 12 cancelled checks ready. BL will not submit to UW without them.

8. REO Schedules:

Please complete thoroughly and match mortgage liabilities with corresponding addresses. If there are two mortgages, indicate the address & lien positions. Make sure tax and insurance are the correct amounts. BL will verify & re-run DU.

*Please try to avoid any last minute surprises!*

9. Need to Subordinate the Current 2<sup>nd</sup> T.D.:

Please contact 2<sup>nd</sup> T.D. servicer to request a subordination checklist and ask escrow to send it out A.S.A.P. There are many 2<sup>nd</sup> T.D. holders that are currently refusing to re-subordinate, which makes many loans un-doable.

10. Deposit in Purchase Contract:

- A. We need the full bank statement from where the deposit check was issued.
- B. Do not input the dollar amount on the 1003 Asset Section (pg.2) unless you are certain the money was withdrawn from the bank statement you provide in the file. If you put the deposit amount into the asset section, do NOT input it on the 1003 Details of Transaction (pg.4) where it states “Deposit on Sales Contract.” You would be double counting, and may even be triple counting, the same deposit - if this happens, the file may be short to close at the last minute.

11. Seller Credit:

- A. Seller can only credit for Non-Recurring Closing Costs except for My CommunityMortgage (MCM), HomePossible, and HomeOpportunity. Make sure to use that \$\$ wisely since the surplus will be returned to the seller not to you.  
  
Make sure how to show credit for repairs or else it will create a major disaster,  
  
i.e. appraisal report / purchase contract / form 442 / contractor’s bid, bill, proof of payment / etc.

12. GFE:

- A. Please be precise as BL will check closely the broker’s Initial GFE. If broker fees increase by more than \$300 when drawing docs compared to the Initial GFE submitted in the beginning, we will need a corrected GFE signed and dated by the borrower(s) and the Doc Order Form needs to be dated on or after the updated GFE. BL will not consider having received the Doc Order Form if Doc Order Form is dated prior to the new GFE.

Having an accurate GFE is also a good practice because closing costs are tied in with your GFE. You do not want escrow, at the last minute, to be short on funds to close.

13. BL will perform 100% Desk Review and 10% Field Review if BL or Contract UW.

If appraised value is reduced and broker's appraiser cannot successfully resolve it, the broker will need to pay BL for the appraisal review fee.

14. BL does not require originals in credit packages <except FHA files>.

However, the file will get suspended or declined if eligibility is not met.

***\* For FHA Loans, please refer to FHA Processing\****

## Frequent Issues Regarding Lock

### 1. Lock in loan after BL receives:

#### A. For 25-day Lock:

1. Calyx Point file <PCF> or FNMA 3.2
2. GFE & TIL
3. Full Income & Asset Documents per AUS finding.
4. Borrower's Authorization
5. AUS with Approve or Accept Decision
6. Purchase contract <Purchase> or Title report <Re-Fi>
7. Documentations for 11 Point Checklist

#### B. For 10-day Lock:

1. Full submission and Investor's Approval with a Clear to Close status.
2. Estimated HUD-1 within 3 days & Pay-Off demand(s) within 5 days of Doc Order date
3. Title Closing Protection Letter
4. Hazard Insurance with correct loss payee <flood insurance if necessary>

***\* Please Note: If Est. HUD-1 & Initial GFE have a difference of more than \$300, we will need new, signed, and dated GFE before the Docs can be ordered. Also if the Doc Order Form is dated earlier than the latest GFE, it will be considered as never having been received – please make sure the Doc Order Form is dated after the correct GFE.***

2. Brighten Lending is not offering re-negotiate pricing.
3. BL will monitor broker's Lock & Pull Through ratio. On our web-site, it will show last 90-day performance. BL always uses the last 60-day performance to calculate the broker's Pull Through ratio. If it drops below 60%, the broker will move down to lower tier pricing, which can mean a 0.25% difference on fees/pricing.

## Frequent Issues Regarding Docs.

1. Flood Zone:
  - A. Have appraiser check appraisal report.
  - B. If subject property in flood zone => Get flood insurance quote
  - C. Re-run DU/LP. The ratios have changed!!
  - D. Bring up this issue to UW coordinator to communicate with underwriter.
  - E. Hold Doc. Do NOT draw.
2. Insurance Changed:
  - A. Premium higher
  - B. Re-run DU/LP. The ratios have changed!!
  - C. Bring this issue to UW coordinator to communicate with underwriter.
  - D. Hold Doc. Do NOT draw.
3. Title Notices of Supplemental Tax Bill:
  - A. Re-run DU/LP. The ratios have changed!!
  - B. Bring this issue to UW coordinator to communicate with underwriter.
  - C. Hold Doc. Do NOT draw.
4. Title Day Down with New Issues:
  - A. Re-run DU/LP. The ratios have changed!!
  - B. Bring this issue to UW coordinator to communicate with underwriter.
  - C. Hold Doc. Do NOT draw.
5. Borrower changes Vesting:
  - A. Need to correct Certified Unrecorded Deed
6. Estimated HUD-1 different than initial GFE.
7. Remember to order your Docs wisely:

A. We only fund 5 days into the month for FHA and 7 days into the month for Conventional.

B. BL will charge \$150 from broker (NOT borrower) for re-draw of Docs.

## Frequent Issues Regarding Funding

1. Estimated HUD back with loan Docs do not match Estimated HUD used to order Doc. i.e. \*Signer's fee. \*Escrow Doc. Fee \* Delivery Fee \*... surprises always happen. BL will need to re-draw Docs and charge the broker (not the borrower) \$150 for re-draw
2. BL will NOT fund on Fridays for the sake of the borrower(s), EXCEPT for Orange County and Riverside County (when last Friday is month end). Brokers are welcome to inform BL regarding different County rules. BL is willing to accommodate funding as long as the borrower does NOT need to pay the overlapping interest costs for the weekend.
3. BL will NEVER fund a loan to pay off an FHA loan on a re-finance transaction IF there are only 5 business days left in the month.
4. BL will NEVER fund broker's compensation to escrow except Wet Fund States or FHA. Broker's check will be issued after BL receives the Final HUD-1 with no discrepancies and confirms that the deed has been recorded.
5. Appraiser's license and E&O as well as Escrow company's E&O will be required. BL will not fund without these.