<u>#2 Chapter 2.1 Day 1, File Set Up - ENCOMPASS CHECKSHEET & DOCUMENTATION</u> 10/2017

FILE CONTACTS:

Listing agent: ____

Selling agent: ____

Closing agent: ____

Seller names : ____

<u>1. TAKE ENCOMPASS APPLICATION AND PREPARE FOR RESPA DISCLOSURE</u>

Check "Show In Alpha Order" and " Show All". Boxes under the forms tab on the bottom left hand side of encompass need to be completed in this order.

Borrower Summary: All fields in blue must be completed.

1003 Page 1: All sections in blue plus "*Purpose of refinance*" if applicable, "*Source of Down payment*", "*Title will be held*". Make sure the borrowers name is the legal name and matches all documents (Credit Report, Title Order, Case # (VA loan must match Certificate of Eligibility), bank statements, tax return, contract = vesting).

IF REFINANCE – Go to the FNMA Streamlined 1003: Check "Refinance type" as "Full Documentation". If waiving escrows, check box that says "escrow will be waived" under Fannie Mae Additional Info, if FHA: select "Section of the Act" drop box, choose 203b. If VA…

1003 Page 2: Income must be broken down monthly, "Present housing" & "Proposed housing" figures must be accurate and you must check off items being paid within the liabilities. REFI – use current mortgage statement to fill in principal and interest, property taxes, home owners insurance and other fees. *Complete Net Tangible Worksheet.* Make sure accounts that are being paid off are checked and that you obtain a copy of that bill to assist the title agent with mailing the check to the appropriate creditor with the appropriate account number.

1003 Page 3: *REO Section – Match mortgage from credit to property*. If property is owned free and clear, document with one of the following: title opinion letter (get cost and disclose $100-$500), purchase settlement showing borrower paid cash, some counties have open access to search recorded mortgages… if this is available, print out name search and property search for this REO. AND Properly complete -Declarations, Information for Government Monitoring, Loan Originator Information.

IF this is a cash out refinance, have the borrower sign a letter of explanation (LOE) for the purpose of the cash out. IF the LTV is over 70% add a $350 desk review fee. It may be waived in underwriting.

<u>2. Make sure the debt ratios on the DU/LP/GUS findings match encompass ratios.</u>

3. <u>WET SIGNATURE FORMS</u>: Prepare the 4506 with the information from the last filed tax return and order the validation. Complete Letters of Explanation (LOAs) for credit inquiries and address variations. Have the borrower sign and return. (4506, LOE inquiries, LOE addresses and borrowers authorization.) The credit card authorization form must be completed when it is time. BRANCH BOOK HAS INSTRUCTIONS FOR SENDING THESE FORMS VIA SECURE EMAIL.

4. REQUEST DOCUMENATION - ____

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