neighborhood MORTGAGE SOLUTIONS

AGENDA	DAY 1 – THURSDAY – OCTOBER 20, 2022	YOUR PRESENTERS
8 a.m.	BREAKFAST & REGISTRATION	
9 a.m.	Opening Remarks, Staff/Sponsor Intro & Year in Review	Jamie York
9:30 a.m.	Mortgage Cadence / Origination / System Admin	Anne Bailey, Kayte Bullock & Cathy Nihranz
10:25 a.m.	Sponsor – Michigan Trusted Title Agency	Rebecca Curtis
10:30 a.m.	BREAK & NETWORKING	
10:50 a.m.	Processing	Katelyn Collins & Processing Team
11:10 a.m.	Sponsor – Enact	Sandra Rhadigan
11:15 a.m.	Underwriting Panel	Kristy Rahn & Underwriting Team
12:30 p.m.	LUNCH	
1:30 p.m.	Game Time!	NMS Team Members
2:30 p.m.	Closings	Edna Wilder & Closing Team
2:50 p.m.	Sponsor – MGIC	Brian Karaszewski & Dan Gallagher
2:55 p.m.	Secondary Market	Sheana Rodammer
3:05 p.m.	BREAK & NETWORKING	
3:25 p.m.	Post Closing	Sheana Rodammer
3:35 p.m.	Sponsor – Butler Rowse-Oberle	John Butler & Karen Rowse-Oberle
3:40 p.m.	Servicing	Kelly Rutherford & Servicing Team
3:55 p.m.	Closing Remarks for the Day	Jamie York
5-8 p.m.	Harvest Festival Meet & Greet Event	

YOUR CONFERENCE SPONSORS:

MICHIGAN TRUSTED Title Agency

BUTLER ROWSE-OBERLE

MGIC

Enact℠

Strategic Income Solutions

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AGENDA	DAY 2 – FRIDAY – OCTOBER 21, 2022	YOUR PRESENTERS
8 a.m.	BREAKFAST & NETWORKING	
9 a.m.	Opening Remarks	Jamie York
9:10 a.m.	QC & Change in Circumstance	Jean Denton
9:40 a.m.	Sponsor – Strategic Income Solutions	Melinda Spada
9:45 a.m.	Audit / Compliance / Loss Mitigation	Melody Capsel & Diane Hubbard
10:15 a.m.	BREAK & NETWORKING	
10:35 a.m.	NMS Open Panel Discussion & FAQs	NMS Team Members
11:25 a.m.	Sales Tips & Efficiencies	Brian James
12:25 p.m.	Closing Remarks	Jamie York

YOUR NMS LEADERSHIP TEAM & PRESENTERS

Jamie York
Chief Executive Officer

Kristy Rahn
Chief Operations Officer

Brian James
Sales & Member Dev. Officer

Sheana Rodammer
VP of Support Services

Kelly Potter
Servicing Manager

Melody Capsel
Audit/Compliance Manager

Kellen Bickel
Marketing Director

Anne Bailey
Efficiency Specialist

Kayte Bullock
System Administrator

Katelyn Collins
Processing Team Leader

Jean Denton
QC Team Leader

Diane Hubbard
Loss Mitigation Supervisor

Cathy Nihranz
System Administrator

Edna Wilder
Closing Team Leader

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Neighborhood PERKS

trusted solutions. credit union values.

Our **Neighborhood PERKS** program is an opportunity for you, our valued partner, to refer a fellow Credit Union to NMS and in turn qualify for some exciting perks!

Since you're a valued partner of Neighborhood Mortgage Solutions, we're proud to share more with you than just yield spread premium and servicing fee income. After all, we're partners in business together.

What qualifies as a referral? Talk to a peer Credit Union about your successful partnership with Neighborhood Mortgage Solutions. If they agree to contact us, hear more about our partnership with you and sign an official agreement to join NMS – **you'll qualify for 1 of 3 Exciting Perks:**

$2000 of customized marketing material!	**3 months Mortgage Cadence fees paid!**	**Cash Reward of $500!**
You qualify when the new CU partner signs contract and closes & funds 10 loans through NMS.	You qualify when the new CU partner signs contract and closes & funds 8 loans through NMS.	You qualify when the new CU partner referred to us signs a contract with NMS.

These are some superior perks for simply extending an invite to fellow Credit Unions and telling them about the partnership you enjoy with us. After all, the Credit Union philosophy is "**People Helping People.**"

BONUS **A GRAND PRIZE DRAWING** will be held each year at the annual NMS User Conference. Your Credit Union can receive one drawing entry for each qualifying CU referred to us.

Contact Jamie York today and we'll do the rest to add partners to our Neighborhood!

Jamie York, CEO

989.497.1651 x 596

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www.brolawpllc.com

Michigan Trusted Title Agency

As a Credit Union Service Organization (CUSO), we were established by Credit Unions to service Credit Unions. We believe credit unions should control more of their members' lending journey and experience, supported by a credit-union centric business partner.

www.michigantrustedtitle.com

MGIC

We provide a critical component of our country's residential mortgage finance system by protecting mortgage investors from credit losses. The mortgage insurance we provide also benefits consumers by helping them achieve homeownership sooner with low-down-payment loans.

www.mgic.com

Enact℠

There's no place like home. That's why we bring our deep expertise, insightful offerings and extra mile service to work every day to help lenders bring the dream of homeownership to more people.

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Strategic Income Solutions

Strategic Income Solutions (SIS) has the knowledge and expertise to help you create long-lasting relationships with your account holders. As a Credit Union Service Organization (CUSO) we will provide unique opportunities to increase value for members and non-interest fee income for credit unions.

www.gosis.org

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The Neighborhood Family.

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Kristy Rahn
Chief Operations Officer

Brian James
Sales & Member Development Officer

Sheana Rodammer
VP of Support Services

Kelly Rutherford
Servicing Manager

Melody Capsel
Audit/Compliance Manager

Kellen Bickel
Marketing Director

Stephanie Austin
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Anne Bailey
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Andrew Bilek
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Kayte Bullock
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Wendy Chapman
Servicing Agent

Miranda Charles
Accounting Clerk

Katelyn Collins
Processing Team Leader

Katelyn Cunningham
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Sabrina Delgado
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Jean Denton
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Bruce Eccleton
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Brynna Foster
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Tiffany Francis
Servicing Agent

Amanda Hecht
Processor

Elizabeth Hecht
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Tabitha Hecht
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Diane Hubbard
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Denise Johnson
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Renee Ziembo
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Admin	admin@gonms.org	If you're unsure who to contact, please send it here.			
Audit	audit@gonms.org	Questions regarding monthly QC audits or compliance.			
Closings	closings@gonms.org	To schedule closings or questions regarding your closing.			
FICS Admin	FICSadmin@gonms.org	Unlocking/Resetting Mortgage Teller accounts and questions or concerns regarding FICS.			
Help Desk	helpdesk@gonms.org	MC loan screens, loan structuring, password resets & loan origination inquiries.			
Intuvo	intuvo@gonms.org	If you are a current partner with us for Intuvo or would like to learn more, email our group here.			
Loss Mitigation	lossmit@gonms.org	Over 30 day delinquency, foreclosure, deed in lieu, bankruptcy, short sale, loan mods & forbearance.			
Post Closing	postclosing@gonms.org	Any questions on VLF storage & archiving.			
Processing	processing@gonms.org	NMS processes and closes your loans; please send all questions and documents related to the file.			
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Glossary of Mortgage Terms

Adjustable-Rate Mortgage (ARM)
A term for any mortgage in which the interest rate and, generally, the payments change over the life of the loan. The interest rate is adjusted to match the rise or fall of a preselected interest rate index (the LIBOR index or the Treasury index, for example). A borrower's regular payments will increase or decrease accordingly. Different types of adjustable-rate mortgages (ARMs) have different frequencies for these adjustments. Also known as a variable-rate loan.

Back-End Ratio, Or Debt-To-Income (DTI) Ratio
A ratio that compares the total of all monthly debt payments (mortgage, real estate taxes and insurance, car loans, and other consumer loans) to gross monthly income.

Closing Disclosure (CD)
Itemizes all closing costs, including commissions, loan fees, points, and escrow amounts. Must be given to the borrower three days prior to the scheduled closing and the final loan terms.

Conventional Loan
A mortgage loan not insured by the Federal Housing Administration (FHA) or guaranteed by the Veterans Administration (VA) or Farmers Home Administration (FmHA). No governmental agency approval is required of the lender, borrower or property. It is called "conventional" because it conforms to accepted standards, modified within legal bounds by mutual consent of the borrower and the lender. Also called conventional residential mortgage.

Debt-To-Income (DTI) Ratio
A ratio that compares the total of all monthly debt payments (mortgage, real estate taxes and insurance, car loans, and other consumer loans) to gross monthly income.

Earnest Money
A deposit made by a buyer of real estate towards the down payment to evidence good faith. This money is typically held by the real estate brokers or the escrow company.

Escrow Account
An account held by the lending institution to which the borrower pays monthly installments for property taxes, insurance and special assessments, and from which the lender disburses these sums as they become due.

Federal Home Loan Mortgage Corporation (Freddie Mac)
A federally chartered corporation that purchases and sells conventional and residential mortgages and converts them into securities for sale to investors; in doing so, Freddie Mac helps supply funds that lenders use to make additional loans to potential homebuyers. Also known as a Government Sponsored Enterprise (GSE). Freddie Mac maintains a nationwide secondary market primarily for conventional loans originated by banks, thrift institutions and other HUD-approved lenders. Freddie Mac finances most of its operations through the sale of Mortgage Participation Certificates.

Federal Housing Administration - FHA
An agency within the U.S. Department of Housing and Urban Development (HUD). FHA offers mortgage insurance programs to protect the lender in the event of default. Because lenders are insured against loss, they can make affordable financing available to borrowers who would not otherwise qualify.

Glossary

Government National Mortgage Association (Ginnie Mae)
A government corporation within the Department of Housing and Urban Development (HUD) that provides assistance for the purchase of certain Federal Housing Administration (FHA) and Veterans Administration (VA) mortgages and guarantees securities backed by pools of mortgage loans.

Home Equity Line Of Credit (HELOC)
A mortgage set up as a line of credit against which a borrower can draw up to a maximum amount, as opposed to a loan for a fixed dollar amount. For example, using a standard mortgage you might borrow $150,000, which would be paid out in its entirety at closing. Using a HELOC instead, you receive the lender's promise to advance you up to $150,000, in an amount and at a time of your choosing.

Monthly Housing Expense Ratio
The amount of the monthly income as a percentage of the amount the borrower will owe each month in principal, interest, real estate tax and insurance on a mortgage.

PITI
The total mortgage payment which includes principal, interest, taxes and insurance. The payment of taxes and insurance with the monthly mortgage payment is not always required.

Points
Fees paid to lenders. 1 point = 1 percent of the loan amount. On a $100,000 loan 1 point is $1000. Points may be further classified into origination points or discount points.

Pre-Approval
A fixed loan amount that a lender commits to lend to a borrower based on a completed loan application, credit reports, debt, savings and has been reviewed by an underwriter. This does not guaranty a loan until the property has passed inspections and meets underwriting guidelines.

Private Mortgage Insurance (PMI)
Insurance written by an independent mortgage guaranty insurance company that protects the mortgage lender against loss incurred by a mortgage default, thus enabling the lender to lend a higher percentage of the sales price. Private companies, such as MGIC, offer this insurance. The federal government writes this form of insurance through the Federal Housing Administration (FHA). Mortgage insurance benefits consumers by helping them achieve homeownership sooner with low-down-payment loans.

Real Estate Settlement Procedure Act
Real Estate Settlement Procedures Act; a law requiring lenders to disclose all settlement costs, practices and relationships.

Total Expense Ratio
A ratio that compares the total of all monthly debt payments (mortgage, real estate taxes and insurance, car loans, and other consumer loans) to gross monthly income.

VA Mortgage
A mortgage guaranteed by the Department of Veterans Affairs (VA).

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Mortgage Industry Terms & Acronyms

Full Mortgage Term or Phrase	Acronym
Ability To Repay	ATR
Adjusted Gross Income	AGI
Adjustable-Rate Mortgage	ARM
Affiliated Business Disclosure	ABD
Annual Percentage Rate	APR
Appraisal Management Companies	AMC
Area Median Incomes	AMI
Automated Clearing House	ACH
Automated Underwriting System	AUS
Automated Valuation Model	AVM
Average Prime Offer Rate	APOR
Bankruptcy	BK
Basis Points	BPS
Broker Price Opinion	BPO
Closing Disclosure	CD
Collateral Underwriter	CU
Combined Loan to Value	CLTV
Constant Maturity Treasury (ARMs)	CMT
Construction to Permanent Mortgage Loan	C to P
Cost of Funds Index (ARMs)	COFI
Debt to Income Ratio	DTI
Department of Housing and Urban Development	HUD
Desktop Originator	DO
Desktop Underwriter	DU
Earnest Money Deposit	EMD
Equal Credit Opportunity Agency	ECOA
Federal Deposit Insurance Corporation	FDIC
Federal Emergency Management Agency	FEMA
Federal Housing Administration	FHA
Federal Housing Finance Agency	FHFA
Federal Trade Commission	FTC
Fixed Rate Mortgage	FRM
For Sale by Owner	FSBO
Good Faith Estimate (HELOC only)	GFE
Government-Sponsored Enterprise	GSE
High Priced Mortgage Loan	HPML

Full Mortgage Term or Phrase	Acronym
Home Equity Combined Loan to Value	HCLTV
Home Equity Line of Credit	HELOC
Home Ownership and Equity Protection Act of 1994	HOEPA
Homeowners Association	HOA
Homeowners Insurance	HOI
Last Paid Installment	LPI
Lender Paid Mortgage Insurance	LPMI
Loan Estimate	LE
Loan Level Price Adjustment	LLPA
Loan Origination System	LOS
Loan Product Advisor	LPA
Loan To Value	LTV
Metropolitan Statistical Area	MSA
Mortgage Industry Standards Maintenance Organization	MISMO
Mortgage Insurance	MI
National Credit Union Administration	NCUA
Planned Unit Development	PUD
Principal and Interest	P&I
Principal, interest, taxes and insurance	PITI
Principal, interest, taxes, insurance and other assessments	PITIA
Qualified Mortgage	QM
Real Estate Owned	REO
Real Estate Settlement Procedures Act	RESPA
Rural Development	RD
To Be Determined	TBD
TILA RESPA Integrated Disclosure	TRID
Truth in Lending Act	TILA
U.S. Department of Veterans Affairs	VA
Uniform Underwriting and Transmittal Summary	1008
Uniform Closing Dataset	UCD
Uniform Collateral Data Portal	UCDP
Uniform Electronic Transactions Act	UETA
Uniform Loan Delivery Dataset	ULDD
Uniform Residential Loan Application (Also referred to as 1003)	URLA
Unpaid Principal Balance	UPB
Up-Front Mortgage Insurance Premium	UFMIP

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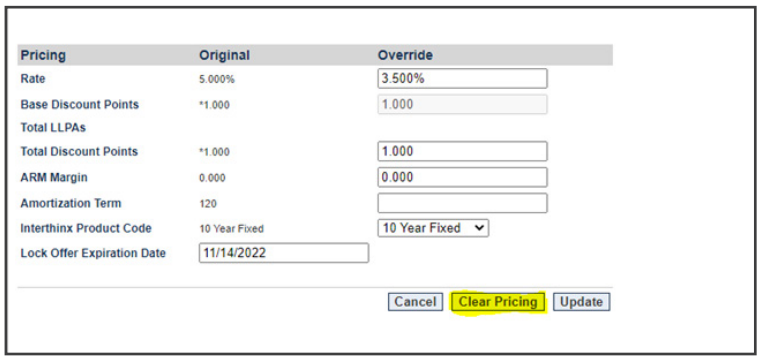
110 Intuvo – Creating Efficiencies and Closing More Loans
NMS Retail Lending Division
Q&A: What are your best practices? Where do you see success?

Frequently Asked Questions and Common Issues

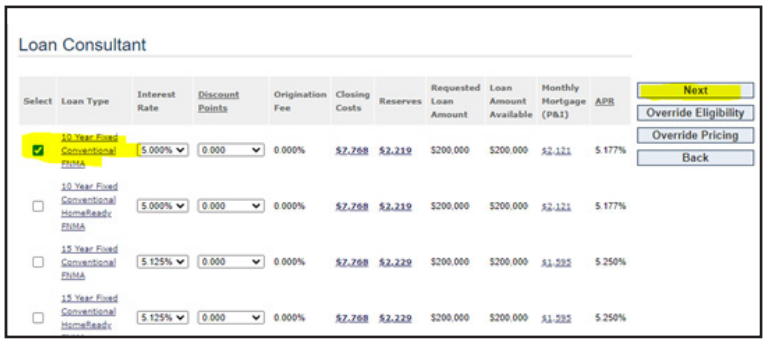
Problem: Trying to re-price a loan using Override Eligibility, but it keeps looping me back to the Pricing Override screen after I already clicked the Clear Pricing Button.

Solution:
From the Loan Summary Screen, go into “Price Loan”

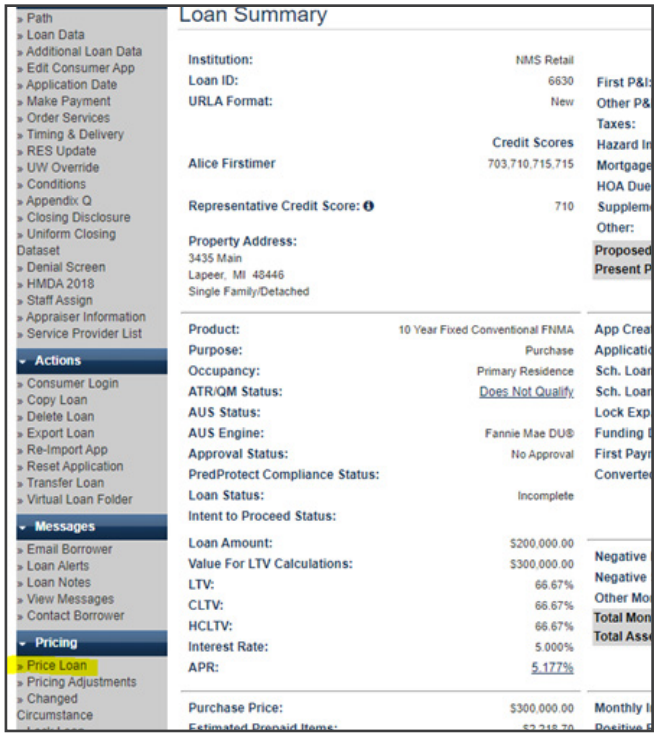
Click “Clear Pricing”. (To completely clear pricing, you must re-price into an available product first and follow the prompts back to the Loan Summary screen.)



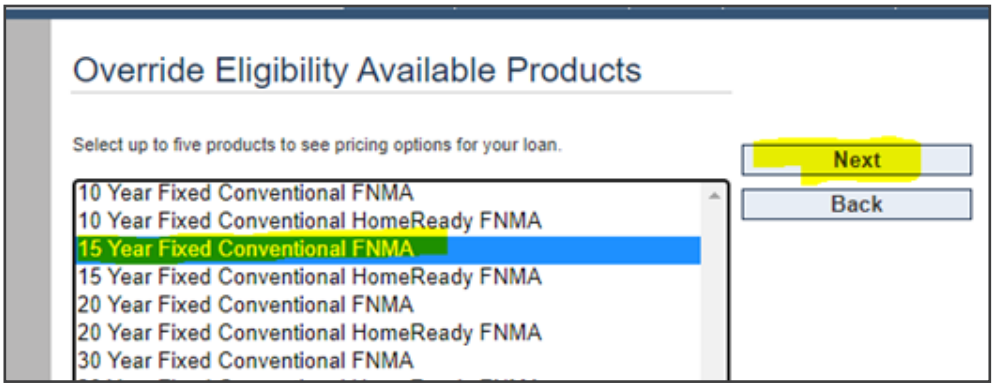
Once you choose your available product, click Next



When you are brought back to the Loan Summary screen, click “Price Loan” again.



Now that Override Pricing has been cleared, you can use the Override Eligibility option by clicking Override Eligibility, choosing your product, click “Next”

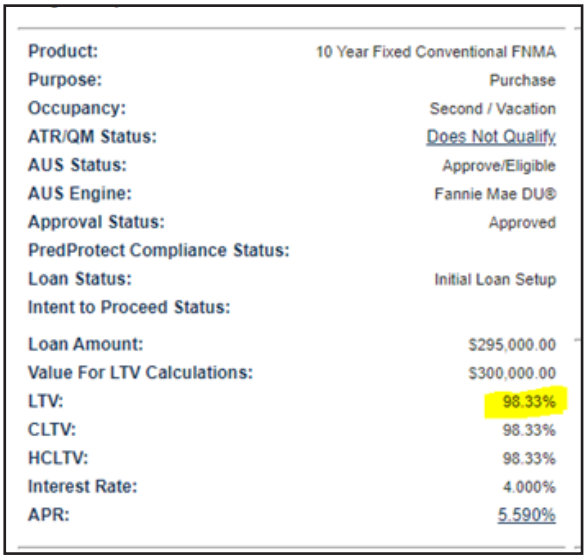


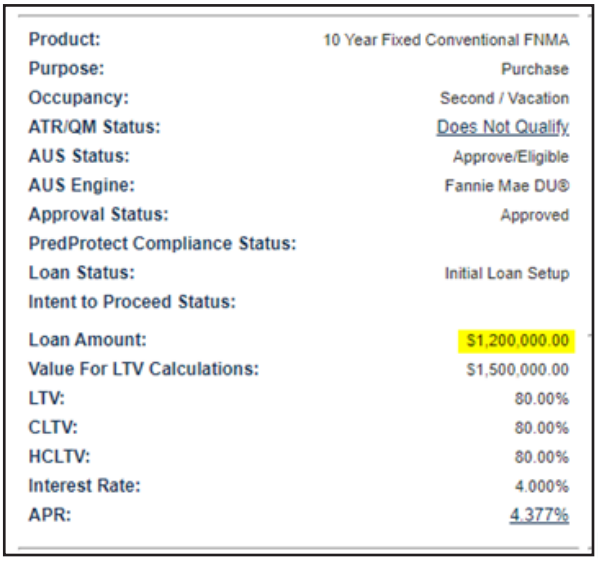
When you are brought back to the Loan Consultant, click next again, unless you need to input Override Pricing first.

But what if no products are showing available in the Loan Consultant screen to re-price into when I am Clearing Pricing?

First, look at your LTV and loan amount on your Loan Summary screen to see if they are higher than the limits of the product parameters. If this is the case, update your loan amount to meet the LTV and/or loan amount limits of your products so the products will show in the Loan Consultant. You should then be able to re-price into the product you need, and then adjust your amounts back to what they should be.

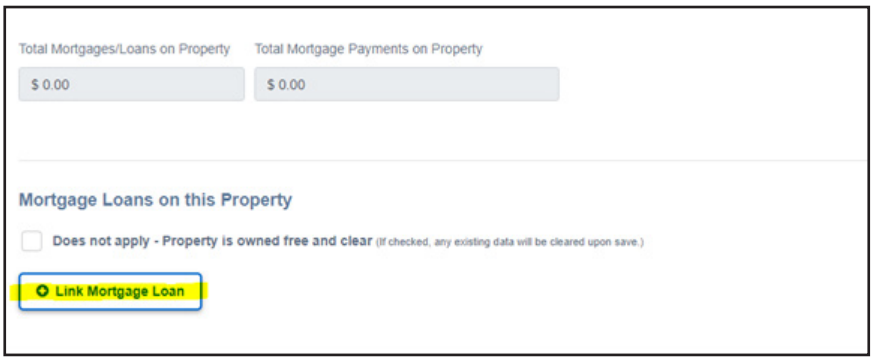
Examples of high LTVs and Loan amounts that will be outside of standard parameters:





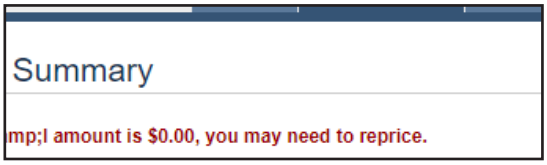
If the LTV and loan amount are not the issue, check the REO Additional Properties screen in the URLA (for all borrowers) and make sure there is an address connected to the mortgage listed, if applicable. If no address is listed, products will not show in the Loan Consultant screen.

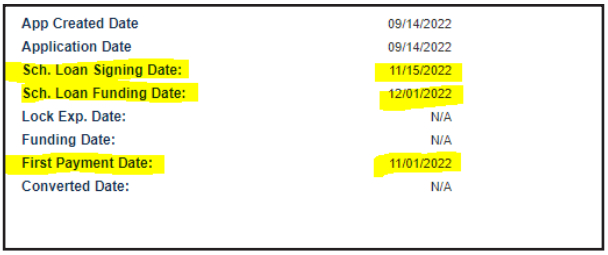
If there is no address, you need to click the “Remove” button next to the mortgage. There is normally already a property listed so you just need to click “Link Mortgage Loan” to add the mortgage correctly. Products should show up in the Loan Consultant once this is fixed.



Problem: I am receiving an error at the top of my Loan Summary screen that says “The P&I amount is $0.00, you may need to reprice.”

Solution: Look at your Signing, Funding, and First Payment date. If these are out of order, you will receive this message.

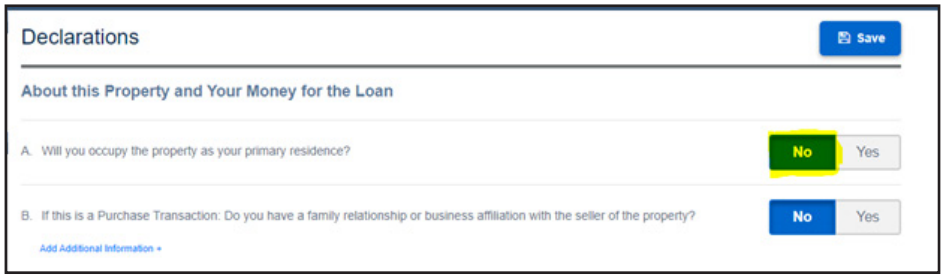


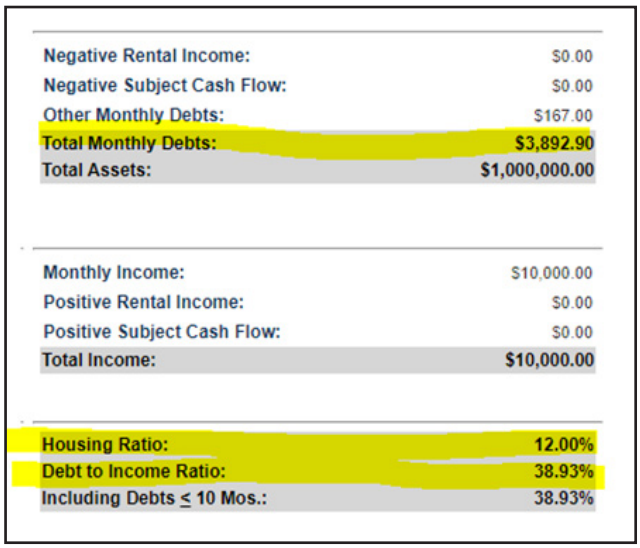


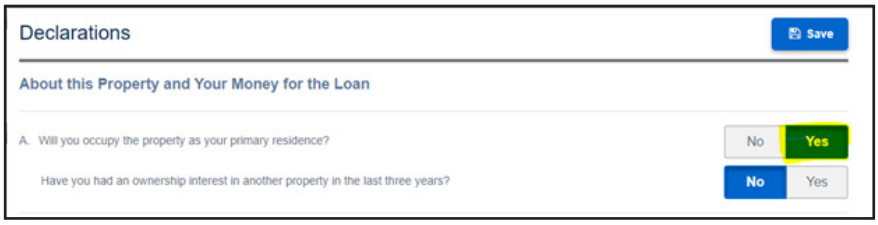
Problem: My Total Monthly Debts and DTI are doubled what they should be.

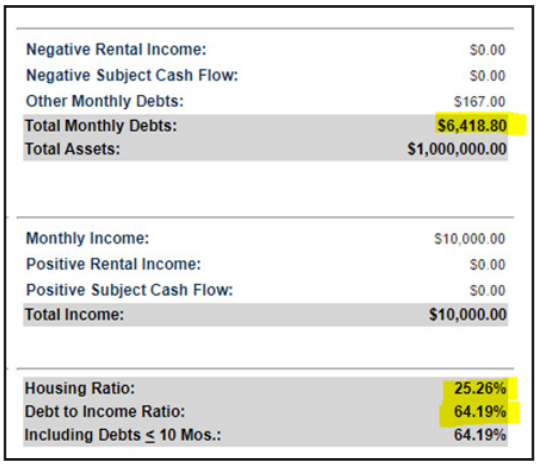
Solution: Look at Question A on the Declarations section in the URLA to make sure it is answered correctly for all borrowers.

In a loan scenario for a Purchase of 2nd home, Declaration Question A “Will you occupy the property as your primary residence?” Should be “No”. If you copied this loan from the member’s Primary residence loan, the declaration question would copy over as “Yes”.



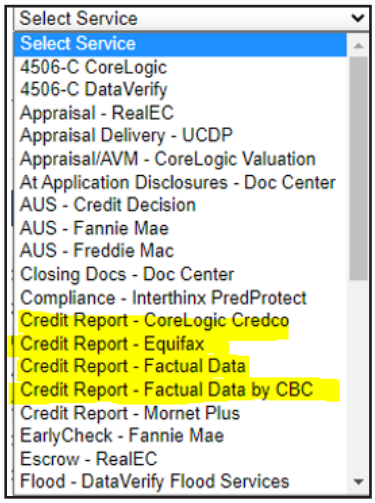


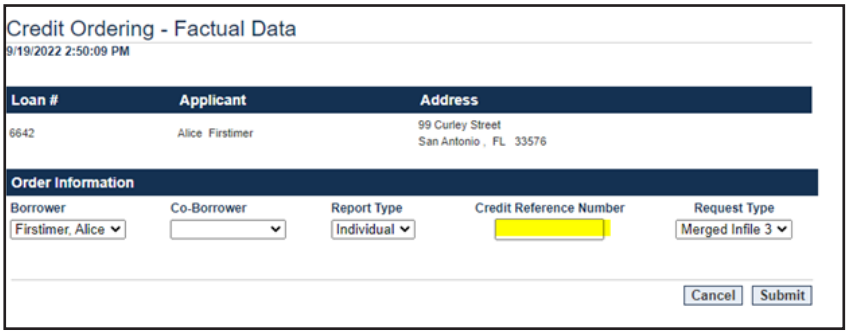




Question: I had to obtain a new credit report on the credit vendor's website.
How do I get it into Mortgage Cadence?

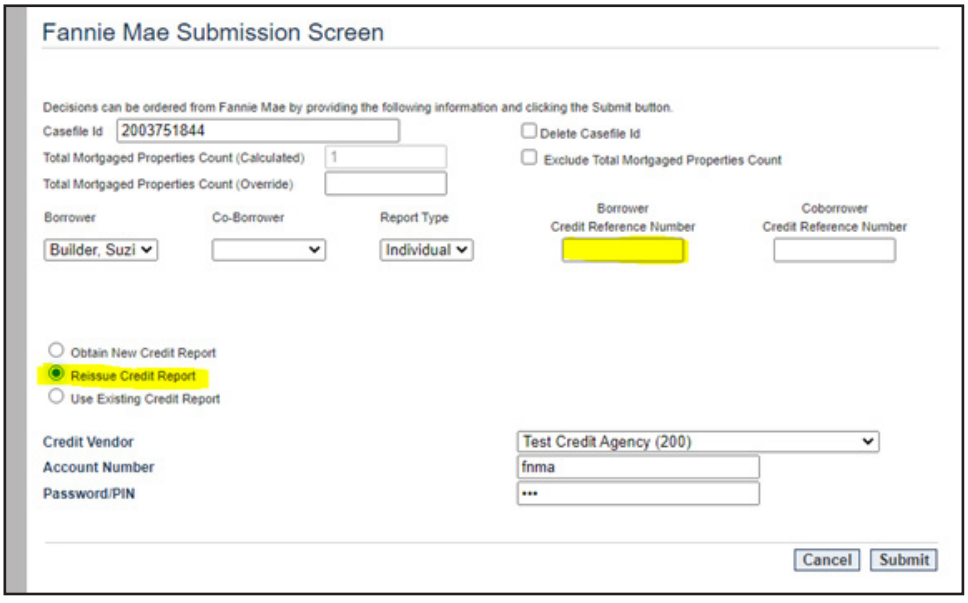
Answer: In Order Services, select your credit vendor from the dropdown menu. In the next screen, input the credit reference number from the credit report into the Credit Reference number field. Click Submit.





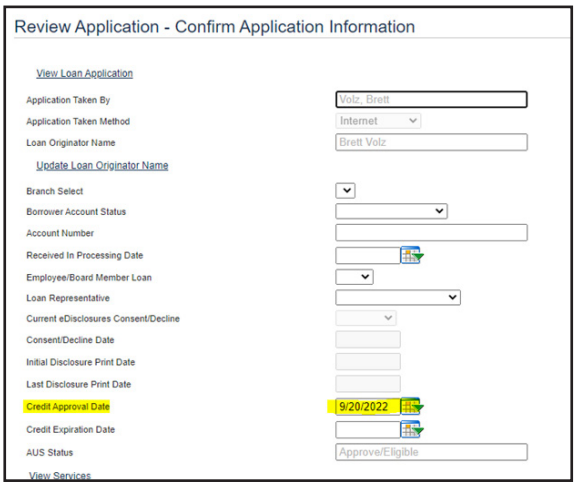
Question: I am trying to run AUS – Fannie Mae with a new credit report reference number, how do I do this?

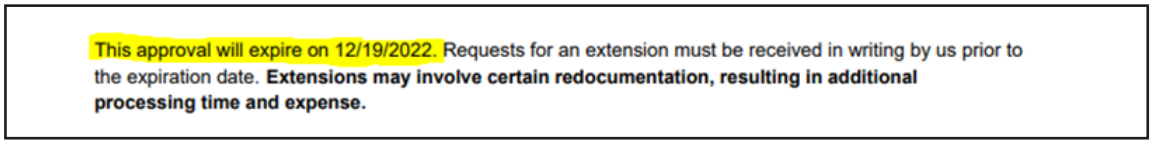
Answer: When ordering the AUS - Fannie Mae, select the "Reissue Credit Report" and type in the credit reference number in the "Borrower Credit Reference Number" field.



Question: "Where do we put the date for the Pre-approval letter?

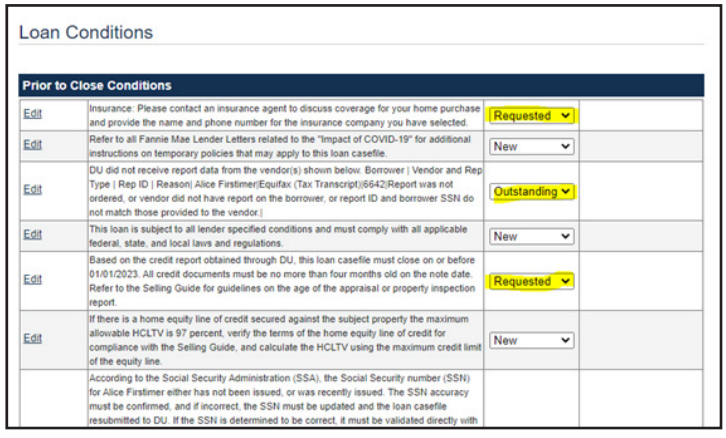
Answer: Path > Review Application > Confirm Application Information>Credit Approval Date. Leave the Credit Expiration Date Blank. The system will automatically input an expiration date on the Approval letter that is 90 days out from the Credit Approval Date.





Question: How do I add Conditions to the Approval Letter?

Answer: The Approval letter will display any Outstanding or Requested Conditions. Your Conditions are found on the Processing side menu on the Loan Summary Screen.



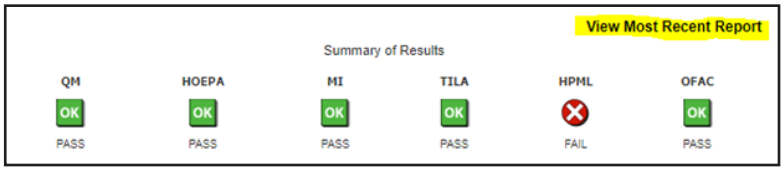
Question: How do I remove a borrower from an application?

Answer: In order to remove or add a borrower, you need to Reset the Application.
There are directions on our Resource Center on how to Reset the Application if you need assistance.

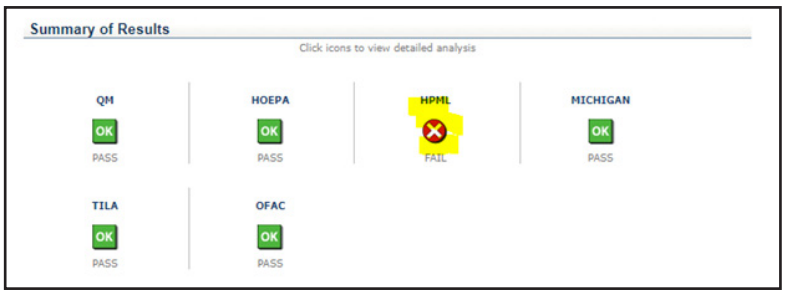
Reviewing First American RegsData Report

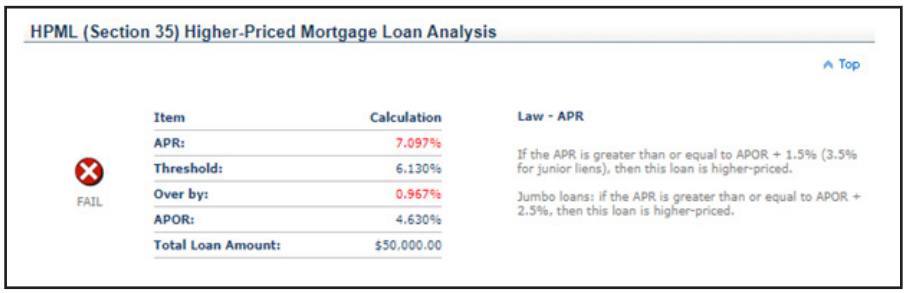
To Review the RegsData report in Order Services, click on the Success/Pass or Success/Fail link:

Click on: 'View Most Recent Report':

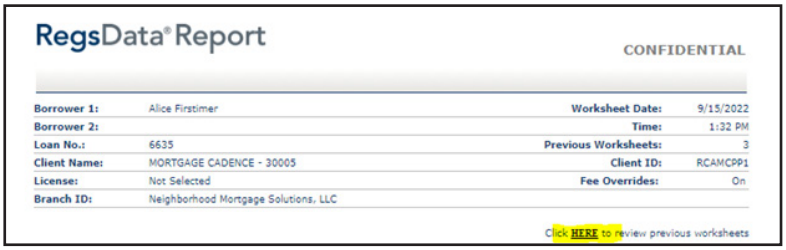


Once the report is open, under the Summary of Results, you can click on the icon which will take you to that section of the report:

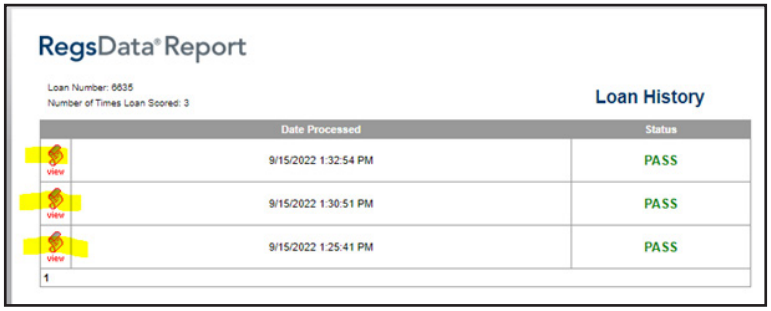




To review previous reports, open the report and you can click on 'HERE" to review previous reports:



To review previous reports, open the report and you can click on 'HERE" to review previous reports:



Mortgage Cadence Release Update is Scheduled for Production on Nov. 4, 2022

Compliance – Interthinx Predprotect Is Now Known As: Compliance – First American RegsData

First American RegsData and Bona Fide Discount Point Calculation

1. What is a Bona Fide Discount Point? Bona fide discount points mean loan discount points that are knowingly paid by the consumer for the purpose of reducing, and that in fact result in a bona fide reduction of the interest rate applicable to the mortgage.
2. What is PAR/SAR (Interthinx) = Starting Adjusted Rate which includes all Loan Level Pricing Adjustments (LLPA's) and Revenue.

SAR Example:

Total of the LLPA's below = 4.625% + (example) CU revenue of 1.0% = 10**5.625%** in pricing.

- LLPA's are found in the Loan Summary, Pricing Adjustments.
- Always make sure your loan is repriced to bring in the correct LLPA's.

0715 Fannie Credit Score 700-719 & LTV 75-80		+1.250
0715 Second Home LTV 75.01 - 80%		+3.375

Pricing Example:

- In review of the rate sheet, pricing of **105.625**% is not available, so you can **ONLY** use the max rate available on the day you are locking your loan.
- Make sure you upload the rate sheet from the day you locked the loan.
- I've quoted the member 6.0% = 103.1427. I still need cover the remainder of LLPA's and revenue of 2.483% for the total of my SAR.

30-Year Fixed Rate - 225k Max Loan Amount

Rate	10 Day	30 Day	45 Day	60 Day	75 Day	90 Day
6.625	104.3441	104.0636	103.6556	103.2962	103.0429	102.775
6.5	104.1449	103.8644	103.4564	103.0971	102.8437	102.5759
6.375	103.9968	103.7163	103.3082	102.9489	102.6956	102.4277
6.25	103.6384	103.3579	102.9498	102.5905	102.3372	102.0693
6.125	103.6476	103.3991	103.0818	102.7984	102.5618	102.312
6	103.3912	103.1427	102.8254	102.542	102.3054	102.0556
5.875	103.0272	102.7787	102.4614	102.178	101.9414	101.6916
5.75	102.6215	102.373	102.0557	101.7723	101.5357	101.2859
5.625	102.1693	101.9664	101.7323	101.5238	101.329	101.1048
5.5	101.7951	101.5923	101.3581	101.1496	100.9549	100.7307
5.375	101.389	101.1861	100.952	100.7435	100.5487	100.3245
5.25	101.0064	100.8035	100.5694	100.3609	100.1661	99.9419
5.125	100.404	100.2153	100.0342	99.8866	99.7527	99.6197
5	99.9334	99.7643	99.5982	99.4625	99.3286	99.1957

- Priced my loan accordingly at 6.0% with Discount Points (LLPA's) of 2.483%:

Loan Summary:

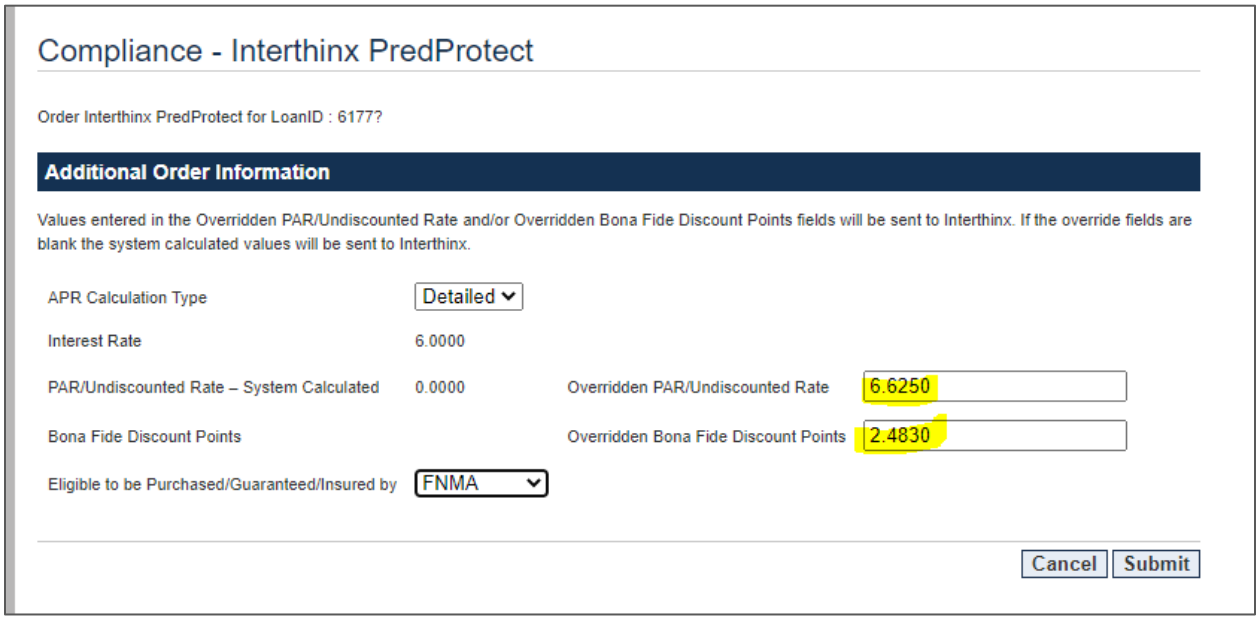
Interest Rate:	6.000%
APR:	7.008%
Purchase Price:	$281,250.00
Estimated Prepaid Items:	$2,434.09
Estimated Closing Costs:	$4,231.84
Discount Fee:	$5,586.75

CCD:

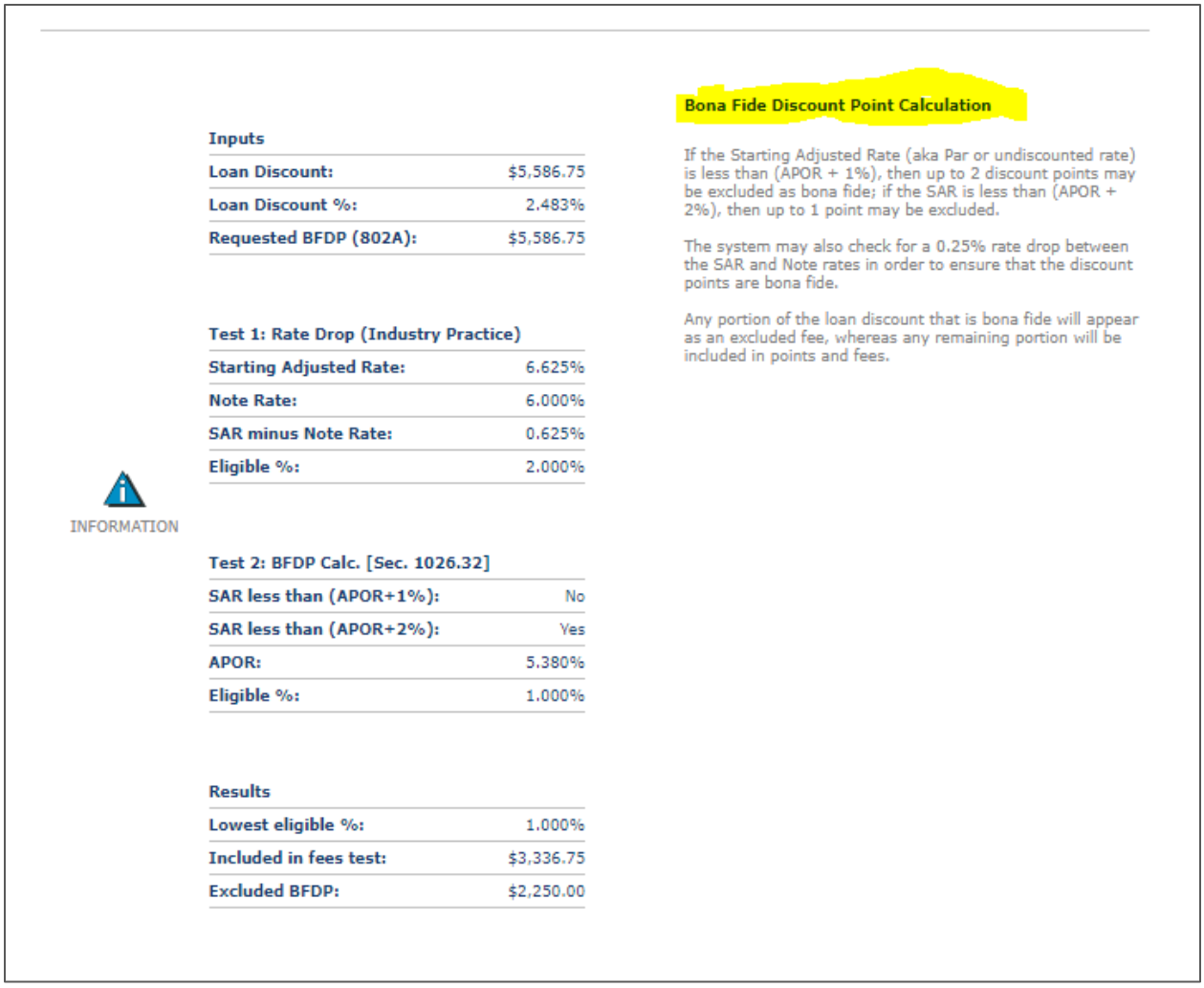
			Amount		Calculate			By			
Details	802	$5,586.75		Discount Points	2.483	Yes	$0.00	B			Lender

Compliance – First American RegsData:

- Overridden PAR/Undiscounted Rate for Interthinx testing is 6.625% (max rate available) and Overridden Bona Fide Discount Points are 2.483%. Remember you can only use the max rate available for the day locking that is available on the rate sheet:



- First American RegsData will calculate the Bona Fide Discount Point Calculation.
- See additional APOR calculation under Bona Fide Discount Point Calculations:



Bona Fide Discount Point Calculation

If the Starting Adjusted Rate (aka Par or undiscounted rate) is less than (APOR + 1%), then up to 2 discount points may be excluded as bona fide; if the SAR is less than (APOR + 2%), then up to 1 point may be excluded.

The system may also check for a 0.25% rate drop between the SAR and Note rates in order to ensure that the discount points are bona fide.

Any portion of the loan discount that is bona fide will appear as an excluded fee, whereas any remaining portion will be included in points and fees.

Inputs

Loan Discount:	$5,586.75
Loan Discount %:	2.483%
Requested BFDP (802A):	$5,586.75

Test 1: Rate Drop (Industry Practice)

Starting Adjusted Rate:	6.625%
Note Rate:	6.000%
SAR minus Note Rate:	0.625%
Eligible %:	2.000%

INFORMATION

Test 2: BFDP Calc. [Sec. 1026.32]

SAR less than (APOR+1%):	No
SAR less than (APOR+2%):	Yes
APOR:	5.380%
Eligible %:	1.000%

Results

Lowest eligible %:	1.000%
Included in fees test:	$3,336.75
Excluded BFDP:	$2,250.00

LLPA- (Loan Level Pricing Adjustments) payable to FNMA found on FNMA's LLPA Matrix based on the characteristics of each loan.

Discount Points- Used to buy the interest rate down for the member. Example 1% Discount point is 1% of the loan amount- $100k Loan Amount X 1% Discount Point = $1000.00 Member will pay either up front or include in closing costs to reduce interest rate. For every 1% in discount charged the rate is reduce by .25%

YSP- (Yield Spread Premium) The premium associated with the rate sheet that FNMA is willing to pay based on the term and how many days you will lock- typically shown as 100.2143, 101.5674 etc. (See rate sheet snipet below) The YSP includes all LLPA's and the premium your CU has set as a benchmark (income) to target on every loan- 1.00%, 1.5%, 2.00% etc.

Example- if the loan has 2.00% in LLPA hits according to the LLPA Matrix, then you take the 2.00% to FNMA and add the CU income (1.00%, 1.5%, 2.00% etc.) to get your total. So, 2.00% to FNMA PLUS 1.00% to CU gives you a total of 3.00% or 103.0000 equates to the same thing. When the loan funds from FNMA, FNMA will net out their LLPA Hits. 2.00% in this example and the remainder comes back to your CU as income. In this example the remainder would be 1.00% X the $100K (or whatever loan amount) = $1000.00 to the CU.

Guidance from CFPB on Appropriate Interest Rate for Excluding Discount Points under Final ATR Rule

September 4, 2013

This document contains questions posed by the MBA and a summary of oral responses to these questions from Consumer Financial Protection Bureau (CFPB) staff. Please be advised that the CFPB advises that only rules and written commentary from the CFPB are authoritative.

Background: On August 3, 2013, MBA requested guidance concerning how to determine the appropriate interest rate for excluding bona fide discount points for purposes of the QM points and fees calculation. Specifically, MBA asked: (1) if the interest rate to be used is the rate unique to each consumer or is simply a rate from a standard rate sheet and (2) what the appropriate rate to use is if the lender does not offer a rate with zero points. The email requesting guidance attached examples of various rate point scenarios to illustrate this concern.

- Section 1026.32(b)(1)(i)(E) of the "points and fees" definition provides that, for purposes of calculating the points and fees for a loan, up to two bona fide discount points paid by the consumer in connection with the transaction may be excluded *if the interest rate without any discount* does not exceed the average prime offer rate by more than one percentage point.

- Section 1026.32(b)(1)(i)(F) of the "points and fees" definition provides if no discount points have been excluded under Section 1026.32(b)(1)(i)(E), then up to one bona fide discount point paid by the consumer in connection with the transaction may be excluded *if the interest rate without any discount* does not exceed the average prime offer rate by more than two percentage points.

- Section 1026.32(b)(3) defines a "bona fide discount point" and provides that the discount points paid by the consumer must reduce the interest rate based on a calculation that is consistent with established industry practices for determining the amount of reduction in the interest rate appropriate for the amount of discount points paid.

- Issue 1: The regulation and commentary do not explicitly provide guidance on whether "interest rate without any discount" includes – or excludes – loan level risk adjusters and/or other pricing risk adjusters that must be applied to a particular consumer's loan before it is presented to the consumer. Accordingly, the first question is whether the rate intended is the rate unique to the consumer's loan as a result of any number of credit factors or simply the rate on a rate sheet that does not include discount points?

- Issue 2: If there is no exact "zero point" rate (a rate without discount or premium), the submission asked whether the creditor could have the option of choosing to use:

1) The rate with the closest discount to zero
2) The rate with the closest premium to zero;
3) The rate closest to zero points (regardless of premium or discount); or
4) The rate determined by applying a linear interpolation calculation.

CFPB Guidance - At a meeting at the CFPB on Tuesday, August 20, 2013, Paul Mondor, Managing Counsel, stated that questions on this issue had been raised by a number of stakeholders, including the Mortgage Bankers Association ("MBA").

- He said CFPB interprets the statute to require a discount point to be the amount *but for the payment of which* the consumer would have paid the starting adjusted rate. He indicated that the CFPB had developed the following principles for determining the starting rate that is referred to here as the "starting adjusted rate."

- **Principle #1: CFPB defines the base rate as the starting rate to be adjusted for the particular consumer before discount points are applied -** The starting adjusted rate should be the rate available to the consumer based on the particular consumer's profile and loan characteristics. It must include the LLPAs and other specific adjustments applicable to that consumer.

- **Principle #2: Discount points excluded from points and fees may not exceed the discount points actually paid by the consumer -** The discount points that are excluded from points and fees may not exceed the actual discount point amount paid by the consumer. So, if the starting adjusted rate offers a rebate and the consumer chooses to pay discount points, the amount of the points actually paid are the maximum that can be excluded up to the two points allowed in the rule.

  The following example was provided in the meeting: Starting adjusted rate of 4.250% with a 0.375 point rebate. Consumer agrees to pay an additional 1.50 discount points to lower the rate to 3.750%. The maximum discount points that could be eligible for exclusion from points and fees is 1.50 points

- **Principle #3 (a): No requirement for zero point loan to be available -** The starting adjusted rate does not have to be a rate with zero points. Mr. Mondor noted the language in the regulation ("the interest rate without any discount") is an inexact translation of the statutory language in section 1412 of the Dodd-Frank Act ("the interest rate from which the mortgage's interest rate will be discounted").

- **Principle #3 (b): Starting adjusted rate actually must be available -**The starting adjusted rate used must actually be available to the consumer. This eliminates linear interpolation as an acceptable means of determining the starting adjusted rate as well as using a hypothetical rate as a starting adjusted rate. Neither are rates available to the consumer.

- **Principle #4: Discount Points that may be excluded from points and fees are those applied to the starting adjusted rate for the consumer to reduce the interest rate** - If the starting adjusted rate for the consumer includes a required point or portion thereof, when calculating the discount points to be excluded, such required points are included in the QM's points and fees.

The following example was provided in the meeting: Starting adjusted rate of 4.125% with 0.125 discount points. The consumer agrees to pay 1.625 in discount points to lower the rate to 3.750%. Only 1.50 additional discount points paid by the consumer to lower the rate is eligible for exclusion from points and fees since the .125 points paid are required to get the starting adjusted rate.

- **Additionally, the methodology of reaching starting rate can vary for different loans:** In following the above principles to determine the appropriate interest rate, CFPB indicated a consistent methodology to determine the interest rate without a discount is not required. The CFPB indicated that retention of rate sheets would help prove compliance if challenged.

- **All Requirements to Exclude Discount Points Still Apply:** The Principles do not set forth all the requirements to exclude discount points from points and fees. The requirements in Sections 1026.32(b)(1)(i)(E), 1026.32(b)(1)(i)(F) and 1026.32(b)(3) that are set forth above still apply.

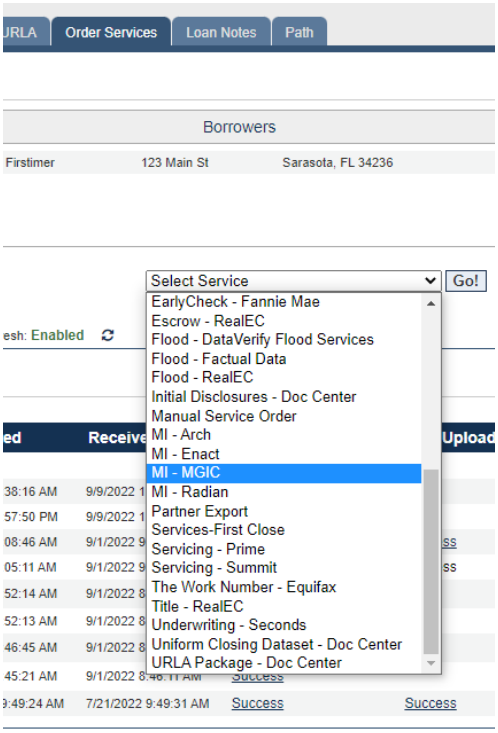
  Additional Note on Written Guidance: MBA requested that the CFPB issue the guidance in writing so that industry and examiners would have a consistent standard to follow. Mr. Mondor stated that the CFPB was considering other methods of providing this guidance. He specifically mentioned that the CFPB may conduct webinars to address outstanding issues regarding the CFPB's rules and that this guidance could be included. He also mentioned the possibility of a bulletin or additional proposed amendments to the Official Interpretations, but cited resource and time constraints. He dismissed suggestions that the guidance be included in the small entity compliance guide or the final rule adopting the amendments to the mortgage rules proposed by the CFPB in June.

Mortgage Cadence Updates 2021-2022

MGIC Rate Quote request. Quote can be sent to MGIC based on current file considerations. Please Note: Once file is underwritten and reviewed and any changes made, NMS Underwriting will order the actual PMI Certificate for Fannie Mae loans only which may change the PMI rate after underwriting. The process will remain the same for In-House Portfolio loans where the Credit Union will need to order the PMI Certificate directly from their PMI Vendor.

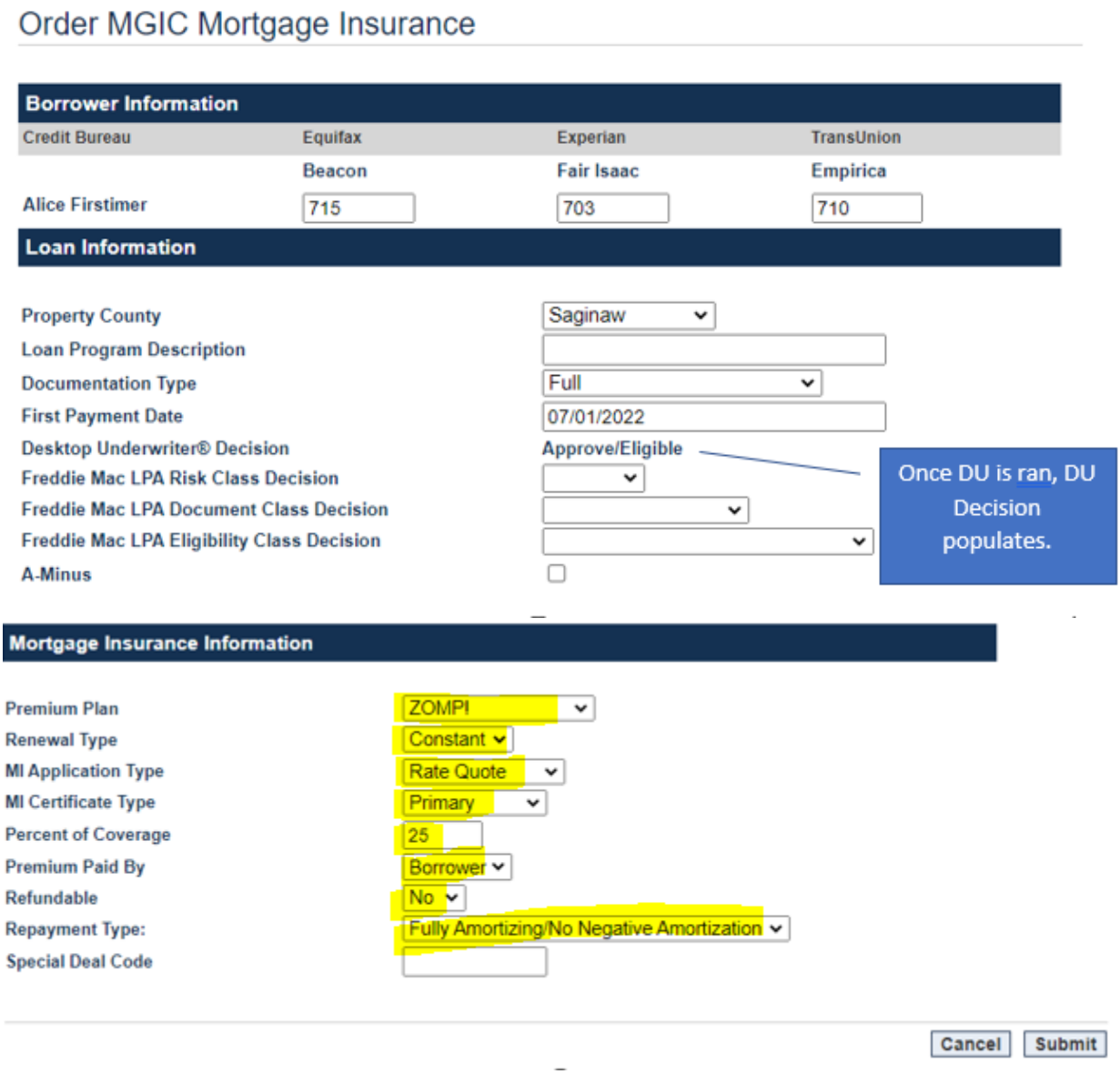
How to Order MGIC Rate Quote:

In Order Services, Select “MI-MGIC” from the Select Service dropdown.
Click the GO! button



How the Mortgage Insurance Information section should be filled out:

- Premium Plan: ZOMP
- Renewal Type: Constant
- MI Application Type: **Rate Quote**
- MI Certificate Type: Primary
- Percent of Coverage: **Check your DU Findings for the percentage**
- Premium Paid By: Borrower
- Refundable: No
- Repayment Type: Fully Amortizing/No Negative Amortization



Updates to Fannie Mae and Freddie Uniform Documents

- For a Mortgage that is being used to purchase a property, the words “Purchace Money” will be in front of the words Mortgage or Deed of Trust.
- Because these new security instruments will also be used in connection with USDA loans, certain modifications had to be made to make them compatible with USDA’s regulations. This has caused increases in the number of pages in the Mortgages and Deed of Trusts. We have seen page increases from 3 to 6 pages depending on the state. Recording fees needs to be adjusted accordingly.

[Space Above This Line For Recording Data]

PURCHASE MONEY MORTGAGE

Loan #: **6600**
Parcel ID:

DEFINITIONS

Words used in multiple sections of this document are defined below and other words are defined under the caption TRANSFER OF RIGHTS IN THE PROPERTY and in Sections 3, 4, 10, 11, 12, 16, 19, 24, and 25. Certain rules regarding the usage of words used in this document are also provided in Section 17.

Parties

[Space Above This Line For Recording Data]

PURCHASE MONEY DEED OF TRUST

Loan #: **6624**

DEFINITIONS

Words used in multiple sections of this document are defined below and other words are defined under the caption TRANSFER OF RIGHTS IN THE PROPERTY and in Sections 3, 4, 10, 11, 12, 16, 19, 24, and 25. Certain rules regarding the usage of words used in this document are also provided in Section 17.

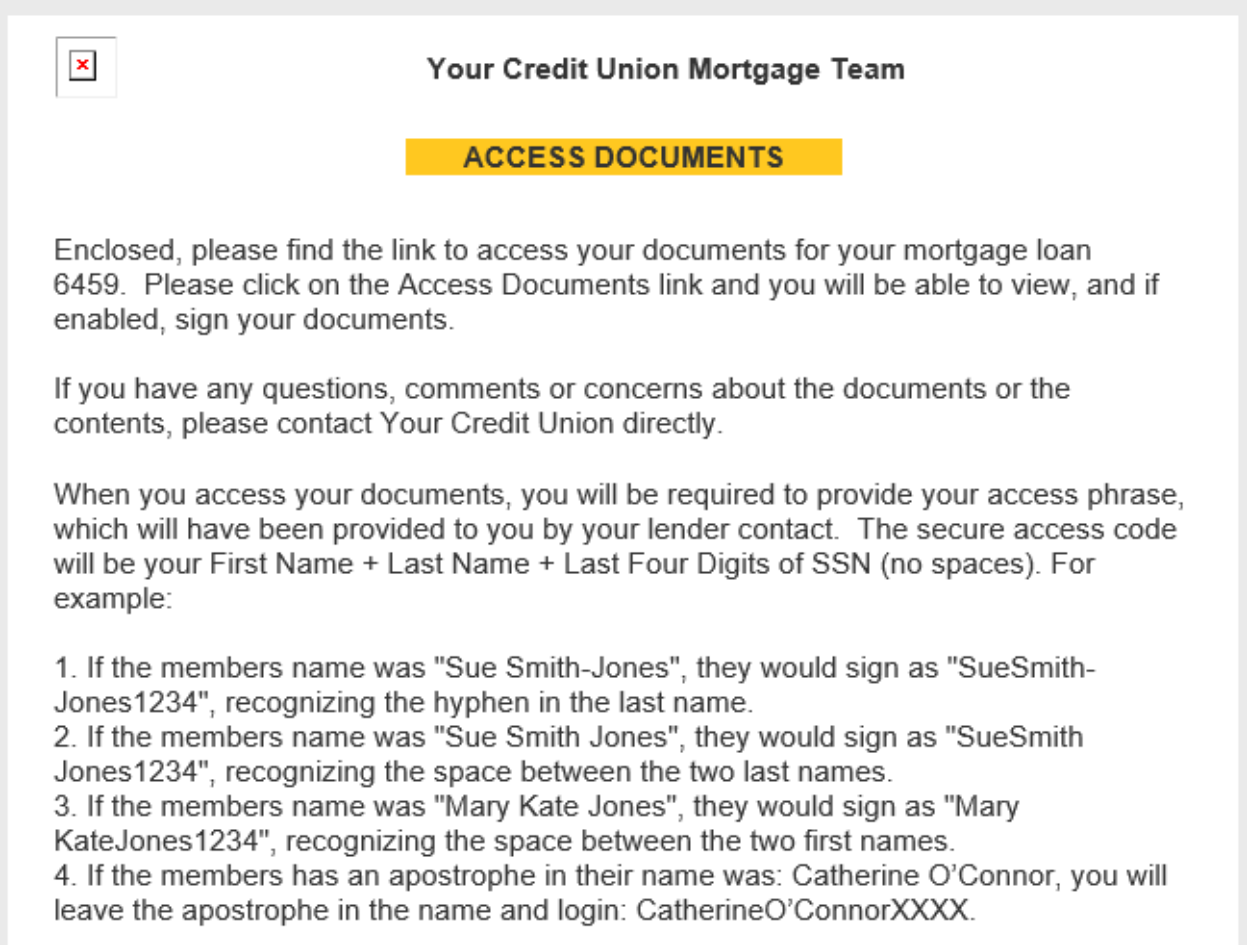
Update to the DocuSign email members receive to E-sign.

There has been an update is to the email that the members receive when Initial Disclosures or a CD only has been sent to the member to sign through DocuSign. The cover letter now reflects 4 access code examples to reference based on different name configurations.

The Access Code is based on what has been inputted into the URLA/Personal Information for:

1. First Name
2. Last Name
3. Last 4 digits of the SSN

Please Note: This update is to all our Credit Union partners who have opted in with DocuSign through NMS Mortgage Cadence and cannot be updated on an individual basis.



Your Credit Union Mortgage Team

ACCESS DOCUMENTS

Enclosed, please find the link to access your documents for your mortgage loan 6459. Please click on the Access Documents link and you will be able to view, and if enabled, sign your documents.

If you have any questions, comments or concerns about the documents or the contents, please contact Your Credit Union directly.

When you access your documents, you will be required to provide your access phrase, which will have been provided to you by your lender contact. The secure access code will be your First Name + Last Name + Last Four Digits of SSN (no spaces). For example:

1. If the members name was "Sue Smith-Jones", they would sign as "SueSmith-Jones1234", recognizing the hyphen in the last name.
2. If the members name was "Sue Smith Jones", they would sign as "SueSmith Jones1234", recognizing the space between the two last names.
3. If the members name was "Mary Kate Jones", they would sign as "Mary KateJones1234", recognizing the space between the two first names.
4. If the members has an apostrophe in their name was: Catherine O'Connor, you will leave the apostrophe in the name and login: CatherineO'ConnorXXXX.

Additional Information regarding DocuSign:

If member says they are not receiving the first Initials package you ran, check to make sure their Consent and Accept dates occurred before you ran the package.

The borrower has 13 days after the package has been ordered to sign it. After the 13 days has passed, the package will not return to Mortgage Cadence, even if they sign it. A new package would need to be ordered and sent to the borrower to sign.

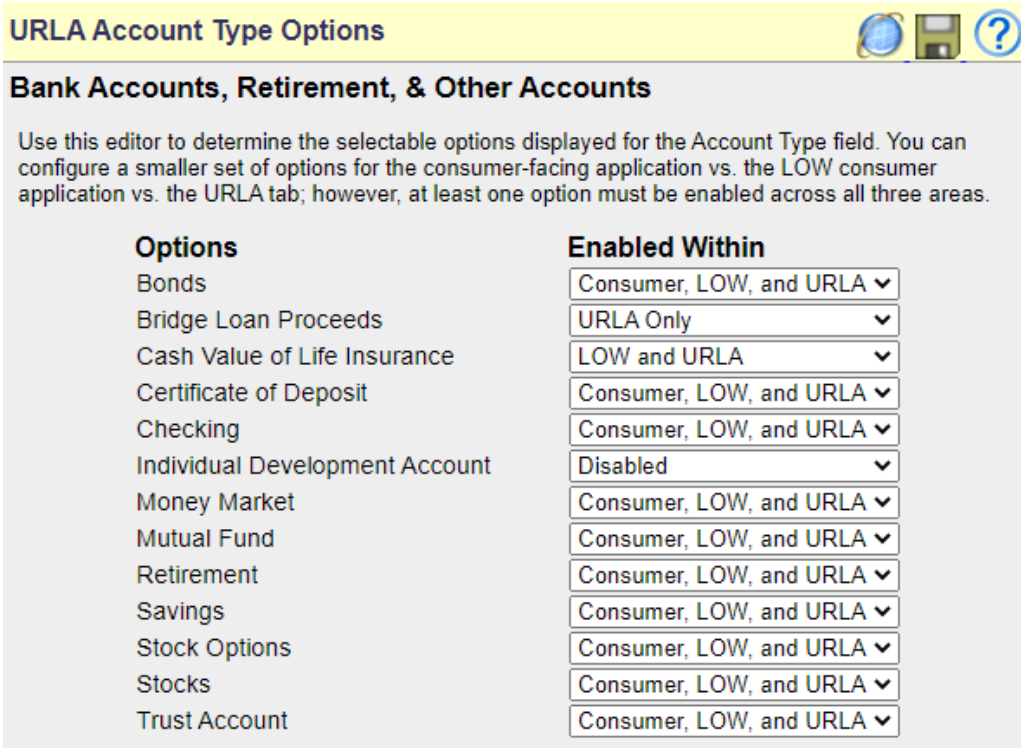
If the member is a Jr, it is not included in the Access Code.

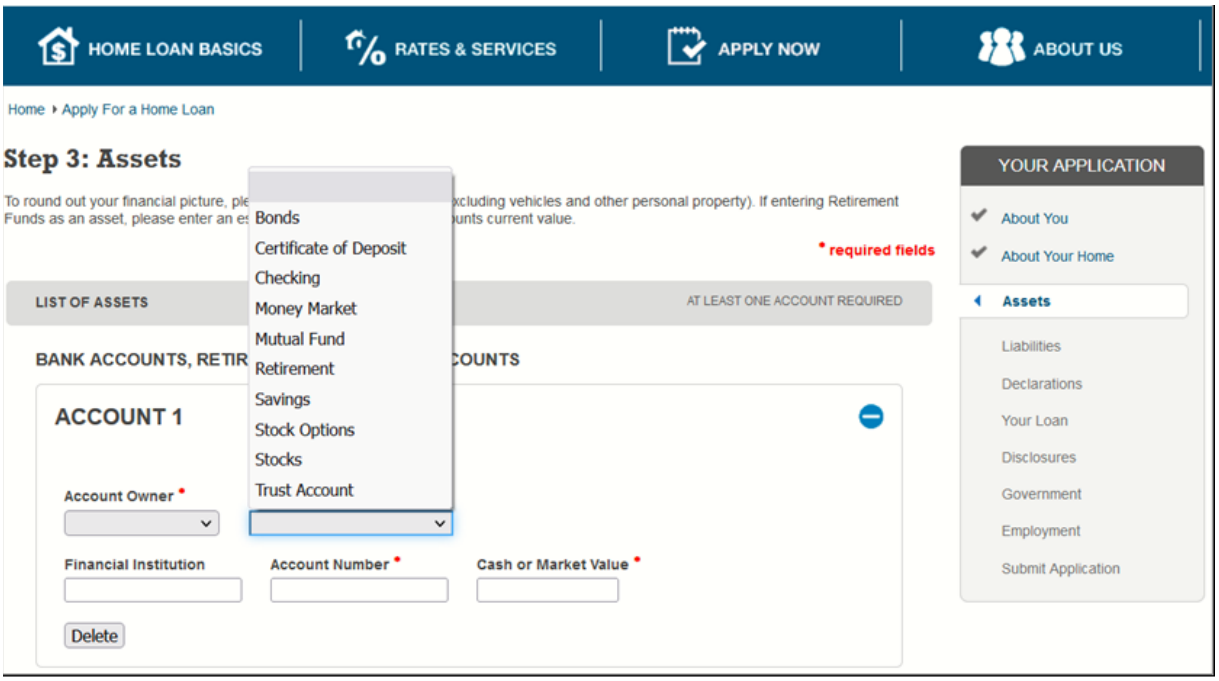
If member's access code is not working and there are no spaces, verify that spelling of names is correct and SSN is correct.

If member's access code is not working after verifying spelling and SSN, go into the URLA and click into their first and last name fields to see if there is a space behind their name. If there is, backspace to delete the space and save. This update is immediate so the borrower can try to login in again right away.

URLA Account Type Options

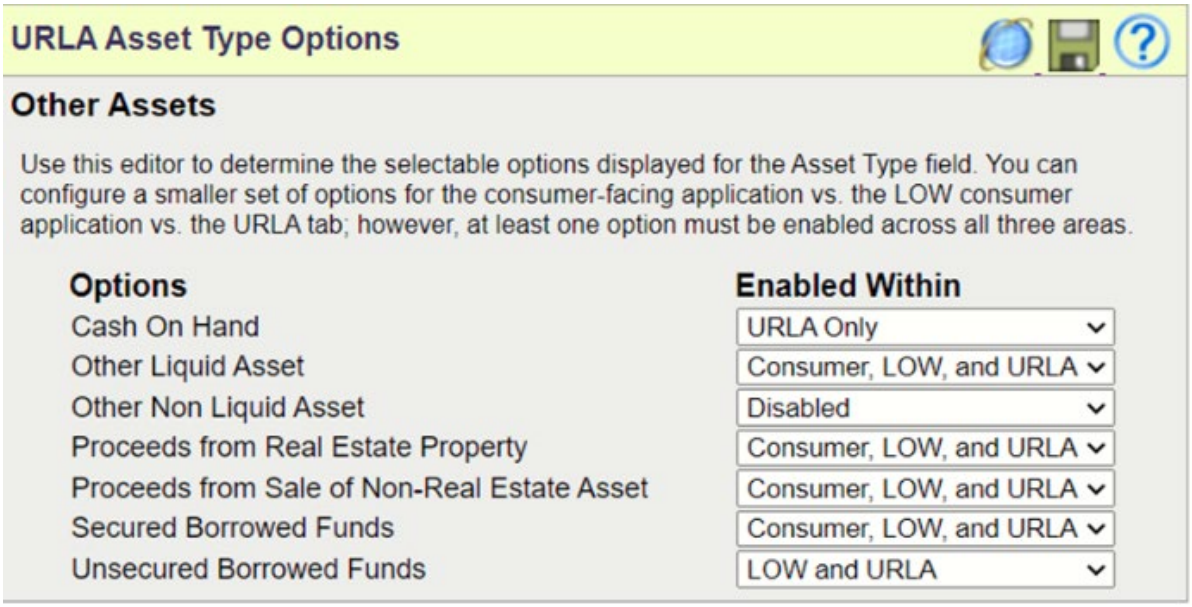
The new URLA Account Type Options editor allows you to determine the options that display in the Account Type drop-down list in the Bank Accounts, Retirement, and Other Accounts section of the Assets page of the Consumer Application and URLA tab. If there are any settings on the URLA Account Type Options that you would like to update, please email System Admin so we can make these updates for you. This editor defaults to enabling all options on Consumer, LOW, and URLA unless we change it.

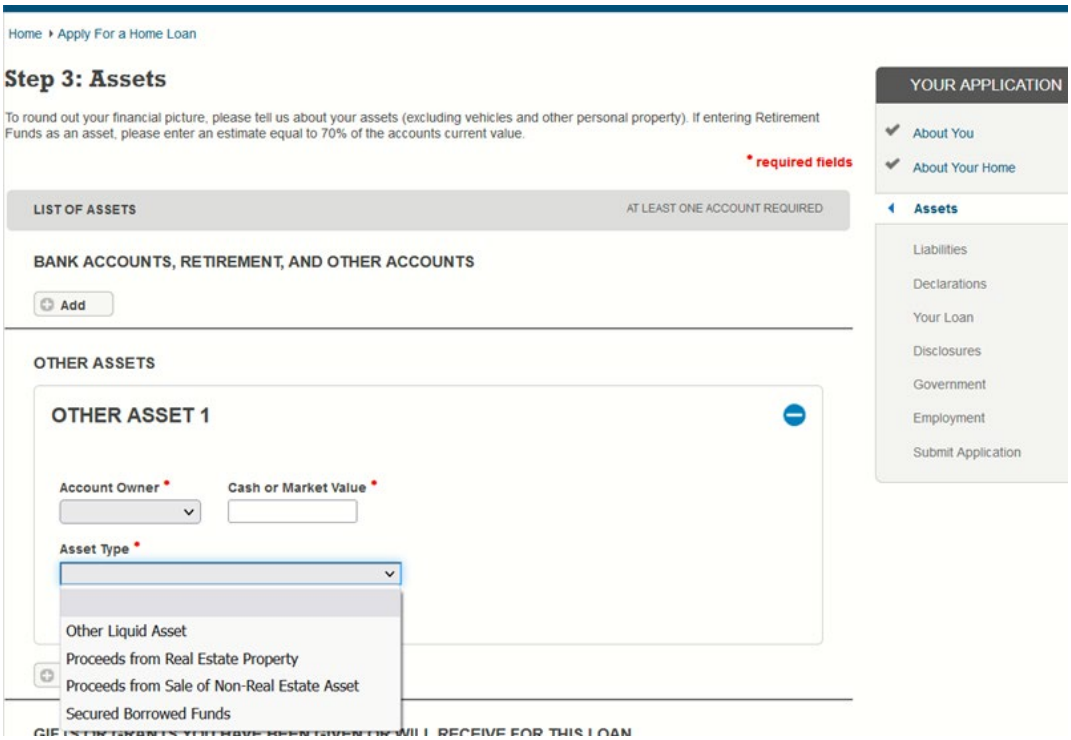




URLA Asset Types Editor

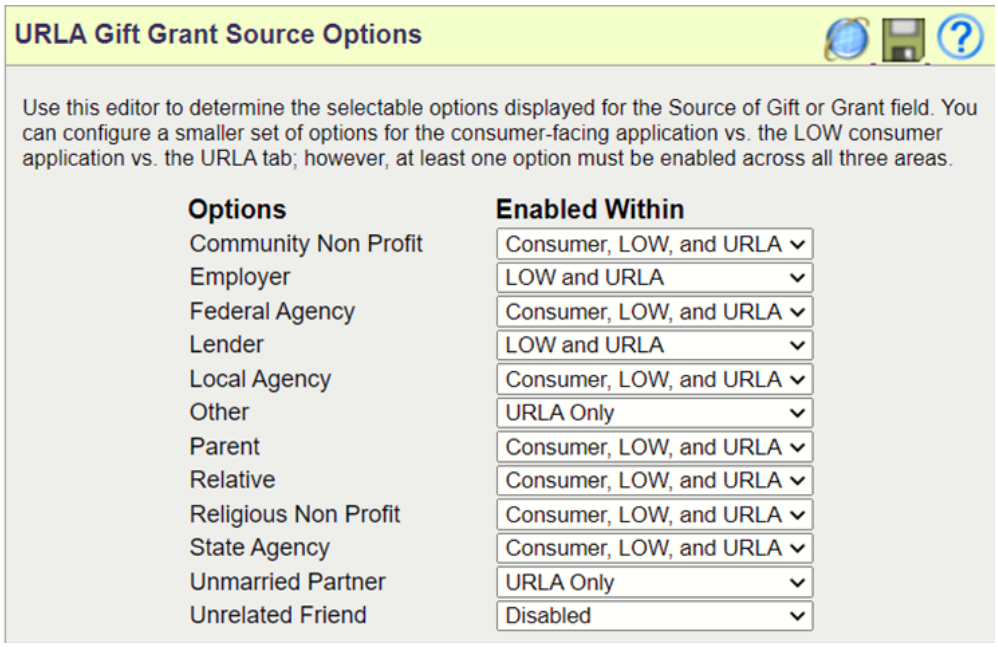
The new URLA Asset Type Options editor enables you to determine the options that display in the Asset Type dropdown list in the Other Assets section in the Assets page of the Consumer Application and URLA tab just like the URLA Account Type Editor. Email System Admin if you want to make changes to your URLA Asset Type. This editor defaults to enabling all options on Consumer, LOW, and URLA, except Cash On Hand. This defaults to URLA Only.

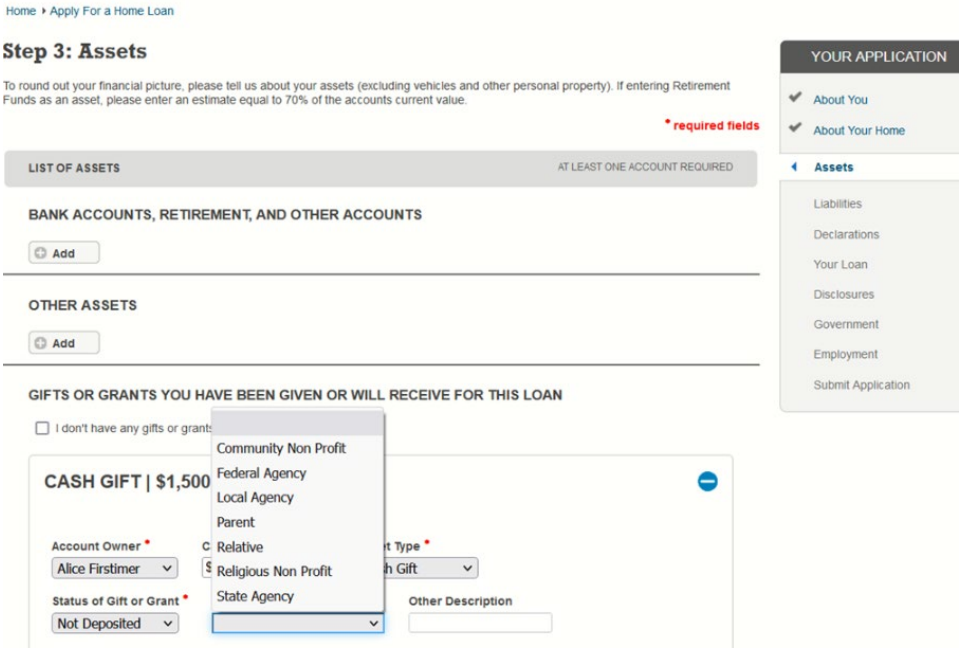




URLA Gift Grant Source Options

The new URLA Gift Grant Source Options editor enables you to determine the options that display in the Source of Gift or Grant drop-down list in the Gifts or Grants You Have Been Given Or Will Receive For This Loan section of the Assets page of the Consumer Application and the Gifts or Grants section of the Loan & Property Information page of the URLA tab. Email System Admin if you want to make changes to your URLA Asset Type. This editor defaults to enabling all options on Consumer, LOW, and URLA unless we change it.





URLA Other Income Types Options

The new URLA Other Income Type Options editor enables you to determine the options that display in the Income Source drop-down list in the Income and Submit page of the Consumer Application and the Income From Other Sources section on the Employment & Income page of the URLA tab. The highlighted options below default to URLA only. Email System Admin if you would like to update the options.

URLA Other Income Type Options

Income From Other Sources

Use this editor to determine the selectable options displayed for the Income Source field. You can configure a smaller set of options for the consumer-facing application vs. the LOW consumer application vs. the URLA tab; however, at least one option must be enabled across all three areas.

Options	Enabled Within
Accessory Unit Income	URLA Only
Alimony	Consumer, LOW, and URLA
Asset Depletion	URLA Only
Automobile Allowance	Consumer, LOW, and URLA
Boarder Income	Consumer, LOW, and URLA
Capital Gains	Consumer, LOW, and URLA
Child Support	Consumer, LOW, and URLA
Contract Basis	Consumer, LOW, and URLA
Defined Contribution Plan	URLA Only
Disability	Consumer, LOW, and URLA
Employment Related Account	Consumer, LOW, and URLA
Foster Care	Consumer, LOW, and URLA
Housing Choice Voucher Program	URLA Only
Housing or Parsonage	Consumer, LOW, and URLA
Interest and Dividends	Consumer, LOW, and URLA
Mortgage Credit Certificate	Consumer, LOW, and URLA
Mortgage Differential Payments	URLA Only
Non Borrower Household Income	Consumer, LOW, and URLA
Notes Receivable	Consumer, LOW, and URLA
Other	Consumer, LOW, and URLA
Public Assistance	Consumer, LOW, and URLA
Retirement	Consumer, LOW, and URLA
Royalty Payments	Consumer, LOW, and URLA
Separate Maintenance	Consumer, LOW, and URLA
Social Security	Consumer, LOW, and URLA
Temporary Leave	Consumer, LOW, and URLA
Tip Income	Consumer, LOW, and URLA
Trust	Consumer, LOW, and URLA
Unemployment Benefits	Consumer, LOW, and URLA
VA Compensation	Consumer, LOW, and URLA

NMS Resource Library

Information you can find on our Resource Center!

>> Link: https://gonms.org/resources-training

There is plenty of helpful information on our Resource Center for you! We will also be adding some information from our presentation as well! Email: kbickel@gonms.org for the current password to access the Resources page if needed.

- Mortgage Cadence
  - Resetting the Application
  - 4506-C Form
  - Copy Loan
  - Ordering AUS
  - Intent to Proceed
  - Locking in a Loan
  - Related Parties
  - Entering New Users & Resetting User Passwords
  - Trust Input
  - Uploading Rates
  - HMDA – What to fill in and reporting
- DocuSign How To's to assist your member
- Fannie Mae LLPA Matrix
- URLA – FAQs
- URLA – Inputting Gifts or Grants
- Construction Loan Tips
- Mortgage Glossary (By MGIC)
- Mortgage Terms & Acronyms

- **Mortgage Glossary and Mortgage Terms & Acronyms** – Heard someone use a term or acronym that you do not know? Want to expand your mortgage vocabulary? There are tons of fun words and acronyms for you to learn about on our Resource Center!

- Need to update a borrower's name? Correct their social security number? Pull a new credit report? You will need to **Reset the Application**! There are directions on how to do so on the Resource Center.

NMS Processing Duties

Once Received in Processing:

- Will confirm/review information on loan summary screen is correct.
    - o Loan Amount, Purchase Price, LTV Ratios, DTI Ratios all correct and eligible.
    - o Address Verification.
    - o Initial App and all Disclosure are in File.
    - o DU Eligible. (if FNMA)
- Complete Staff Assignment and Loan status to 'In Processing'.
- Run Flood report through Order Services.
- Pull over Credit Report and Flood findings to VLF.
- Order Title.
- Order Appraisal.
- Upload LDP/GSA's (only for RD loans)

Reviewing a File:

- Processor will review VLF and confirm minimum required Docs are in VLF using a checklist (located below).
    - o Income, Assets, Mortgage Statements/Payoff docs, HOI, Drivers Licenses, Credit Report, EMD, TRID info, Letters of Explanation's, and any other docs that may pertain to the file.
    - o We will update throughout the Process, if loan becomes short Funds for Closing, or if Assets are needed.
    - o Will order all misc. items as needed: Example – VOE's, VOM's, condo Docs, etc.

- Processor will Complete Vendor Information in Closing Cost Details, and update fees for Appraisal, and Title Lender fees. All others should be prefilled or completed from Initial disclosure. We will confirm Prepaids and Reserves are completed.

- URLA: all pages will be reviewed for completion/accuracy. Conditions will be given on any missing input information. Income and Assets will be calculated/updated as needed.

- PATH: Processor will complete all screens.

- Appraisal Review – Processor will review appraisal for eligibility, and let LO know if any known issues. We will update Appraisal screen in PATH, and REO screens for current Value.
    - o Will run XML through UCDP and run Early Check through Order Services on all FNMA loans. (not required to run on In-house/PORT loans.)

- Title Review – Processor will review. Will complete Title Screens in PATH. Confirm Loan amounts match, and will request any revisions as needed. Will review that parcel numbers match to appraisal, and confirm if there are additional liens that need discharged before closings.

- When loan is ready for underwriting, we run DU, Interthinx and Earlycheck one more time to ensure information is all up to date and in eligible status

- We email underwriting and the loan officer stating it is ready to be reviewed. Underwriting will reply stating when the loan will be reviewed

- Once reviewed, processing will review conditions and email them to the loan officer
    - o Any conditions processing handles, we will note stating we will work on this
    - o Conditions processing works on: Verification of Employments, Verification of Mortgages/Rent/Land Contract, payoffs, title and appraisal revisions, condo documentation, etc.

- Communication continues between processing and the loan officer throughout the conditions until all are satisfied. Once satisfied, processing reviews each condition to confirm we have it completed/ uploaded.

- We run DU, Interthinx and Earlycheck one more time to ensure it is still eligible

- We email underwriting stating the conditions have been completed. They will review and as long as conditions are satisfied, we will receive a clear to close

- Once processing receives the clear to close from underwriting, we begin prepping the loan for closing
- We have a checklist that we use on every loan (located below)
    - Once we review and are all set, we will email the loan officer stating you are clear to close!
    - Once you receive that email, our closing department will be your main point of contact

- Please make sure you contact your processor if you are making any changes to your loan (loan amount, updating income, etc.)

Notes:

PORTFOLIO / FNMA / RD / Process Only

Add to Processing Pipeline _____

PROCESSING CHECKLIST

RECEIVED DATE: _____ Application Date_____ CREDIT UNION: _____

LOAN OFFICER: _____ LOAN NUMBER:_____

BORROWER'S NAME:_____

Property Address: _____

TYPE OF LOAN:_____ County:_____ USPS: _____

EMD/CLEARANCE: _____ PA Price: _____ Loan Amt: _____

☐ **Residential** (1004) ☐ **Manufactured** (1004C) ☐ **Condo** (1073) ☐ **Vacant Land**

Appraisal Company: _____ Date ordered: _____ BACK: _____

Email Address: _____ Confirmed Date: _____

Value: _____ YR Built: _____ Desktop Appraisal Eligible (DU Findings)—Y/N

Title Company Name: _____ Date ordered: _____ BACK: _____

Email Address: _____ Confirmed Date: _____

Taxes: Summer: _____ County: _____ Village: _____

Split Close – Y/N

Staff Assignment/Processor: _____

FLOOD: – In a Flood Zone: Y/N **Uploaded**_____

CREDIT REPORT: Uploaded _____

Upload GSA / LDP (*RD ONLY*): _____ Disclosures: _____

Intent to Proceed:_____ Borrowers Auth: _____

4506C Form: _____ App signed: _____

UNDERWRITING DATE: _____

CONDITION DATE: _____

CTC Date: _____

VOE - fax/email: _____

Notes/Needs:

Paystubs (30 Days)	Yes / No / Need
W2's or 1099's	Yes / No / Need
Tax Returns (2 Yrs)	Yes / No / Need
HOI	Yes / No / Need
Asset Statements	Yes / No / Need
Large Deposits	Yes / No / Need
Driver's License	Yes / No / Need
Credit Inq. (LOX)	Yes / No / Need
EMD/Clearance (Purchase)	Yes / No / Need
TRID Form (Purchase)	Yes / No / Need
4506 T's Ordered (No Taxes/RD)	Yes / No / Need

PAY OFF (S): _____

Pre-Closing Review Checklist

Credit Union _____ **Loan Officer** _____

Member Name: _____ **Loan Number** _____

Closing Cost Screen:

_____ **Vendor Names:** Are they completed?
_____ **Appraisal Fee:** Does it match the invoice that has been uploaded to the VLF?
_____ **Title Fees:** Do all fees and Vendor names match the Prelim CD/Invoice from Title?
_____ **Hazard Insurance:** Confirm if added to Prepaids/Escrow & Impounds. Premium Amount matches Docs in VLF.
_____ **Taxes:** If due, based on title commitment, are they being collected in prepaids, and amount verified with title?
_____ **Flood Insurance:** *If applicable*

URLA:

_____ **Title Information Screen:** Is this completed and match Title Commitment?
_____ **Mortgage Loan Information**: Appraised Property Value Completed?
_____ **Employment & Income:** Phones numbers are correct and all Employer Information completed?
_____ **Liabilities:** (If Refinance) All Payoff's uploaded?
_____ **Liabilities:** (If Refinance) Payoff amounts updated in Screen
_____ **REO Subject Property:** If a **Refi –** update Unpaid Balance section to match current Payoff amount/Payoff uploaded to the VLF?
_____ **Additional Data**: Confirm Scheduled Loan Funding Date and First Payment date are future dates.

Path:

_____ Is the **Update Purchase Information** completed including Sellers Name and Address?
_____ Is the **Real Estate Brokers** completed for Purchase Transactions?
_____ **Driver's License:** If there do the numbers match what is uploaded to the VLF?
_____ **4506-C Information:** Has this been completed?
_____ **Verify Appraisal:** Sent & Received dates completed, Year Built, and Appraised Value/Estimated Values. PUD/CONDO names *if applicable*. Complete the Appraiser Name, State and License Number.
_____ **Verify Borrower**: Does the Vesting match what is in Title? Additional Signers or AKA's also added?
_____ **Verify Title:** Parcel ID matches Appraisal, and Title Commitment areas should be completed. Policy amounts should match loan (and purchase price) amounts.
_____ **TITLE:** If purchase, confirm if Split closing - we will need copies of both policies.
_____ **Intent to Proceed Completed, and Timing & Delivery Method complete**?

Additional:

_____ **Loan Summary:** Verify Funds for Closing.
_____ **Changed Circumstance:** Are there any tolerance violations to be reported to the LO?
_____ **Conditions:** Make sure that they're marked by UW/ LO for Portfolio Loans.
_____ **Loan Status:** Has this been updated to Clear to Close?
_____ **NMS Master Pipeline Report updated.**

Underwriting Challenges, Tips and Updates

1. Undisclosed Debt

- 47% of Fannie Mae defects associated with undisclosed debt are for new auto loans
- 37% are installments
- 14% are undisclosed mortgages
- 70% of undisclosed debt is opened more than 14 days prior to closing
- Fannie Mae expects the lender to have a process in place to identify any new debt
- Borrower education is the first line of defense
- Continued communication with the borrower throughout the process
- Review the inquiries
- Soft pull credit

2. QM qualified loan

- The loan must be a QM safe Harbor, or a Rebuttable Presumption
- HPML is allowable as long as the loan is receiving at least a “rebuttable presumption”
- If closing as a HPML, a full appraisal is required, and escrow is required for 5 years

3. Reviewing the DU findings

- This is a MUST
- Details for all requirements and documentation needed are reported
  ** Appraisal waiver
  ** Potential red flags
  **Employment/Assets and Property documentation required.

4. Eligible Gift Donors

- Fannie Mae updated the selling guide to allow **former relative, relative of domestic partner, and Godparent**
- DU will be updated in a future release to recognize an option of “unrelated relative” as an acceptable donor. Until the update is completed, please use “Other” as the option in the URLA for this purpose.

5. Verbal VOE update

- May use an email exchange with the employer
- Must conduct due diligence to confirm the email address for the employer
- Must ensure the email is from the employer’s work email address
- The email must include the borrow name, as well as the name, title and work email address of the individual contacted at the employer. The date of contact, and borrowers’ current status.

Allowable Income & Documentation

Why is it important? Borrower's ability to repay the loan
What are the factors to consider? Stability and Predictability

1. Retirement Income
*Pension income: Can use current year award letter, 1099 from prior year or 2 months bank statements showing direct deposit. *IRA distributions: If currently in place and claim on tax returns (line 4a/4b): need 60 days of statements showing withdrawals and to document 3 years continuance. If new IRA distribution, letter from financial rep stating what they have set up to start withdrawing, and proof of first month receipt, 60 days of statements showing continuance. ***please note, if income is from 401k or IRA account, can use eligible retirement accounts with combined balances to document continuance.

2. Child Support
Need divorce decree/child support order reflecting (1) amount borrower is to receive; (2) duration of payments — typically until child reaches age 18 or finishes high school. Each state can be different; (3) proof of age of child/children. If child's DOB is not in divorce decree or child support order, can use birth certificates to prove; (4) document six months receipt. What can I use to document: cancelled checks, electronic payments, child support payment history from FOC.

3. Nontaxable Income
*Examples are SSI, VA income, child support.
*What can I use to prove SSI is not being taxed = two years tax returns. If tax returns do show a portion as taxable, underwriter is able to calculate non-taxable portion.

4. Traveling Staff
*Examples are medical staff, traveling nurses, these workers travel to and from worksites, without having a fixed place to work. What do I need? Copy of contract, verification of employment. Have to analyze, do they have a history of receiving this type of work? For example, they worked at a hospital for several years and then accepted this position. These contracts can often be short term. We would want to see that this is going to be a permanent position. There is a fine line — if they are under a contract that will expire soon, is there another contract in place, will the contract be renewed? If they have a history of this type of work, then we have predictability. If no history, we have an issue.

*Per diem income earned cannot be used if this is reimbursement income. For example, income received for offsetting housing or meals. Per Fannie Mae, unless the employer can put in writing that it is for discretionary use, then it cannot be used.

5. Seasonal Income
*Temporary employment linked to specific periods of the year. Example: fruit pickers, ski instructor, etc.). Required to have 2-year history of receiving this type of income.

*What do I need? Typically a full VOE where employer breaks down the dates that the season runs.
If borrower applies for loan around the time that they are not working, need employer to comment that they are expected to return. Income is averaged and underwriter will use conservative figure. We do not prorate income based upon number of months worked, but over 12 months.

*With this income, can use unemployment compensation if it has been received over last 2 years. Prove with 2 years 1099's and again, underwriter will use most conservative figure to calculate.

6. Union Worker

*What do I need--application should reflect union that he is employed with.
*Need (1) full VOE from all employers worked YTD; (2) need all W2's from last 2 years.
*How do we calculate? This is variable income; therefore, underwriter will average year to date, YTD plus prior year, and YTD plus prior 2 years. Most conservative figure will be used to qualify. ***please note, cannot use unemployment compensation unless this employment is clearly associated with seasonal income, and not due to lack of work.

7. Rental Income

*Typically take off of most recent years tax return. Go over formula: line 3 gross rents/12 = monthly rental income. Line 20 total expenses, less depreciation on line 18, less mortgage interest on line 12. Divide this figure by 12= expenses from tax return. ** see sample Schedule E**

*What if I provide mortgage statement and taxes/ins are escrowed in mtg payment? Then they can be subtracted from total expenses.

*What if I recently purchased property and it is not reflected on my tax return? Need CD from acquisition, fully executed lease agreement, proof of mtg or proof owned free/clear, taxes and insurance.

*What if I bought it over 12 months ago and never claimed on my tax returns? No rental income can be used.

*What if my family rents and I never claimed the income? No rental income can be used.

*What if rental properties/property are part of my business? Follow DU, if DU asks for one year tax return, then need most current year. If DU asks for 2 years, need two years business returns. Underwriter will calculate rental income using same formula as schedule E of personal return.

*What if schedule E shows mortgage interest paid, and I submitted the property with no liens? Underwriter will condition for proof mortgage has been paid and discharged. Or if the borrower does have a mortgage, you will need a 12-month verification of mtg.

Property Types

1. Condos

a. 6 months (most recent) HOA minutes to verify no deferred maintenance that might impact structural integrity or soundness… or special assessments.
b. Per Fannie Mae, in the wake of the tragic collapse of the Champlain South Tower in Surfside, FL, all attached condo loans of 5 or more units delivered to Fannie Mae on or after January 1st, 2022 must be analyzed to determine if there is any deferred maintenance that might impact structural integrity, safety and soundness by obtaining the most recent 2 Board of Directors and/or condo association minutes.
c. Condo questionnaire completed on every condo addressing "deferred maintenance" and "special assessments" (even if there is a PIW).
d. Think of "Deferred Maintenance" as "Maintenance that should be done now but is delayed (usually because funds are not available)".
e. Special assessments can have a negative impact on the financial stability, viability, condition and market ability of the project. This may be determined with a Condo Q, the budget, the minutes (or if not available, the local permitting office may document open permits for repairs on the project) or the appraisal. If lender cannot obtain documentation to make a determination on the impact of any special assessments, the loan is not eligible for deliver to Fannie Mae. If the special assessment repair impacts the safety, habitability, structural soundness and the repair is not completed, the unit is not eligible. Must also qualify the borrower with the monthly cost of the assessment.
f. For full reviews, 10% of annual budget must be set aside for deferred maintenance referred to as "reserves". Special assessments cannot be considered in lieu of or as a "replacement" for this 10% allocation. Budget is required on full reviews.
g. Master policy, title policy w/ Alt 4 endorsement.

2. Attached/Detached Property Types

a. Think "ownership". What does/will the borrower own?
b. For example: If they own (or are purchasing) both units of a duplex, then it is a 2-unit, detached, single family dwelling. If they own (or are purchasing) only 1 unit in a duplex, it is a 1-unit, attached, single family dwelling.

3. Manufactured Homes

a. Single-wide must be no more than 10 years old.
b. Double-wide must have been manufactured after June 15, 1976.
c. Home and land must be owned for at least 12 months prior to application on refinances. On purchases, seller must have owned the home 12 months prior to sale (see Sales History on the appraisal).
d. Appraiser must show that HUD plate and HUD tag are present.
e. Affidavit of affixture (or its equivalent) must be recorded and confirmed by title company. Home must be permanently attached to foundation and all axles, wheels and hitches removed.
f. Title commitment must have Alt 7 endorsement.
g. If there are any additions added to the manufactured home, an inspection by a licensed contractor stating the property is structurally sound is required.

4. “As Is” Appraisal vs. “Subject To”

a. We often see the comment on Appraisals: “Lender requested an ‘as is’ value”. Lender should not steer the appraiser (although it may be unintentional) as valuation is solely up to the appraiser’s discretion.
b. “Subject to” appraisals are not deliverable to Fannie Mae. Items must be addressed and a completion report provided prior to CTC.
c. “As is” appraisals may still have issues that need to be addressed (after underwriter review). Home must be livable, safe and structurally sound.

5. ANSI (American National Standards Institute)

a. When ordering the appraisal, make sure the appraiser knows the ANSI measuring standard must be followed and they must note on the report that they followed this standard.
b. ANSI Z765-2021 standard and Fannie Mae require a computer-generated sketch of the garage/basement/ADU with dimensions.
c. ANSI Z765-2021 standards are not applicable to outbuildings but Fannie Mae requires a computer-generated footprint sketch (that includes exterior wall dimensions) to be provided for each additional structure with room labels, if applicable). (Pole barns, sheds, storage buildings, etc.)
d. To be included in the GLA calculations, all finished areas must have a ceiling height of at least 7’ in order to be ANSI Z765-2021 compliant. Any non-GLA square footage must still be accounted for, however, on a separate line on the adjustment grid with appropriate market adjustment, if warranted.

Notes:

Benefits of HomeReady Mortgage

Area Median Income Lookup tool: https://ami-lookup-tool.fanniemae.com/amilookuptool

- Max pricing is 1.5% LLPA
- Purchase transaction or limited c/o refi
- Eligible properties: one unit property, including manufactured housing, and units in condos and PUDS
- Purchase transaction or limited c/o refi LTV requirements: 1 unit = 97%. If property is Manufactured Housing max LTV is 95%
- 25% MI coverage with LTVs greater than 90% up to 97%
- Limited c/o refinance: 2-4 unit is restricted to principal residence only (no condos or manufactured housing) Max LTV: 2 unit = 85%, 3-4 units = 75% (FNMA must be current owner of existing mortgage for refinance)
- Minimum Borrower Contribution: $0.00 (one unit)
- The CLTV ratio can be up to 105% if subordinate lien is a Community Seconds loan.
- Income eligibility 80% of Average Median Income: https://ami-lookup-tool.fanniemae.com/amilookuptool

Benefit of RD Financing

- 100% financing with max of 101%. (includes financed RD upfront fee)
- LTV is based on higher of the Purchase Price or Appraised value
- Gift can be from anyone that is not an interested party to the transaction
- Household Eligibility Income and Property Eligibility applies:
- $0.00 down payment required
- Borrower does not have to be a first-time homebuyer
- Student Loans with no reporting monthly payment: Use ½ % of Outstanding balance for monthly payment amount.
- Derogatory Credit waiting periods:
  - Foreclosure: 3 years from date of deed
  - Chapter 7 BK: 3 years from discharge date
  - Chapter 13 BK: 12 months from completion date
  - Mortgage or Rent late payments: Greater than 12 months from most recent 30 day late payment: Not Eligible

https://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do

NMS provides Individual RD training upon request: send email with your request to: underwriting@gonms.org

(Completion of RD training is recommended prior to submission of RD application)

Trending Underwriting Frequently Asked Questions

Q. What is required for variable income?
A. All income that is calculated by an averaging method must be reviewed to assess the borrower's history of receipt, the frequency of payment, and the trending of the amount of income being received. Examples of income of this type include income from hourly workers with fluctuating hours, or income that includes commissions, bonuses, or overtime.

History of Receipt: Two or more years of receipt of a particular type of variable income is recommended; however, variable income that has been received for 12 to 24 months may be considered as acceptable income, as long as the borrower's loan application demonstrates that there are positive factors that reasonably offset the shorter income history.

Q. Can a person be listed on the sales contract and not be on the loan?
A. Yes. There may be individuals on the sales contract that will have an ownership interest in the property but will not be on the loan application and note. Each person who has an ownership interest in the security property must sign the security instruments. The spouse or domestic partner of any person who has an interest in the property, if his or her signature is necessary under applicable state law to waive any property rights he or she has by virtue of being the owner's spouse or domestic partner.

Q. What can a lender do if the HUD Certification Label or the HUD Data Plate/ Compliance Certificate is missing from the home?
A. The HUD Data Plate/Compliance Certificate is a paper document located on the interior of the subject property that contains, among other things, the manufacturer's name and trade/model number. In addition to the data required by Fannie Mae, the data plate includes pertinent information about the unit, including a list of factory-installed equipment. A duplicate HUD Data Plate/Compliance Certificate may be available from IBTS or by contacting the In-Plant Primary Inspection Agency (IPIA) or the manufacturer.

Q. Can a donor provide gift funds from a business account?
A. An acceptable donor may provide personal gift funds from an asset account which is owned by the donor. In the case of a business account, the lender must evidence the business account is owned by an acceptable donor.

Q. Can gift funds come from an entity such as a trust, estate, or LLC?
A. No. Gifts must come from individuals related to the borrower. Trusts, estates, and LLCs do not meet the gift donor requirements.

Q. Is it acceptable if gift funds are provided to the closing agent via a wire transfer?
A. Gift funds may be wired from the donor's account directly to the closing agent. The lender must provide documentation to verify the gift donor is the remitter of the wire (to the closing agent) and the bank account that originated the wire belongs to the donor.

Q. If the property is held in a life estate, what is required for the loan to be eligible for delivery to Fannie Mae?
A. When title to the subject property is held as a life estate with a remainder interest, this is a form of joint ownership where both parties have an interest in the property (the holder of the life estate has the right of current possession of the property, while the remainder holder has the right of future possession of the property upon death of the holder of the life estate). The holders of both interests must grant their interests in the property by signing the security instrument for the loan to be eligible for delivery to Fannie Mae. At least one of these persons must be the borrower on the mortgage note.

Lease Payments
Lease payments must be considered as recurring monthly debt obligations regardless of the number of months remaining on the lease. This is because the expiration of a lease agreement for rental housing or an automobile typically leads to either a new lease agreement, the buyout of the existing lease, or the purchase of a new vehicle or house.

Student Loans
If a monthly student loan payment is provided on the credit report, the lender may use that amount for qualifying purposes. If the credit report does not reflect the correct monthly payment, the lender may use the monthly payment that is on the student loan documentation (the most recent student loan statement) to qualify the borrower.

If the credit report does not provide a monthly payment for the student loan, or if the credit report shows $0 as the monthly payment, the lender must determine the qualifying monthly payment using one of the options below.

If the borrower is on an income-driven payment plan, the lender may obtain student loan documentation to verify the actual monthly payment is $0. The lender may then qualify the borrower with a $0 payment.

For deferred loans or loans in forbearance, the lender may calculate payment equal to 1% of the outstanding student loan balance (even if this amount is lower than the actual fully amortizing payment), or fully amortizing payment using the documented loan repayment terms.

Q. Can the time a property was held in an LLC be counted towards the seasoning requirement for cash-out refinances?
A. If the property was owned prior to closing by a limited liability corporation (LLC) that is majority-owned or controlled by the borrower(s), the time it was held by the LLC may be counted towards meeting the borrower's six-month ownership requirement.

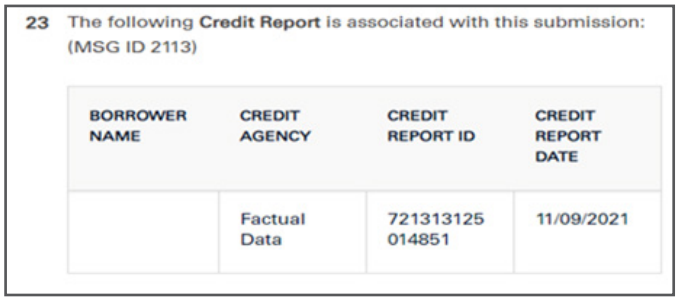
(In order to close the refinance transaction, ownership must be transferred out of the LLC and into the name of the individual borrower(s).

Q. What is the seasoning requirement for a cash-out refinance?
A. The property must have been purchased (or acquired) by the borrower at least six months prior to the disbursement date of the new mortgage loan.

Pre-Close Review

Pre-Close review is offered by NMS prior to closing. It is one more set of eyes to review the loan prior to closing. This is “highly recommended” to protect the credit union & NMS from delivering an ineligible loan to FNMA. Here are a few of the items that I have noticed to be missing or incorrect.

1. 1DU should be run if changes have been made to the loan before pre close review, and reviewed by the underwriter of the loan
2. Review DU to make sure the correct credit report is being used.



23 The following **Credit Report** is associated with this submission: (MSG ID 2113)

BORROWER NAME	CREDIT AGENCY	CREDIT REPORT ID	CREDIT REPORT DATE
	Factual Data	721313125 014851	11/09/2021

3. VVOE’s for all working borrowers & all current jobs within 10 business days prior to the note date. Work # VVOE’s need to be pulled within the same time frame but go by the current “as of date” and is good for 35 days. An authorized employee must be the person verifying the borrower’s employment.
4. Review expiration dates for documents such as credit report, income & assets
5. Funds to close are sufficient and not outdated
6. PMI needs to be updated if loan amount changes and reviewed by the underwriter
7. Interthinx passes and is Safe Harbor QM or Rebuttable Presumption QM
8. HOI should have NMS as mortgagee

   NMS/CU’s name, ISAOA
   P.O. Box 228
   Frankenmuth, MI 48734

9. At close conditions should be reviewed to make sure everything has been addressed while you have contact with the borrower.
10. RD checks (RD fee & technology fee), and the completed closing documents should be mailed as soon as possible. NMS underwriting must delivery within 1 month to RD, to avoid further requirements and/or documentation.

SCHEDULE E (Form 1040)

Department of the Treasury
Internal Revenue Service (99)

Supplemental Income and Loss

(From rental real estate, royalties, partnerships, S corporations, estates, trusts, REMICs, etc.)

► Attach to Form 1040, 1040-SR, 1040-NR, or 1041.

► Go to *www.irs.gov/ScheduleE* for instructions and the latest information.

OMB No. 1545-0074

2021

Attachment Sequence No. 13

Name(s) shown on return

Your social security number

Part I **Income or Loss From Rental Real Estate and Royalties** **Note:** If you are in the business of renting personal property, use **Schedule C.** See instructions. If you are an individual, report farm rental income or loss from **Form 4835** on page 2, line 40.

A Did you make any payments in 2021 that would require you to file Form(s) 1099? See instructions . . . . . [X] Yes [ ] No

B If "Yes," did you or will you file required Form(s) 1099? . . . . . [X] Yes [ ] No

	1a Physical address of each property (street, city, state, ZIP code)
A	MI 49686
B	MI 49686
C	MI 49686

1b	Type of Property (from list below)	2 For each rental real estate property listed above, report the number of fair rental and personal use days. Check the **QJV** box only if you meet the requirements to file as a qualified joint venture. See instructions.		Fair Rental Days	Personal Use Days	QJV
A			A	365	0	[ ]
B			B	365	0	[ ]
C			C	365	0	[ ]

Type of Property:

1 Single Family Residence 3 Vacation/Short-Term Rental 5 Land 7 Self-Rental

2 Multi-Family Residence 4 Commercial 6 Royalties 8 Other (describe) C-Common To All

Income:	Properties:		A	B	C
3	Rents received	3	133,162	266,324	
4	Royalties received	4			
Expenses:					
5	Advertising	5			
6	Auto and travel (see instructions)	6	8,245	11,491	3,106
7	Cleaning and maintenance	7			
8	Commissions	8	4,334	8,667	
9	Insurance	9	1,616	450	
10	Legal and other professional fees	10	47	95	
11	Management fees	11	13,883	27,765	
12	Mortgage interest paid to banks, etc. (see instructions)	12	9,057	16,208	
13	Other interest	13			
14	Repairs	14			
15	Supplies	15	5,416	10,832	
16	Taxes	16	9,807	16,809	
17	Utilities	17	3,450	6,899	
18	Depreciation expense or depletion	18	35,906	66,141	11,136
19	Other (list) ► Statement #2	19	7,546	11,574	3,504
20	Total expenses. Add lines 5 through 19	20	99,307	176,931	17,746
21	Subtract line 20 from line 3 (rents) and/or 4 (royalties). If result is a (loss), see instructions to find out if you must file **Form 6198**	21	33,855	89,393	(17,746)
22	Deductible rental real estate loss after limitation, if any, on **Form 8582** (see instructions)	22	( )	( )	(17,746)

23a	Total of all amounts reported on line 3 for all rental properties	23a	399,486	
b	Total of all amounts reported on line 4 for all royalty properties	23b	0	
c	Total of all amounts reported on line 12 for all properties	23c	25,265	
d	Total of all amounts reported on line 18 for all properties	23d	113,183	
e	Total of all amounts reported on line 20 for all properties	23e	293,984	
24	**Income.** Add positive amounts shown on line 21. **Do not** include any losses	24		123,248
25	**Losses.** Add royalty losses from line 21 and rental real estate losses from line 22. Enter total losses here . . .	25		(17,746)
26	**Total rental real estate and royalty income or (loss).** Combine lines 24 and 25. Enter the result here. If Parts II, III, IV, and line 40 on page 2 do not apply to you, also enter this amount on Schedule 1 (Form 1040), line 5. Otherwise, include this amount in the total on line 41 on page 2 .	26		105,502

For Paperwork Reduction Act Notice, see the separate instructions. **Schedule E (Form 1040) 2021**

EEA

Client Copy

Scheduling

How do I use the daily closing email?

- Early CDs
  Wednesday, 9/14
  Please note: *Early CD needs to have been signed Saturday, 9/10, or earlier, to close on 9/14.*
  Please note: All Early CD closings scheduled after 3:00 PM on the current closing schedule date must have the updated insurance policy in the VLF (not just a quote), or it will not be scheduled.

- Hand-delivered CDs
  Friday, 9/16

- Mailed CDs
  Wednesday, 9/21

TRID

What is TRID? How do I read the TRID calendar?

NOVEMBER																											
CD Delivery Date	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
Signing Date (Hand)	4	5	7	8	9	-	10	12	14	15	-	16	-	17	18	19	21	22	23	-	25	26	28	-	29	30	-	1	2	3
Signing Date (Mail)	8	9	10	12	14	-	15	16	17	18	-	19	-	21	22	23	25	26	28	-	29	30	1	-	2	3	-	5	6	7

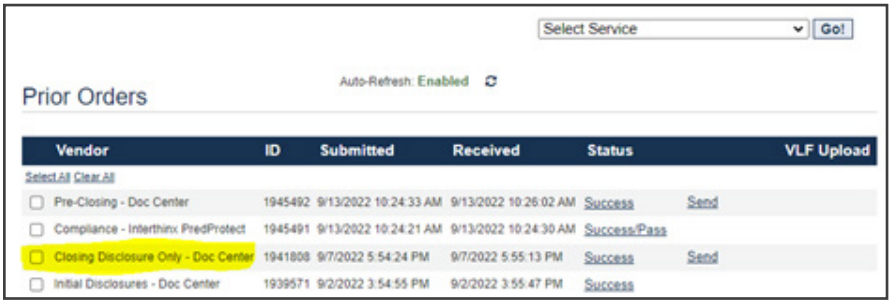
How do I count days for TRID if I don't have the TRID calendar in front of me?

NOVEMBER 2022

Sun	Mon	Tue	Wed	Thu	Fri	Sat
30	31	1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	1	2	3

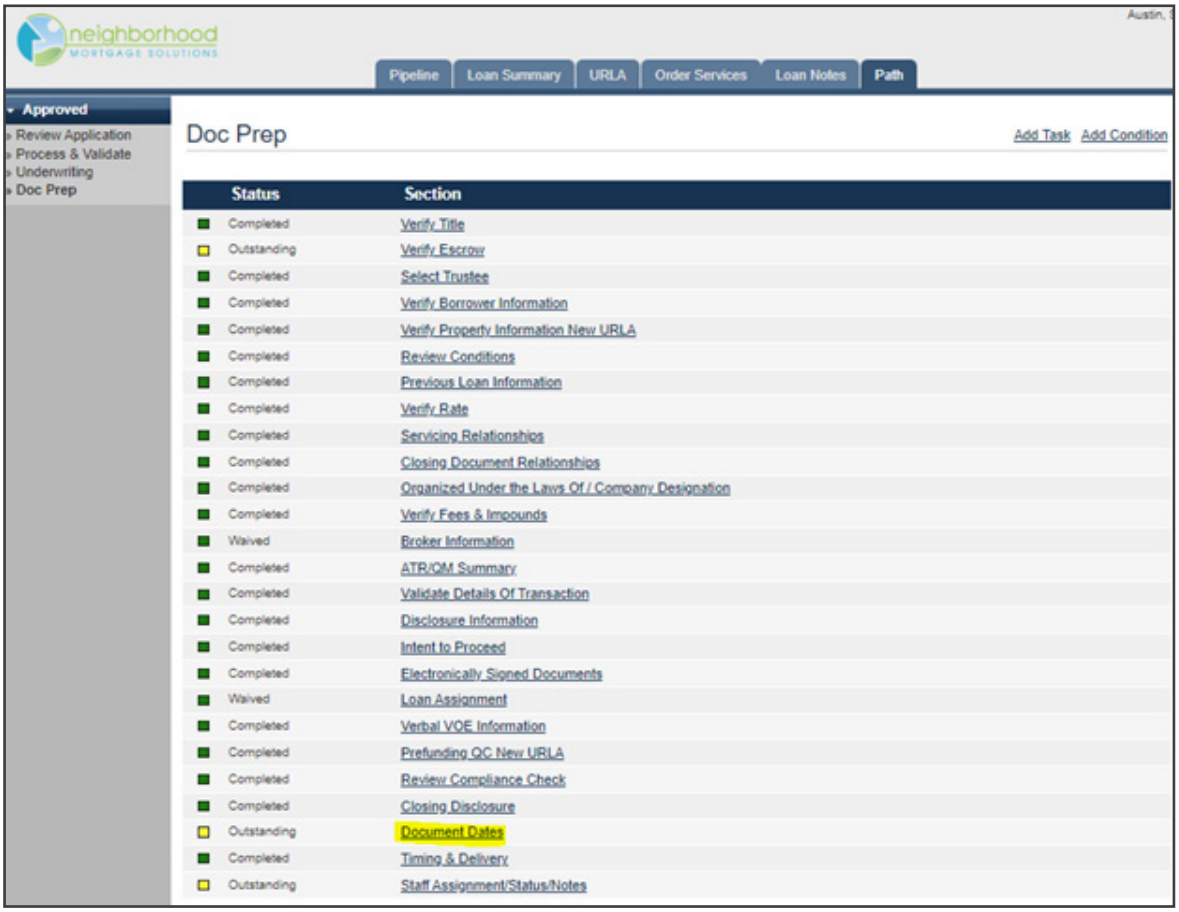
Early CDs

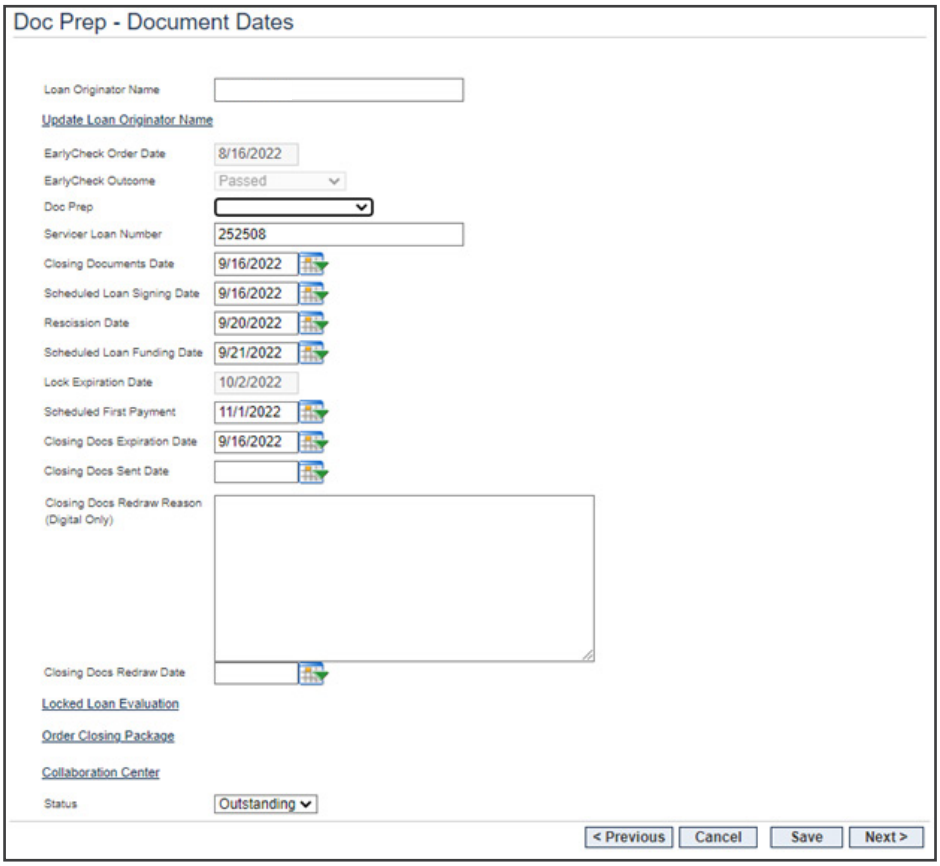
What is an early CD?

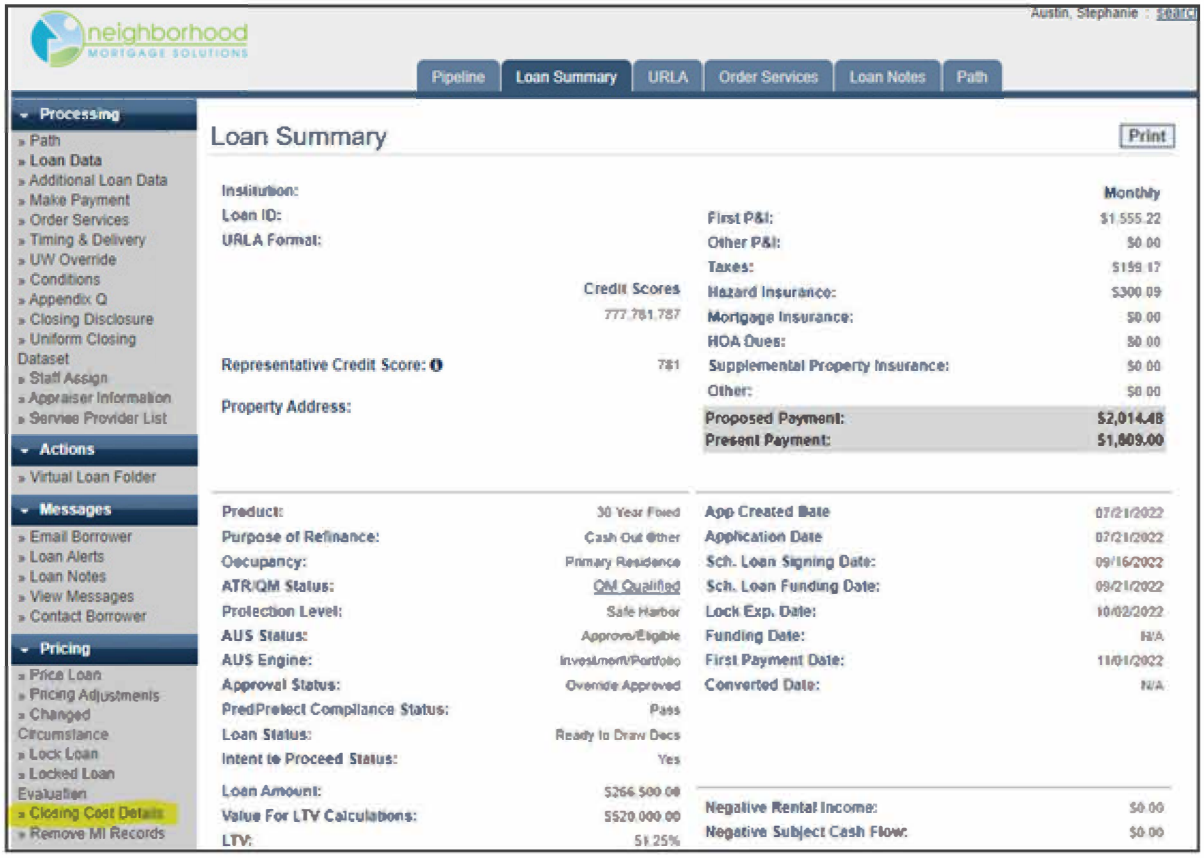


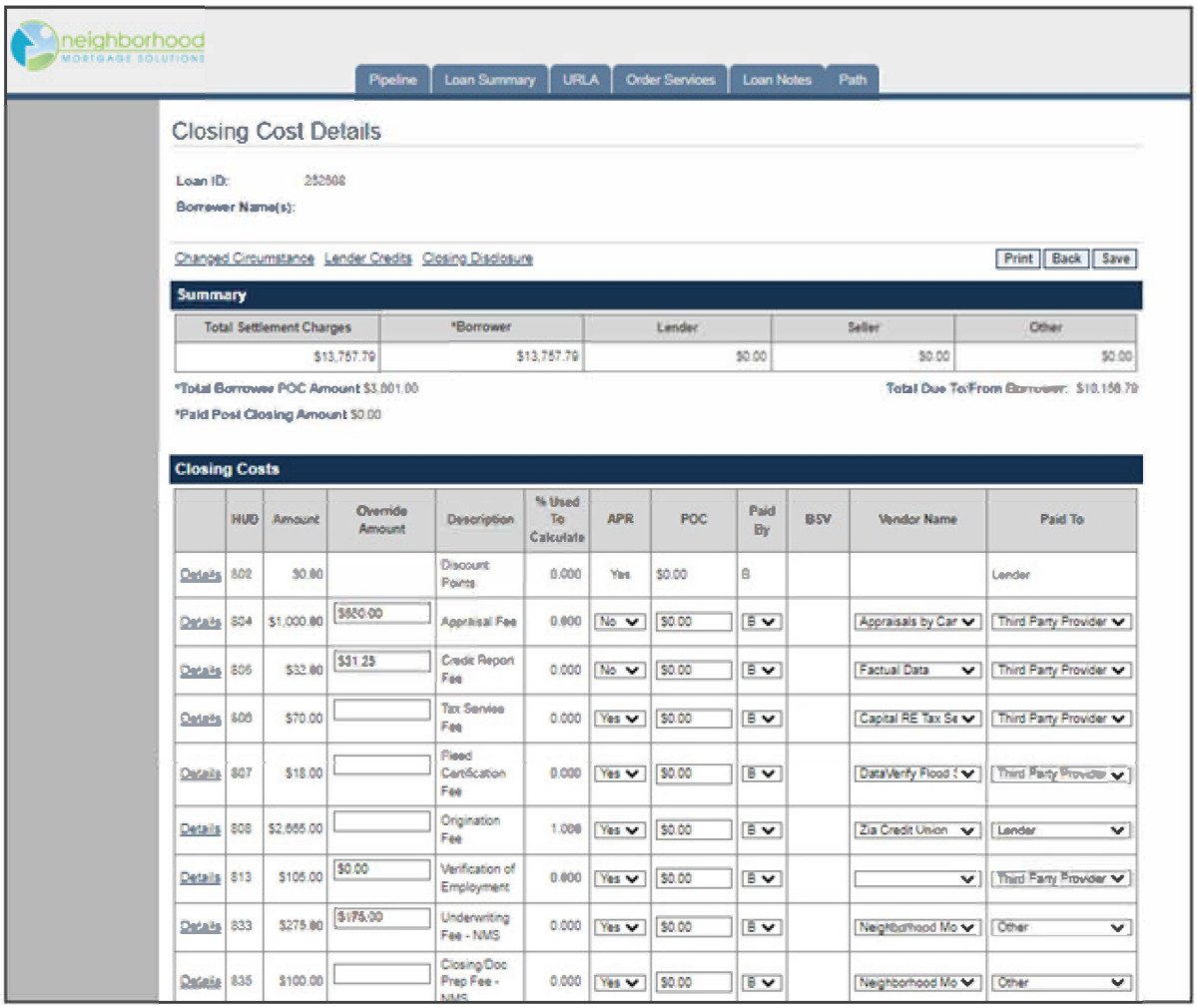
Why use an early CD?

How do I prepare the early CD?



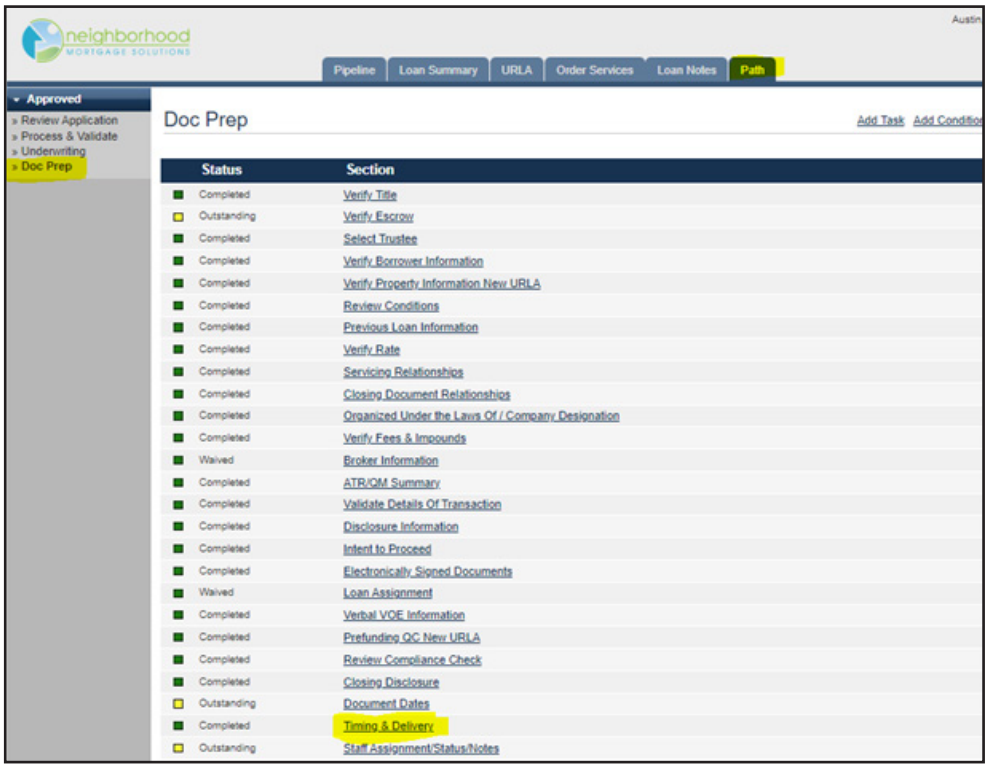


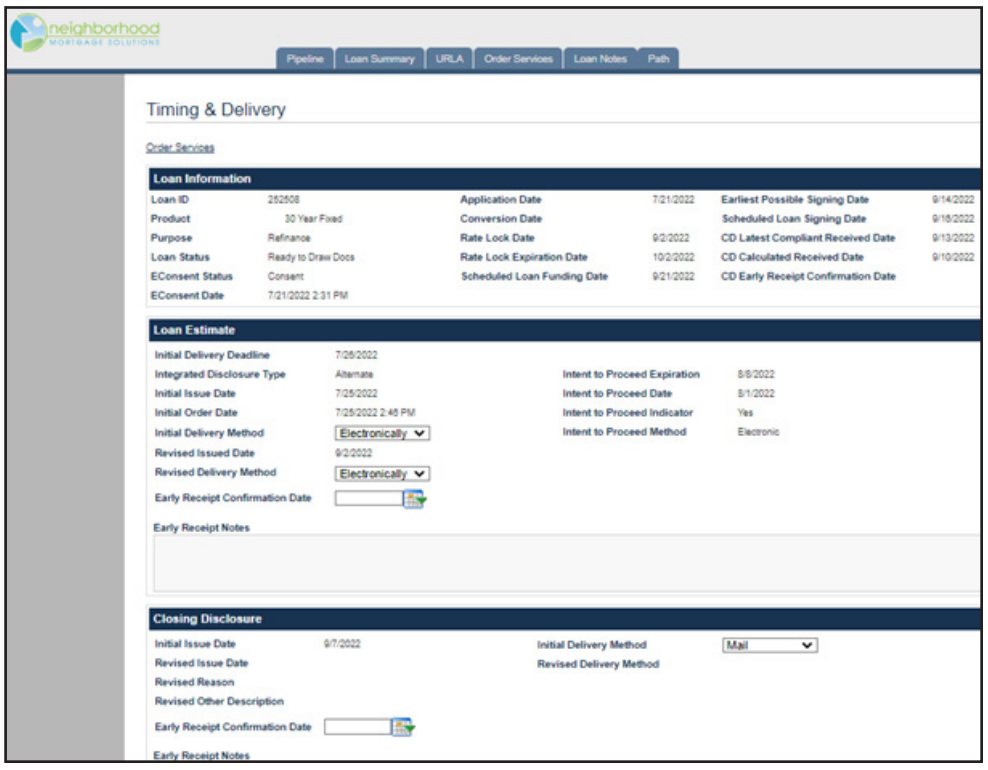

neighborhood
MORTGAGE SOLUTIONS
Austin, Stephanie : Search
Pipeline
Loan Summary
URLA
Order Services
Loan Notes
Path
Processing
» Path
» Loan Data
» Additional Loan Data
» Make Payment
» Order Services
» Timing & Delivery
» UW Override
» Conditions
» Appendix Q
» Closing Disclosure
» Uniform Closing Dataset
» Staff Assign
» Appraiser Information
» Service Provider List
Actions
» Virtual Loan Folder
Messages
» Email Borrower
» Loan Alerts
» Loan Notes
» View Messages
» Contact Borrower
Pricing
» Price Loan
» Pricing Adjustments
» Changed Circumstance
» Lock Loan
» Locked Loan Evaluation
» Closing Cost Details
» Remove MI Records
Loan Summary
Print
Institution:
Loan ID:
URLA Format:
Credit Scores
777,761,787
Representative Credit Score:
781
Property Address:
Monthly
First P&I: $1,555.22
Other P&I: $0.00
Taxes: $159.17
Hazard Insurance: $300.09
Mortgage Insurance: $0.00
HOA Dues: $0.00
Supplemental Property Insurance: $0.00
Other: $0.00
Proposed Payment: $2,014.48
Present Payment: $1,809.00
Product: 30 Year Fixed
Purpose of Refinance: Cash Out Other
Occupancy: Primary Residence
ATR/QM Status: QM Qualified
Protection Level: Safe Harbor
AUS Status: Approve/Eligible
AUS Engine: Investment/Portfolio
Approval Status: Override Approved
PredProtect Compliance Status: Pass
Loan Status: Ready to Draw Docs
Intent to Proceed Status: Yes
Loan Amount: $266,500.00
Value For LTV Calculations: $520,000.00
LTV: 51.25%
App Created Date 07/21/2022
Application Date 07/21/2022
Sch. Loan Signing Date: 09/16/2022
Sch. Loan Funding Date: 09/21/2022
Lock Exp. Date: 10/03/2022
Funding Date: N/A
First Payment Date: 11/01/2022
Converted Date: N/A
Negative Rental Income: $0.00
Negative Subject Cash Flow: $0.00


neighborhood
MORTGAGE SOLUTIONS
Pipeline
Loan Summary
URLA
Order Services
Loan Notes
Path
Closing Cost Details
Loan ID:
Borrower Name(s):
Changed Circumstance
Lender Credits
Closing Disclosure
Print
Back
Save
Summary
Total Settlement Charges
*Borrower
Lender
Seller
Other
$13,757.79
$13,757.79
$0.00
$0.00
$0.00
*Total Borrower POC Amount $3,801.00
*Paid Post Closing Amount $0.00
Total Due To/From Borrower: $10,156.79
Closing Costs
HUD
Amount
Override Amount
Description
% Used To Calculate
APR
POC
Paid By
BSV
Vendor Name
Paid To
Details 802 $0.00 Discount Points 0.000 Yes $0.00 B Lender
Details 804 $1,000.00 $650.00 Appraisal Fee 0.000 No $0.00 B Appraisals by Car Third Party Provider
Details 805 $32.00 $31.25 Credit Report Fee 0.000 No $0.00 B Factual Data Third Party Provider
Details 808 $70.00 Tax Service Fee 0.000 Yes $0.00 B Capital RE Tax Se Third Party Provider
Details 807 $18.00 Flood Certification Fee 0.000 Yes $0.00 B DataVerify Flood S Third Party Provider
Details 808 $2,665.00 Origination Fee 1.000 Yes $0.00 B Zia Credit Union Lender
Details 813 $105.00 $0.00 Verification of Employment 0.000 Yes $0.00 B Third Party Provider
Details 833 $275.00 $175.00 Underwriting Fee - NMS 0.000 Yes $0.00 B Neighborhood Mo Other
Details 835 $100.00 Closing/Doc Prep Fee - NMS 0.000 Yes $0.00 B Neighborhood Mo Other

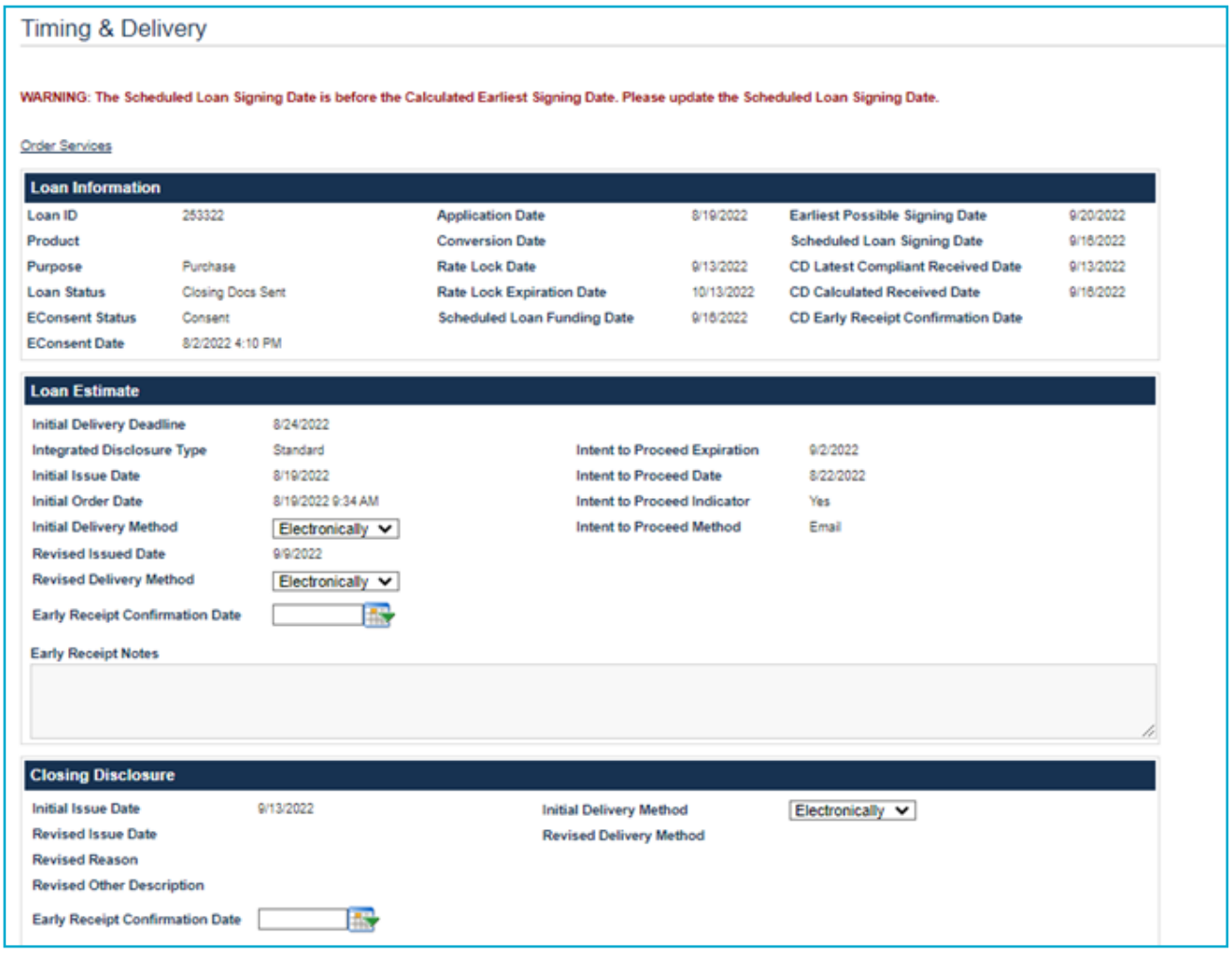
Timing & Delivery

How do I correctly fill out the timing and delivery screen?





Why do I have a red warning message in timing and delivery screen and how do I address it?



Pricing Loans using the LLPA Matrix Chart

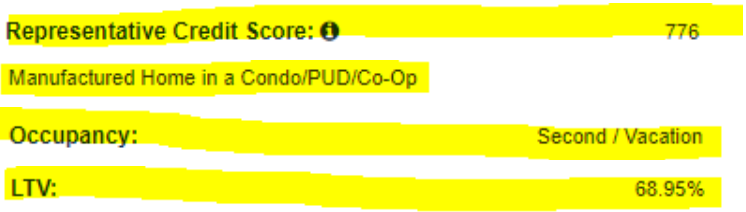
Pricing your loan using an LLPA matrix can be confusing. The good news is that you can also refer to the Pricing Adjustments Screen in Mortgage Cadence to review what your hits might be:

As long as you are updating your loan with any changes and repricing, this screen should always show you what your discount points might be. However, just in case you want to confirm using the Matrix chart, let's see an example.

Below is an example of hits you might see in that pricing adjustment screen:

Pricing	Rate	Discount Points
Base	6.375%	-2.375*
Adjustments		
0715 Manufactured Home		+0.500
0715 Fannie Credit Score =>720, LTV 60-70% or Credit Score >=740, LTV 70-75%		+0.250
0715 Second Home LTV 60.01 - 70%		+1.625
Adjusted Price *	6.750%	0.000

On the loan summary screen, you will see where these hits are coming from:



Now let's see where these hits are on the Matrix Chart:

Table 1: All Eligible Loans – LLPA by Credit Score/LTV Ratio

Representative Credit Score	LTV Range (Applicable for all loans with terms greater than 15 years)									
	≤ 60.00%	60.01 – 70.00%	70.01 – 75.00%	75.01 – 80.00%	80.01 – 85.00%	85.01 – 90.00%	90.01 – 95.00%	95.01 – 97.00%	>97.00%	SFC
≥ 740	0.000%	0.250%	0.250%	0.500%	0.250%	0.250%	0.250%	0.750%	0.750%	N/A
720 – 739	0.000%	0.250%	0.500%	0.750%	0.500%	0.500%	0.500%	1.000%	1.000%	N/A
700 – 719	0.000%	0.500%	1.000%	1.250%	1.000%	1.000%	1.000%	1.500%	1.500%	N/A
680 – 699	0.000%	0.500%	1.250%	1.750%	1.500%	1.250%	1.250%	1.500%	1.500%	N/A
660 – 679	0.000%	1.000%	2.250%	2.750%	2.750%	2.250%	2.250%	2.250%	2.250%	N/A
640 – 659	0.500%	1.250%	2.750%	3.000%	3.250%	2.750%	2.750%	2.750%	2.750%	N/A
620 – 639	0.500%	1.500%	3.000%	3.000%	3.250%	3.250%	3.250%	3.500%	3.500%	N/A
< 620[1]	0.500%	1.500%	3.000%	3.000%	3.250%	3.250%	3.250%	3.750%	3.750%	N/A

Table 2: All Eligible Loans – LLPA by Product Feature

PRODUCT FEATURE	LTV Range									
	≤ 60.00%	60.01 – 70.00%	70.01 – 75.00%	75.01 – 80.00%	80.01 – 85.00%	85.01 – 90.00%	90.01 – 95.00%	95.01 – 97.00%	>97.00%	SFC
Adjustable-rate mortgage	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.250%	0.250%	0.250%	N/A
Manufactured home [2]	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	235
Investment property	2.125%	2.125%	2.125%	3.375%	4.125%	4.125%	4.125%	4.125%	4.125%	N/A

Table 2: All Eligible Loans – LLPA by Product Feature [continued]

PRODUCT FEATURE	LTV Range									
	≤ 60.00%	60.01 – 70.00%	70.01 – 75.00%	75.01 – 80.00%	80.01 – 85.00%	85.01 – 90.00%	90.01 – 95.00%	95.01 – 97.00%	>97.00%	SFC
High-balance loan[4]										
Purchase or limited cash-out refinance	0.500%	0.750%	0.750%	1.000 %	1.000%	1.000%	1.000%	1.000%	1.000%	808
Cash-out refinance[3]	1.250%	1.500%	1.500%	1.750%	N/A	N/A	N/A	N/A	N/A	808
ARM (pricing based on higher of LTV or CLTV)	0.750%	0.750%	0.750%	1.500%	1.500%	1.500%	1.750%	1.750%	1.750%	808
Second home	1.125%	1.625%	2.125%	3.375%	4.125%	4.125%	4.125%	4.125%	4.125%	N/A

Avoiding Secondary Market Fees

Duplicate Price Adjustment Fees: Anytime there are multiple locks for the same property address committed during a 31- day period, there will be a DPA or duplicate price adjustment. To avoid a duplicate price adjustment, you must wait a minimum of 31 days to re-commit a lock to that property address once the previous commitment has been placed into fall out.

Extension Fees: Extension fees happen when you need to extend the lock for longer than the original commitment. Extension fees are accrued per day and can be avoided by locking for longer periods of time. All locks can be committed for a period of up to 90 days and then extended an additional 30 days beyond that.

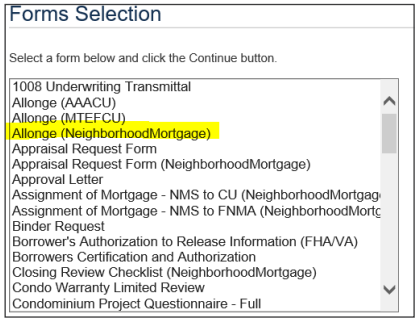
Pair off and Over Delivery Fees: Pair off fees occur on Mandatory locks when the commitment is taken out for a higher amount than what the loan closes at. Over delivery fees occur on Mandatory locks when the commitment is taken out for less than what the loan closes at. Fannie allows leeway of $10,000 higher or lower than the loan amount when delivering. Try to keep your loan amount as close to that $20,000 span to avoid those fees.

Recapture Fees: Recapture fees occur when the loan is paid off within 120 days of it being sold to Fannie Mae. These fees can be avoided by waiting 120 days to refinance or pay off the existing mortgage.

What does NMS need from me to sell my loan to Fannie Mae?

Items needed by Secondary Market to sell the loan to Fannie Mae:

- Original Signed Note
- Original Signed Allonge (can be found in the forms section of Mortgage Cadence)



- Copy of the completed rate lock sheet

When do I notify Secondary Market of a change with my lock?

- Loan amount changes
- Product changes
- Rate changes
- When the lock needs to be extended
- When a lock needs to be placed into fall out
- When a case file ID has changed
- If a borrower needs to be removed or added

Pricing your loan, how do I do it?

We'll use an example! Jack Porter is purchasing a home for $92,000. He'd like to do this as a 30-year Conventional FNMA product. He has a .5 LLPA hit because his credit score is 753 and LTV is 75%. The credit union needs to make 102 on their loan.

You will want to take the amount the credit union needs to make and add the .5 hit. You are looking for a price of 102.5 on your rate sheet under the 30-year 110K Max Loan Amount tier. The credit union wants to lock for 60 days.

According to the rate sheet, the rate you will need to give your borrower is 3%:

30-Year Fixed Rate - 110k Max Loan Amount

Rate	10 days	30 days	45 days	60 days	75 days	90 days
5	111.7209	111.6441	111.4513	111.3344	111.1566	111.0252
4.875	111.4679	111.3911	111.1983	111.0814	110.9036	110.7722
4.75	111.1389	111.0621	110.8693	110.7524	110.5746	110.4432
4.625	110.6026	110.5259	110.333	110.2162	110.0383	109.9069
4.5	110.355	110.2782	110.0854	109.9685	109.7907	109.6593
4.375	110.0186	109.9419	109.749	109.6322	109.4543	109.3229
4.25	109.6574	109.5806	109.3878	109.2709	109.0931	108.9617
4.125	109.3925	109.3477	109.1895	109.1019	108.9383	108.8207
4	109.0902	109.0454	108.8872	108.7996	108.636	108.5184
3.875	108.7297	108.6849	108.5268	108.4392	108.2756	108.1579
3.75	108.263	108.2182	108.06	107.9724	107.8088	107.6912
3.625	107.5127	107.4679	107.3098	107.2222	107.0586	106.9409
3.5	106.7225	106.6777	106.5195	106.4319	106.2683	106.1507
3.375	105.9656	105.8547	105.6965	105.6089	105.4453	105.3277
3.25	105.422	105.3027	105.0665	104.9045	104.677	104.4981
3.125	104.6887	104.5695	104.3332	104.1713	103.9437	103.7619
3	103.764	103.6447	103.4085	103.2465	103.019	102.8371
2.875	102.8747	102.7555	102.5192	102.359	102.1377	101.9628
2.75	102.1585	102.0695	101.842	101.6902	101.4768	101.3093
2.625	101.344	101.255	101.0275	100.8757	100.6623	100.4948
2.5	100.303	100.214	99.9865	99.8347	99.6213	99.4538
2.375	99.3748	99.2858	99.0582	98.9064	98.6931	98.5255
2.25	98.6005	98.5115	98.284	98.1322	97.9188	97.7513
2.125	97.0679	96.9714	96.7785	96.6711	96.5288	96.4351
2	96.1382	96.0416	95.8488	95.7414	95.599	95.5053

Buying down points, how do I do it? Let's start with an example!

John Smith is purchasing a home for $295,000. He'd like to do this as a 30-year Conventional FNMA product. He has a .25 LLPA hit because his credit score is 790 and LTV is 95%. The credit union needs to make 102 on their loan.

You will want to take the amount the credit union needs to make and add the .25 hit. You are looking for a price of 102.25 on your rate sheet under the 30-year product. The credit union wants to lock for 45 days. According to the rate sheet, the rate you will need to give your borrower is 3.125%:

30-Year Fixed Rate

Rate	10 days	30 days	45 days	60 days	75 days	90 days
4.875	107.6491	107.5747	107.4165	107.3403	107.2193	107.147
4.75	107.3201	107.2457	107.0875	107.0113	106.8903	106.818
4.625	106.7839	106.7094	106.5513	106.4751	106.354	106.2817
4.5	106.4862	106.4118	106.2536	106.1774	106.0564	105.9841
4.375	106.1499	106.0754	105.9173	105.8411	105.72	105.6477
4.25	105.7886	105.7142	105.556	105.4798	105.3588	105.2865
4.125	105.8675	105.825	105.7016	105.6546	105.5478	105.4892
4	105.5652	105.5227	105.3993	105.3523	105.2455	105.1869
3.875	105.2047	105.1622	105.0388	104.9918	104.885	104.8265
3.75	104.738	104.6955	104.5721	104.5251	104.4183	104.3597
3.625	104.9519	104.8361	104.652	104.5472	104.3906	104.2831
3.5	104.5845	104.4687	104.2846	104.1798	104.0232	103.9157
3.375	104.1325	104.0167	103.8325	103.7277	103.5712	103.4637
3.25	103.5907	103.4749	103.2908	103.186	103.0294	102.9219
3.125	102.8575	102.7417	102.5575	102.4527	102.2962	102.1887
3	102.2614	102.1759	102.0004	101.9057	101.7478	101.6545
2.875	101.7308	101.6453	101.4698	101.3751	101.2172	101.1239
2.75	101.0773	100.9918	100.8163	100.7216	100.5637	100.4704
2.625	100.2628	100.1773	100.0018	99.9071	99.7492	99.6559

However, the borrower decided they want to buy the rate down to 2.75%. The price the credit union will receive at 2.75% is 100.8163. Now, you'll need to take the price you need to make which is 102.25 and subtract the price you would be making at the new rate of 2.75% which is 100.8163. This comes to 1.4337.

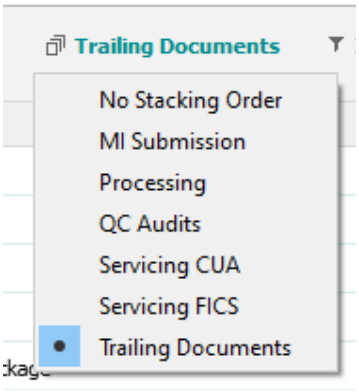
Take your loan amount of $295,000 and multiply it by the difference of 1.4337%.
Your borrower will need to bring $4,229.42 to close in order for the credit union to make their full price of 102.25

Additional Secondary Market Items to Remember:

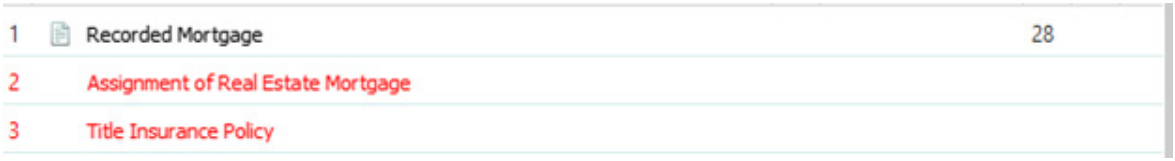
- If you are locking a rate and the amount is higher than the tiers available, you will lock under the fixed product listed.
- Investment products have their own pricing separate from the other products and must be locked as such.
- Fannie Mae has done away with the Adverse Market Fee of .5 for refinances.
- RD locks: You must specify on your lock if it's an RD lock and include the loan number. RD locks are manually entered into the Fannie Mae system.
- You have 6 months from the date the loan closes to sell it to Fannie Mae.
- Extension fees are still charged by Fannie Mae, EVEN if the loan does not close.
- You should reprice your loan in Mortgage Cadence anytime there is a change, this may affect the LLPA's that are pulling into the Pricing Adjustment screen if not done.
- You'll want to make sure the items on the allonge match the final note in order for Fannie to fund the loan.
- Please make sure all lock sheets submitted to Secondary Market are fully completed including; casefile ID, product, number of days for the lock, lowest allowable price, etc.
- Make sure the last ran DU includes the property address before locking your loan.
- Fannie has done away with Worse Case Pricing Fees and have now implemented Duplicate Pricing Adjustment fees which are based on several items including market fluctuation. In order to avoid these fees, you will need to wait 31 days from the date your Best-Efforts lock was placed into fall out until you can relock a new commitment.

VLF stacking orders and trailing docs

Below is a list of stacking orders within the VLF:



When Post Closing is checking for missing trailing documents- we use the trailing documents stacking order. You'll want to make sure you are always labeling your trailing documents as follows:



Items in red would appear to be missing from this file or mislabeled.
Regardless of the stacking order you choose, your documents will remain in the VLF, they just may appear in a different order.

If you need a list of all files that are currently missing trailing documents, email: **postclosing@gonms.org**

Extracting and archiving your files

As a reminder, make sure you're extracting and archiving your VLF files. NMS does extract and archive all Fannie Mae Closed files to our long-term storage. However, it is up to the Credit Union to make sure any files not sold and closed with Fannie Mae are being stored at the Credit Union and archived for deletion.

To access a list of files where a VLF was created, please refer to Ad Hoc reports. You will find a report for current year and previous year listing all loans on the system for your Credit Union with a VLF file.

When and what do I status my loan once closed?

If this loan is a Fannie Mae file and will be sold to Fannie Mae through Secondary Market:
- NMS will status the file to FNMA Funded once we've delivered the file
- NMS will status the file to Archived once the file has been extracted

If this loan is NOT a Fannie Mae file and will NOT be sold to Fannie Mae:
- You may status the file according to Credit Union guidelines
- You will want to make sure to archive the file once all items have been extracted
  - ***Once archived and deleted, the file cannot be restored***

What documents do I need to send to NMS after the loan has closed?

Items needed by post-Closing once the file has closed:

- Digital copy of recorded mortgage (uploaded to the VLF)
- Digital copy of recorded assignment of mortgage (uploaded to the VLF)
- Final title policy

Once archived, how long will my items remain available for access?

- Your VLF file is available for access until month 12 from VLF creation date.
- The physical loan will remain on Mortgage Cadence for 2 years once the VLF has been deleted.
- Below is a schedule you can anticipate for billing depending on when the file has been statused to archive:

VLF Created	13th month on system	Date Archived	1st month on invoice	How many months billed
2017 January	2018 January	2018 April	2018 February	4-possibly 5
2017 February	2018 February	2018 February	2018 March	1-possibly 2
2018 January	2019 January	2018 November	Will not be on invoice	0
2018 February	2019 February	2018 July	Will not be on invoice	0

Additional Post-Closing Items to Remember:

- If Post-Closing has contacted your credit union regarding missing items, please notify us at postclosing@gonms.org once the missing items have been uploaded to the VLF. We will then extract the file to long term storage and archive for deletion.
- Mortgage Cadence begins their VLF billing cycle on the 13th month since VLF creation.
- Once a VLF is deleted, if any new item is uploaded, there is a $35 charge for creating a new folder.
- You may store paper files in lieu of a digital copy but the file will still need to be archived for deletion.
- FNMA Funded files should ONLY be archived by NMS.
- Credit Unions are responsible for extracting and archiving ALL files that are not sold to Fannie Mae.
- Please make sure you are uploading the correct items to the correct VLF and that there are no errors on these items.
- Reports are created for every credit union listing all files with a VLF. The report lists files by date of VLF creation. These reports are available through Ad Hoc reports in Mortgage Cadence.
- Files missing items will not be extracted and archived until missing items have been uploaded and NMS has extracted the full file to long term storage.
- Fees to leave VLF files on the system is 54 cents per file, per month for the first 500 pages.
- NMS will send a report to Mortgage Cadence at the end of every month. All archived files that have reached month 12 on the system will be deleted.

Frequently Asked Questions:

Q. How far can a loan be paid ahead?
A. It is recommended to only be paid two months ahead.

Q. Can principle only payments be made on a loan that is delinquent?
A. For Fannie loans, the answer is no. For Port or in-house loans, it is up to the credit union.
Questions regarding early PMI termination requests:

Q. Can we use an appraisal that was just completed from a Home Equity?
A. FNMA does not allow for outside appraisals or BPO's. We can submit for a one-time exception for cases like this. However, it is not a guarantee that it will be accepted and/or approved.

Q. Why is my request denied when the AVM supports the LTV being below 80%?
A. The AVM is an estimate of what FNMA is saying the house is worth. When determining the LTV on original value, FNMA will use the current UBP and either the sales price or the appraisal amount, whichever of the two is lower, to determine the current LTV. If the LTV is below 80% but there is not an AVM, FNMA will require either a BPO or an Appraisal to determine what the current LTV is on the loan. However, the original figures will still be used. The BPO or Appraisal in this situation will just be used to verify that the home did not decrease in value.

Q. Can you tell the member which valuation option is better- Appraisal vs. BPO?
A. We cannot advise as to which valuation option would be better for the member. FNMA says it is whichever option fits the financial needs of the member.

Notes:

Fannie Mae Requirements for Borrower Initiated Removal of PMI:

Written, signed request from the borrower stating the reason they feel the PMI can be removed:
- The loan has been paid down to 80% or less LTV (based on the original value)
- There have been improvements done to the home that have increased the value
- Market Values in their area have increased significantly

Borrower must have an acceptable payment history:
- Most recent payment is paid
- No payments 30 or more days past due in the last 12 months
- No payments 60 or more days past due in the last 24 months

A new appraisal is required (at the borrower's expense):
- Must be ordered by NMS and be in NMS's name
- Borrower must pay for the appraisal prior to NMS ordering
- If the original appraisal is not expired it can be used

LTV Requirement by Scenario:

Removal based on Original Value:
- No Seasoning required
- Borrower must pay down to 80% LTV
- New appraisal must be the same or more than the original appraisal

Removal based on Current Value with less than 2 years (24 payments) seasoning:
- Must be based on home improvements only
- New appraisal must support 80% LTV

Removal based on Current Value with 2 – 5 years seasoning:
- Can be based on home improvements and/or market value
- New appraisal must support 75% LTV – current value
- New appraisal must support 80% LTV – current value with substantial home improvements

Removal based on Current Value with more than 5 years seasoning:
- Can be based on home improvements and/or market value
- New appraisal must support 80% LTV

If you have questions regarding this process, please email Nicole Jaynes at: njaynes@gonms.org

1. Processing Payoffs and Payment Reminders

- **For CU*Answers FANNIE MAE payoffs** – Please contact **servicing@gonms.org** to prepare the payoff.
- **For FICS FANNIE MAE payoffs** that are received at your credit union – Please place the funds into your payment G/L Account and email: **servicing@gonms.org** with the payoff details. Someone in the Servicing Department will apply the payoff in FICS.
- **Payments in CU*Answers for delinquent loans** – These must be posted manually and please email the NMS Servicing Department at: **servicing@gonms.org** and they will figure the interest amount for you to apply.
- **FICS Payments for loans that are delinquent 1 or more months cannot be processed on Mortgage Teller**, please email: **servicing@gonms.org** and put payment in GL.

2. Payment Recast Modifications (principal reduction mods):

- The fee for NMS to process is $150.
- The Modification only lowers the payment amount and doesn't change the interest rate or term of the Mortgage.
- NMS will complete the Modification Form and email it to the credit union for the member(s) to sign.

3. A few CU*Answers Reminders:

- Please notify the NMS Servicing Department before transferring a Fannie Mae mortgage to a different account number.
- Please don't re-use suffix numbers within the same year.

- **When are revisions permitted to a revised Loan Estimate or a Closing Disclosure?**
- **How does the CU do the Change in Circumstance steps to a Loan Estimate or the Closing Disclosure to remove the red warning message at the top and other items in red on the Changed Circumstance screen?**

First Determination: The CU must **determine** if there is a **valid Change in Circumstance reason** for the change(s) and for adding a new fee or increasing a fee that was already disclosed to the borrower. Please refer below to the TILA-RESPA Changed Circumstance Matrix for the most common Change in Circumstance reasons.

TILA-RESPA Changed Circumstance Matrix

APPLICABLE TO ALL LOAN APPLICATIONS TAKEN ON OR AFTER OCTOBER 3, 2015

An "X" in the column indicates that the information may be changed due to the outlined changed circumstance. The facts and circumstances surrounding the request will determine the validity of the change of circumstance request.

The information contained herein does not constitute legal advice. We encourage you to consult with your legal counsel for further information on these and all regulatory compliance matters.

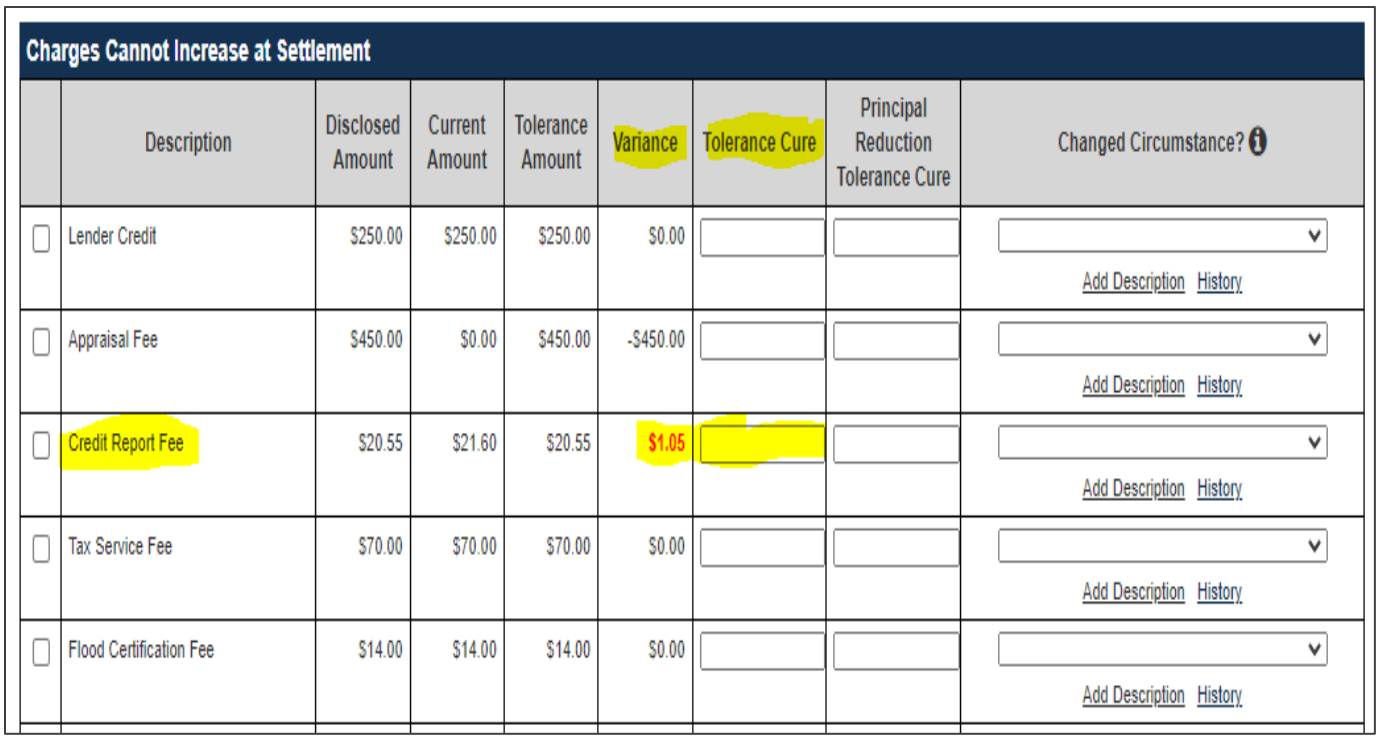
LE / CD Field or Section	Loan Information	Loan Terms	Projected Payments	Origination Charges [1]	Services You Cannot / Did not Shop For	Services You Can / Did Shop For	Recording Fees	Transfer Taxes	Prepaids	Initial Escrow Payment at Closing	Other	Lender Credits
Acts of war, disaster or other emergencies			X		X	X			X	X	X	
Rate Lock / Lock Extension / Interest Rate	X	X	X	X								X
Applicants Added or Removed	X				X	X	X	X				
Loan amount changes		X	X	X [2]	X	X		X	X	X		X
Sale Price / Estimated Prop Value changes	X							X	X	X	X	
Loan Term / Purpose / Product / Type changes	X	X	X	X	X	X	X		X			X
Underwriting conditions require additional services					X	X			X			
Property type change				X	X	X	X	X	X	X	X	X
Occupancy change	X	X	X	X	X		X	X	X	X		X
Borrower requested MI program change		X	X	X	X				X	X		X
Borrower requested change to escrow account selection			X	X						X		X
Unique property characteristic not known by mortgage consultant and/or not disclosed by the applicant at time of application that impacts the cost of the appraisal					X							

1. LLPA will only impact origination charges if discount is increased due to pricing change.
2. Only if it is listed as a percentage of the loan amount.

IV. Policies and Procedures 1 of 1

Second Determination: The CU must **determine** if they are **within 3 business days of receiving** the information that a Change in Circumstance has occurred.

- If the CU answered "No" to either one of these determinations, the CU should put the "Variance" amount that they under-estimated/under-disclosed on the line for that specific fee in "Tolerance Cure" field; click on Save. No further action is needed.



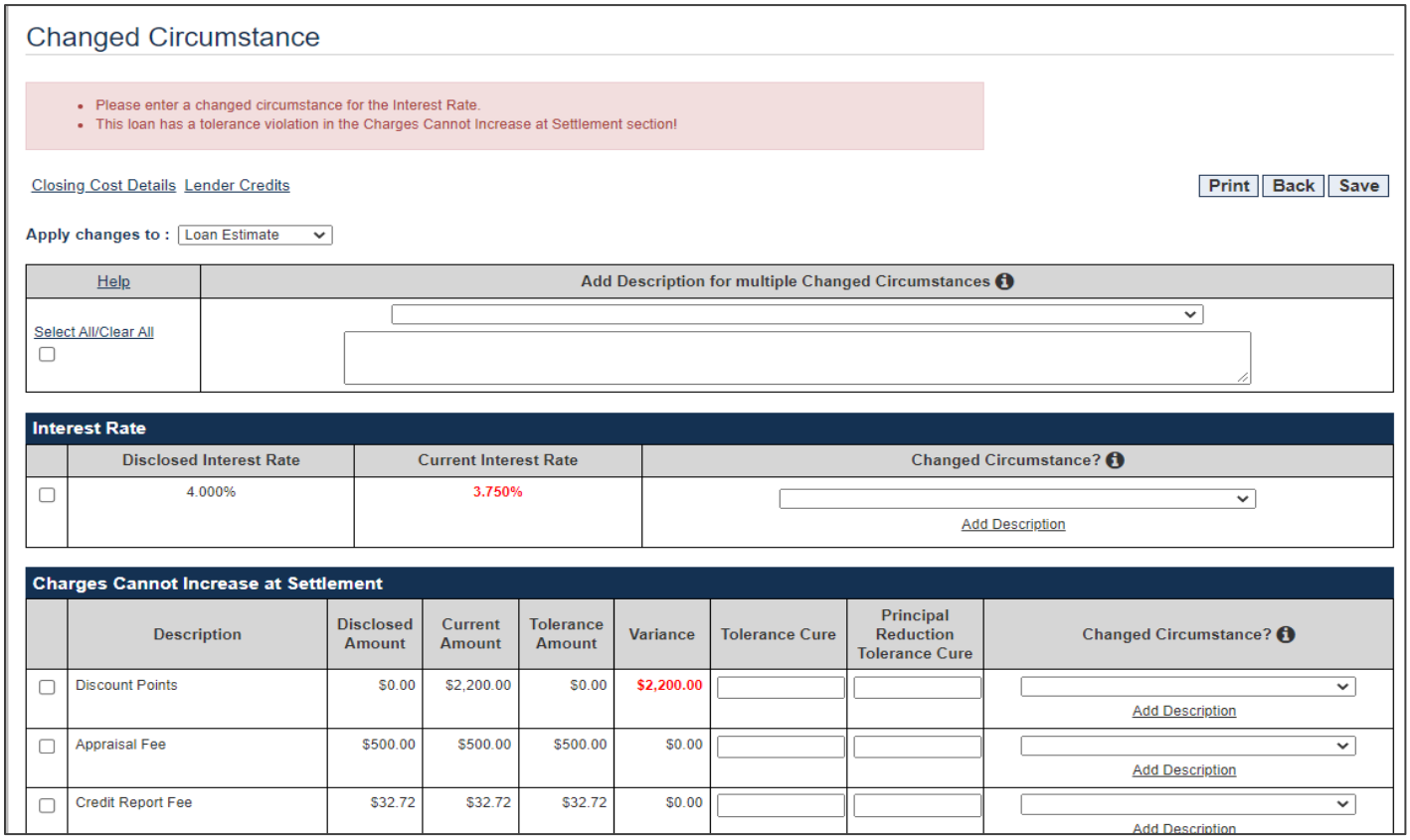
Charges Cannot Increase at Settlement

	Description	Disclosed Amount	Current Amount	Tolerance Amount	Variance	Tolerance Cure	Principal Reduction Tolerance Cure	Changed Circumstance?
☐	Lender Credit	$250.00	$250.00	$250.00	$0.00			Add Description History
☐	Appraisal Fee	$450.00	$0.00	$450.00	-$450.00			Add Description History
☐	Credit Report Fee	$20.55	$21.60	$20.55	$1.05			Add Description History
☐	Tax Service Fee	$70.00	$70.00	$70.00	$0.00			Add Description History
☐	Flood Certification Fee	$14.00	$14.00	$14.00	$0.00			Add Description History

- If the CU has answered "Yes" to both determinations, then the CU can proceed with doing the Change in Circumstance steps to the Loan Estimate or the Closing Disclosure.

Applying a Change in Circumstance to a Loan Estimate

Scenario: The borrower has told the CU that they want to lock in their Interest Rate and pay 1% in Discount Points, so the CU has made those changes to the loan and this is what the Changed Circumstance screen now looks like.



Changed Circumstance

- Please enter a changed circumstance for the Interest Rate.
- This loan has a tolerance violation in the Charges Cannot Increase at Settlement section!

Closing Cost Details Lender Credits — Print Back Save

Apply changes to : Loan Estimate

Help	Add Description for multiple Changed Circumstances
Select All/Clear All ☐	

Interest Rate

	Disclosed Interest Rate	Current Interest Rate	Changed Circumstance?
☐	4.000%	3.750%	Add Description

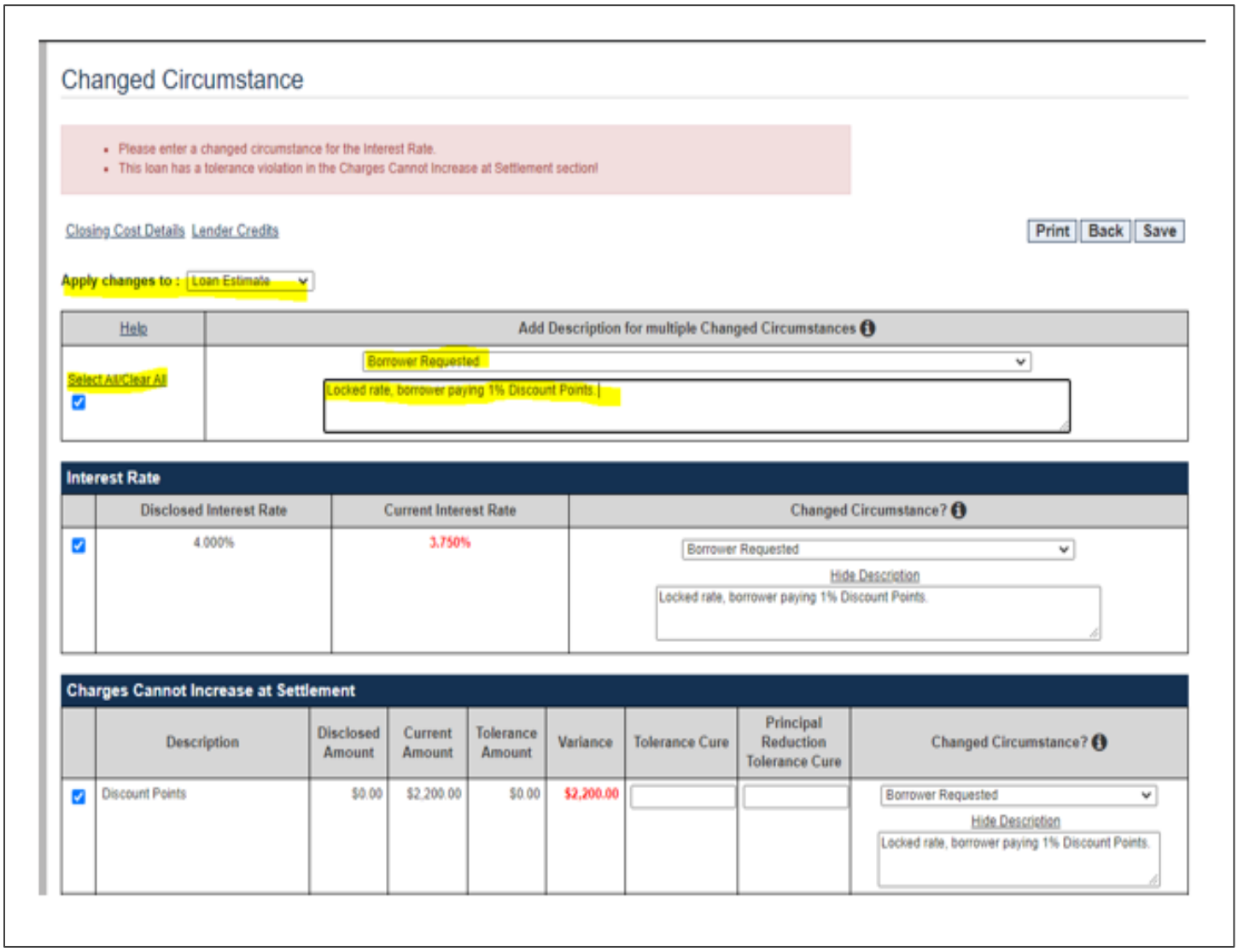
Charges Cannot Increase at Settlement

	Description	Disclosed Amount	Current Amount	Tolerance Amount	Variance	Tolerance Cure	Principal Reduction Tolerance Cure	Changed Circumstance?
☐	Discount Points	$0.00	$2,200.00	$0.00	$2,200.00			Add Description
☐	Appraisal Fee	$500.00	$500.00	$500.00	$0.00			Add Description
☐	Credit Report Fee	$32.72	$32.72	$32.72	$0.00			Add Description

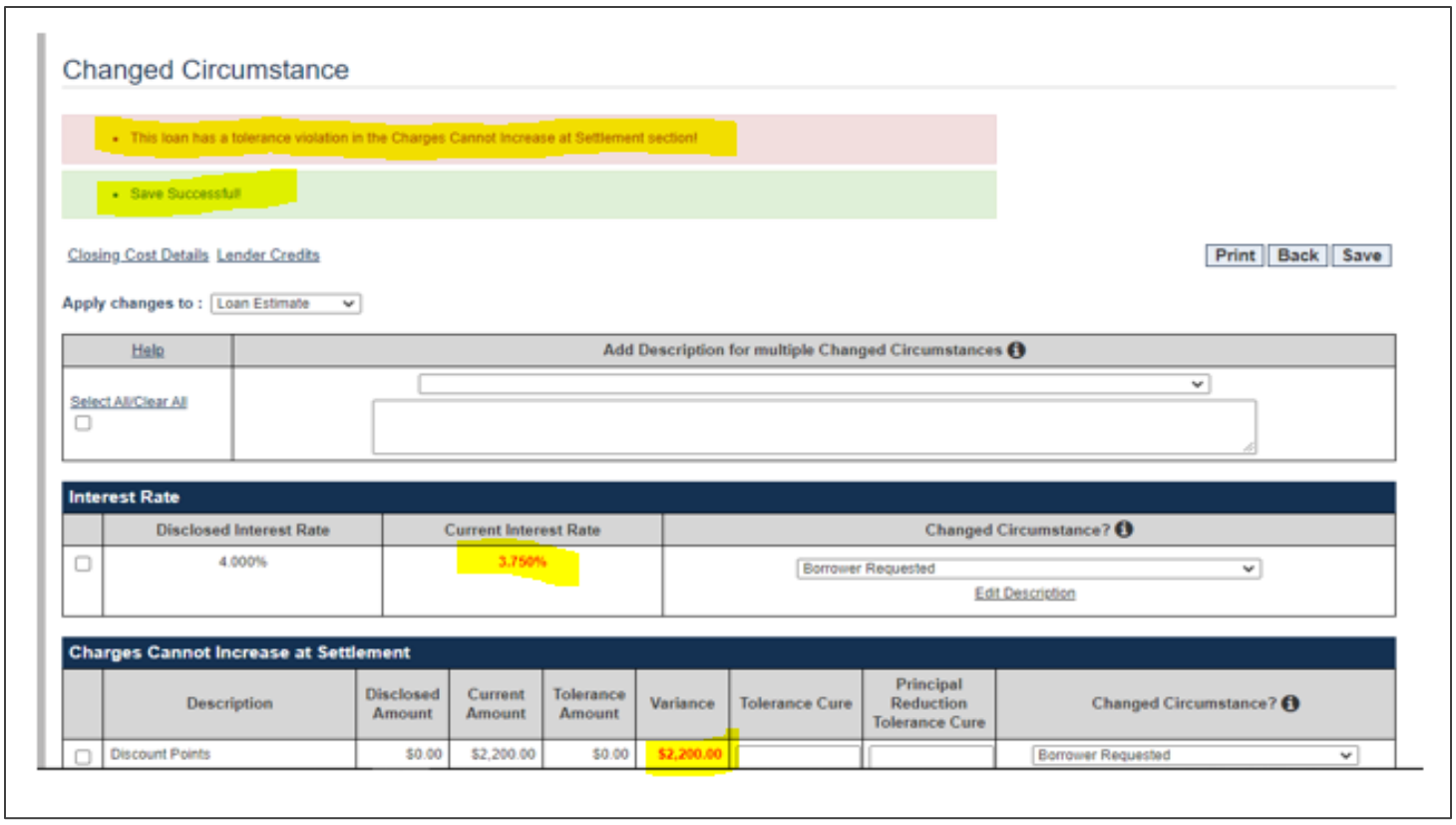
On the Changed Circumstance screen, complete the following sections near the top of the screen that are listed here and also shown below:

- Apply changes to: Select Loan Estimate
- Select All/Clear All: Click on the box. This will cover multiple issues OR you can select the boxes individually.
- Select the dropdown Event that applies from one of the 8 choices below: We selected "Borrower Requested".
  - Extraordinary Event
  - Inaccurate/Changed Info
  - New Information Specific to Transaction
  - Info affecting Eligibility
  - Borrower Requested
  - Changes because Rate Not Locked
  - Intent to Proceed Exp
  - Delayed Settlement Construction

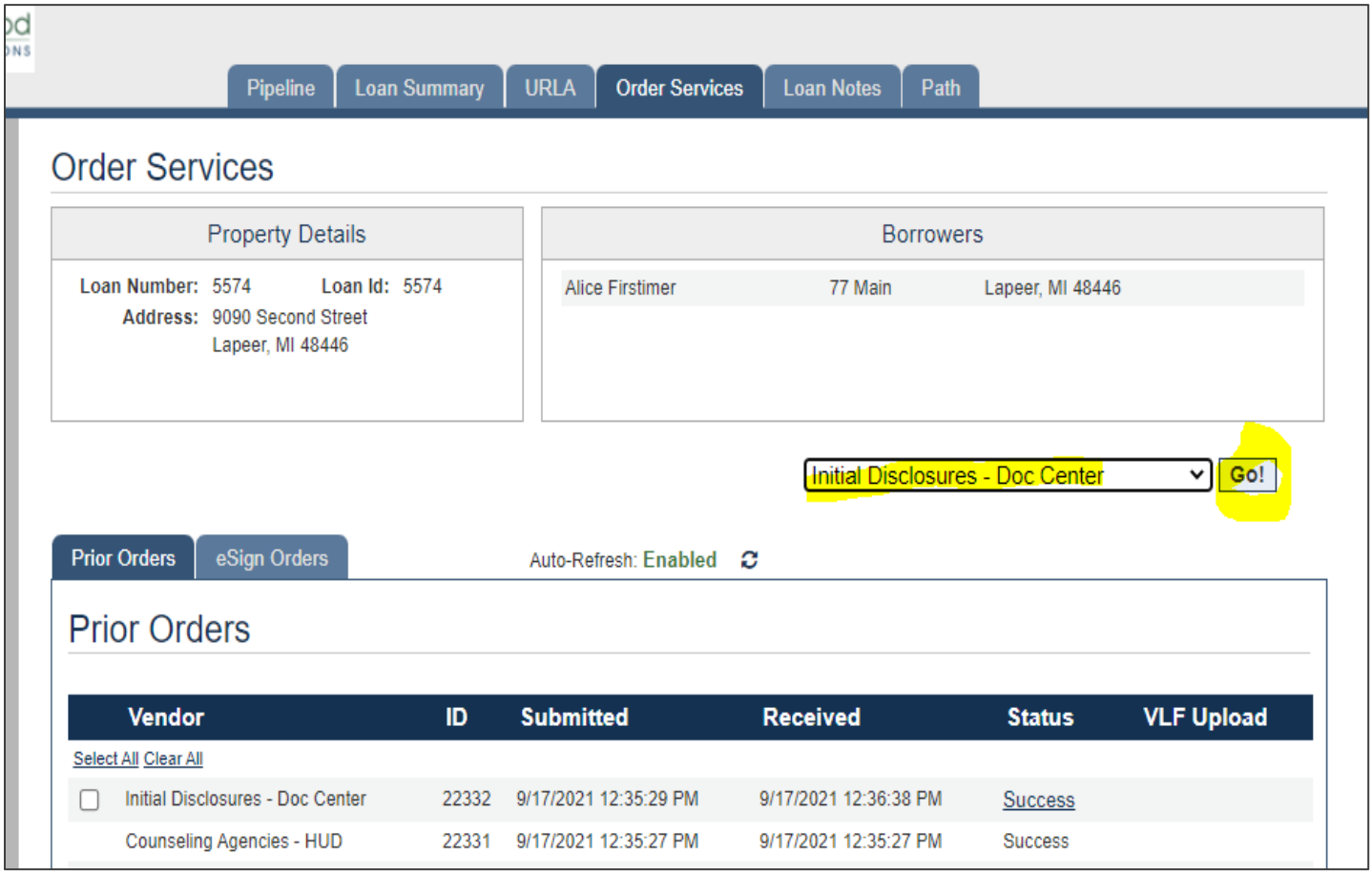
- Directly in the box below the Event line, "**specifically describe" all** of the Changed Circumstances – which should be everything in red: We typed in "Locked rate, borrower paying 1% Discount Points.



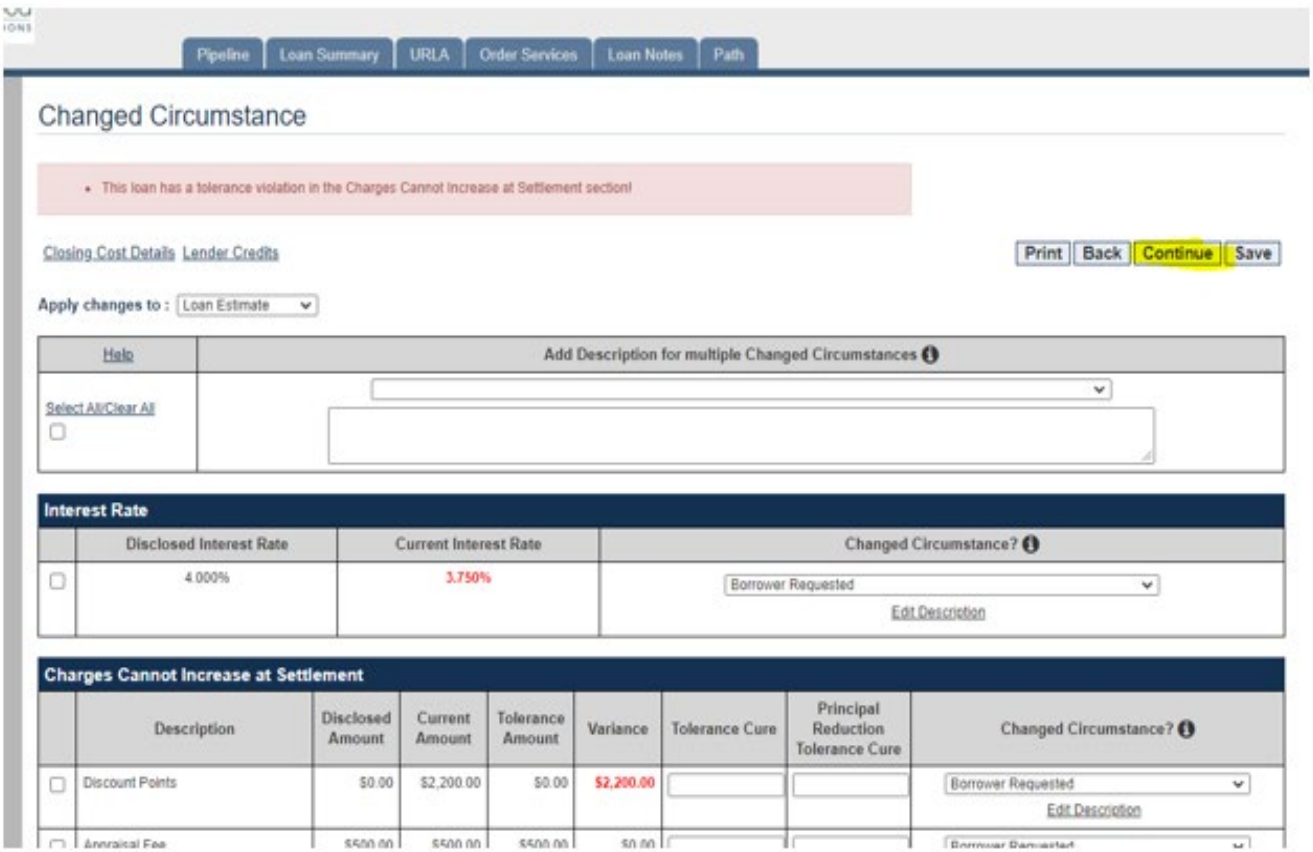
- Then click on Save in the top right corner. The screen will then say "Save Successful!" (see below). Please notice that the red warning messages at the top and the other red items are still on this screen.



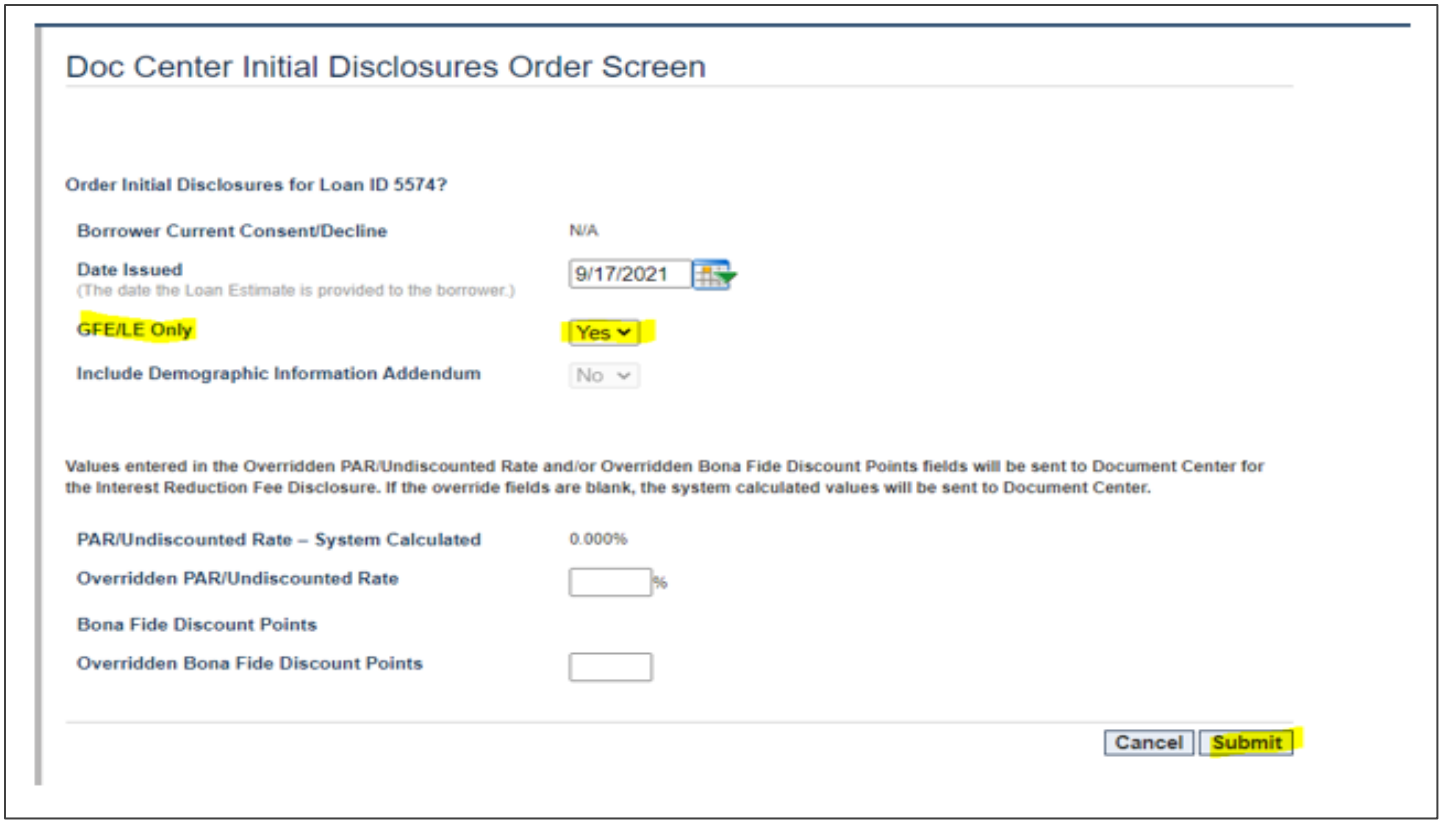
Now go to the Order Services tab. In the Select Service box, click on the drop-down arrow and select the "Initial Disclosure – Doc Center" line. Then click on Go!



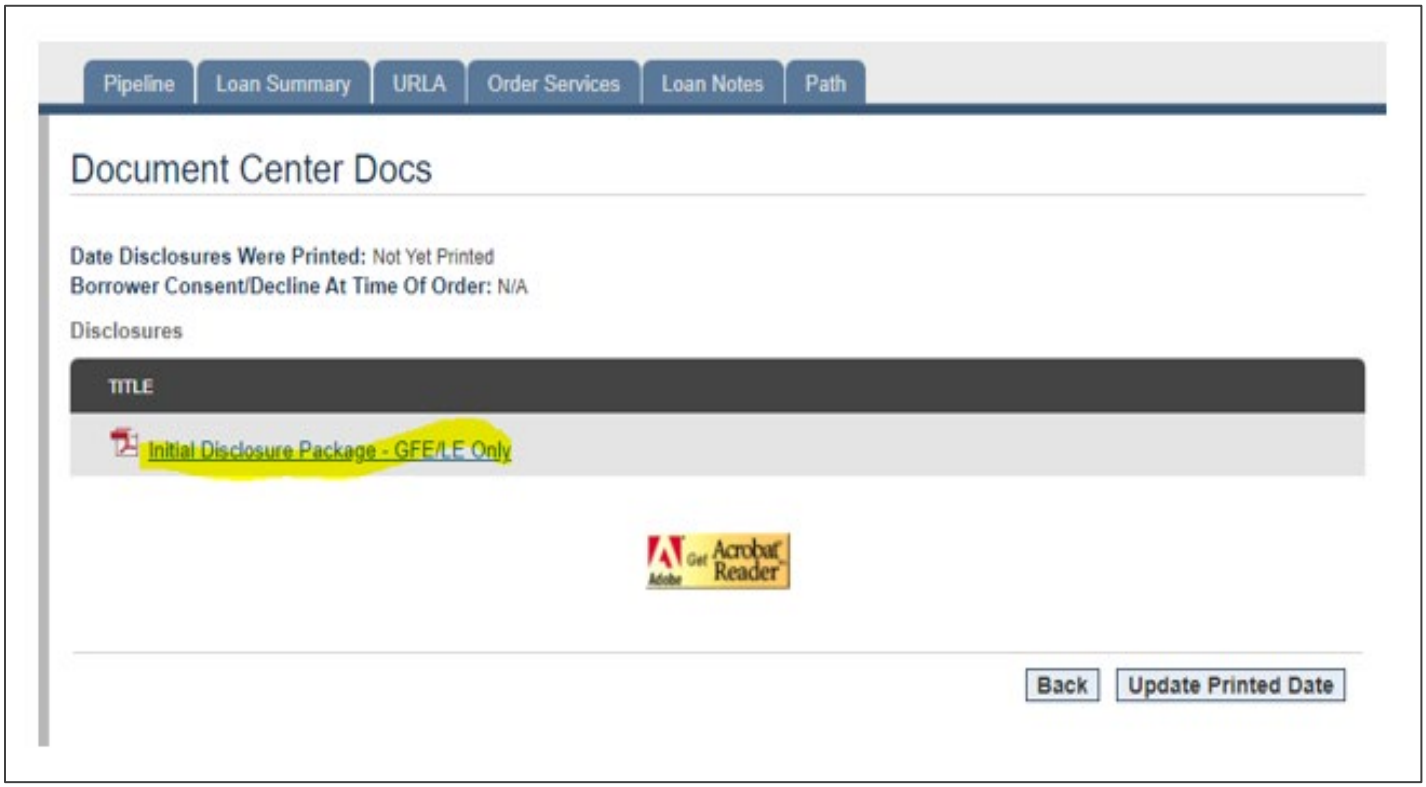
The Mortgage Cadence system will take you back to the Changed Circumstance screen. Just glance at all the items still in red to make sure you "specifically described" each/all. If so, click on the "Continue" button on the top right of the screen.



On this “Doc Center Initial Disclosures Order Screen”, the only field you need to consider changing is the “GFE/LE Only” dropdown box from “No” to “Yes”, if you don’t want the entire Initial Disclosures Package documents again. Then click on the “Submit” button.



The Mortgage Cadence system will bring you back to Order Services tab. Wait until the Status says "Success" on the Initial Disclosures – Doc Center line you just ordered. Then click on the word "Success". Click on the "Initial Disclosure Package – GFE/LE Only" line.



You should see the Change in Circumstance form (shown below) and the revised Loan Estimate. Please review the documents to ensure your changes are correct. Then the CU must deliver or place in the mail the Change in Circumstance form and the revised Loan Estimate to the consumer no later than 3 business days after receiving the valid Changed Circumstance information.

CHANGE IN CIRCUMSTANCE

Originator: **Loan Officer**

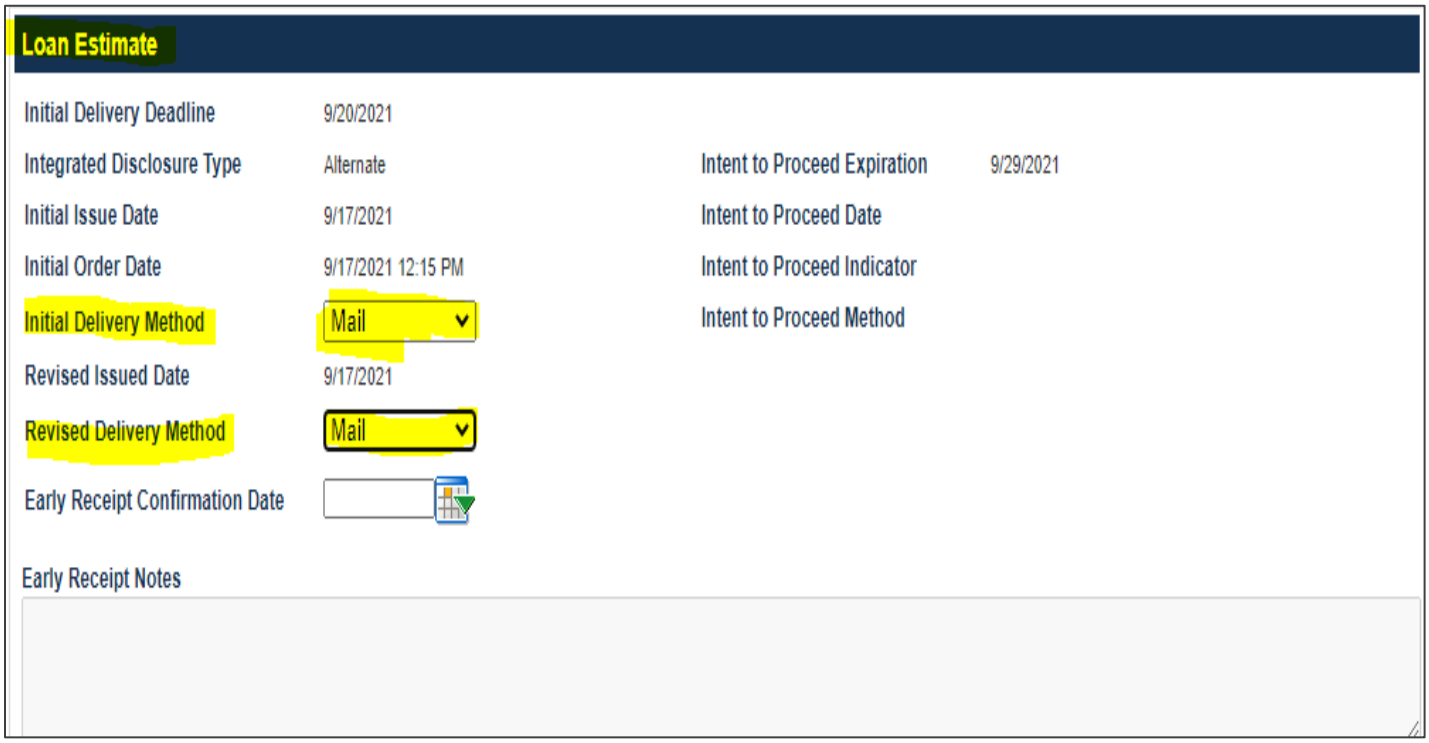
Applicant(s): **Alice Firstimer**

Property Address: **9090 Second Street, Lapeer, MI 48446**

Re-disclosed Date: **9/17/2021**

DISCLOSURE SECTION & FEE NAME	CHANGE DATE	PREVIOUS DISCLOSED AMOUNT	NEW FEE AMOUNT	REASON
A - Discount Points	09/17/2021	$0.00	$2,200.00	Locked Rate, borrower paying 1% Discount Point.
A - Processing Fee	09/17/2021	$250.00	$250.00	Locked Rate, borrower paying 1% Discount Point.

Furthermore, click on the Loan Summary tab, then click on "Timing & Delivery" in the left column to complete all information related to pulling the revised Loan Estimate.

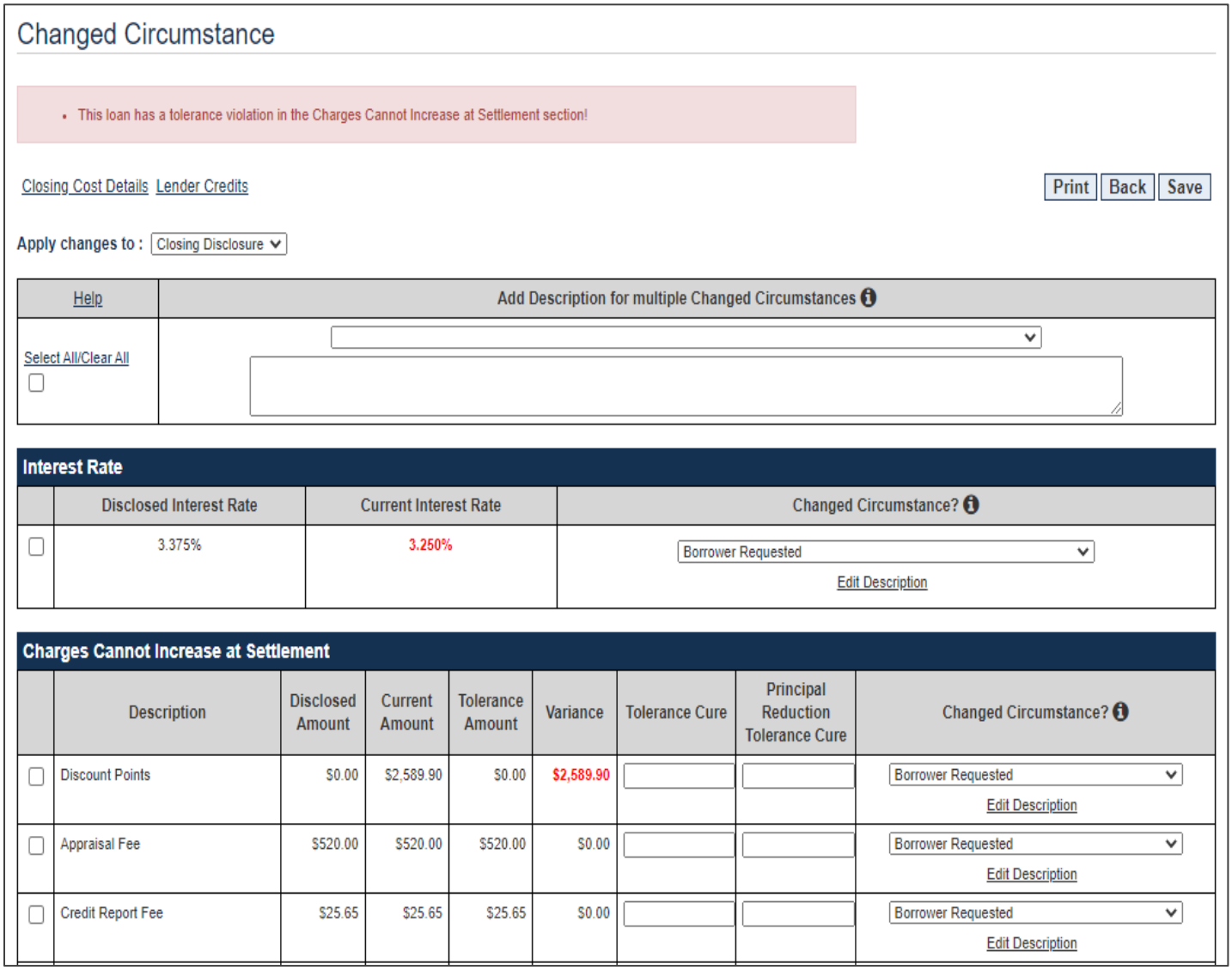


Finally, as a best practice recommendation:

- Go back to the Loan Summary tab,
- Click on Changed Circumstance on the left
- Confirm the red tolerance violation message at the top of the Changed Circumstance screen and the other items that were in red are gone.

Applying a Change in Circumstance to a Closing Disclosure

Scenario: The borrower has told the CU that they want to lock in their Interest Rate and pay 1% in Discount Points, so the CU has made those changes to the loan and this is what the Changed Circumstance screen now looks like.



Changed Circumstance

- This loan has a tolerance violation in the Charges Cannot Increase at Settlement section!

Closing Cost Details | Lender Credits

Print | Back | Save

Apply changes to : Closing Disclosure

Help	Add Description for multiple Changed Circumstances
Select All/Clear All	

Interest Rate

	Disclosed Interest Rate	Current Interest Rate	Changed Circumstance?
	3.375%	3.250%	Borrower Requested Edit Description

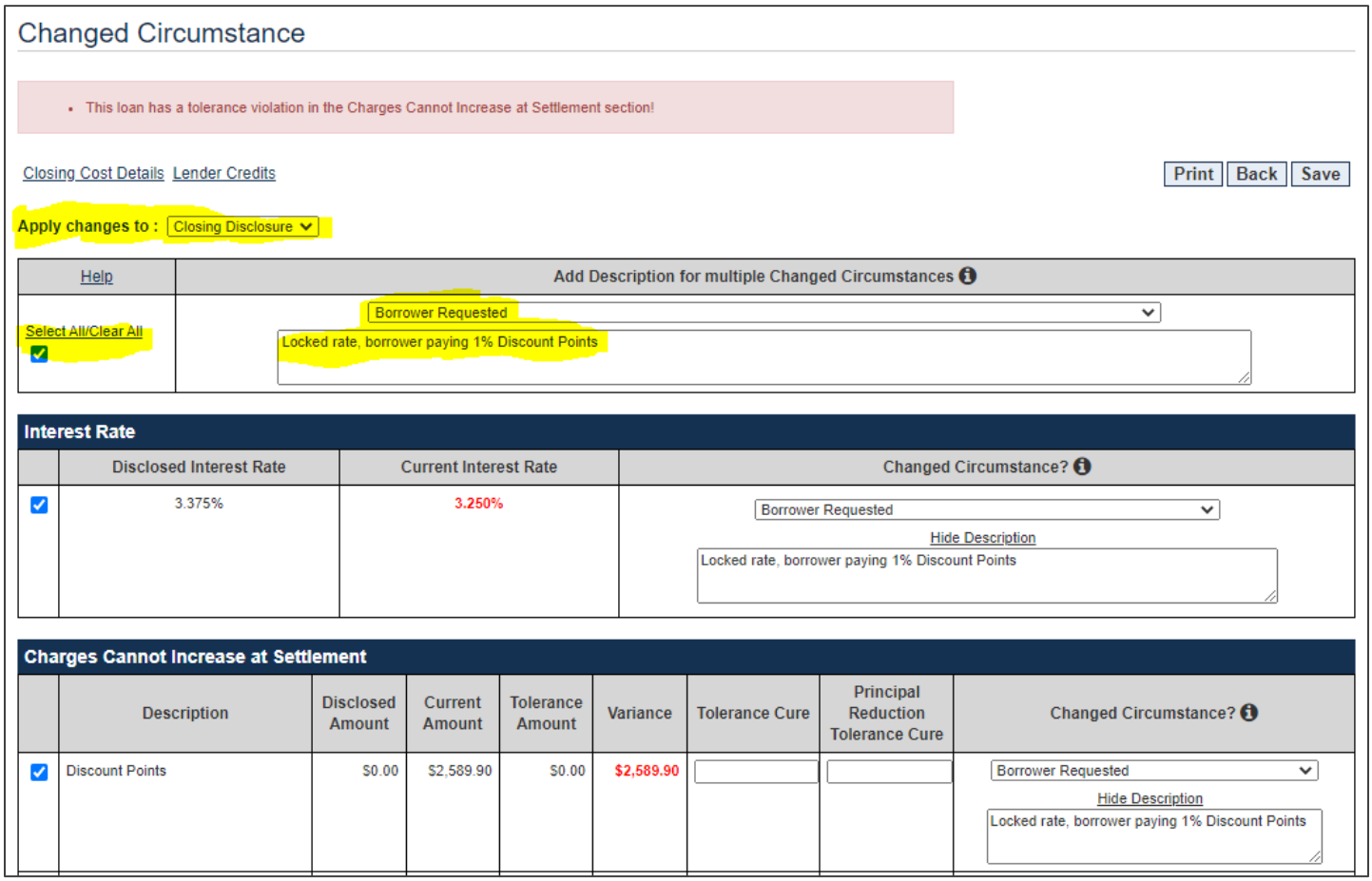
Charges Cannot Increase at Settlement

	Description	Disclosed Amount	Current Amount	Tolerance Amount	Variance	Tolerance Cure	Principal Reduction Tolerance Cure	Changed Circumstance?
	Discount Points	$0.00	$2,589.90	$0.00	$2,589.90			Borrower Requested Edit Description
	Appraisal Fee	$520.00	$520.00	$520.00	$0.00			Borrower Requested Edit Description
	Credit Report Fee	$25.65	$25.65	$25.65	$0.00			Borrower Requested Edit Description

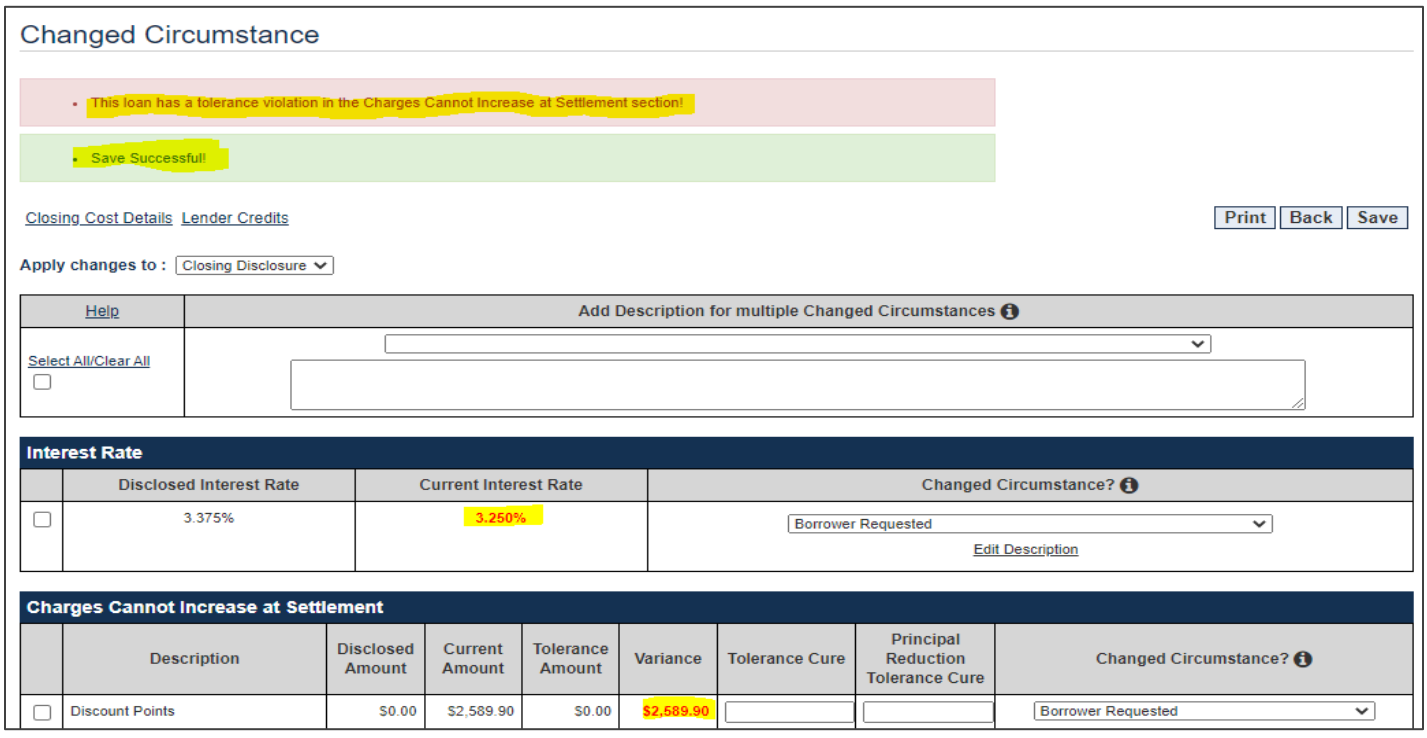
On the Changed Circumstance screen, complete the following sections near the top of the screen that are listed here and also shown below:

- Apply changes to: Select Closing Disclosure
- Select All/Clear All: Click on the box. This will cover multiple issues OR you can select the boxes individually.
- Select the Event that applies from one of the 8 choices below: We selected "Borrower Requested".
  - Extraordinary Event
  - Inaccurate/Changed Info
  - New Information Specific to Transaction
  - Info affecting Eligibility
  - Borrower Requested
  - Changes because Rate Not Locked
  - Intent to Proceed Exp
  - Delayed Settlement Construction

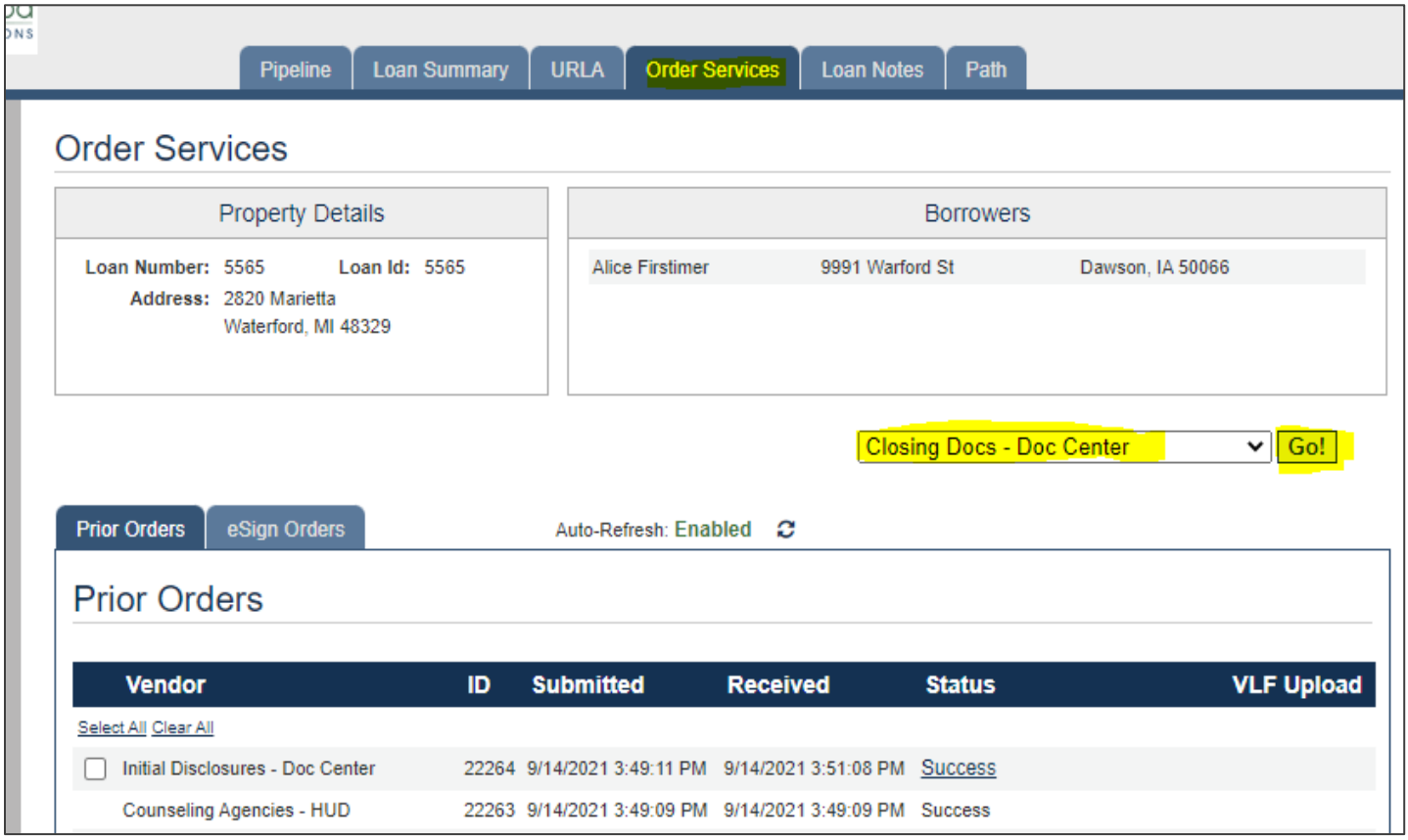
- Directly in the box below the Event line, "**specifically describe" all** of the Changed Circumstances – which should be everything in red: We typed in "Locked rate, borrower paying 1% Discount Points.



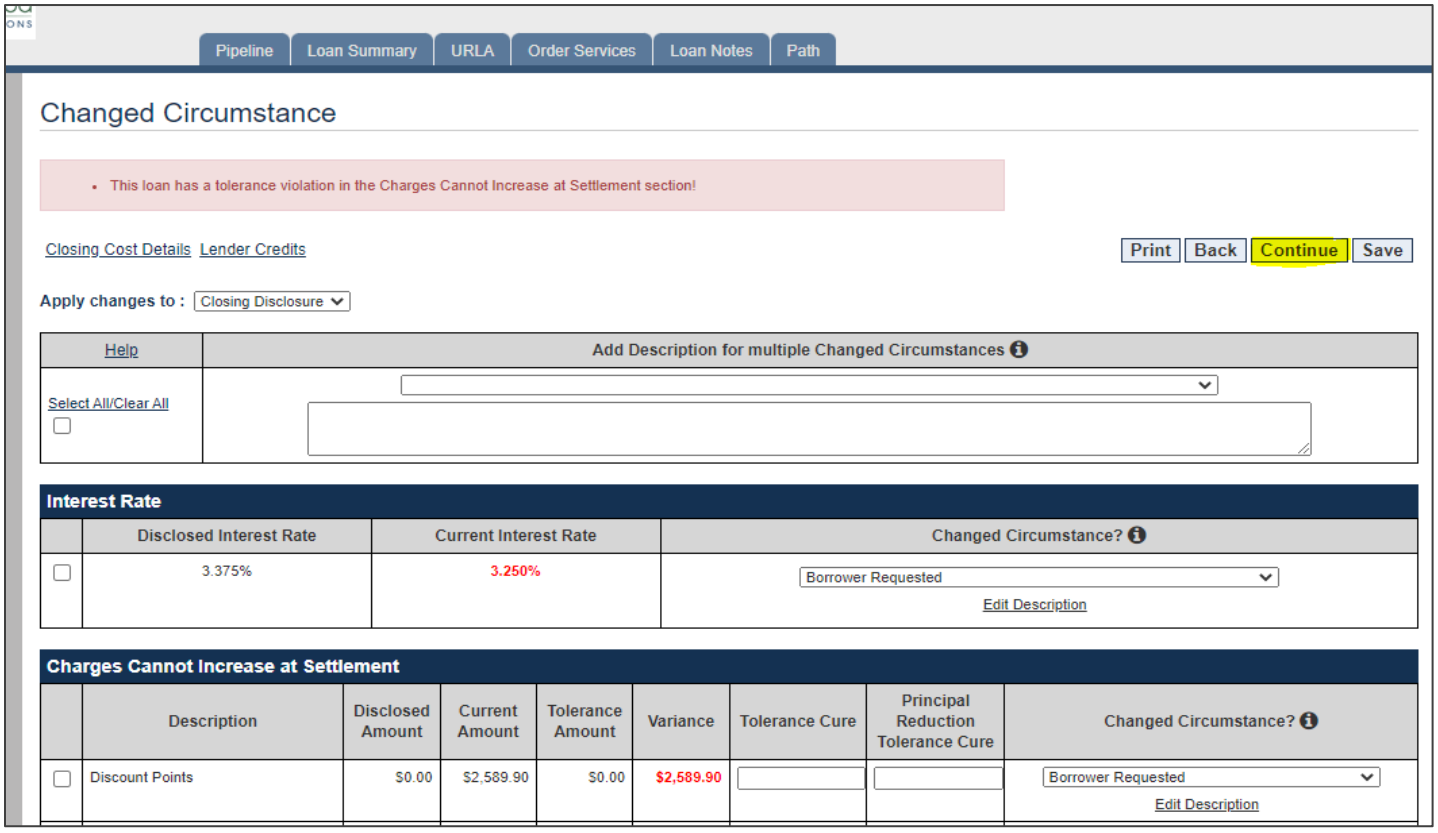
- Then click on Save in the top right corner. The screen will then say "Save Successful!" (see below). Please notice that the red warning messages at the top and the other red items are still on this screen.



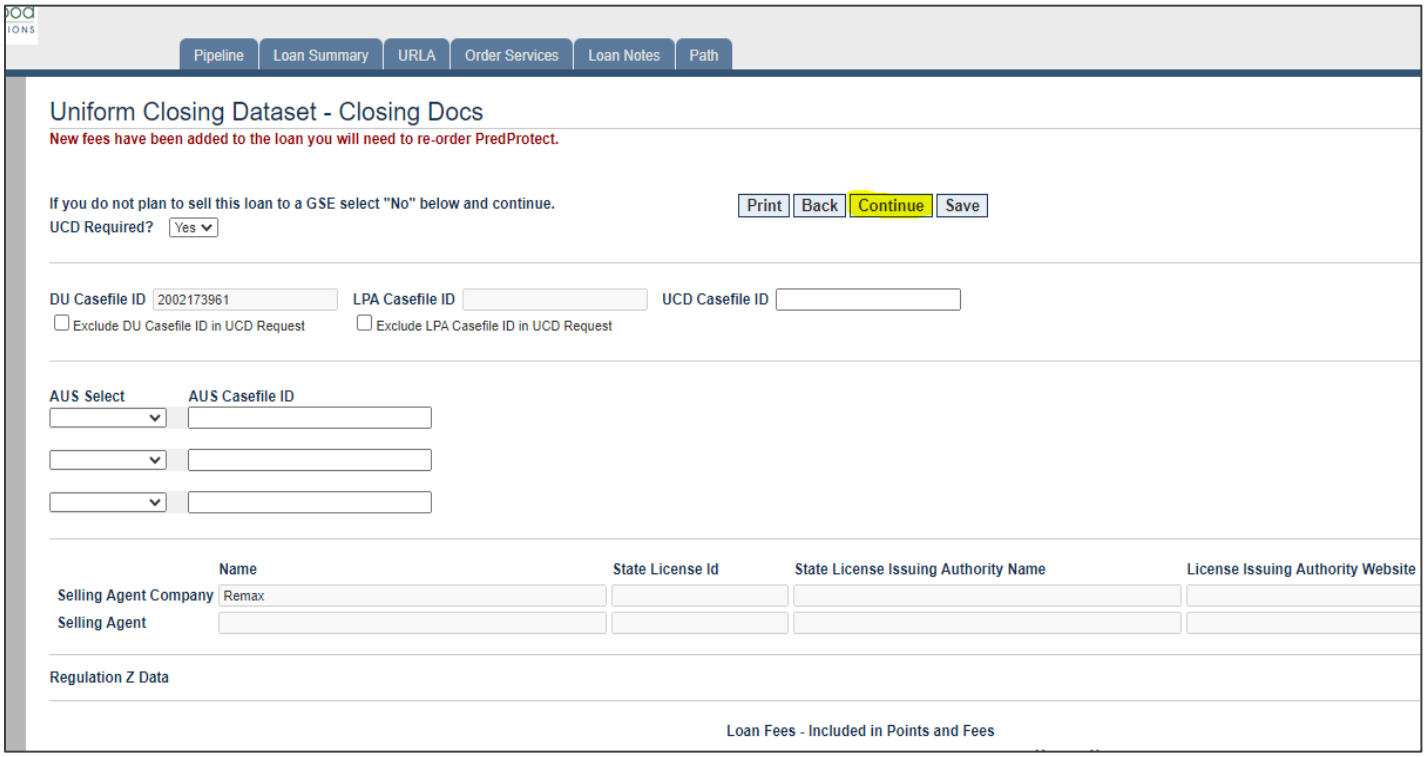
Now go to the Order Services tab. In the Select Service box, click on the drop-down arrow and select the “Closing Docs – Doc Center” line. Then click on Go!



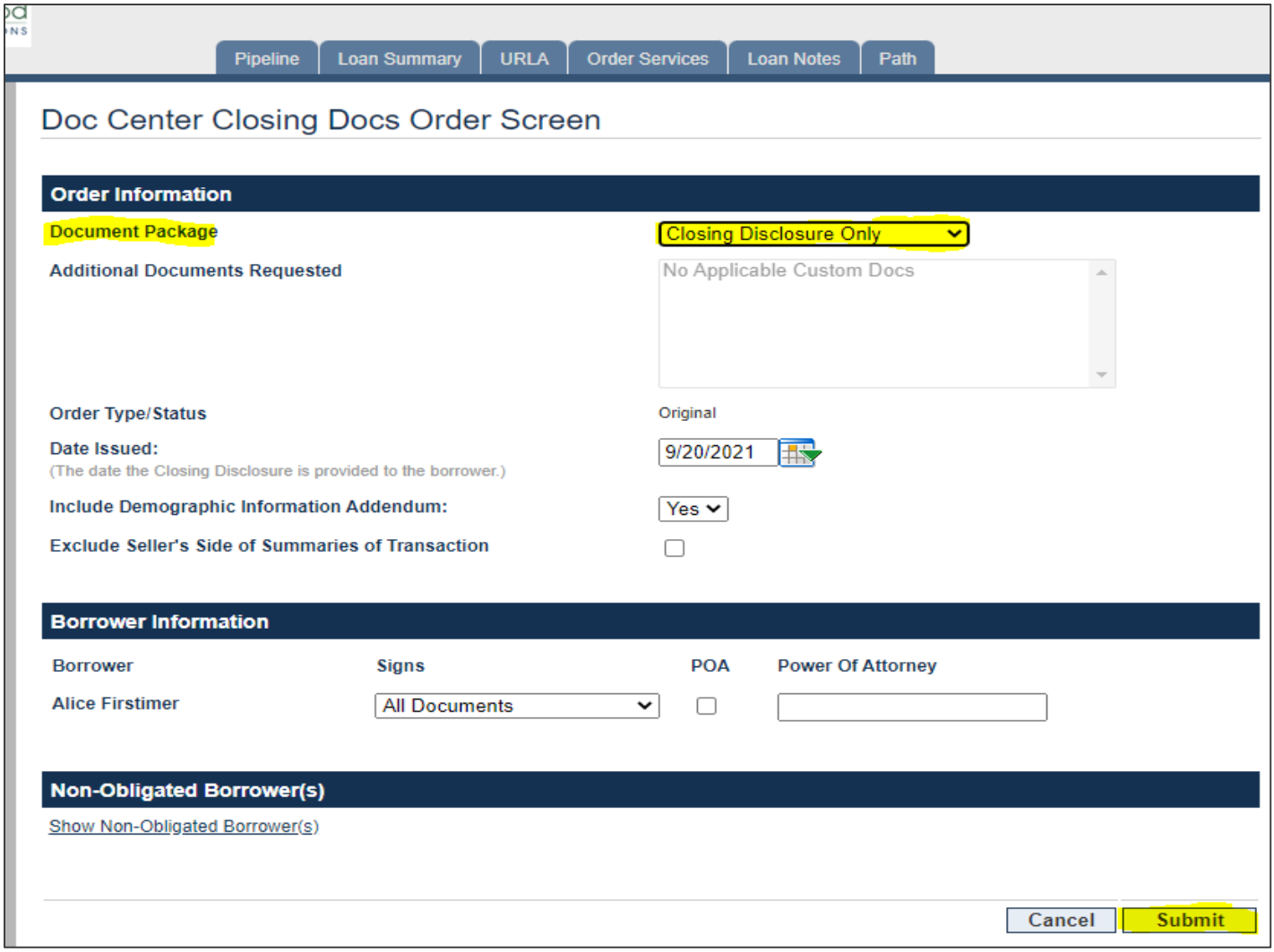
The Mortgage Cadence system will take you back to the Changed Circumstance screen. Just glance at all the items still in red to make sure you “specifically described” each/all. If so, click on the “Continue” button on top right of screen.



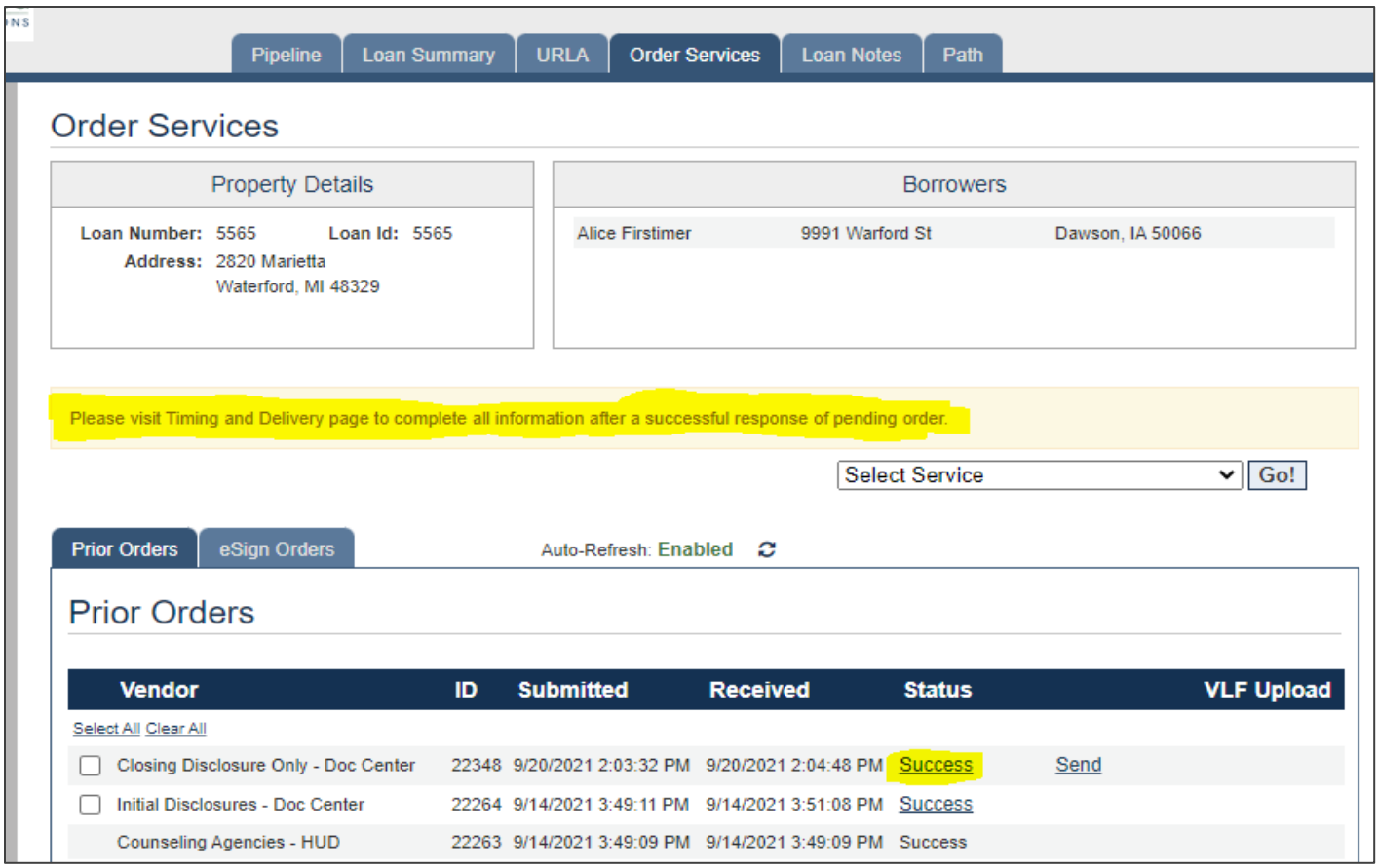
Click on the “Continue” button also on this “Uniform Closing Dataset – Closing Docs” screen.



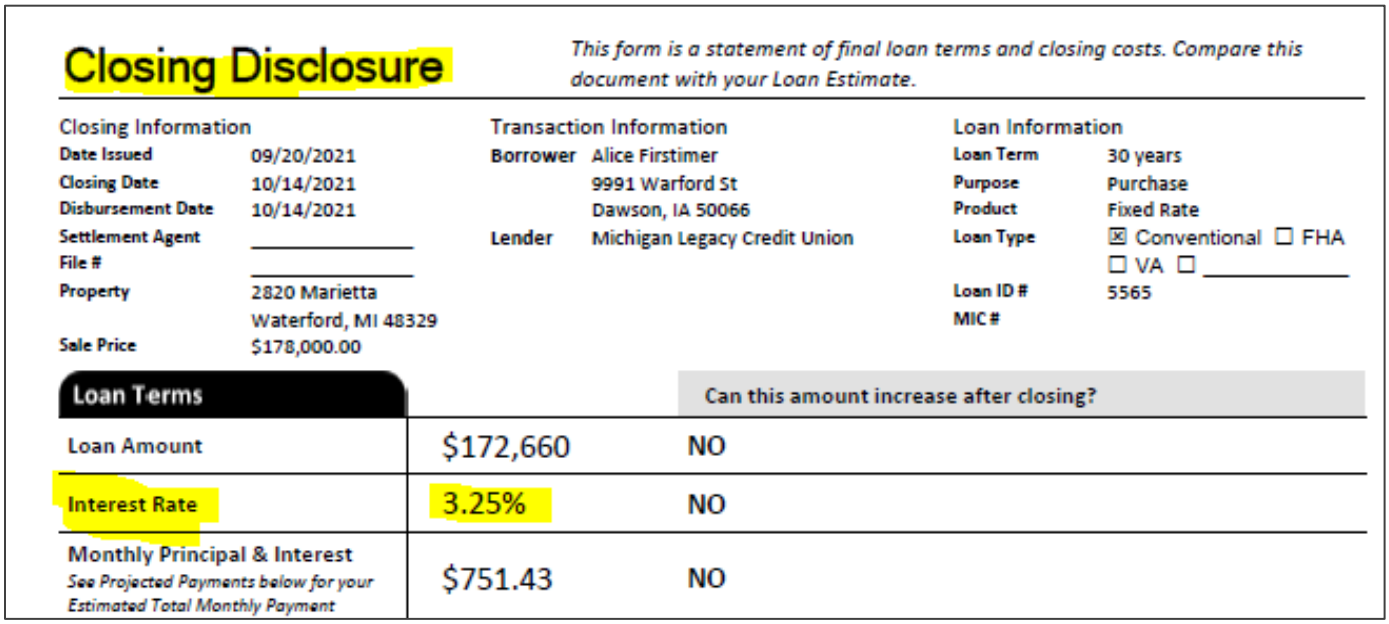
Doc Center Closing Docs Order Screen: On the top line that says “Document Package”, click on the drop-down arrow and click on “Closing Disclosure Only”. Then click on the “Submit” button.



Mortgage Cadence system will bring you back to the Order Services tab. Wait until the Status says “Success” on the “Closing Disclosure Only – Doc Center” line you just ordered. Then click on the word “Success”.



When the package opens, it will contain the Closing Disclosure and the Itemization of CD Fees. **You do not get a Change in Circumstance form**. Please review the documents to ensure your changes are correct. Then the CU must deliver or place these documents in the mail to the consumer no later than 3 business days after receiving the valid Changed Circumstance information.



Itemization of CD Fees

Loan Number: 5565 Date: September 20, 2021

Borrower(s): Alice Firstimer

Property Address: 2820 Marietta, Waterford, MI 48329

Originator: Michigan Legacy Credit Union

Disclosure of Costs Paid by Lender/Seller/Borrower/Other/POC/Cure

Section Type and Fee Name	Payee	Resp Party	Total Fee	Paid by Lender	Paid by Seller	Paid by Borrower	Paid by Other	POC Amount	POC Paid By	PFC	Cure Amount*
A Administrative Fee		Borrower	$375.00	$0.00	$0.00	$375.00	$0.00	$0.00	Borrower	Yes	$0.00
A 1.5% of Loan Amount (Points)		Borrower	$2,589.90	$0.00	$0.00	$2,589.90	$0.00	$0.00	Borrower	Yes	$0.00

Furthermore, click on the Loan Summary tab. Then click on "Timing & Delivery" in the left column to complete all information related to pulling the Closing Disclosure.

Closing Disclosure

Initial Issue Date 9/20/2021

Revised Issue Date

Revised Reason

Revised Other Description

Early Receipt Confirmation Date

Early Receipt Notes

Initial Delivery Method: Mail

Revised Delivery Method

Finally, as a best practice recommendation:

- Go back to the Loan Summary tab,
- Click on Changed Circumstance in the left column
- Confirm the red tolerance violation message at the top of the Changed Circumstance screen and other items previously in red are gone (as shown below).

Changed Circumstance

Closing Cost Details Lender Credits

Print Back Save

Apply changes to : Closing Disclosure

	Disclosed	Current
APR	4.034%	4.034%
Product Name	30 Year Fixed Conventional FNMA	30 Year Fixed Conventional FNMA
Prepayment Penalty	No	No

Help | Add Description for multiple Changed Circumstances

Select All/Clear All

Interest Rate

	Disclosed Interest Rate	Current Interest Rate	Changed Circumstance?
☐	3.250%	3.250%	Add Description History

Charges Cannot Increase at Settlement

	Description	Disclosed Amount	Current Amount	Tolerance Amount	Variance	Tolerance Cure	Principal Reduction Tolerance Cure	Changed Circumstance?
☐	Discount Points	$2,589.90	$2,589.90	$2,589.90	$0.00			Add Description History

The Audit and Compliance Program at NMS

Jean Denton, QC Team Leader | 989-497-1651 x 623 | jdenton@gonms.org
Jamie Lawrence, Audit Team Leader | 989-497-1651 x 644 | jlawrence@gonms.org
The group email address for the NMS Audit & Compliance Department is: audit@gonms.org

The purpose of the NMS Quality Control Plan and Audit Procedures is to ensure that all of the loans purchased by NMS are of quality acceptable to the secondary market and meet investor guidelines and requirements.

NMS has a 3rd Party Vendor called Synergy Partners that completes our monthly Post Closing Random and Discretionary audits and our weekly Pre-Funding audits for us.

An example of the Audit Cycle for the Post Closing Audits:

- In May – Our CU Partners funded their FNMA loans that were closed.
- In June – The Random and Discretionary Loans are selected from the list of all of the CU's FNMA and RD loans that funded in May. Then we give Synergy access to those loans in the Mortgage Cadence system.
- In July & Aug – Synergy will review the loans, re-verify the Employment/Income, Assets, Liabilities,
- Occupancy, and request Tax Transcripts from the IRS. Once the audits are provided to NMS, then NMS will email the audits to the CU's VP of Lending or the Mortgage Manager to get their response with the corrective actions that will be taken by their staff to correct any defects found in the audit to prevent them from happening on future loans.
- In September – Reports with the overall results for all of the Post Closing and Pre-Funding Audits that were reviewed for the month are provided to the NMS Management & our Board of Directors.

Percentages Required for Post-Closing Audits

- For the Random Audits – NMS requires a minimum of 10% of your funded FNMA loans to be reviewed on an annual basis. As an example: If you funded 10 FNMA loans every month, then Synergy will choose 1 of those 10 loans at "Random" to be audited every month.
- For the Discretionary Audits – Each month, NMS will determine the "High Risk" FNMA Loans that were funded in the month with all of our CU Partner's by looking for loans with: Credit Scores Under 630, Loan Amounts over 450K, RD Loans, Cash Out Refi's, LTV's at 97% or greater, Second Homes, Investment Property, Manufactured Homes, PUDS, Condos, and new CU's. NMS requires 10% of the "High Risk" Loans in that month to be chosen as a Discretionary Audit. So as an example: If 50 "High Risk" Loans were identified in that month, then 5 of those 50 loans will be chosen as Discretionary Audits.
- For Denied Loans – FNMA does not require audits on Denied Loans. But please note: The CU must retain by any method, all of the documentation related to a Denied Loan, including the Denial letter(s), for 25 months from the decision date to meet record retention requirements.

  If located in Wisconsin, retention requirement is 36 months for denied loan documentation.

Takeaways in Regard to Audit:

According to Kathy Burlison, H&R Block Tax Official, *"Remember that even if you haven't been audited in the past, it doesn't mean you won't be in the future. And, it only takes one audit to ruin your day."*

- NMS is examined by internal and externals auditors/examiners – States, FNMA, Government Agencies, and other voluntary audits, in depth.
- FNMA regularly requests full files for review, and also requires QC audits of 10% of all files sold by EACH credit union EACH year. Make "Lend with Quality" your motto!
- Credit Unions and NMS are in partnership for examinations to ensure compliant practices!
- Audits are tools toward success and auditors are friends, not enemies to be feared or avoided!

"Cover Your Fannie on the front end, to prevent problems (and buybacks) on the back end!"
– Melody Capsel, NMS Audit/Compliance Manager

"Given the risks of an expensive audit, paying strict attention to the rules is the only smart decision you can make." — Kathy Burlison, H&R Block Tax Official

NMS Audit and Compliance Team Contacts:

Jamie Lawrence, Audit Team Leader
jlawrence@gonms.org or audit@gonms.org
989.497.1651 x 644

Jean Denton, QC Team Leader
jdenton@gonms.org or audit@gonms.org
989.497.1651 x 623

Things You Might Need to Know – Compliance and Other Assorted Topics

1. HMDA Reporting – NMS Credit Union partners are required to handle HMDA reporting per asset size and lending volume guidelines, on your Portfolio Loans as well as your loans sold to FNMA. Per advice from Federal Reserve Board HMDA Division, NCUA Office of Consumer Protection, and input from our corporate counsel, the regulatory interpretation is that credit unions should be filing HMDA for loans sold to FNMA because lenders are the ones that make the decisions to sell or keep the loans.

Secondly, there is no direct exchange of money with NMS buying the loan from the credit union. NMS gives you the underwriting decision that the loan meets FNMA guidelines and is available for sale to FNMA, but you are the ones that ultimately decide to sell or keep the loans in Portfolio. This information was shared with NMS credit union correspondents in 2017, but many of you are new, so we are reminding again of this point.

2. Credit Union Contact Project – NMS strives to keep current on staffing at our partner credit unions. We would like to know of your CEO's, VP of Lending, staff with NMLS lending registrations, processors, closers, collections staff, anyone that would be a potential contact person with NMS. Please send Name, Title, Email, & Phone number updates and changes so that we can keep our database current.

Please send updates to Jean Denton and Jamie Lawrence at audit@gonms.org and Kellen Bickel, Marketing Director at kbickel@gonms.org . Without you informing NMS, we may not know of staffing changes and could potentially lose touch with your teams. Our goal is to continue working together and conducting good, clear communication back and forth.

3. S.A.F.E. Act Audits – Each credit union is required to have an annual audit of your S.A.F.E. Act compliance. NMS performs such an audit, and we do it quarterly. If you need a report on the Audit NMS performs for your credit union completely free of charge, contact Jean Denton or Jamie Lawrence at audit@gonms.org and they will send you the report that you can share with your examiners. We have never found an examiner that has rejected our report as not meeting the requirements for credit union in the area of S.A.F.E. Act compliance. (By the way, this includes whether your staff are active and authorized to lend.)

NMS reserves the right to notify our credit unions partners when lending practices do not comply with the S.A.F.E. Act, and potentially limit access to Mortgage Cadence in extreme circumstances, should registrations not be kept current while lending continues.

4. Interthinx Qualified Mortgage Quick Reference – In Summer 2022 Edition of Neighborhood News, we reviewed the decisions for getting a Success/Pass rating on Interthinx, specifically related to whether a loan meets the QM requirements. Quick reminder to watch for on your loan files:

a) QM Safe Harbor – smooth sailing for this loan without reservation!
b) QM Rebuttable Presumption – acceptable given the submitted information, but could change if differing facts arise. Proceed with caution and ensure thorough review!
c) NON-QM – LOAN IS NOT SALEABLE TO Fannie Mae. May be converted to Portfolio loan if follows credit union lending policy and appetite for risk.

Loss Mitigation – A Time to Gather

Like at harvest time, all hands are needed when it comes to loss mitigation. As economic factors continue to affect borrowers and the risk of delinquency rises, mortgage servicers need to be proactive in helping borrowers navigate their situation and loss mitigation options.

It is at the very beginning stages of a delinquency, when the account is in the hands of the Credit Union, that the most crucial information can be gathered so a determination can be made on which help option available will be the most beneficial for that member. Knowing the reason for the default can determine which path for assistance should be taken.

Together we make the difference. Please notify Loss Mit. by email at the group email address listed below for:

- Payments accepted from Delinquent members – notify NMS right away,
- Communication from Delinquent members that impacts their loan status – notify NMS right away.
- Any questions related to Forbearances, Payment Deferrals, Loan Modifications, Term Extensions (RD only), etc. that you are not accustomed to handling, especially on FNMA mortgages.
- Any other questions from members, please refer them to NMS Loss Mitigation. They may email us at **lossmit@gonms.org** or call us at 989-497-1651 Option 8.

Loss Mitigation Contacts

This important information needs to be provided to the people/department/team that handle(s) accepting payments and Memos/Trackers on delinquent mortgages serviced by NMS Loss Mitigation.

Wendy Herrick, Loss Mitigation Specialist	989.497.1651 ext. 588
Linda McNeill, Loss Mitigation Specialist	989.497.1651 ext. 642
Diane Hubbard, Loss Mitigation Supervisor	989.497.1651 ext. 712

Group Email: **lossmit@gonms.org**

Please use the group email to contact Loss Mit. so that someone will be available at all times to respond to your needs.

Sales Tips and Creating Efficiencies

Are you a Gorilla?

What type of lender are you? Relationship vs. Transactional Selling

Building relationships – (Divorce Attorneys, Realtors, Rotary, HBAs, Homebuyer Seminars)

Attend Closings

Setting Appointments vs. Walk-ins

Tellers/MSR's

Business Cards

Intuvo – Creating efficiencies and closing more loans

NMS Retail Lending Division

Q&A: What are your best practices? Where do you see success?

neighborhood MORTGAGE SOLUTIONS

neighborhood MORTGAGE SOLUTIONS

Brian James
Mortgage Loan Originator

975 N. Main St., Suite D
Frankenmuth, MI 48734
989.860.2372 (Cell)
bjames@gonms.org | www.gonms.org
NMLS #132679 | NMS' NMLS #191693

To begin the process, we'll need your:

- Last (2) year's W2 & Federal Tax Returns (all pages & schedules)
- Last (2) month's Bank/Investment Statements (all pages)
- Last (2) Paystubs (from current employer)
- Homeowner's Insurance (declaration page)
- Mortgage Statement (most recent)
- Tax Bill (most recent)
- Valid Driver's License (photo of current)

Questions? Call me: 989.860.2372

neighborhood MORTGAGE SOLUTIONS

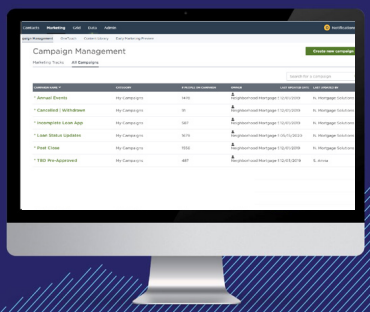
INTUVO

neighborhood MORTGAGE SOLUTIONS

trusted solutions. credit union values.

Marketing Automation

CUSTOMER
RELATIONSHIP
MANAGMENT



What can utilizing Intuvo through NMS do for your Credit Union?

Intuvo is a Customer Relationship Management (CRM) platform by CUDirect to decrease call volume and increase borrower engagement throughout their home buying journey.

Improve Loan Officer Productivity

- Syncs to Mortgage Cadence
- Decrease call volume
- Increase engagement

Engage your members throughout the process

- Emails on pre-set triggers
- Six pre-set campaigns
- Open rates in 50-70% range

Receive Reminders of Incomplete Apps

- Close more TBD loans
- We provide daily admin
- Group discount through NMS

A valuable investment in technology for your team and members.

Contact Brian for an overview of Intuvo and its benefits to your Credit Union's mortgage team.

Brian James
Sales & Member Dev. Officer
bjames@gonms.org
989.860.2372 (cell)

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"Intuvo is really working for us; our unique open rate percentages are over 50% each week. We have noticed a real slowdown in calls and emails from borrowers once the file reaches the processing stage. We are also turning more of our TBDs to live deals."

Laurie Aultman, Vice President - Mortgage Lending
San Antonio Citizens Federal Credit Union (Florida)

“Thank you” for joining us! Until next time, have a great year in your neighborhood.

neighborhood
MORTGAGE SOLUTIONS

trusted solutions. credit union values.