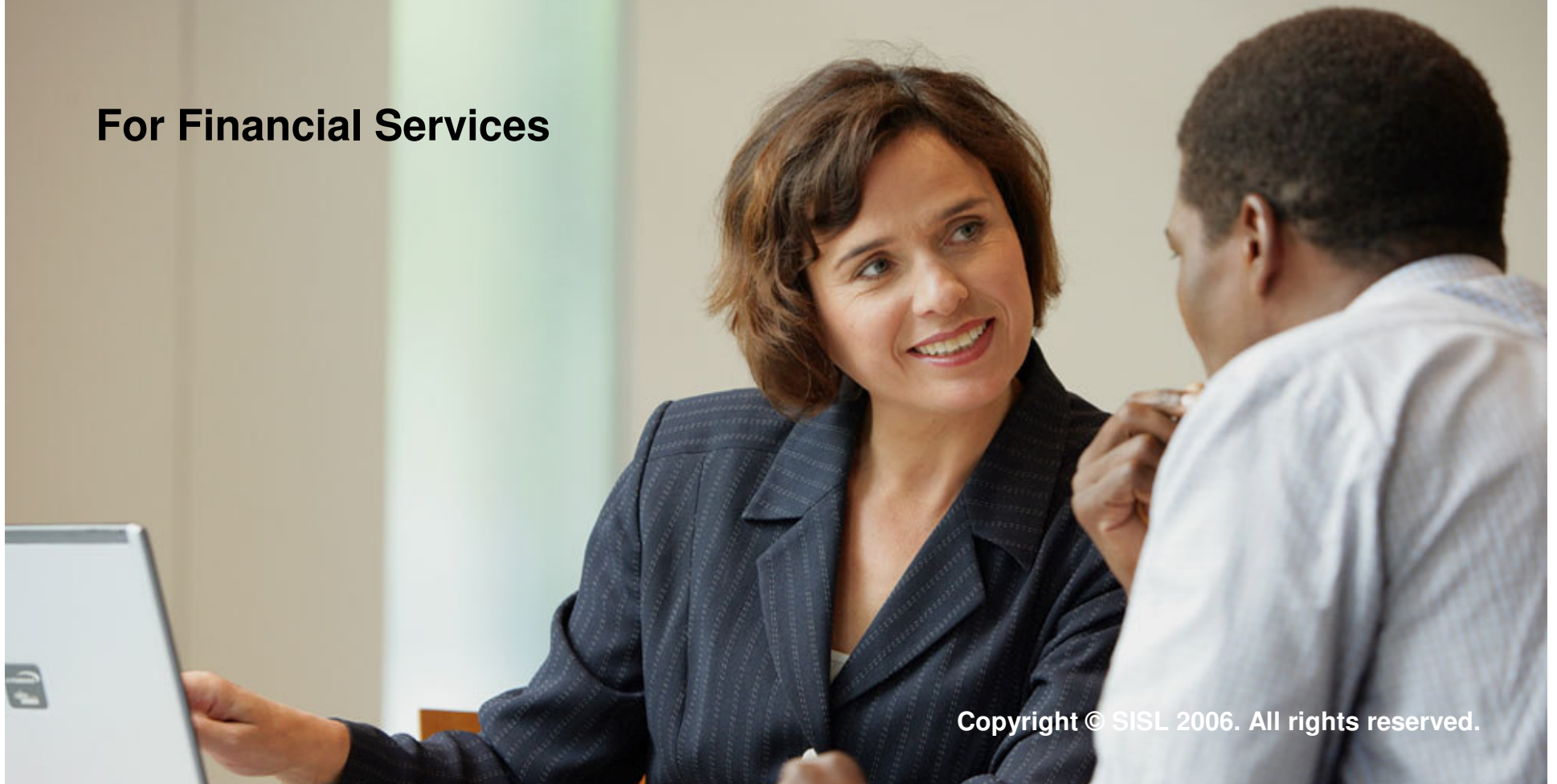


# Mortgage Process Primer

**For Financial Services**



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- 1 Mortgage - Pain Areas
- 2 Mortgage Process Overview
- 3 Mortgage Origination
- 4 Mortgage Servicing

## Mortgage – Pain Areas

### Unnecessary Costs and Conflicts

- Highly compensated sales people
- Pricing based on negotiation not creditworthiness
- Recommendations based on salesperson's commission structure

### Confusing and Mistrusted Process

- Lack of pricing transparency – “junk fees”
- Complex terminology – “points, index rate, impounds”
- Lack of control – distrust of process and profession, “black box”

### Slow Process

- Many intermediaries – time demand on customer
- Too much paperwork – disclosures, documentation

## Our Focus - Streamline the Process

### Improve the Process

- Focus the Process on Improving the Customer Experience
  - Keep the Customer better informed through the process
  - Cater to the customer's knowledge level of Market
- Apply process improvement methodology to continually refine process
- Experiment with innovative process models .

### Leverage the Internet

- Create Customer Loyalty Through Transparency
- Reduce Customer Acquisition Costs
- Reduce Loan Processing Costs .

# Content

**1****Mortgage Process Overview**

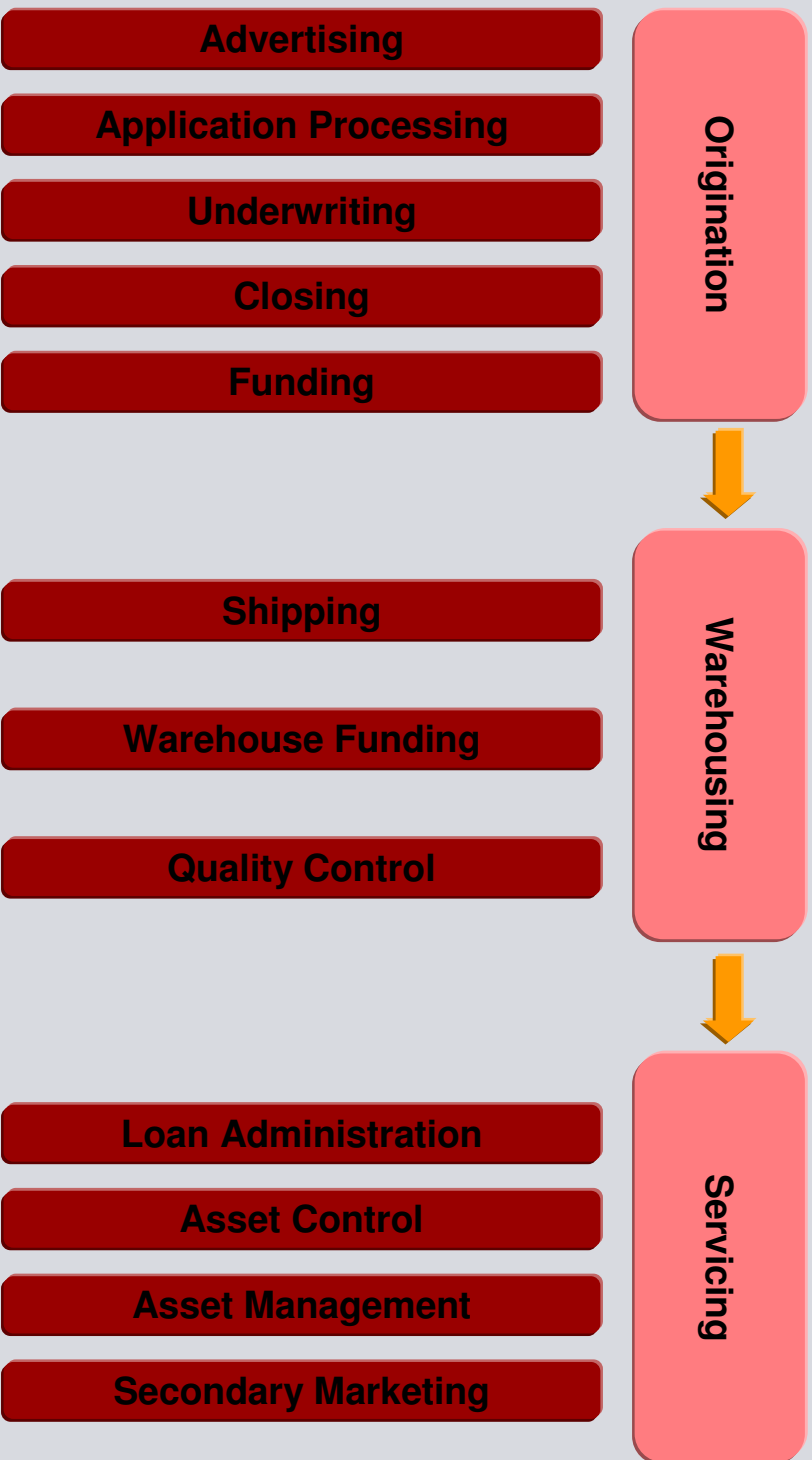
2

Mortgage Origination

3

Mortgage Servicing

# Mortgage Process Overview



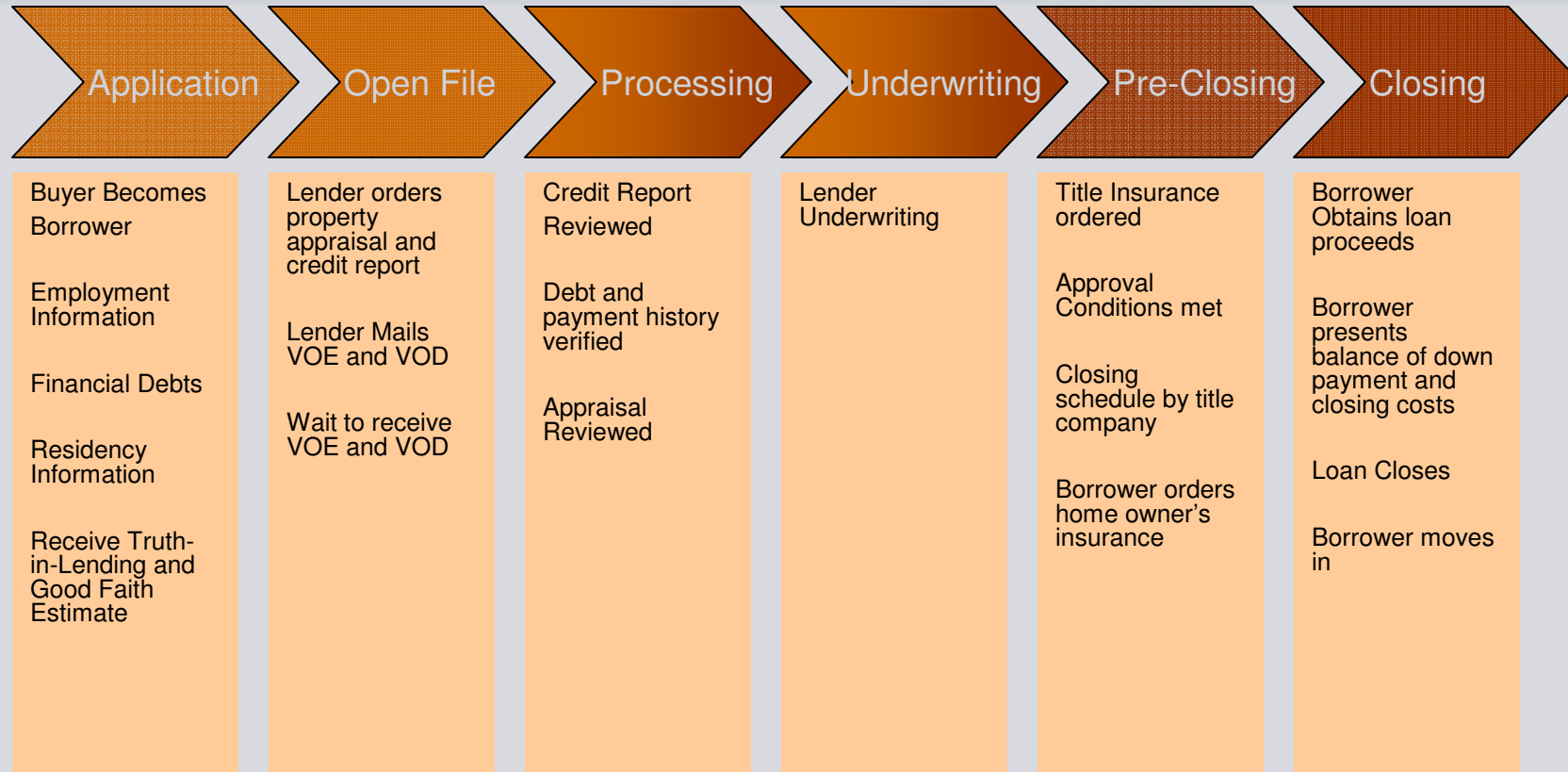
# Content

1 Mortgage Process - Overview

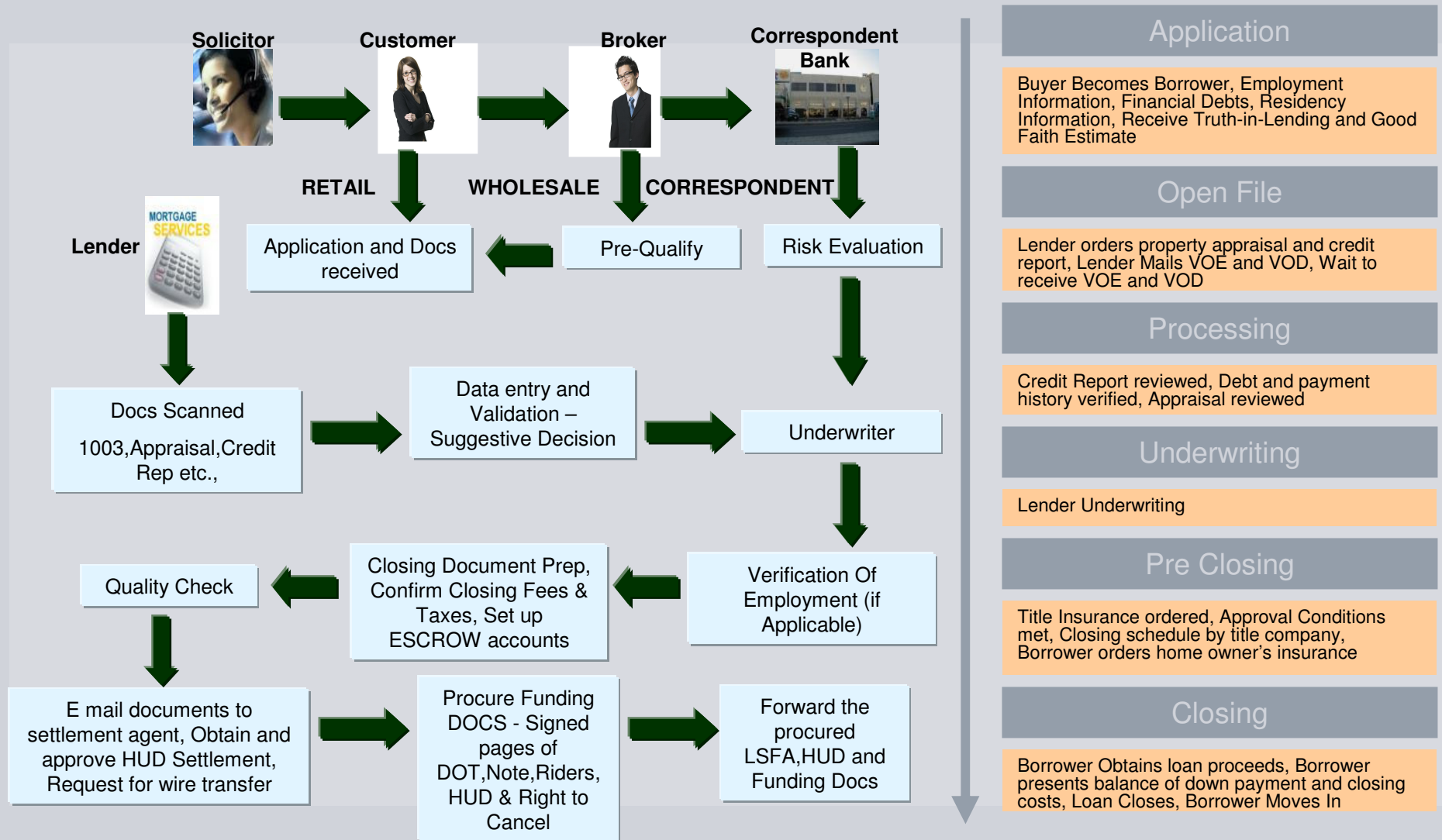
2 Mortgage Origination

3 Mortgage Servicing

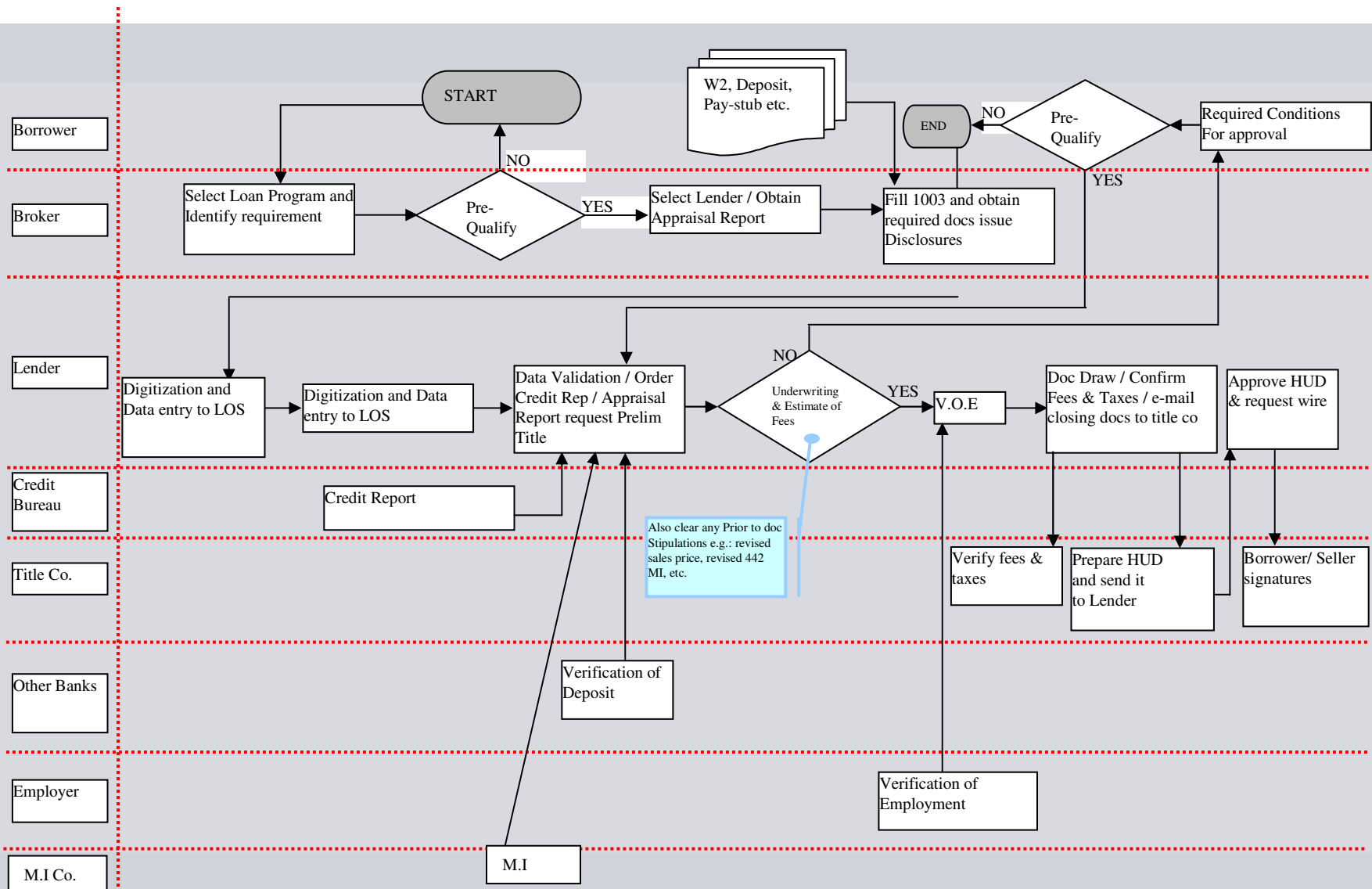
# Mortgage Origination Process



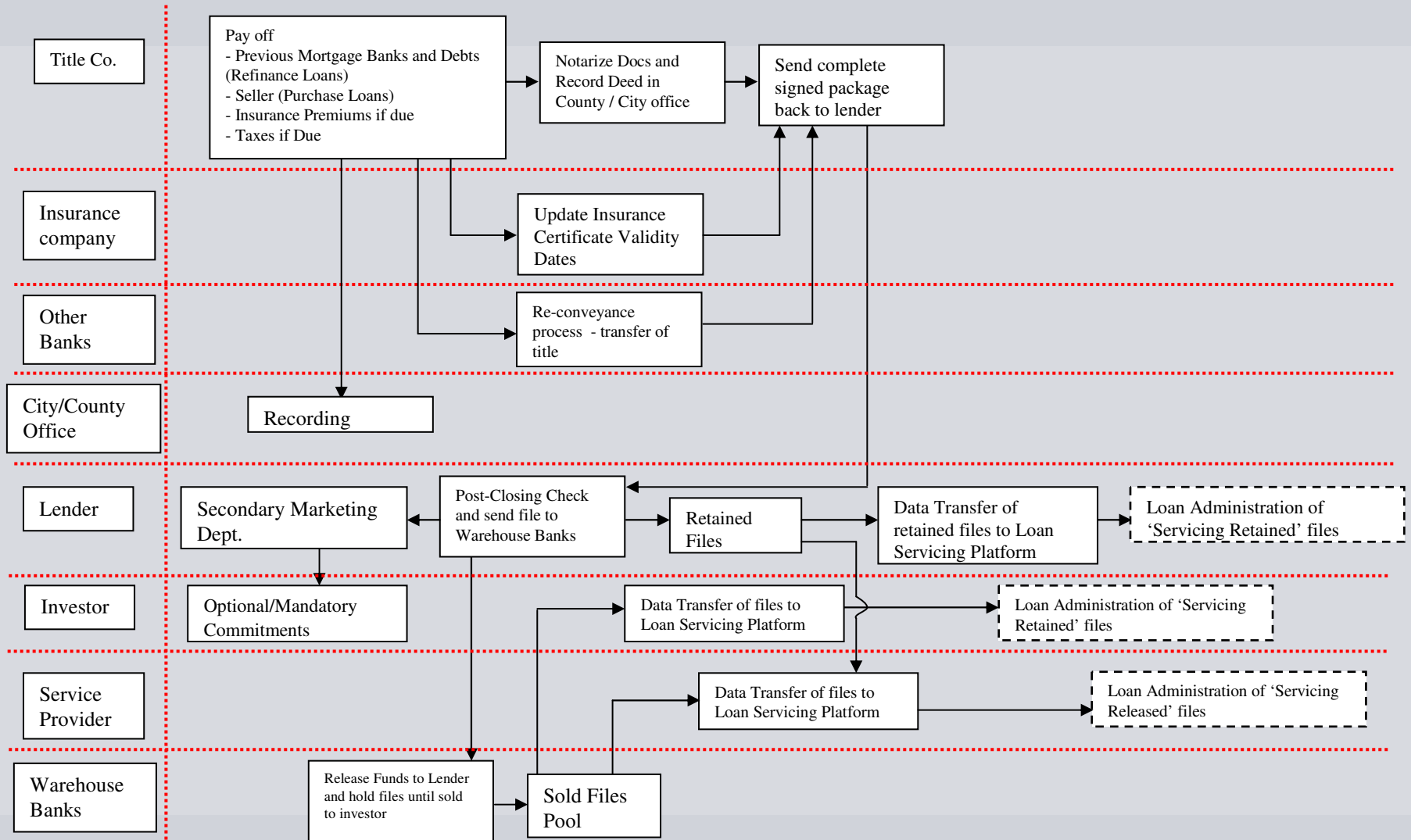
## Mortgage Origination - Diagram



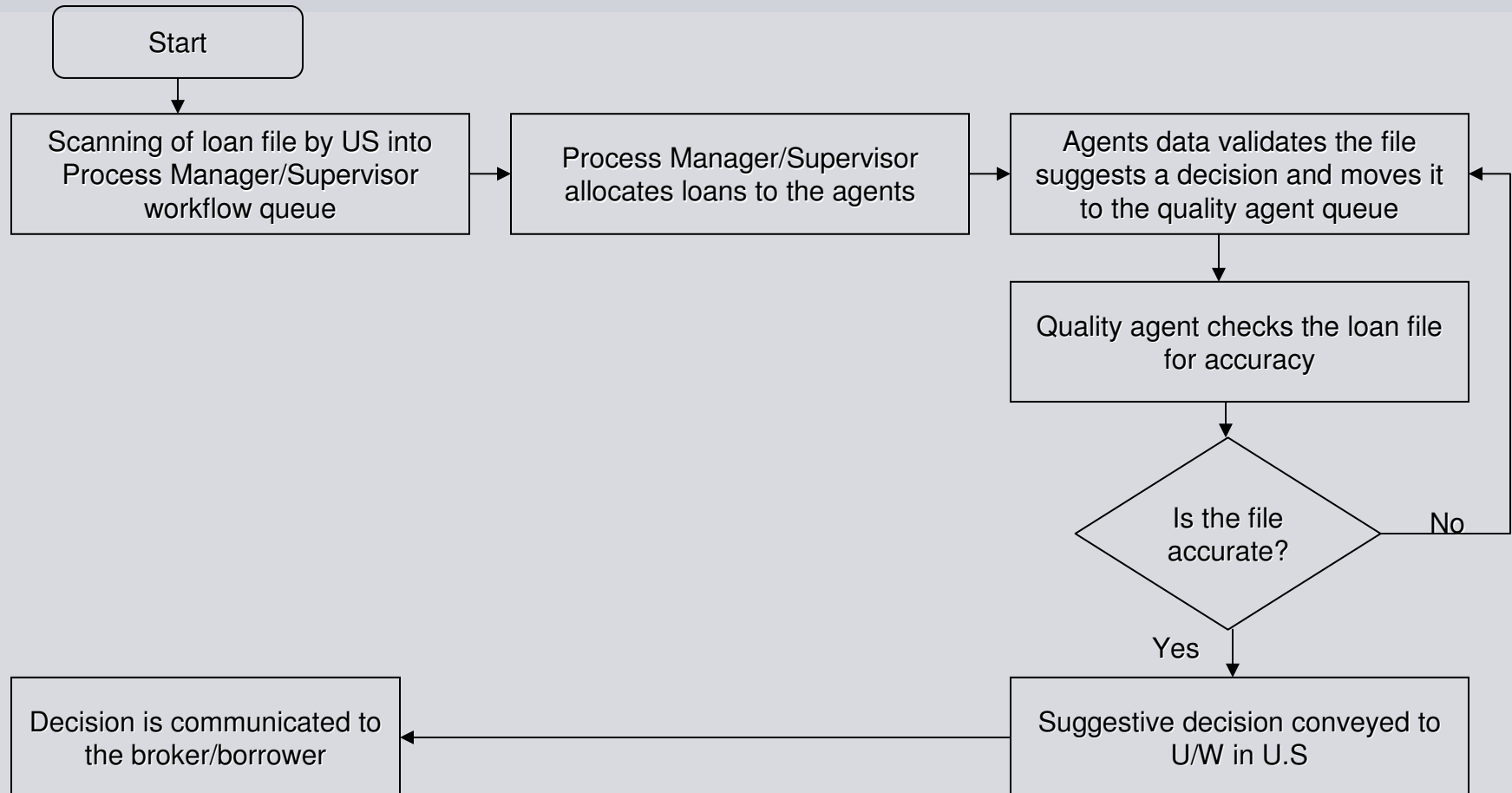
# Mortgage Origination – Workflow App to Fund



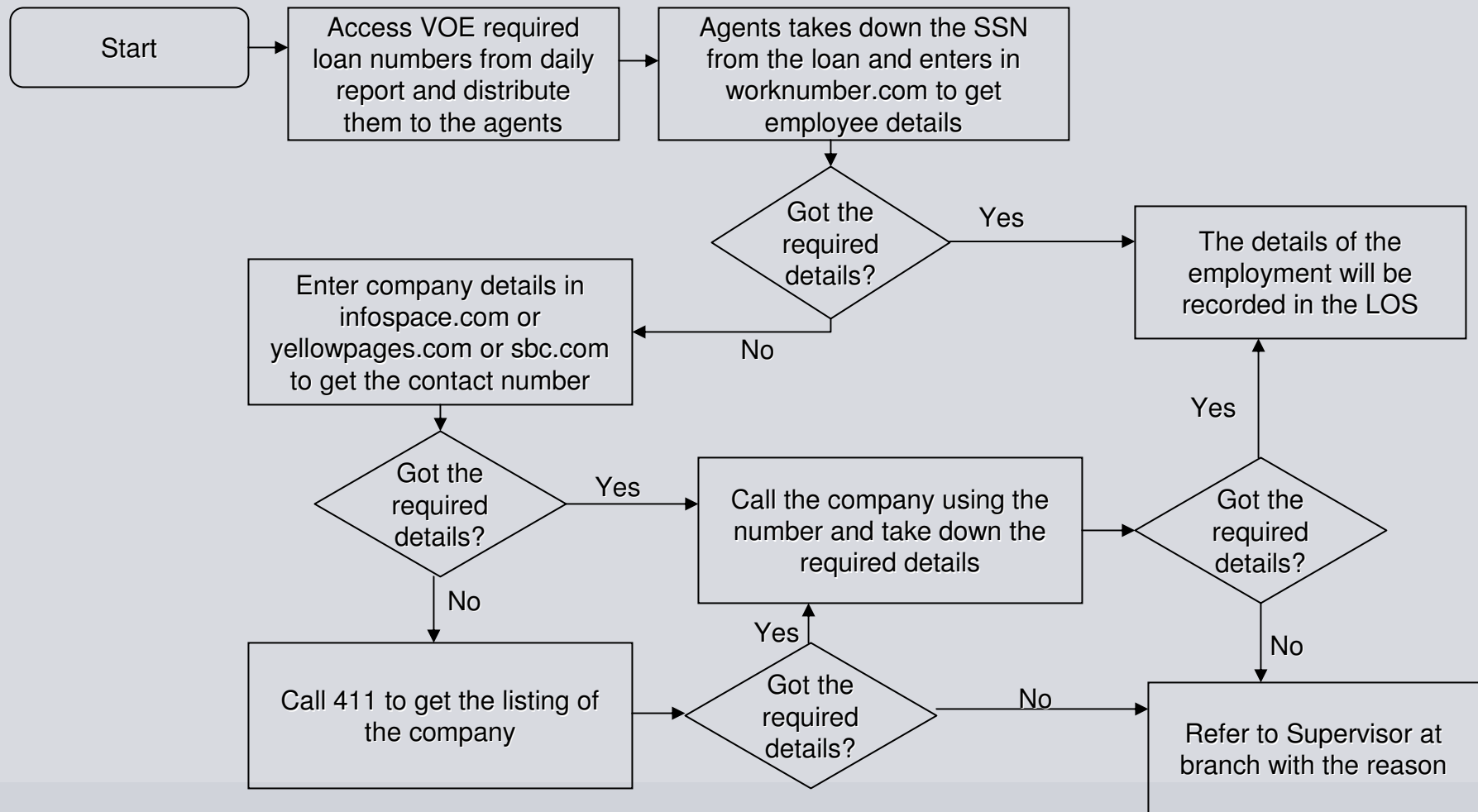
# Mortgage Origination – Workflow Fund to Close



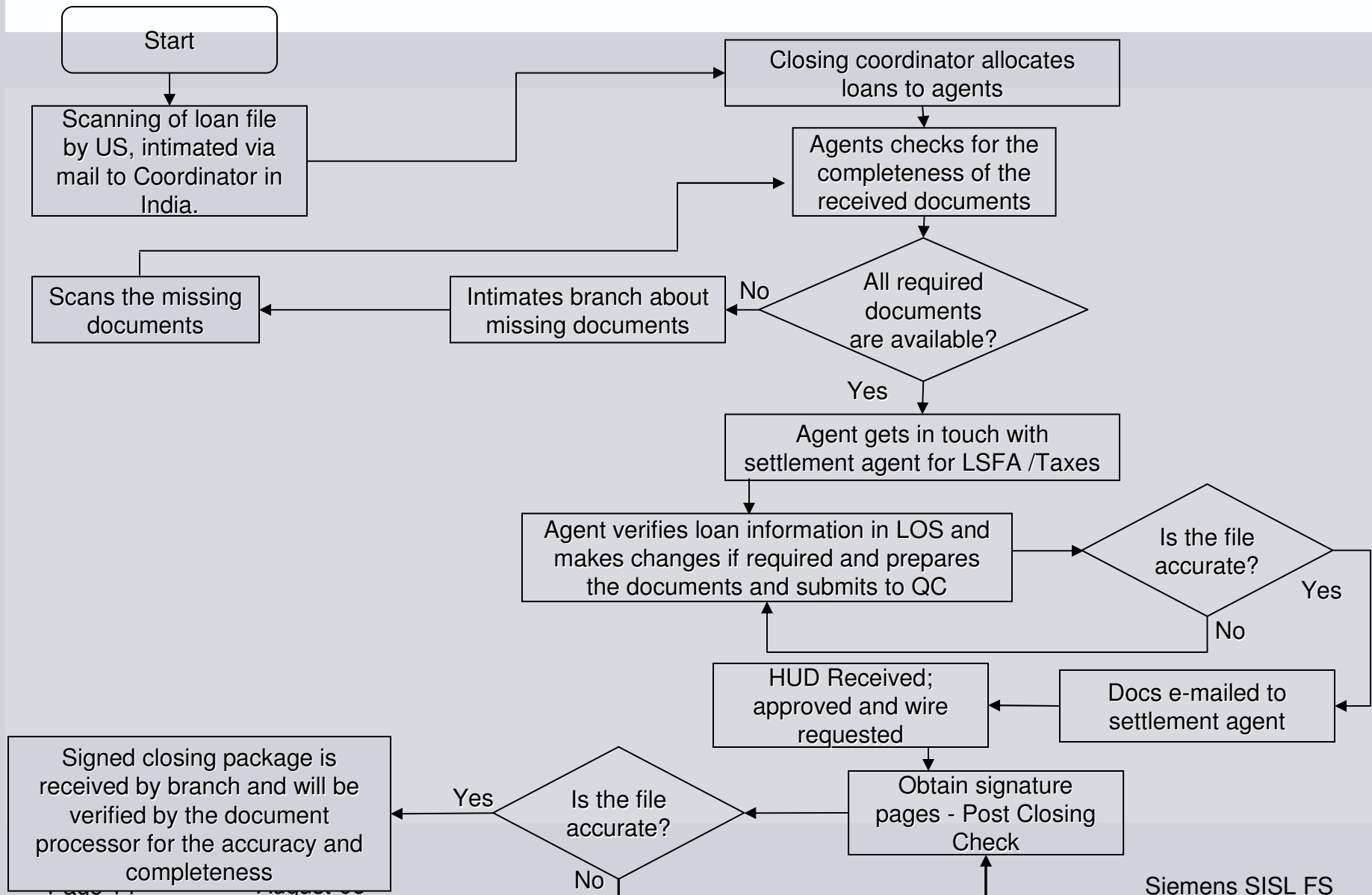
# Origination -Data Validation/ Underwriting process



## Origination - Verbal Verification of Employment process (VVOE)



# Origination - Document Drawing Process



## Post Closing Services

**Post Closing Loan File Reviews are performed to meet the HUD, VA, Fannie Mae and Freddie Mac requirement to conduct quality control reviews of at least 10% of closed loan files. Post closing is also done in order to bifurcate the files based on investor requirements and build the respective pools to be sold to them**

**Functions of post closing: At Post Closing the following are checked for accuracy:**

- Signatures of the borrower(s) in all the required places.
- Signature page on Note/Prepayment Allonge. Deed of Trust 1st page, signature page and notary page along with signature on pages to all riders
- State/County must be spelt out.
  - Notary must sign/print name where indicated; seal must be legible.
  - Correct date/year of closing
  - Closing agents name should reflect in 2nd paragraph of Notary section
  - Loan amount indicated where stated
  - The Legal Description of the property must be attached to the Deed of Trust before recording.
  - Any corrections must be initialed by the Borrower(s)
  - The Signed HUD Settlement Fee Sheet, included in the closing package must be the same as the one that was approved before disbursement of funds

**If any variations are found on any of the documents, it must be sent back to the Settlement agent for corrections and followed up until it is received.**

**Once the corrected document is received, the same is included in the file and is ready to be shipped for warehousing**

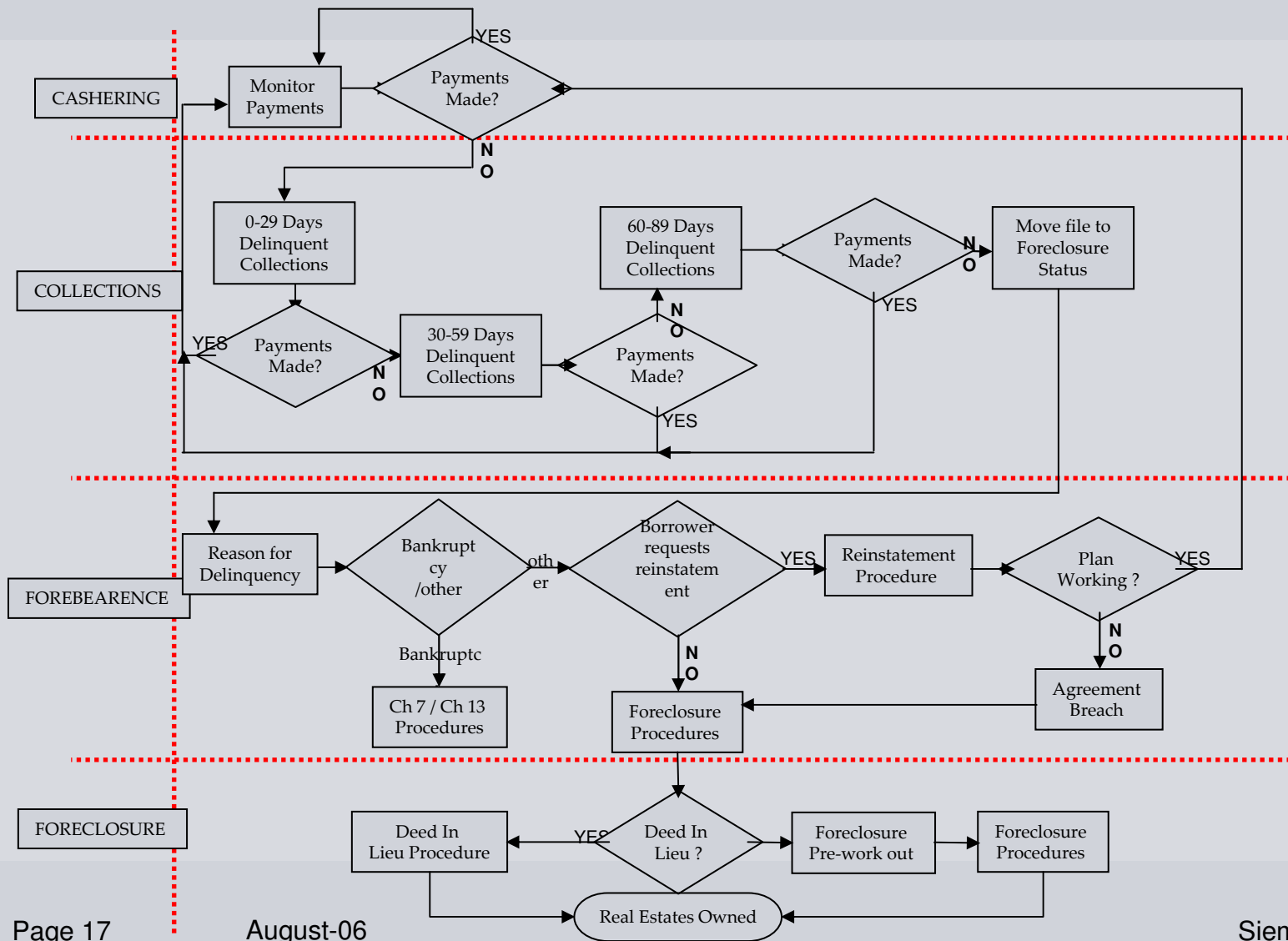
# Content

1 Mortgage Process - Overview

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# Mortgage Servicing



## Other Servicing Departments

**PAYOFF** - This department assesses the balance on a loan when the customer wishes to pay the loan in full at any give time. The functions are:

- Check for Prepayment Penalty
- Check ESCROW overage/dues
- Provide accurate outstanding balance

In addition the sub department **Short Payoff** does the analysis of the balance the Lender may write off in case the borrower s unable to pay the loan in full. Normally in case of Bankruptcy-BK7. This is a Loss and Mitigation function.

**ESCROW** - This department sets up ESCROW accounts for the timely payment of taxes and insurance on behalf of the borrower. These funds are spread over a specified time frame and collected along with the monthly payments. The functions of the department are:

- Establish ESCROW accounts
- Ensure accurate Escrowed tax and insurance amounts
- Spread the ESCROW shortage/overages
- Respond to Customer queries regarding ESCROWS

**RECONVEYANCE** - This department is responsible for the transfer of the title from the lender to the new lender the borrower may choose. Apart from this they are also responsible for research of Exception files, to clear off the exceptions to enable a title transfer, deed in lieu etc.,

**CUSTOMER RESOLUTION** - This department is responsible for resolving and responding to any query from the customers via mail or online queries.

- Research if required
- If unable to research fwd the query to the relevant dept.