

# **Southwest Funding Banking Division**

## **Operations Manual**

**Updated 01/29/2010**

**Changes are highlighted**

## Policies and Procedures

Welcome to the Southwest Funding Banking Division. We want to earn your business.

### We offer:

- Competitive Pricing
- Personal Service
- No YSP disclosure
- The ability to close as a Mortgage Banker
- Fast turn times for submissions and conditions
- The latest technology for pricing & locking
- Electronic Document Management
- Paperless submissions without leaving our LOS.

### What we do:

- Conventional and FHA/VA purchase and Refi (30 & 15 Year loans)
  - Conventional Loans Max DTI 45%
  - LTV > 80% Requires MI; Min Fico for MI 680
  - Non-Occupying Co-borrower
  - Stick built or Modular Homes
    - Required two modular comps in appraisal
  - Second Home
  - FHA/FNMA/FHMC Approved Condos only
- Streamline Refi(See StreamLine Refi Requirements) Min. FICO 640
- 80-10-10 /80-15-5
  - CLTV <= 95% - Primary residence
  - CLTV <= 80% - Second home
- Fannie Mae My Community Mortgage
- DU Refi Plus
- USDS Rural Development
- ~~Texas Cash Outs~~

It's important to know that the Banking Division is NOT another wholesale lender and your relationship with us is more than just as a broker. If we cannot sell your loan to our investors, the financial impact bears directly on Southwest Funding and no one else. There is more risk and mistakes are more costly.

As our loans and those of most wholesalers are sold on the secondary market, we have little control over programs underwriting guidelines. Our most important priority is to close loans that we can sell to our investors. As we continue to grow, our program offerings will expand and pricing will continue to improve.

### Helpful submission tips:

If you have a loan that has already been turned down by another investor, for credit or appraisal issues, chances are we won't be able to do it either.

### What we don't do:

- Borrowers with credit scores below 620
- Borrowers with one or more late payments or delinquencies in the last 12 months.
- Borrowers with a past BK unless:
  - They have a 680 middle score
  - The mandatory waiting period has elapsed
  - They have established and maintained spotless credit thereafter
- Loans with Repair Escrows
- Loans with MI and FICO < 680
- Jumbo Loans
- Manufactured Homes
- Reverse Mortgages
- Spot Approved Condos
- Borrowers where an aggregate of collections, and charge off are exceeding \$10,000.00 combined, regardless of AUS approval.

## Compliance

NEW Truth – In – Lending (TIL) Requirements –Effective July 31, 2009, loans originated at Southwest Funding must comply with the following requirements.

**Please take note:** These new requirements can affect your lock expiration and closing dates due to the mandatory waiting periods. It is strongly suggested that you avoid short term locks as lock extensions can be costly. **No more than two lock extensions can be granted.**

1. The only upfront fee that can be collected without a disclosure is a credit report fee.
2. An originator or processor cannot collect an application fee, appraisal fee or any other fee without first issuing the TIL disclosure.
3. The TIL disclosure must be delivered within three business days after application.
  - a. The borrower(s) must sign and date the TIL and a copy placed in the file **OR**,
  - b. The loan officer can sign and date a copy of the TIL letter or e-mail on the date sent and wait three business days from that date before collecting any fees other than the credit report fee.
4. The loan cannot close sooner than seven business days after the initial TIL has been disclosed.
5. When you submit your loan package, it must contain proof you issued the TIL disclosure in a timely manner. See Item 3, above.
6. No loan may be closed for seven business days from the date of delivery of initial TIL disclosures.
7. Upon loan approval, a standard condition will be placed on the loan stating the closing date limitation.
8. Should any closing costs or fees change that cause the APR to vary more than .125%, the TIL must be re-disclosed immediately.
9. Should re-disclosure become necessary, the loan may not close until either:
  - a. A signed and dated copy of the re-disclosed TIL is received from the borrower(s) or;
  - b. Three business days from the date of delivery of the new TIL have elapsed.

**All loan disclosures will be reviewed in our underwriting process for accuracy and timeliness. We cannot allow waivers for expedited emergencies except for foreclosure proceedings.**

### Processing tips:

- Loan packages must be complete and processed correctly.
- On FHA loans, do not include MACAW's or 1008 in your package. They are obsolete and no longer required.
- Make sure your AUS (DU/LP) findings match your loan application.
- Make sure your borrower's income docs match the loan application.
- Generating the TIL on Loans with MI, including FHA loans can result in incorrect APR calculations. [Using the default option in Point](#), the MI premium is calculated as if it were collected for the entire loan term. This causes the APR to be excessively high and therefore does not pass the Reg Z test when we draw docs.
  - In the past, when APR tolerance was not an issue, most people ignored the MI section of the TIL screen. This is no longer possible and can result in an incorrect APR calculation.
  - Loan originators and processors must know the terms of the Mortgage Insurance appropriate to the specific loan including the premium and how long before premiums no longer need to be collected. In Point, the **RegZ (Truth-in-Lending) screen** has several options to set the cutoff date for MI and lower the APR to a correct value. If you don't choose the correct option your APR will be incorrect.
    - Point provides four options for insurance cutoff dates:
      - Cancel at Percent LTV
      - Number of months
      - Mid Point Cutoff
      - Calculate on Remaining balance
  - With FHA loans, MI premiums cutoff when the LTV reaches 78%; for most FHA loans, use the Percent LTV to calculate the payment schedule and arrive at the correct Apr. For Conventional loans, depending on the MI policy provided, one of the other options may be required.

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- **You must chose one of the options above in order for the APR to calculate correctly.** Failure to do so will only delay your loan closing and may require a lock extension.

**A few requirements:**

- The branch must have its own DO or LP account. Using another lender's DO or LP account, makes it impossible for us to correct and re-run findings.
- All originators and processors must be on the Point Central Server.
- To provide fast and efficient service, all loan submissions are done through Point and its connection to Point Central.
- All supporting documents (disclosures, pay stubs, verifications, contracts, etc) must be uploaded to Point and made a part of the Point file, using the Document Storage feature in Point 7.

If you need help getting connected to the Point Central Server check out our Calyx Point FAQ's at [www.connectsouthwest.com](http://www.connectsouthwest.com) or contact our IT Department by email- [techsupport@southwestfunding.com](mailto:techsupport@southwestfunding.com).

If you need instruction on how to use the Document Storage feature in Point 7, contact the KeyTeam - [keyteam@southwestfunding.com](mailto:keyteam@southwestfunding.com)

## Loan Submission

**Please make sure that your Processors READ THIS DOCUMENT. Don't wait until the day you want to submit or register a loan. Get set up on Point Central now so your loans will receive fast and efficient service.**

**1003** – Must be signed by borrower(s) and Loan Officer

Loans may be submitted only for full approval. We do not do credit only approvals. The check lists provided in Attachments 1 & 2 contain the documents required for approval.

The file name must be unique. It is suggested that the file name be in the following format: four digit branch number and four digit sequence number. Example: Branch 905 would have a borrower file as 09050001.brw. We cannot accept submissions with borrower names or other similar alpha characters.

The loan must be in Point borrower file (.brw). All supporting documents required for the submission should be included in the Point file using the Point Document Storage feature. Please review the Electronic Document Storage Feature in Point (eloanfile) if you are not familiar with this feature. It is very simple to use.

When you are ready to submit a file, send an e-mail to [subs@southwestfunding.com](mailto:subs@southwestfunding.com) Please indicate the branch number, file name. Please include Loan Officer and Processor contact information.

While a file is being underwritten, the file will be frozen; the originator and processor will be unable to make changes to key fields. These fields will be grayed out in Point. You will still be able to upload documents to doc storage in Point, when providing additional requested docs. Once the file receives a CTC, we will copy the Point file to corporate and release the original back to the branch.

**Streamline Refis** - Effective with case assignments on or after November 18, 2009, FHA streamlines will require the loan application be fully completed; an abbreviated application is no longer allowed. The fully completed application must be signed and dated by the borrower before the loan is submitted for underwriting.

When submitting a streamline refinance, the file must include a signed and dated letter certifying that the borrower(s) is/are employed and has income at the time of loan application. Additionally if assets are needed to close, those assets must be documented and verified.

An appraisal is required, and the LTV restrictions and higher UFMIP for rate/term transactions will apply (ML 04-44).

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12-month mortgage history reported from all 3 repositories, including a credit score for each borrower must be submitted with the file.

**AUS Findings** – Credit report submitted with the loan file must match the AUS findings.

**Submitting VA Loans** - Our master Lender ID for the VA is 888303-00-00. If you intend to send a VA loan to the SWF Banking Division, read this carefully.

If you already have a VA Lender Id that starts with 888303, you do not need to read further as long as you order your case number and appraisal from a Lender Id in this series.

**If you do not have a VA Lender Id or you have one that is not in this series, you must use our master number when sending VA loans to SWF Banking.** To do so you must register on the VA portal for a user name and password to our Lender ID. This is free.

Go to: <https://vip.vba.va.gov/portal/VBAH/Home> Select “User Registration”.

Answer “No” to the first question and select “VA Affiliate” for the next. Click “Next”  
Complete the Personal information form. Fields marked with an asterisk are required. Click “Next”.

Complete the Contact Information Form. Fields marked with an asterisk are required. Click “Next”.

Complete the Login/Security Form. Fields marked with an asterisk are required. Click “Next”.

Complete the Community Subscription Page. Fields marked with an asterisk are required.

Select VA Affiliate from the Organization List

Check the Lender Box. Enter the Lender ID 8883030000 and Pin 0000

Click “Next”

Terms & Conditions

Check the “I Agree” box

Click “Submit”

You should see this message when done:

“You are registered successfully. Please click on the link [here](#) to login to the VIP Portal”

## Loan Numbers

Southwest Funding will assign a loan number when the loan is submitted. Loan numbers are based on the following system - four digit branch number, two digit year, four digit sequence number. The loan number will appear in the Lender Case Number field in Point.

## Appraisals

**FHA Appraisals** – Effective Feb. 15<sup>th</sup>, all appraisals must be ordered through our AMC vendor, Challas, LLC in order to comply with the new FHA appraisal regulations.

**Declining Value Areas** – If the property is in a posted declining area, a desk review may be required. Even if the property is not in a declining area, if the appraiser notes on the appraisal, that the property, in his opinion is in a declining area a desk review will most likely be required. If that is, the case you will be contacted for an approval before it is ordered. The cost of the desk review will be charged to and collected from your borrower. The branch is responsible for informing the borrower with regard to desk reviews. Desk reviews are ordered through our appraisal management company (below).

**HVCC Compliance** – In order to maintain compliance with HVCC, Southwest Funding has designated Challas, Inc. as our Appraisal Management Company. Challas is a local firm who is fully compliant. Challas uses a list of appraisers based on our past use of appraisal firms. If you wish you may submit your current appraiser list to Challas for validation. If they pass the

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certification, they will be added to their list of HVCC compliant appraisers and will be included for future potential selection.

**Conventional Loans** - All loans originated after May 1, 2009 are required to conform to the Home Value Code of Conduct (HVCC). Primarily, this means that an originator may not order an appraisal directly. For conventional loans, an originator must order the appraisal through the designated Appraisal Management Company. To order an appraisal for a conventional loan, contact:

Challas, LLC  
Phillip Trammell  
877-248-5825  
[phillip.trammell@challasllc.com](mailto:phillip.trammell@challasllc.com)

Under the HVCC rules, a loan originator may contact the appraiser but only to request additional information, explanation or corrections. If you have other questions or wish to dispute the results of an appraisal contact Challas.

**FHA Loans** – At present the HVCC does not presently apply to FHA/VA loans. For FHA loans, each branch/loan officer may order the appraisal directly from the appraisal firm of their choice.

WARNING! On all case numbers ordered on or after Feb. 15<sup>th</sup>, 2010, Originators may no longer order their appraisal directly from an appraiser. The same HVCC policies and procedures in effect for conventional loans will also be required for FHA and VA loans.

**The items below will be a “prior to doc” condition on all FHA loans for all case numbers dated on or after Feb. 15<sup>th</sup>. The appraisal information must be in FHA Connection and the Appraisal Update/Completion Form must be in the file.**

There will be detailed changes to FHA Connection which will be issued in a forthcoming mortgagee letter. Originators and Lenders should be aware one of the changes will be that:

- The requirement for inputting the appraiser ID and the appraisal assignment date in the FHA Connection case number assignment screen will be removed. Instead, lenders will be required to enter all appraisal data, including the appraiser ID, in the Appraisal Update Screen once the completed appraisal is received by the lender and prior to closing the loan.
- Adoption of the Appraisal Update and/or Completion Report, is also delayed and will apply to all case numbers assigned on or after February 15, 2010. This extension will provide additional time needed by FHA and lenders to adjust their systems to accommodate use of the form.

**VA Loans** - For VA Loans, the appraiser is assigned by the VA. You can access the VA appraisal assignment system through the VA web Site at: <https://vip.vba.va.gov/portal/VBAH/Home>

## Underwriting

**Our Process** – The purpose of this section is to describe how we will underwrite your loan and set your expectations as to how your loan package will be handled.

It is critical that all packages submitted for underwriting (both conventional and FHA) contain all documentation required to secure a Final Loan Approval. Avoid submitting incomplete packages in order “to obtain a place in the underwriting queue”. Multiple reviews of each loan file increase turnaround times.

There may be times that files cannot be submitted with all the required documentation above. This should be the rare exception. Refrain from incomplete submissions, so that we may provide you with the best service levels possible. Incomplete packages not only delay your loan but affect others as well. In the event a loan is submitted without all required documentation, it may be suspended and put at the end of the line.

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Once a loan package is received it is immediately pre-underwritten (reviewed for completeness). If it does not contain the required documents, it will be suspended or returned. If the loan package is complete, it is sent to Underwriting.

At the present time we promptly review all new file submissions prior to assigning the file to an underwriter. Files are checked for the following minimum information:

**Legible Copies****Complete 1003**

Good Faith Estimate

TIL

All initial disclosures properly dated and matching the 1003, GFE and TIL.

W-2's

Two month bank statements from all borrowers

Paystubs

Appraisal with current date (except for credit only approvals)

AUS Findings

Sufficient Cash to Close based on GFE

Credit Report with current date

Letter of Explanation

AUS Findings must match credit report and 1003

All dated signatures are within compliance limits

The Underwriting Dept. e-mails the Loan Officer and Processor informing them of missing information. Files that are not complete are suspended, pending receipt of the missing documents. The file cannot move forward until the missing information is available.

When all the missing docs are uploaded into Point, the branch should Underwriting by sending e-mail to [subs@southwestfunding.com](mailto:subs@southwestfunding.com). The file is reviewed again for completeness. If it is still not complete, the loan is still suspended and the branch is notified to send the remaining documents.

When a file is complete it will be scheduled for an underwriter. We currently clear conditions in the morning and underwrite new submissions in the afternoon. Purchases generally take precedence over Refi's.

Underwriters will issue a conditional approval, clear to close or suspense/denial. Loans that are suspended/denied will be reviewed one more time for an alternate scenario. If the alternate still cannot be approved, the file will be suspended/denied again.

If a branch wishes to try additional alternate scenarios, the file will be treated as a brand new submission.

**We underwrite loans in the following sequence:**

- New submissions are underwritten from 1:30 MP – 5:30 PM
- Purchase loans have priority over REFI's.
- We underwrite within a priority group in the order they are received.
- Conditions are reviewed in the mornings from 8:30 AM – 12:30 PM

When a conditional approval is received, the originator or processor will be sent the conditional approval along with Stips. Please submit all cleared stips at one time. Do not dribble them in, as this will only delay your loan. Loans get a clear to close faster when we have a complete package.

**Allow 48 Hours for us to review cleared conditions.**

**Loan documentation** - All required documents should be included at time of submission. Please see the attached submission check lists to be sure you have enough documentation to submit. Incomplete files will be suspended and the loan placed at the end of the line.

Prepare your loan for submission by placing all of the required submission documents in the document storage portion of the Point file and then send your notice to [subs@southwestfunding.com](mailto:subs@southwestfunding.com). Underwriting set up will review the submission to be sure it contains the documentation necessary for underwriting.

**Clearing conditions**- Once you receive the conditional approval, you are not required to update your Point file any further. Missing/suspense or conditional "prior to doc/PTD" documentation MUST be submitted for clearing at ONE time. This will expedite the Final Loan Approval process. Incomplete documentation will result in your loan being delayed.

1. Send the conditions using File Valet, along with any additional documents and forms as attachments directly to [subs@southwestfunding.com](mailto:subs@southwestfunding.com). Do not send e-mail directly. File Valet is the only safe and secure method to use when sending sensitive data.
2. Large files over 2 MB can take a long time to be uploaded; be patient.
3. Once you receive a Clear To Close, go to the Southwest Funding web site ([www.connectsouthwest.com](http://www.connectsouthwest.com)). Click on Operations and select Administration. Choose the tabs on Warehouse closing. This will give you the needed instructions to order docs. Feel free to call Bryan Jackson or Linda Litt with any questions.

**VA Loans - IMPACT OF NEW REAL ESTATE SETTLEMENT AND PROCEDURES ACT (RESPA) RULE ON FEES AND CHARGES FOR VA LOANS**

1. PURPOSE. In response to the new RESPA rule that took effect January 1, 2010, this provides guidance on fees and charges a veteran may pay when obtaining a VA guaranteed home loan.

2. ALLOWABLE AND UNALLOWABLE FEES. 38 C.F.R. 36.4813 limits the fees that a veteran may pay when obtaining a VA-guaranteed home loan. Veterans may pay a maximum of a one percent origination fee charged by the lender (plus reasonable discount points) as well as reasonable and customary amounts for certain itemized fees. The following subparagraphs provide greater detail on allowable and unallowable fees.

a. One Percent Origination Fee. The lender may charge the veteran a flat fee up to one percent of the loan amount. The flat fee is intended to cover the lender's costs and services, which are not reimbursable as "itemized fees." For Interest Rate Reduction Refinancing Loans (IRRRLs), please note that this fee may not exceed one percent of the existing VA loan balance of the loan being refinanced plus the cost of any energy efficient items less any cash payments from the veteran – see line 4 on [VA Form 26-8923, IRRRL Worksheet](#).

b. Reasonable and Customary Itemized Fees. Veterans may pay reasonable and customary amounts for the following services. Whenever these itemized fees relate to services performed by a third party, the veteran may only pay the **actual** amount charged by the third party.

- (1) Appraisal and compliance inspections
- (2) Recording fees
- (3) Credit report
- (4) Prepaid items (taxes, assessments, and similar items)
- (5) Hazard insurance
- (6) Flood determination
- (7) Survey
- (8) Title examination
- (9) Title insurance
- (10) Special mailing fees for refinancing loans
- (11) Mortgage Electronic Registration System (MERS) fee

**(12) Other fees authorized by VA**

c. Unallowable Itemized Fees. If an origination fee is charged, lenders may NOT assess veterans any other fees on VA-guaranteed loans, other than the allowable fees noted in subparagraph b above. Examples of unallowable itemized fees can be found in chapter 8, section 2d of the Lenders Handbook. Please note that VA CANNOT provide an exhaustive list of unallowable itemized fees because the types of fees vary widely by lender and area of the country. If an origination fee is not charged, the lender may assess other fees as long as the aggregate amount does not exceed one percent of the loan.

d. Attorney's Fees. The lender may NOT charge the veteran for attorney's fees associated with settlement. This fee should not be confused, however, with attorney's fees for title examination; it is allowable to itemize and charge for a title exam performed by an attorney, as long as the associated fees reflect the actual cost and are reasonable and customary. Furthermore, VA does not intend to prevent the veteran from seeking independent legal representation if the veteran chooses; the veteran may independently retain an attorney and pay a fee for legal services in connection with the purchase of a home. To the extent that closing documents indicate that the veteran has paid a fee to an attorney, these documents should clearly indicate that the attorney's fee is **not** being charged by the lender, but is being paid by the veteran as part of an independent arrangement with an attorney.

3. NEWLY REQUIRED ORIGINATION STATEMENT. Under the new RESPA rules, there will no longer be a separate line on the HUD-1 called "Loan Origination Fee" to record an origination fee; rather, there is a new line called "Our Origination Charge" that records a combination of the origination fee and the previously itemized fees. Since VA will continue to have a cap on the origination fee and limit the types of charges that may be paid by the veteran, lenders must itemize the fees included in the "Our Origination Charge" line on the HUD-1 Settlement Statement. Lenders may accomplish this requirement one of two ways. As described in HUD's Mortgagee Letter 2009-53, if a government program requires that lenders provide more detailed information to specify distinct origination fees and charges, lenders may itemize these charges in the empty 800 lines of the HUD-1 to the left of the column. If there is not sufficient space to itemize all of these fees on the HUD-1, lenders must provide a separate origination statement. The new origination statement must indicate the purpose of the charge and the amount (example: Origination Fee - \$1,000 and MERS Fee- \$15.00). The new origination statement must be signed and dated by the borrower (see exhibit A.) To ensure that borrowers fully understand the fees being charged, lenders should not split the itemized fees between the HUD-1 and the new origination statement; lenders should use only one of the two approaches to disclose the fees. Lenders are encouraged to comply with these new procedures as soon as possible; **however all loan applications taken on or after May 1, 2010 must have either the origination statement or a breakout of the origination fees on the HUD -1 as described herein.**

4. ELIMINATION OF INTEREST RATE AND DISCOUNT DISCLOSURE STATEMENT. Effective immediately, the Interest Rate and Discount Disclosure Statement is not required for any VA-guaranteed loan that is processed using the new Good Faith Estimate (GFE) and HUD- 1. Enhancements to the GFE and HUD-1 provide sufficient information to the veteran-borrower, making the Interest Rate and Discount Disclosure Statement redundant.

5. MAINTENANCE OF RECORDS. A copy of the GFE and new origination statement (if applicable) must be maintained as part of the origination package. Lenders must submit them, along with other origination documents, if a loan file is requested for review by VA. Additionally, copies of invoices for all third-party services must be maintained as part of the origination package and available for review upon VA's request.

6. NON-COMPLIANCE. Lenders must comply with these policies when making VA loans.

Any lender who does not comply with these policies is subject to removal from the program, fines by VA, government-wide debarment, and other civil and criminal penalties that may be applicable.

Exhibit A

**SAMPLE ORIGATION STATEMENT ITEMIZING  
"OUR ORIGATION CHARGE"**

Origination Point	1 percent or \$1,000
MERS	Fee \$ 15
Document Preparation *	\$ 150
<b>Total \$1,165</b>	

\*In this sample, Document Preparation would have to be refunded to the veteran since the lender collected an origination fee that is intended to incorporate charges such as Document Preparation.

\_\_\_\_\_  
Borrower(s) Signature Date

**Business Expenses** - If you have a borrower/co-borrower that has any type of business which shows a loss for tax purposes, that loss must be used to reduce their income for mortgage qualification. If there is no co-borrower but a couple files taxes jointly the NPS spouse's loss must be deducted from borrower income for qualifying purposes.

**Refinance transactions** - Should always include payoff information in order to calculate the final loan amount and the appropriate FHA Refinance Worksheet.

**FHA Streamline Refinance** - Must always include a mortgage history and current payoff statement. (These are the most important documents required for this type transaction and loans should never be submitted for underwriting without this documentation).

Please make sure your AUS findings/documentation is provided and that the loan file and Point information agree with each other.

**Personal Tax Returns** – We are required to pull a 4505T Tax Transcript on every borrower. Borrowers must have filed current tax returns for the past two years. Make sure your borrowers have filed current taxes before you invest in an appraisal or processing costs. If the 4506 does not reflect that a tax return is on file at the IRS, the file must be suspended or denied. If your borrower has recently filed a tax return in the required period, please allow **a minimum of thirty days** before submitting your file to Underwriting. This could take longer depending on the time of year.

**Personal Tax Returns – Extension** - For tax years where a borrower was required to file but did not, they must provide evidence that an extension for that tax year was granted and that the extension is still in force.

Proper evidence includes:

1. A signed and dated copy of IRS Form 4668 or confirmation from the IRS that an extension beyond the automatic period was granted.
2. If estimated taxes were due with the extension, a copy of a canceled check or e-payment receipt must be included.

**Personal Tax Returns – Amended Returns** - The Southwest Funding Banking Division cannot accept any loan applications that contain Amended Returns in the two most

recent tax years that are submitted with the loan application. Please be advised that lenders look with suspicion on loan files that contain amended returns as a potential point of fraud. When submitting files to SWF Banking Division, make sure your borrower(s) do not have amended returns for the required two years unless the amendments are supported by valid changes in income and supported by a LOE.

## Closing

We cannot accept requests for same day closings for any loans we close as a banker. This includes all SWF loans, Franklin American and US Bank loans.

As of today, requests for closing received before 2 PM Central will have docs out for the **next business day** or later if you specify. If the request is received **after 2 PM Central time, docs will go out the second business day** or later after the date of the request. For example, Doc requests received Monday prior to 2 PM, will be drawn for Tuesday or later closing. Doc requests received on Monday after 2 PM, will be drawn for Wednesday or later closings. Remember to allow extra time for weekends and holidays.

To schedule a closing after you have received a Clear to Close, e-mail the Closing Department at [closing@krdocs.com](mailto:closing@krdocs.com) .

Closings will be scheduled on a first come, first served basis, if a slot is available. If it is not, your closing may be scheduled for a later business day. The Closing department will notify you when your closing date is scheduled.

Please allow sufficient time on your locks to avoid being charged for a lock extension.

## Discount Points

Generally a branch may charge one discount point on Bank loans. Except on Streamline REFI's. No discounts are allowed on streamline Refi's.

## Escrows

On new construction, taxes must always be escrowed at the improved rate.

## Fees

### Southwest Funding Banking fees are as follows:

Branch Administration Fee	\$250
Underwriting Fee	\$695

### Document Preparation Fees:

Standard Closing Package 1 <sup>st</sup> Lien:	\$195.00
Texas 1 <sup>st</sup> Lien	\$295.00(Includes required Attorney Review)
Standard Closing Package 2 <sup>nd</sup> Lien:	\$100.00

### Additional Documents Available:

Warranty Deed	\$ 75.00
Release of Lien	75.00

### Redraws:

Warning – This document contains information which is deemed to be proprietary and confidential. Unauthorized disclosure to other parties is prohibited.

A redraw constitutes any change to the closing instructions, or any change to the package once the file is complete and ready for delivery.

1<sup>st</sup> redraw: No additional charge

2<sup>nd</sup> redraw: \$150.00

**Rush Fee:**

Same Day closing will be accommodated if possible, depending on volume. A rush fee of \$250.00 will apply. Contact Kristen at: [kwilliams@krdocs.com](mailto:kwilliams@krdocs.com) to rush a file.

**Rate Sheets**

Rate sheets are distributed via email daily and may change throughout the day, in which case updates are sent. The rate sheet is also available at in the banking section of the web site at [www.connectsouthwest.com](http://www.connectsouthwest.com).

**Locks**

**To be eligible for a lock, the file must be submitted to underwriting.**

Please enter the lock request in Point. Pull up your loan and go to the lock request form at Track, Registration and Rate Lock. Complete the lock request in Point and then send an e-mail to [locks@southwestfunding.com](mailto:locks@southwestfunding.com). You will receive a Lock Confirmation by e-mail.

**Lock Expiration Dates** - The lock period must be long enough to survive delivery to the investor. On REFI's this means the lock expiration date should be no less than the actual closing date plus the three day rescission period plus 1 day for shipping. On purchase transactions, the lock expiration must be no less than the actual closing date plus three days plus 1 day for shipping. We allow 2-3 days for us to receive the signed package from a title company.

You are responsible for managing your closing dates and locks to insure they do not expire. Fees for extended locks are as follows:

5 day	-0.125
10 day	-0.250
15 day	-0.375
30 day	-0.750

Grand total of all extensions may not exceed 30 days. Maximum number of extensions is limited to two (2).

Short Locks are not recommended. Even seemingly simple transactions can delay closing and cause you to blow the lock. This is money out of your pocket. Recent regulatory changes that take effect in August 2009 will make a short lock virtually impossible to keep.

**Relocks** - The new expiration date is calculated from the date the loan is relocked.

- Any loan that has been expired for less than 30 days can be relocked for 7, 15, or 30 days at the worst case price. The comparison to determine the worst case pricing will be based on the original lock term vs. the requested relock term.
- Relock request for 45 or 60 days will be priced at worst case pricing plus the applicable relock adjustment outlined below:

15 days	-0.450
25 days	-0.900
40 days	-1.350

**Mortgagee Clause**

Warning – This document contains information which is deemed to be proprietary and confidential. Unauthorized disclosure to other parties is prohibited.

Southwest Funding, LP ISAOA  
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Dallas, TX 75243

Attachment 1

**FHA/VA APPROVAL SUBMISSION FORM**

**ITEMS IN THIS SECTION NEEDED FOR CREDIT APPROVAL:**

- AUS findings – any source (not required for streamline REFI)
- Initial typed 1003 signed and dated by borrower(s) and LO
- Initial typed HUD 92900A (pgs 1&2) signed and dated by borrower(s) and LO
- Supportive assets documentation as run through AUS (must agree with 1003).
- Supportive income documentation as run through AUS (must agree with 1003).
- Supportive credit documentation as required by AUS.
- Typed FHA 92900-LT
- FHA Refinance Worksheet (REFI ONLY)
- FHA Refinance Authorization from FHA Connection, (REFI ONLY)
- Current written payoff, on refinance transactions
- Copy of current NOTES required for Net Tangible Benefit calculation (REFI ONLY)
- Clear CAIVRS and LDP/GSA
- Copy (legible) of borrower(s) driver's license (photo ID) and social security card.
- Tri-Merged Credit Report dated within 60 days of underwriting. MIN FICO 620.
- VOM/VOR for 12 months – if private VOR, 12 months cancelled checks are required. Not required if AUS findings do not require but underwriter discretion on obtaining
- Signed 4506T on all borrowers
- All applicable State, Federal and FHA Disclosures signed by borrower(s)
- Letter to underwriter
- Fully executed Sales Contract with all Addendums (PURCHASE ONLY)
- Appraisal (if required)
- Most recent two years W-2 or copies of most recent two years tax returns
- Copies of most recent two months detailed bank statements on all accounts
- Rate/Lock confirmation
- All previous underwriting conditions completed
- Homeowners insurance binder
- Completed fee sheet.
- Title fees in writing from Title Company
- Survey
- Title commitment (all schedules)
- 24 month chain of title
- Insured closing protection letter from Title Company

**THE FOLLOWING THREE ITEMS ARE NOT REQUIRED FOR FHA STREAMLINE**

- Supportive assets documentation as run through AUS (must agree with 1003).
- Supportive income documentation as run through AUS (must agree with 1003).
- Supportive credit documentation as required by AUS.

Attachment 2

**CONVENTIONAL LOAN APPROVAL SUBMISSION FORM**

**ITEMS IN THIS SECTION NEEDED FOR CREDIT APPROVAL:**

- AUS findings – any source (underwriter will do final submission)
- Current written payoff, on refinance transactions
- Copy of current NOTES required for Net Tangible Benefit calculation (REFI ONLY)
- Initial typed 1003 signed and dated by borrower(s) and LO
- Copy (legible) of borrower(s) driver's license (photo ID) and social security card.
- Tri-Merged credit report dated within 60 days of underwriting. MIN FICO 620.
- VOM/VOR for 12 months – if private VOR, 12 months cancelled checks are required. Not required if AUS findings do not require but underwriter discretion on obtaining
- Signed 4506T on all borrower's
- All applicable state, federal disclosures signed by borrower(s)
- Letter to underwriter
- 1008
- Fully executed sales contract with all addendums (PURCHASE ONLY)
- Appraisal (if required)
- Most Recent two years W-2 or copies of most recent two years tax returns
- Copies of most recent two months detailed bank statements on all accounts
- Rate/Lock confirmation
- Any previous underwriting conditions completed
- Homeowners insurance binder
- Completed fee sheet.
- Title fees in writing from title company
- Survey
- Title commitment (all schedules)
- 24 month chain of title
- Insured closing protection letter from Title Company