

File Name	
Closing Date	
Lock Expiration Date	
Contact Name	
Contact Email	
Contact Phone	
Notes:	

CLD PRE-UNDERWRITING REVIEW

Reviewing a file from an underwriting perspective can help you to avoid loans being suspended or even denied. This list is a brief review of the various documents in a submission package. The key points can be checked as you receive the documents in each section which helps confirm when you are ready to submit the loan to underwriting. The stacking order of your file should be in this order for fasted indexing to Cornerstone Imaging.

1.	<input type="checkbox"/>	Initial 1003 <ul style="list-style-type: none"> o Read all sections – confirm all completed, signed and provides the standard 2-year history; residence and employment o What is the source of the funds being used for closing and is it listed within the assets? If saving, need budget letter! o What are the sources of the income used to qualify – make a note for documentation to expect o Are any liabilities omitted? If so, why? o Any real estate owned? If so, what is plan for that property? o Read declarations and provide supporting documentation as applicable, (i.e. co-signed debt, child support/alimony, permanent resident, etc.)
2.	<input type="checkbox"/>	Contract <ul style="list-style-type: none"> o Check all items to confirm match Loan Transmittal and 1003 – seller name, buyer name, address, legal and sales price o Note the amount of earnest money and date paid – make sure you have a face copy of the check and receipt *funds to be fully sourced if needed for closing o Note the amount of seller paid closing costs o Fully executed and dated by all parties on all pages? o Confirm you have all addendums referenced in the contract
3.	<input type="checkbox"/>	Title/Chain of Title/Survey <ul style="list-style-type: none"> o Make sure seller on schedule A match seller on contract o Confirm county listed on schedule A matches Loan Transmittal and 1003 and AUS o Check for a Homeowners association fee and/or other Transfer costs o Check for liens on the property and/or transfers of title o Confirm most recent transfer documents for chain of title o If have survey, confirm address matches Loan Transmittal and 1003
4.	<input type="checkbox"/>	FHA case# assignment <ul style="list-style-type: none"> o Make sure you have the full Case number assignment/update – a case query is not enough o Check for warnings at the top of the case assignment o Confirm it shows validated and all data is accurate o Specifically check names for spelling and order of borrowers to match Loan Transmittal and 1003 o Double check the SS number and the date of birth o Check CAIVRS is for correct SS#
5.	<input type="checkbox"/>	APPRAISAL <ul style="list-style-type: none"> o Confirm address and borrower names match the 1003, 1008, Title, HOI, AUS, and the Purchase Contract, when applicable o Confirm legal matches title commitment o Confirm seller names and data in contract section matches contract o Are there repairs either on page 2 or at the bottom of page 1? Is so was a fee for a final inspection disclosed? o Is there an HOA? If so, add amount to Loan Transmittal and 1003 o Does the value support the sales price?
6.	<input type="checkbox"/>	Employment history <ul style="list-style-type: none"> o If full VOE, check to make sure all blanks are completed, fully signed and dated o If verbal, fully complete all blanks, sign and date and include phone number validation o If less than 2 years on the current job, verify previous employment as needed with W2s/VOEs/school transcripts o If borrower is qualifying with secondary income, have you verified a 2-year uninterrupted history of carrying both jobs? o If gaps of employment, how long? If yes, check AUS for requirements. o W2s – have most recent 2 years for all borrowers? Do the addresses match to the 1003? o Do W2s match timeframe of employment listed on 1003? Are any employers missing from 1003? o Is borrower changing to a new job? If yes, apply future employment guidelines o Is borrower currently on leave? If yes, read Leave guidelines before you ask questions; stay compliant.
7.	<input type="checkbox"/>	Income documentation and calculation <ul style="list-style-type: none"> o Need enough paystubs for all borrowers to cover 1 full month period and be dated within most recent 30 days o Does the documentation requested match what is required per AUS & guidelines? o Do paystubs include at least 30 days of YTD earnings? If no, need full VOE and additional documentation o Is the address on paystub the same as the 1003? Is the marital status and dependents the same? o Make note of the various types of income listed on the paystub? How do you plan to document those types of income? o Are federal/state taxes and social security deducted from pay? No deduction for taxes may mean the borrower is self-employed. o Review deductions for additional debt or explanation needed o Calculate base income from data on VOE. Paystub must validate the income stated on VOE o Calculate base income from data on paystub. Is figure the same as from the VOE? If no, need explanation & documentation o Divide YTD base earnings by months on paystub to obtain monthly figure. Does this figure support income used to qualify? If no, need explanation and documentation. (NOTE: YTD income alone should NOT be used as qualifying income when earnings are consistent &/or increasing. YTD is used as a comparison to the pay period calculation &/or history of variable earnings to support stability of earnings in the current year) o Divide previous year's earnings by months employed in that year to obtain monthly figure. Does this figure support income used to qualify? If no, need explanation and documentation. o If using <u>overtime</u> or <u>bonus</u> or <u>commission income</u> to qualify, has borrower been employed on current job for 2 or more years? If no, verification of additional history will be required to determine if eligible to include income in qualifying. o Analyze each type of income to confirm it is stable and not declining. o If borrowers receive retirement/disability/social security income, do you have a current awards letter? Do you have proof of receipt of income? o If borrower(s) receive child support or alimony, do you have the order and proof of receipt? o If using rental income, do you have 2 years of tax returns to support?

		<ul style="list-style-type: none"> o Is there an income calculation sheet uploaded for all sources of income used to qualify? <p>Self-Employed borrowers:</p> <ul style="list-style-type: none"> o K-1: Ordinary income should be used only be used if supported by the distributions (use lesser of distributions or ordinary income) o If the business started under 5 years, will need 2 years of personal and business returns. And if more than 1 and it's under 5 years you need 2 years for all entities as well as personal
8.	<input type="checkbox"/>	<p>Tax Returns</p> <ul style="list-style-type: none"> o Does the address listed on the transcripts match the 1003 for the same time frame? Tax Transcripts are required when an agency requires or at the discretion of the underwriter when using tax returns to calculate qualifying income. o Does the marital status and dependents match the 1003? o Does the borrower have an outstanding tax liability?
9.	<input type="checkbox"/>	<p>Assets</p> <ul style="list-style-type: none"> o What sources of assets are going to be used for closing and reserves? o Bank statements – do you have 1- or 2-months history? (Review findings to determine # of months required) Do you have all pages and are they legible? o If bank internet printout, does it have full header including borrowers name and account number? Is the URL on the bottom of each page? All pages and legible? o Is anyone listed jointly on account that is not on the loan? If yes, need letter and possibly documentation. <p>As you review the statements:</p> <ul style="list-style-type: none"> o Are there non-payroll deposits or transfers? If yes, do you have an explanation, copy of deposit and supporting documentation? Follow agency guideline. o Are there any overdrafts or NSF's either in the current period or YTD? If yes, need explanation? o Do the debits in the "bill pay" section match to the debts on the credit report? If no, you may need to verify additional debt. o Have you verified earnest money including the statement from which the earnest money cleared? (Funds to be fully sourced if needed for closing. o For retirement accounts, have you provided terms of withdrawal?
10.	<input type="checkbox"/>	<p>Credit Report</p> <ul style="list-style-type: none"> o What is the date of the credit report and when does it expire? o Does your credit reference match the AUS? o Do the bureaus return the same SS# and name as requested? If not, you may need to repull. o What are the scores, and do they meet the minimum for your program? o Anything listed in public records that must be dealt with? o Have all inquiries been addressed? o Match all debts to Loan Transmittal and 1003 o Is anything reporting past due? If yes, it must be verified as current and with what funds? o Any disputed accounts? If yes, does it meet requirements? o Any authorized user accounts? If yes, does it meet requirements? Is it being verified as not our borrowers? o Any deferred student loans? o Any short sales or foreclosures? o Significant derogatory events; caused by extenuating circumstances? if so, is that supported? o Any debts to be verified as paid? Any open accounts needing payments verified? o Have all name and address discrepancies been explained? o Any fraud or OFAC issues? o Is MERS listed on the report? Anything to address? o If needed, is the refreshed credit report in file? Note to expand "merged credit" portion before creating PDF and uploading <p>All copies of credit report must be in underwriting submission (initial, modified, refreshed, AUS – specific buckets for each)</p>
11.	<input type="checkbox"/>	<p>AUS</p> <ul style="list-style-type: none"> o Are there any items in the credit package that would cause the AUS approval to be downgraded? o All header data is correct and matches Loan Transmittal and 1003 completely o Any debts omitted have been done so correctly? o Check reserves and assets to be verified and document as required per findings. o Income must be categorized correctly to obtain correct findings o Figures match Loan Transmittal and 1003? o Assets must be categorized correctly to obtain correct findings o Figures match Loan Transmittal and 1003? o AUS credit reference number matches Credit report in Loan Transmittal and 1003? o County is listed correctly and matches Loan Transmittal and 1003 and title commitment? o All figures in the analysis section match the printed 1008/LT/VA loan analysis?
12.	<input type="checkbox"/>	<p>Exclusionary List</p> <ul style="list-style-type: none"> o All required Exclusionary Lists are present and all required parties/entities checked? Each party to be verified independently
13.	<input type="checkbox"/>	<p>MISC</p> <ul style="list-style-type: none"> o VA – have COE and all VA docs and disclosures been uploaded? o Condo – has Cornerstone Condo department approved condo for the required agency? o USDA – have appropriate disclosures been signed and uploaded? o All verifications must have the complete name and address for employer, financial institution, landlord, creditor, etc. VODs must include account numbers.

Is your file ready to submit to Underwriting?

Every Loan is Unique, but within the loan file everything should be consistent, and all discrepancies resolved. Proofread your data input and all documents provided.

Be efficient; gather your loan conditions with a goal of 1 resub to clear or save for when appraisal is present.

Underwriters review a file like reading a book, the plot must be present for us to follow.