Procedures for Withdrawing/Cancelling a Loan in Encompass- For a Loan that has not been Underwritten (Updated 5/6/2016)

APPLIES TO LOANS IN THE ACTIVE PIPELINE AS WELL AS LOANS IN THE PRE-APPROVAL PIPELINE

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Please follow the following steps when withdrawing/cancelling a loan in Encompass

Loans Originated (with OR without Property) but have not been Underwritten-
These include all loans with or without a property address that were never submitted to underwriting and never received an underwriting decision.

1) These loans should be withdrawn within 30 days of the application date if they have not been submitted to underwriting (unless you have evidence you provided the 30 day letter)
   a. Ensure you are monitoring your pipeline daily. If your loan is active but you need more time to gather information, you MUST provide a 30 day letter to the customer (Before 30 days has lapsed from application date) and you must document it in the file. The document must list out all the documents needed to proceed with the loan file. This will allow your customer an additional 15 days to provide the documentation.

2) You will first go to the 1003.

You need to ensure that before you are withdrawing/denying loans in the system that you look at the 1003 and ensure the following are complete:

   a) On page 3 of the 1003, you need to have the INFORMATION PROVIDED BY box completed. Choices are Face to Face, Internet, Mail or Telephone.
      i. Face to face: You need to complete the Ethnicity, Race and Sex. IF they don’t provide, you complete based on a visual inspection of them.
ii. Telephone: If you ask them and they don’t want to share, you can choose
   1. Ethnicity: Information Not Provided
   2. Race: Information Not Provided
   3. Sex: Not provided/Unknown

iii. Mail or Internet: If the customer did not complete and you ask but they don’t want to share, follow B above

b) Please ensure that you complete the 1003 Signature Date on page 3 of the 1003. Must match the application date on the M1 Summary Screen

*** A copy of the completed 1003 needs to be saved in the e-folder BUT ensure the above are complete before saving to e-folder***
3) Under FORMS, go to the STATEMENT OF DENIAL screen. Please complete the following fields:
   a. Denied by - Choose Mortgage 1 Incorporated from the drop down
   b. Mailed on Date – Date you are putting the notice of cancellation in the mail.
c. Ensure the **PRESENT ADDRESS** section is completed for ALL borrowers as that is the address that will print on the cancellation notice.
d. DESCRIPTION OF ACCOUNT, TRANSACTION OR REQUEST CREDIT. This should be auto-populated to read “mortgage loan application”. If it is not, please complete.
e. **DESCRIPTION OF ACTION TAKEN.** You will need to complete this. Please choose one of the following:

i. **Credit Application incomplete:** If you are withdrawing due to the borrower not providing you with the requested information and are not responding to you. If you choose this option, you must ensure that you have in the file evidence in writing that you provided to the consumer listing all of the items that you requested them to provide to continue with the application. **NOTE: IF THIS IS NOT IN THE FILE, YOU ARE NOT TO CHOOSE THE CREDIT APPLICATION INCOMPLETE.**

ii. **Borrower Withdrew:** Use this if within the 30 days of application you did not issue a 30 day letter or when the borrower either verbally or in writing told you that they no longer have interest to continue with the loan application if you have not sent the 30 day letter or if you received the missing documentation from the borrower from the 30 day letter AND the borrower either verbally or in writing states they are no longer interested in continuing with the loan application.
f. In the Section called **Principal Reason for Credit Denial, termination or Other Action Taken section**, please check the same box as you put in the Description of Action Taken Section. If there is not a preprinted box for it then you check the blank box and type in the reason.
g. In the Section Disclosure of Use of Information Obtained From an Outside Source, follow the below:
   i. If a credit report was run, the credit agency information should be input; however, the box should not be checked as no underwriting decision was made.
   ii. The second section should be checked that states “We also obtained your credit score ...”
   iii. Leave the last 2 boxes unchecked.
h. ECOA Notice Section: Please ensure that you complete this and always choose FEDERAL TRADE COMMISSION from the rolodex as that is who regulates us

4) Go to the HMDA INFORMATION screen under FORMS
   a. In the LOAN INFORMATION SECTION:
      i. Loan Purpose: Select either Home Purchase or Refinancing (Self Explanatory)
      ii. PreApprovals: Please check the appropriate choice. Refinances should always show as “Not Applicable”. If no address on purchase, choose the “Pre-Approval was Requested”. If loan has property address, choose the “Pre-Approval Not Requested”.
      iii. Lien Status: Should always read as Secured by First Lien (Exception for Florida BOND 2nd liens originated in our system)
      iv. HOEPA Status: Should show as NOT a HOEPA Loan
      v. Rate Spread: Should enter NA for all
      vi. Property Type: Ensure this is filled out correctly
      vii. GEOCODE BUTTON and EDIT CHECK button: Ensure that you are click on BOTH of these links. The GEOCODE button will ensure that the MSA, County, State and census Track info will be accurate. **** IF THERE IS NO PROPERTY ADDRESS, PLEASE INPUT “NA” IN THE MSA, COUNTY, STATE AND CENSUS TRACK FIELDS**** The EDIT CHECK button will ensure that all the necessary information has been input corrected such as race, ethnicity, county codes, etc. IF there are errors, YOU NEED TO CORRECT THEM and then rerun tis check.
Error codes starting with “Q” do not necessarily need correction as they may be for items such as no income which would be acceptable on streamline loans; however, ENSURE you correct all error codes beginning with a “V”
b. In the ORIGINATION INFORMATION SECTION:
   i. **Type of Purchaser**: Choose “Loan was not originated or not sold” from dropdown
   
   ii. **Action Taken**: Choose the “Application Withdrawn” or “File Closed for completeness to match the choice you picked.”
   
   iii. **Action Date**: Input the DATE you are sending out the notice of cancellation. **This date should match the date of denial on the Statement of Denial screen**
c. In the REASON FOR DENIAL SECTION:
   i. DO NOT FILL IN ANYTHING IN THIS SECTION
d. In the INFORMATION FOR GOVERNMENT MONITORING SECTION:
   i. Ensure all information is completed for all borrowers
4. PREVIEW the STATEMENT OF DENIAL AND THEN PRINT THE FORM to the EFolder. Please review the form FIRST to ensure you have completed all required fields. All other borrower documentation that you have gathered should ALSO be uploaded and scanned to the EFolder so that we have a complete record of all the information we received from the borrower.
5. Put the Statement of Denials in the mail to the consumer or electronically send to the consumer.
6. Click on the Move to Folder icon located in the upper right hand corner of the screen and move the Loan to the correct Adverse Loans bucket. You will move to Adverse Loans based on the year you withdrew the loan (i.e. If I withdraw in 2016, then I move it to the 2016 Adverse Loans)

VERY IMPORTANT THAT YOU DO NOT MOVE ANY LOANS INTO THE CORRECT YEAR ADVERSE FOLDER UNTIL YOU HAVE COMPLETED ALL STEPS LISTED ABOVE

*****PREQUALIFICATIONS******

For loans in the prequalification folders (no address and NO AUS findings), you can follow all the steps above to withdraw a loan; however, THESE LOANS ARE TO BE MOVED TO THE <ADVERSE TBD> FOLDER ONLY

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