

## 8 – LOAN ORIGINATION & PROCESSING

---



The documents discussed below must be provided or received from the applicant at loan origination in addition to any documents, forms and disclosures required by state or federal law.

### ***DOCUMENTS BORROWER SUBMITS FOR A HOME ADVANTAGE LOAN***

- Copy of Residential Loan Application (1003).**
- Copy of Automated Loan Approval.**
- Copy of Fully Executed Purchase and Sale Agreement.**
- Copy of the Homebuyer Education Certificate for each borrower that will be on the note and deed of trust.**
- Copy of inspection receipt or 1 year home warranty for new construction.**
- Copy of Signed and dated Early Payment Default Notification (15.37)**

### ***PROCESSING A HOME ADVANTAGE LOAN***

A Home Advantage loan is processed and underwritten in accordance with standard first mortgage guidelines by the Mortgage Lender. The following sections address compliance items reviewed by the Mortgage Lender during Origination and Processing prior to submitting a pre-closing compliance file. Please review the Home Advantage Program Manual. The following sections are meant as a general guide to processing a Home Advantage loan and may not be all-inclusive. Further requirements apply if Borrower is using an MCC or a specialty downpayment assistance program.

#### **Residential Loan Application (Form 1003)**

- Verify information including borrower's social security number, family size, income, and assets are consistent with reservation and loan approval.

#### **Copy of Automated Loan Approval.**

- Verify primary borrower has a minimum 620 credit score.

- ❑ Verify total debt to income ratio does not exceed 45.00%.
- ❑ Verify income is under the income limits.

### **Appraisal (not submitted to the Commission)**

- ❑ Verify that subject property is a single family residence.

### **Real Estate Purchase and Sale Agreement**

- ❑ Verify that the Agreement was signed and dated by Borrower(s) and Seller(s) prior to the reservation of funds.
- ❑ Verify all addendums have been included in the pre-closing compliance package.

### **Homebuyer Education Certificate**

- ❑ Required for all borrowers who will be listed on the Note and Deed of Trust.
- ❑ Verify that the certificate is a WSHFC issued certificate, signed by the instructor.
- ❑ Verify certificate issued within the last two years.
- ❑ Verify seminar completed prior to the reservation of funds.

(Note: If an applicant indicates they have lost their Certificate, the Commission can re-issue one if attendance can be confirmed.)

### **Copy of Inspection Receipt or 1 Year Warranty for New Construction.**

- ❑ Verify inspection report is less than 6 months old.
- ❑ Verify property address and inspection date are on documentation submitted.

### **Home Advantage Downpayment Assistance**

- ❑ Verify loan amount does not exceed 4% of loan amount.
- ❑ Verify amount of assistance needed matches loan reservation.
- ❑ Verify Borrower does not receive cash back at loan closing.