

## 10 – LOAN CLOSING

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### *COMPLIANCE APPROVAL*

Once the Commission approves the Mortgage Loan for compliance, the Mortgage Lender may close the loan.

**All Fannie Mae Home Advantage loans must be delivered to ServiSolutions. All government (FHA, VA, and USDA) loans must be delivered to Lakeview Loan Servicing. Each Loan must satisfy the following terms and conditions:**

### *CLOSING DOCUMENTS*

In general, the Mortgage Lender must insure that **all** documents are properly executed and notarized where necessary. To make a correction to a recordable document, the Mortgage Lender must upload a letter to the correct loan servicer stating the correction that is to be made, to which document(s), and the Mortgage Lender's intent to re-record. For ServiSolutions, the lender may send to [WSHFPCPostClosing@ahfa.com](mailto:WSHFPCPostClosing@ahfa.com). For Lakeview Loan Servicing, lenders can upload to the portal at [www.lakeviewcorrespondent.com](http://www.lakeviewcorrespondent.com), Click on “Already a Client?” link to log into the system.

Additional information is provided below to assist the Mortgage Lender in the proper manner in which to complete documents and forms.

#### **Notes and Security Instruments**

##### In General:

All loans must be closed using the most recent 1-4 family FHA, VA, or Fannie Mae instruments at the time of closing. Please review Deed of Trust for completeness and accuracy. If not executed properly, this document will be returned to the Mortgage Lender for re-recording.

##### USDA Rural Development Loans:

USDA Rural Development loans are to be closed using the most current FHA documents with a 4% late charge or the most current conventional documents with a 5% late charge.

Document Endorsement:

**For ServiSolutions:**

The legal, corporate name of the Master Servicer is **ServiSolutions, a department of Alabama Housing Finance Authority**. This name must be consistent throughout all documents. The Mortgage Lender's legal, corporate name is to be printed consistently wherever it appears on the Note, Note endorsement, Deed of Trust, Riders, Addendum and Assignment. For example if the word "The" is used or a word such as "Inc." is abbreviated, it must be the same throughout the documents.

The original Note must be endorsed on the back side as shown below allowing space for additional endorsements:

Pay to the order of **ServiSolutions a department of Alabama Housing Finance Authority** without recourse.

(Your Company Name)  
(Signature of Authorized Person)  
(Typed Name and Title)

**For Lakeview Loan Servicing:**

Pay to the Order of **Lakeview Loan Servicing, LLC** without recourse

(Your Company Name)  
(Signature of Authorized Person)  
(Typed Name and Title)

Return of Original Note:

If the original Note needs to be returned for any reason, it will be sent by overnight mail at the Mortgage Lender's expense. After being corrected, it is to be returned by overnight mail to ServiSolutions or Lakeview Loan Servicing

**Deed of Trust**

The loan file must include a copy of the Deed of Trust. The copy must be certified as a true and correct copy of the original, and must include a copy of any appropriate, completely executed riders. Copies with live signatures or conformed copies are not acceptable. Loans with secondary financing must also include a copy of the Deed of Trust from the subordinate lien.

All corrections, additions, and deletions pertaining to loan items must be initialed by the borrowers. If the Deed of Trust has already been sent for recording, the Mortgage Lender may provide a good faith letter for correction.

**Assignment of Deed of Trust**

**For ServiSolutions:**

Mortgage loans must be registered via the Mortgage Electronic Registration System (MERS) in lieu of a standard Assignment of Mortgage. MERS ID #1002536.

**For Lakeview Loan Servicing:**

Transfer to MERS using the following MERS Org IDs:

Investor : 1010298 Lakeview Loan Servicing

Servicer: 1010298 Lakeview Loan Servicing

Subservicer: 1000723 LoanCare, LLC

**Power of Attorney**

ServiSolutions and Lakeview Loan Servicing will accept a Specific Power of Attorney that references the property, and authorizes the attorney-in-fact to enter into a real estate transaction and to mortgage the property. The Power of Attorney must:

- indicate clearly that the mortgagor is appointing an attorney-in-fact;
- precisely identify who is being appointed;
- be signed and dated by the borrower;
- be notarized; and
- be recorded prior to, or concurrent with, the security instrument.

**Closing Disclosure or Settlement Statement (HUD-1, if applicable)**

A copy of the initial Closing Disclosure or HUD-1 Settlement Statement (if applicable) with executed addendums and copy of the final stamped Closing Disclosure or HUD-1 Settlements Statement (if applicable) for both the first and second mortgages must be included with every loan file submitted to ServiSolutions or Lakeview Loan Servicing for purchase to confirm that the loan has closed. The Closing Disclosure or HUD-1(if applicable) must contain the following:

- The box corresponding to the appropriate loan type should be checked.
- Names of borrowers that match the names on all legal documents.
- Name of property seller and borrowers, as identified on the Title Policy.
- Property location that matches the Note, Deed of Trust, appraisal, and application.
- Settlement date. This date may or may not be the same as on the Deed of Trust.

**Aggregate Escrow Disclosure Statement**

All Mortgage Loans must be closed following the Real Estate Settlement Procedures Act (RESPA) guidelines. RESPA regulates the amounts which Mortgage Lenders may hold in impound/escrow accounts established for the payment of real estate taxes and insurance. RESPA requires impound/escrow accounts to be established using the aggregate analysis method.

With the aggregate analysis method, the total disbursements of all items impounded (such as property insurance, mortgage insurance, and property taxes) is calculated, and then divided into 12 equal installments. The Mortgage Lender must also include an additional 2 month reserve for all escrow items with the exception of MI.

When an escrow account is established at the time of loan closing, the Mortgage Lender must provide the borrowers a disclosure, detailing the anticipated disbursements from the impound/escrow account for the 12 months following the loan closing. The disclosure also states the amount of the monthly impound/escrow payment that will be made by the borrowers. If the exact amounts of the disbursements are not known at the time of loan closing, the statement is to be prepared using the Mortgage Lender's best estimates. Although Mortgage Lenders have the option of analyzing the impound/escrow account at closing or within 45 days of settlement ServiSolutions and Lakeview Loan Servicing requires a copy of the initial escrow account statement.

**Loan Application (1003)**

ServiSolutions and Lakeview Loan Servicing require a typed, signed Final 1003 in all purchase files.

**Loan Disclosure Notices**

Loan disclosure notices must be provided, as applicable. A Notice of Assignment, Sale or Transfer of Servicing (good-bye letter), Early Default Notification (ServiSolutions only), and a First Payment Notification are required for all Mortgage Loans. An interest rate disclosure is required for all VA Mortgage Loans.

***CLOSING DOCUMENTS (COMMISSION SECOND MORTGAGES)***

**Documents Required on of all Commission down payment assistance and subsidy Mortgages**

The Mortgage Lender must submit the following closed loan documents to ServiSolutions or Lakeview Loan Servicing:

- Original second mortgage Note closed in the name of the Washington State Housing Finance Commission
- 2<sup>nd</sup> Loan Deed of Trust
- Final Truth-in Lending for 2<sup>nd</sup> loan amount (as applicable)
- HUD-1 Settlement Statement (as applicable)
- Good Faith Estimate (as applicable)
- OR Loan Estimate and Closing Disclosure

MERS is not permitted for Commission second mortgages.

***RATE LOCK EXTENSION FEES***

Rate lock extension fees are netted out at time of loan purchase.