

CHEAT SHEET

for

REFINANCE CHECKLIST & SET-UP NOTES

PQWS Clarification:

- Start conversation by complimenting the borrower and acknowledging the referral source: (Credit score, income stability, savings, low Debt to income ratio's, aggressive payoff, nice handwriting, thoroughness in filling out our forms—just find something nice to say to put them at ease. Let them know that we appreciate the person(s) who referred them to us. If they are a repeat client let them know that we are very pleased to be able to help them again.
- Current Interest Rate? What is their current 1st and subordinate lien rate(s)
- MI/MIP? Are you paying mortgage insurance? What is the monthly amount?
- Escrow shortage (if applicable)? Has your current servicer indicated that your escrow account is deficient? Have your payments been increased to bring the escrow balance back in line?
- Income type? W-2 base salary, bonus, commission, 1099 (contract), Self Employment, Social security, Pension, distributions, Trust, etc
- Employment type & duration? W-2 employee, Contract labor, self employed (specify type: Sole proprietor-Schedule C, Sub chapter S Corp- 1120s, C Corp- 1120, Partnership- 1120s or 1065 plus K-1 (K-1 usually shows partnership %-- if less than 25% we can count them as an employee and not self employed). It is very important to specify how long a person has been employed, especially how long they have been self-employed.
- Is your primary mortgage a Texas Cash-out? Don't assume anything by looking at the credit report. If they took cash out on a previous refinance this loan can only be refinanced as a Texas Cash-out and the rate and available programs will be different (higher rates by approx .25/ pricing usually .5 higher) than they would if it were a rate/term refi. SOLLEN DOES NOT WORK FOR TEXAS CASHOUTS SO CALL CORPORATE SECONDARY FOR RATES.
- 2nd lien HE/HI/Purchase money (If applicable)? A purchase money 2nd lien can be refinanced and combined with an existing purchase money first a straight rate and term refinance but we must show the HUD-1 from the purchase to prove that it is a purchase money 1st. A HI (home improvement) 2nd lien can be refinanced and combined with an existing purchase money 1st but it becomes an agency cash-out (not a Texas cash-out) and there will be a pricing adjustment of usually .5 (affects rate by .125 typically) – most investors will do these now but check with secondary if you have any doubts before quoting rates. An HE (home equity) 2nd lien can only be refinanced and combined with the primary mortgage as a Texas cash-out refinance – currently GMAC is the best and one of the only sources for conforming Texas cash-out money and RFC is the best for Jumbo—Flagstar is the choice for conforming and non-conforming ARM's.
- Clarify multiple properties—PITI, investment or 2nd home, matched with lender: If we see multiple mortgages that are not on the subject property we need to ask if this is a cosigned note or if it is an investment property or 2nd home. Obtain the accurate PITI payment for each and determine which lien holder (lender) matches with each property. If an investment property or 2nd home is indicated but no lien holder is evident ask if the property is lien free or get a name, phone number and account number for the lien holder
- Other:

High Trust (See the Mortgage Planning Questionnaire):

- Expect to live in the home or keep the loan for how long? 1-3, 3-5, 5-7, 7-10, 10-15+ years
- Scheduled pmts only or aggressive principal reduction? Do you plan to pay off more quickly than scheduled?
- Financial Priorities? Improve monthly cash flow, Maximize retirement savings, maximize education savings, live comfortably on one income, create a comprehensive financial plan, create a 6-12 month cash reserve account, maximize investment contributions, maximize asset portfolio performance, live comfortably on a fixed income, other.
- Mortgage Priorities? Obtain a targeted monthly payment, improve my monthly cash flow by X, accelerate equity accumulation (principal reduction), avoid mortgage insurance, obtain X amount of cash, pay off debt, combine additional home loans together into one loan.

- **Survey Needed?** Have any improvements been made that extend outside of the footprint of your original slab (your slab as it was when you purchased the home or when you last had a property survey completed)? I.e. pool, hottub, new fence (if it was not installed on the same posts), patio, deck, sport court, retaining wall, additional square footage (out, not up—a second story or an attic turned into living space will not require a survey but extending beyond the original slab will).
- **Escrow Preference?** Pay taxes annually or monthly with the mortgage. After tax bills come out (in Texas), usually October, the borrower has the option (if the LTV allows it and the investor allow it) to roll that years property tax obligation into the loan amount. In the past we have been able to get a waiver signed at closing if they are not escrowing and they choose not pay property taxes at closing (after tax bills are issued in October) but we ran into problems doing this after November so check with Cindy Annis at Corporate and check with our title companies before promising this. Tax bills are due and payable when the bill is issued but are not consider late until after January 31st.
- **Expectations?** “So that I do the best I can for you, please help me understand what your expectations are of me during the course of this transaction”
- **Primary Contact?** This could be your High Trust contact or it could be a spouse, other party or multiple parties. Be sure to get contact information for each (preferably e-mail addresses) and indicate to the team which parties are to be contacted throughout the transaction.
- **Best Means to Contact?** E-mail is best for us but we will accommodate our client. Be sure to indicate in ACT!

Set-Up Notes:

- **Loan locked?** LO to lock in Sollen or with Registration sheet is cash-out loan or 2nd lien
- **ACT! Fields completed?** See attached ACT! Template print screen for LO ACT! Responsibilities at set-up
- **Jane alerted?** See attached ACT! Print screen to see demo of Alert
- **Excel tabs completed?** See attached Excel Demo to see which fields should be completed in each Excel Tab
- **Locked loan scenario in first tab position in Excel (GFE)?** Always have the clients locked financing scenario in the 1st (left most) position in the Excel workbook and it should be titled “GFE”.
- **Lien payoff(s) designated on credit report?** Use brackets and a quick note “Pay off w/ Refi” to designate loan will be paid off with this refinance. Also best to designate type of loan on Credit report “HI” or “HE” or “Purchase money 2nd”, etc.
- **Credit Authorization in file?** Indicate if the borrower has already faxed in the signature authorization that we ask them to complete at the time they fill out the PQWS (this has to be faxed separately and some clients to not have a printer with their computer so we frequently need to send this form out to be signed and returned to us so that we can use automated underwriting, order payoffs, and other verifications if needed.
- **Texas Cash-out?** A 12 day letter has to be signed and returned 12 days before closing so please indicate this to the processor. If they have refinanced and taken cash-out the loan will be a Texas Cash-out (if the property is in Texas of course). This is not always readily apparent on the credit report so this question should be asked unless the borrower has already indicated that the loan they have was used to purchase their home. If they have ever previously combined a HE (home equity) loan with their primary loan the loan will be a Texas Cash-out loan also. This will affect pricing and limit the number of investors available to GMAC (conforming fixed), RFC (Jumbo fixed), and Flagstar (conforming and jumbo ARM’s). Pricing is typically .25 higher in rate or .5 higher in pricing but always check with secondary on these before locking – **SOLLEN DOES NOT WORK ON TEXAS CASH-OUTS SO CALL CORPORATE SECONDARY.**
- **Agency Cash-out?** This is situation where we may be combining HI (home improvement) loan together with a purchase money first and it does not become a Texas Cash-out because the borrower has not taken cash-out but the 2nd lien is something other than a purchase money 2nd. Most investors will allow us to lock these loans but due to loan level
- **DU/LP Preference?** We typically use DU but if there is a specific reason to use one or the other, particularly if the loan was locked specifically with either DU or LP. There may be instances where we have to use a proprietary system such as “AssetWise” for RFC or “Clues” for Countrywide. Anytime you are aware of a specific AU (automated underwriting) type please indicate so the processor
- **Send application package to borrower?** We definitely want to send a package to the borrower if we have not done a loan for them before unless this is a rush closing. In many cases we will send a package for a repeat client also. If the LO does indicate a preference to the processor an application package will be sent

- **Closing Date/Time Preference?** Indicate preferred closing date and AM/PM preference (try not to ask for specific times of the day as this can cause a lot of problems and false expectations—if the borrower does ask for a specific time indicate this in the set up notes but it is probably best to have a couple of alternate days in case that time is not available on the 1st choice closing day.
- **Okay to order all?** Just write “Okay to order all” if it is okay for the processor to proceed with ordering everything. We do not turn in Refinances unless they are locked so it is rare that we do not order all at that time but there are instances where we want to wait to order some or all of the information needed. Be specific if not ordering all and indicate when it is okay to do so or what protocol to take.
- **Other:**