

Originating

Overview

The following document provides an overview of the originating process.

What is Loan Origination?

Loan origination is the creation of residential mortgages. This phase of the process is often called sales. For our borrowers, this is where the dream of home ownership starts to become a reality.

Relationship Selling

The Relationship Selling is a disciplined marketing and sales process used by Wells Fargo Home Lending. The goals of the process are to increase personal production and revenue, establish strong business referral relationships, and create customers for life.

Qualify Borrowers

The 5 Cs of Qualifying are guidelines used to determine whether or not to lend money to a specific customer. The goal is to determine the customer's willingness and ability to repay the loan.

Capacity	Capacity refers to whether or not the borrowers have steady and sufficient income to make monthly loan payments.
Credit	Credit relates to how well the borrowers have repaid debts in the past.
Capital	Capital relates to how much savings the customers have. Ideally, borrowers would have enough money to make their down payment and several monthly payments in case something should happen to one or more of their sources of income.
Collateral	Collateral is property pledged as security for a debt. For example, real estate pledged as security for a mortgage.
Characteristics	Characteristics refer to other factors related to the transaction that could impact the risk of a loan.

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Selecting the Product

After qualifying the borrower, the next step is to determine the best product. Using the Relationship Selling philosophy, the HMC/Banker interviews the customer to identify his/her needs. The HMC/Banker uses this information along with the qualifying information to provide the customer with the product options to fit their needs.

After selecting the products, the HMC/Banker and the customer(s) complete the mortgage application.

Submitting the Application

The loan application is completed while the HMC/Banker and the customer are together or on the phone. The loan application is submitted electronically for loan decisioning. There are three possible decisions that can be rendered.

- Approve
- Refer
- Suspend.

Decision	Description
Approved	Loan has met all of the parameters set by regulatory guidelines, the lender and the investor and has been deemed an acceptable risk. Approved status may be subject to stipulations. These stipulations may be satisfied before closing.
Refer	Loan has not met the parameters set by regulatory guidelines, the lender and/or investor. All referrals are sent to underwriting for second level review. If the loan is referred, the loan is automatically sent to underwriting for a second level review.
Suspend	Loan may have met some but not all parameters or may need additional information to be reviewed prior to issuing an “approve” or “refer” decision. If the HMC/Banker receives a suspend, he/she will work with the Processor to satisfy the suspend stipulations(s).

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**Borrower
Rights**

To protect borrowers and ensure they truly understand the terms and costs associated with their home mortgage, lenders are required to provide disclosure forms, some of which include:

- Good Faith Estimate (GFE): A document which tells borrowers the approximate costs they will pay at, or before, closing based on common practice in the area. Under requirements of the Real Estate Settlement Procedures Act (RESPA), the GFE must be delivered or mailed to the applicant within three business days of receiving the application.
 - Truth-in-Lending (TIL): Required by federal regulations, this statement tells purchasers the cost of financing their loan expressed as the annual percentage rate (APR).
 - General Loan Acknowledgment Disclosure (GLAD): Used to acknowledge receipt of all disclosures in the Disclosure Booklet.
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