**Project Title:** Mortgage Process Accelerator (MPA)

**Clients:**

PennyMac Mortgage Services: PennyMac Mortgage Services, Inc. is an American residential mortgage company headquartered in Westlake Village, California. The company's business focuses on the production and servicing of U.S. mortgage loans and the management of investments related to the U.S. mortgage market.

Caliber Home Loans: Caliber Home Loans is a mortgage banking company, headquartered in Irving, Texas. It is part of NewRez Group of Companies. Caliber Home Loans focuses solely on mortgages.

Different Modules of Mortgage Process Accelerator includes:

1. **Master Data Processing**
2. Loan Origination Module
3. Loan Processing Module
4. Underwriting Module
5. Loan Closing & Funding Module
6. Loan Servicing Module
7. Compliance and Regulatory Module
8. Document Management Module

MPA-MDP (Mortgage Process Accelerator – Master Data Processing) is handled by us.

Other modules are handled by <https://www.dartdigital.com.br/en/>

NOTE: A brief of modules other than Master Data Processing is given at the end of this document.

**Terminology related to Master Data in Mortgage Domain:**

**Mortgage:**

Definition-1:

A mortgage is an agreement between you and a lender that gives the lender the right to take your property if you fail to repay the money you've borrowed plus interest. Mortgage loans are used to buy a home or to borrow money against the value of a home you already own.

Definition-2:

A mortgage is a contractual agreement between a borrower and a lender, where the lender has the right to claim the borrower's property if the borrower fails to repay the borrowed amount along with interest. Mortgages are primarily used for purchasing a home or leveraging the value of an existing home to borrow money.

**Mortgage Domain Master Data:**

Master data in Mortgage domain includes:

1. *Loan Products*
2. *Escrow companies*
3. *Property Appraisal companies*
4. *Underwriting companies*
5. *Survey companies*
6. Title companies
7. Property Inspection companies
8. Flood Certification companies
9. Mortgage Insurance companies
10. Document Preparation companies
11. Etc.

**NOTE:** Mortgage Insurance can be given only by firms. Whereas Property appraisal, underwriting, survey, title verification, property inspection, flood certification, document preparation can be done by individuals or firms.

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| ***Loan Products:***  In the mortgage domain, "Loan Products" refer to the various types of mortgage loans offered by lenders to borrowers. These products are designed to meet different financial needs, preferences, and circumstances of borrowers. Each loan product may have unique features, terms, and eligibility criteria. Here are some common types of loan products in the mortgage domain:  **Fixed-Rate Mortgage (FRM):** A fixed-rate mortgage offers a stable interest rate over the life of the loan. Borrowers make consistent monthly payments, with the interest rate and principal amount remaining constant throughout the loan term, typically ranging from 15 to 30 years.  **Adjustable-Rate Mortgage (ARM):** An adjustable-rate mortgage features an interest rate that can fluctuate periodically based on changes in a specified financial index. Initial interest rates are typically lower than those of fixed-rate mortgages, but they can adjust upwards or downwards over time, impacting monthly payments.  **FHA Loans:** Insured by the Federal Housing Administration (FHA), these loans are designed to assist first-time homebuyers and those with low to moderate incomes. FHA loans typically offer more lenient qualification requirements, lower down payment options, and competitive interest rates.  **VA Loans:** Guaranteed by the Department of Veterans Affairs (VA), VA loans are available to eligible active-duty service members, veterans, and surviving spouses. These loans often feature no down payment requirements, flexible qualification standards, and competitive interest rates.  **USDA Loans:** Backed by the U.S. Department of Agriculture (USDA), USDA loans are designed to promote homeownership in rural and suburban areas. They offer low to no down payment options and favorable terms for eligible low to moderate-income borrowers.  **Reverse Mortgages:** Designed for homeowners aged 62 and older, reverse mortgages allow eligible borrowers to convert a portion of their home equity into cash. Borrowers can receive loan proceeds as a lump sum, fixed monthly payments, or a line of credit, with repayment typically deferred until the borrower sells the home, moves out, or passes away.  These are just a few examples of loan products available in the mortgage domain. |

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| ***Escrow Company***  An "escrow company" is a specialized financial services firm that acts as a neutral third party in various types of transactions, typically involving large sums of money or valuable assets. The primary function of an escrow company is to hold assets, documents, or funds on behalf of two or more parties involved in a transaction until all conditions of the transaction are met. Once the conditions are satisfied, the escrow company disburses the assets or funds according to the terms of the agreement.  Escrow companies play a vital role in ensuring the security and integrity of transactions by providing a neutral intermediary that protects the interests of both the buyer and the seller. They facilitate a wide range of transactions, including real estate purchases, mergers and acquisitions, business transactions, and online transactions involving digital goods or services.  In mortgage domain escrow companies facilitate holding of funds, managing documents, collecting payments, disbursing funds, loan closing etc.  **NOTE:** In US individuals can work as Escrow agents in Mortgage domain  **In escrow account:** It is a type of legal holding account for items, which can't be released until predetermined conditions are satisfied. Typically, items are held in escrow until the process involving a financial transaction has been completed. Valuables held in escrow can include real estate, money, stocks, and securities. |

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| ***Underwriting Company***  In the context of the mortgage domain, an "underwriting company" refers to an entity, typically a *specialized department within a financial institution or a separate firm*, responsible for evaluating and assessing the risk associated with mortgage loan applications. The primary role of an underwriting company is to *determine whether to approve or deny mortgage applications* based on the applicant's financial profile, creditworthiness, and the property being financed.  **NOTE:** In US individuals can work as Underwriters in Mortgage domain  Here's how underwriting works in the mortgage domain:   1. Evaluation of Borrower's Financial Profile   [Financial Profile parameters include - *Credit Rating* (100 to 900), *DTI* – Debt-To-Income Ratio, *Income & Employment stability*, *LTV* – Loan-To-Value ratio, *Employment History, Debt payment history* (expressed in percentage basis) etc]  *Income & Employment Stability grades:* Stable, Moderately Stable, Recent Stability, Unstable, Insufficient/Unknown   1. Assessment of Property: Assessing the financial worth of the property, property titles, property condition and stability etc. **NOTE:** This activity can be done by a division of an underwriting company that handles property assessment, or they might take the help of firms specialized for this purpose which are referred to as “Appraisal Company”. The underwriting company may choose an Appraisal Company’s service on its own or they may have to go with the choice of their client, the Mortgage company to which the underwriting service is being provided. 2. Risk Analysis based on borrower's credit risk, property risk, and market conditions 3. Decision Making: Underwriting company provides inputs and opinions as to whether or not a loan should be approved. They may also recommend specific loan terms, including the interest rate, loan amount, and down payment requirements. 4. Compliance: They ensure all of the regulatory compliances are taken care of as prescribed by the government and the mortgage company's internal policies. 5. Etc |

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| ***Appraisal Company***  "Appraisal company" refers to a specialized firm or individual appraisers tasked with determining the fair market value of a property that is to be used as collateral for a mortgage loan. The primary role of an appraisal company is to provide an unbiased and professional assessment of the property's value based on various factors such as its location, size, condition, and comparable sales in the area.  **NOTE:** In US individuals can work as Property Appraisers in Mortgage domain |

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| ***Survey Company***  A "survey company" refers to a specialized firm or individual surveyors tasked with conducting property surveys as part of the mortgage loan process. The primary role of a survey company is to provide detailed and accurate information about the boundaries, dimensions, and physical features of a property being financed with a mortgage loan.  **NOTE:** In US individuals can work as Surveyors in Mortgage domain |

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| ***Property Inspection Company***  A “Property Inspection Company” refers to a specialized firm that assesses a property from structural and safety perspective.  Inspections typically focus on the interior and exterior of the property, including its foundation, roofing, structural engineering, plumbing, electrical systems, HVAC (Heating, Ventilation, and Air Conditioning), and overall safety features.  A Survey company’s primary focus is the land boundaries of the property. There will be some overlap in what Underwriting, Appraisal, Survey and Property inspection companies do.  **NOTE:** In US individuals can work as Property Inspectors in Mortgage domain  DB Tables for Property Inspection would be similar to Appraisal company or say Survey Company:   1. prop\_inspec\_company 2. prop\_inspec\_types      1. prop\_inspec\_co\_inspec\_type (Junction table of 1 & 2) 2. prop\_inspec\_service\_area 3. prop\_inspector -- to store data of individual who are property inspectors |

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| ***Title Company***  A Title Company plays a crucial role in facilitating property transactions by ensuring that the title (legal ownership) to a property is clear for transferring it from the seller to the buyer.    If any issues are discovered during the title search, the title company works to resolve them to ensure that the title is clear and transferable. This may involve resolving outstanding liens, correcting errors in the title documents, or obtaining legal documentation to clear any discrepancies on the title.  Some of the activities of a Title Company overlap with Documentation and Escrow companies. |

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| ***Flood Certification Companies:***  In the mortgage domain, Flood Certification companies play a crucial role in determining flood risk for a property. Here's how:  Floodplain Determination:  Lenders need to ensure the property they're financing isn't located in a designated floodplain. Floodplains are areas with a high risk of flooding.  Flood Certification companies analyze the property address against Flood Insurance Rate Maps (FIRMs) issued by the Federal Emergency Management Agency (FEMA)  They issue official certifications stating whether the property is located in a high-risk flood zone or not.  Flood Insurance Requirements:  If the property falls within a high-risk flood zone, flood insurance becomes mandatory for the borrower to obtain a mortgage.  Flood Certification companies may not directly provide flood insurance, but their findings can guide the lender and borrower on the necessity of acquiring it.  Streamlining the Mortgage Process:  By providing accurate flood certifications, these companies help lenders comply with federal regulations regarding flood insurance for properties in floodplains.  This reduces the risk of loan defaults due to flood damage and protects the lender's investment.  Some Flood Certification companies might offer flood mitigation recommendations or elevation certificates, which can help lower flood insurance premiums.    Flood Certification companies act as a vital link between lenders, borrowers, and flood risk management in the mortgage domain. Their role ensures informed decisions are made regarding flood risks and compliance with flood insurance regulations. |

**A brief overview of modules other than Master Data Processing:**

**Loan Origination:** This module deals with initial customer interaction, including loan application intake, pre-qualification tools, document management, and eligibility checks.

**Loan Processing:** This module focuses on evaluating the loan application, verifying borrower information, income verification, appraisal management, and communication with relevant parties.

**Underwriting:** This module involves assessing the borrower's creditworthiness and risk profile to determine loan eligibility and terms like interest rates.

**Loan Closing:** This module handles the final stages of the loan process, including generating loan documents, scheduling closing appointments, and facilitating the signing of loan agreements and disbursing funds.

**Loan Servicing:** This module manages the loan after it's funded, including collecting monthly payments, tracking escrow accounts, and handling delinquency (minor crime) or default processes.

**Compliance and Regulatory Module:** Ensures that the mortgage process complies with relevant laws and regulations, such as Truth in Lending Act (TILA), Real Estate Settlement Procedures Act (RESPA), and Know Your Customer (KYC) requirements.