**Processing Fix and Flip Loans**

Learn how to accurately and efficiently prepare a new loan submission file for Underwriting.

You will receive daily task to complete once your shift has begun. Each day it is mandatory you must process **five** loans and complete **six** retouches. Retouches are loans that are sent from Underwriting to Processing with conditions. Daily required document reminders will be sent to the Sponsor/Borrower each day by the seventh hour of your shift. It is mandatory that **three** required document reminders be sent to the Sponsor/Borrower. After the **third** required document reminder is sent, you must notate the loan file. If the Sponsor/Borrower becomes stagnant you **must** email the loan number to your TM with a suspension notice (**must attach a snippet of the outgoing reminders to the sponsor/borrower**). Your TM will acknowledge the suspension and notate the loan file once a final review is complete. **All Suspended loans must be updated daily on the Loan Suspension list.**

**Getting started**

1. Log on to your portal
2. Review Emails, Tasks, and Notes

**LOG INTO YOUR PORTAL**

**Picture placed here.**

**REVIEWING EMAILS**

1. Open Outlook Email
2. Review Emails and Respond to Sponsor/Borrower

**REVIEWING TASK**

**Picture placed here.**

**REVIEWING NOTES**

**Picture placed here.**

**RECIEVING A LOAN**

Now it is time to review the loan assigned to you by the lottery distributor. Each loan will be assigned to ONE individual in each department. I.e., Loan Set Up, Processing, Underwriting, Funding and Closing department.

The Sponsor/Borrower completes the Business Purpose Analysis Link on Acra Lending website. The completed link is sent to the Director of Sales department. A sales manager will review the B.P.L.A. and must conduct a Sponsor/Borrower interview. Upon completing the interview, the sales manager will price the loan. Factors that affect pricing: LTV, ARV, Appraisal, Experience, Credit, and Rehab Budget.

**PRICING TIER**:

Experience: LTV ARV LTC

0-2 75%- 80% 70% 80%

3-9 85% 75% 90%

10 plus 90% 80% 90%

FICO: 600 – 650 -10% LTV, ARV, LTC

As a team we all need to double check behind one another. Loan set up and Processing must review the conditions sent with the loan, pricing and all pertinent information. Your role is to act as a no risk barrier, assess the risk of the initial document sent to the Sponsor/Borrower.

**OPEN THE LOAN FILE**

In your daily task you will see loan numbers assigned to you. A note will be attached with the Loan Set Up, Processor, Underwriter, Funder and Closer also assigned to the loan. Only communicate with whom is assigned to the loan during the time of Processing.

1. Enter the loan number into the LOS from your dashboard
2. Click the Sponsor/Borrower tab for all information pertaining to the loan
3. Review the welcome letter- verify all information matches
4. Verify the loan has properly been priced using the information available
5. Verify the loan term is accurate and visible on the welcome letter
6. 12 Month (POPULAR)
7. 12 Month + extension (BY EXCEPTION ONLY)
8. GUC (COMING SOON)
9. 30 YEAR RENTAL (COMING SOON)

**REVIEWING THE WELCOME LETTER(CLA) & LETTER OF INTENT**

The Sponsor/Borrower will receive a Welcome Letter (CLA) and LOI via email from the sales department. Welcome Letter consist of:

* Loan Number
* All Sponsor/Borrower information
* Terms for the loan
* Log in credentials
* Required documents need list
* List of responsibilities
* Loan timeline- milestones

**LETTER OF INTENT (LOI)**

Coming soon...

**REVIEWING THE LOAN APPLICATION**

You **must** verify the loan application is entirely completed and signed with a WET signature or DocuSign. All information must match information on the welcome letter and any other document requested from the Sponsor/Borrower.

1. Verify property address
2. Verify loan term
3. Verify purchase price
4. Review Declarations

The needs list has been received by the Sponsor/Borrower. Now review the documents received from the Sponsor/Borrower.

**DOCUMENTS RECEIVED FROM THE SPONSOR/BORROWER**

See the list below of the essential documents required for ALL loans and programs.

**LOAN APPLICATION – Required for all loan programs**

1. Must be executed by the Primary Guarantor and any additional Guarantors
2. Must list Entity name

**CREDIT REPORT – Must be obtained by CIC Credit, after a fully completed loan application and signed Borrowers Authorization has been received and reviewed. ONLY VALID FOR 90 DAYS.**

1. Verify Sponsor/Borrowers name, DOB, & SSN- must match other docs acquired.
2. Verify FICO score, must be >600.
3. Review any late/derogatory accounts reporting large past due balances- request an LOX from the Sponsor/Borrower (must be in good standing).
4. Review all liens and judgements- cannot be active, we do not allow the loan to move forward if such items are found.
5. Review foreclosures and notice of default within 7 years
6. Review OFAC alert- request proof that the match is incorrect, we do not allow the loan to move forward if such alerts are found.
7. Review any bankruptcies with 7 years- cannot be filed within 2 years of the loans request date.

**BACKGROUND REPORT- Must be obtained by Lexis Nexis, after a fully completed loan application and signed Borrowers Authorization has been received and reviewed. ONLY VALID FOR 90 DAYS**.

1. Verify Sponsor/Borrowers name, DOB, SSN & Primary address- must match other documents acquired.
2. Review and Verify unspecified criminal filings - request an LOX and proof from the Sponsor/Borrower, we do not allow the loan to move forward if such filings have not been resolved.
3. Review and Verify ANY criminal filings that is not a Traffic Violation – request an LOX and proof from the Sponsor/Borrower, we cannot allow the loan to move forward if such filings are found.
4. Review OFAC alert- request proof that the match is incorrect, we do not allow the loan to move forward if such alerts are found.

**EXPERIENCE REVIEW – Must comply with ACRA regulations at least 3 documented real estate investment property sales, completed rehab on rental properties or equivalent experience in the past and at least 1 year in the business of acquiring real estate for investment purposes or renovating real estate.**

1. Current REO Schedule- must provide include a list of prior investment real estate projects.
2. Verify the complete property address, name on title, date purchased, rehab amount spent (if any), date sold (if fix and flip), and monthly rental income (if rental).
3. We do not accept personal residences as an investment real estate experience.
4. Order CoreLogic full property history report – must be completed for the subject property and any other properties listed on the REO Schedule. (must show Sponsor/Borrower had ownership)
5. If the name on property title is different from the Sponsor/Borrower, you **must** request a copy of a fully executed JV Agreement showing our Sponsor/Borrower invested in the property with the induvial.
6. If the name on property title is an entity that does not match our Sponsor/Borrowers entity- request corporate documentation proving the Sponsor/Borrower holds (held) ownership in that entity.
7. If the Sponsor/Borrower is a licensed contractor, you must request a copy of their license- We do not count this as experience.
8. If the Sponsor/Borrower is not able to verify investment real estate experience- request an LOX explaining the property and Sponsor/Borrower involvement.
9. Request HUD’s

**SPONSOR/BORROWER IDENTIFICATON**

1. Request and verify driver’s license or ID- cannot be expired.
2. Verify U.S Passport is valid – can be used as an ID.
3. Verify Foreign national visa.

**PURCHASE CONTRACT- IF PURCHASE**

1. Must be in the name of the borrowing entity.
2. Verify seller matches the owner of record
3. Must be signed and dated by all parties and show valid closing date

**LEASE AGREEMENT – FOR ANY PROGRAM**

1. 2 most recent months of rent verification (e.g., copy of checks)

**PROPERTY MANAGEMENT QUESTIONNAIRE- REQUIRED FOR 30 YEAR LOAN PROGRAM**

1. Must be filled out for each property.
2. Must provide a copy of Property management agreement.

**CONDOMINIUM QUESTIONNAIRE – MASTER INSURANCE AND HO6 POLICY**

1. Must confirm condo is warrantable.
2. Request a copy of the FNMA short version.
3. Property address must be listed
4. Must cover the entire building and inside

**FLOOD INSURANCE AND HAZARD REPORT**

1. Must obtain flood zone report from CoreLogic
2. Must obtain hazard report
3. Review Parcel map

**HOI INSURANCE**

1. Must be in entities name- we cannot move forward without it
2. Dwelling coverage must be equal to/ exceed the loan amount
3. Total rent loss coverage for 6 months- required for all programs
4. Must be in effect prior to the closing date
5. Must list ACRA mortgagee clause – ACRA LENDING, LLC ISAOA/ATIMA, ACRA ISAOA/ATIMA

**REFI- EXISTING LIENS**

1. Verify NO current late charges- request LOX if late charge is found

**ENTITY DOCUMENTS REQUIRED- LLC, CORPORATIONS, REVOCABLE TRUST**

1. Operating Agreement/By laws – must list ownership % for each Sponsor/Borrower
2. Articles of Organization/ Certificate of Formation/ Incorporation- must list Sponsor/Borrower, request a copy from Secretary of State.
3. Employer Identification Number (EIN) Letter- request a copy from the Sponsor/Borrower, must be executed by the IRS.
4. W-9 or SS4- may be required in certain cases.
5. Verify entity status and origination date using Secretary of State website.
6. Verify and request a copy of the Certificate of good standing.

**BANK STATEMENTS**

1. Account authorization to Decipher must be signed- request account information for statements to be reviewed hourly by the LOS
2. 3 Months bank statements
3. Retirement accounts accepted – 401k, IRA, ETC.
4. Investment accounts accepted – Stocks, Bonds, Annuities, ETC
5. Cash value of life insurance
6. Request LOX for any deposits/ withdraws>$50,000

**ACH/VOIDED CHECK**

1. Sponsor/Borrower must complete the ACH form
2. Request a copy of a voided check- account & routing number must match the ACH form.

**Title Insurance/ TITLE ATTORNEY**

1. Request point of contact for title
2. Must be on the ACRA’s approved title companies list
3. Must have adequate rights of access to public utilities and public right of ways

**APPRAISAL – BORROWER SUPPLIED APPRAISALS CANNOT BE ACCEPTED (VALID 9O DAYS)**

1. Request point of contact for appraisal (must be approved by ACRA)
2. Order appraisal using ACRA appraisal works or pro teck website.
3. Verify fee for appraisal is paid by Sponsor/Borrower.
4. Must show AS IS, ARV with AS IS in the Addendum and ARV
5. Detailed rehab budget must be uploaded at the same time the appraisal is ordered
6. Rural location- we cannot move forward loan will be denied
7. No underground or in-ground oil tanks

**REHAB BUDGET**

1. Must show scope and expected cost to complete the work- must verify information is correct
2. Must be match information provided on the appraisal
3. Must be completed prior to the appraiser inspection – must be in compliance with ACRA guidelines
4. Partially completed construction- request a copy of two rehab budgets, must show completed work and list of remaining work

**COST TO COMPLETE**

1. You must obtain this report from NVMS- must be ordered with appraisal
2. Request if rehab is >40% of the Purchase Price/ As- Is value of the property and the Sponsor/Borrower has no experience
3. Request if rehab is >100% of the Purchase Price/As Is value of the property- must be completed no matter the experience
4. Verify rehab budget and cost to complete estimate provided is accurate- if cost to complete is >10%, the rehab budget will need to be modified

**REQUIRED LOAN DOCUMENTS CHART**

Review the general list below. Each document must be accounted for to complete a proper loan submission to Underwriting. The loan program will be displayed. It is important to review and verify each document for validity and accuracy.

|  |  |
| --- | --- |
| SPONSOR/BORROWER DOCUMENTS | PROGRAM |
| BORROWER AUTHORIZATION/APPLICATION | ALL |
| CREDIT REPORT | ALL |
| BACKGROUND REPORT | ALL |
| DRIVER’S LICENSE/PHOTO ID/ GREEN CARD | ALL |
| TAX RETURN (2 YEARS MOST RECENT) | ALL |
| REHAB BUDGET | ALL |
| BANK STATEMENTS (2 MONTHS MOST RECENT) | ALL |
| **ADDITIONAL MISCELLANEOUS DOCUMENTS** | **PROGRAM** |
| GREEN CARD (PERMENANT RESIDENT ALIEN)  LOX- CREDIT/BACKGROUND CHECK ISSUES (UNSPECIFIED CRIMINAL FILINGS, ETC.)  PERSONAL TAX RETURN EXTENSION  CPA LETTER (IF LATE FILINGS REPORTED)  LOX- DEPOSITS >$50,000  GIFT OF FUNDS LETTER  ADDITIONAL DOCUMENTS PROVING EXPERIENCE (DIFFERENT ENTITY, ETC.)  PERSONAL FINANCIAL STATEMENT  UPDATE ON CURRENT PROJECTS (REPEAT SPONSOR/BORROWER)  PROOF OF NO LATE PAYMENTS FROM ACCOUNTING/SERVICING (REPEAT SPONSOR/BORROWER)  CURRENT UTILITY BILL (CONFIRM NON-OWNER OCCUPANCY)  PAY STUBS | ALL  ALL  ALL  ALL  ALL  ALL  ALL  ALL  ALL  ALL  ALL |
| **CORPORATE DOCUMENTS** | **PROGRAM** |
| ARTICLES OF INCORPORATION/ORGANIZATION  EIN LETTER  W-9  ENTITY STATUS- SOS WEBSITE  OPERATING AGREEMENT (LLC)  BYLAWS (INC)  STOCK CERTIFICATES OR K1’S (S CORPORATION) | ALL  ALL  ALL  ALL  ALL  ALL  ALL |

|  |  |
| --- | --- |
| ADDITIONAL MISCELLANEOUS DOCUMENTS | PROGRAM |
| TRUST AGREEMENT | ALL |
| ASSIGNMENT OF MEMBERSHIP INTEREST | ALL |
| CORPORATE RESOLUTION | ALL |
| JV/PARTNERSHIP AGREEMENT | ALL |
| **COLLATERAL DOCUMENTS** | **PROGRAM** |
| APPRAISAL AUTHORIZATION | ALL |
| APPRAISAL/BPO | ALL |
| REHAB BUDGET | ALL |
| LEASE AGREEMENTS  PURCHASE HUD  PAYOFF STATEMENT/ 6 MONTH PAYMENT HISTORY  PURCHASE AND SALES CONTRACT  HOMEOWNERS INSURANCE (HOI) | ALL  ALL  ALL  ALL  ALL |
| **ADDITIONAL MISCELLANEOUS DOCUMENTS** | **PROGRAM** |
| RENT ROLL (5+ UNITS)- IF APPLICABLE  PURCHASE & SALE ADDENDUM  PURCHASE & SALE EXTENSION  PURCHASE & SALE ASSIGNMENT  UNDERLYING PURCHASE & SALE CONTRACT (WHOLESALER)  AUCTION BID RECEIPT  MEMORANDUM OF SALE  SHORT SALE APPROVAL  DEED  PLANS & SPECIFICATIONS  CONTRACT/AGREEMENT WITH BUILDER  PERMITS  COST TO COMPLETE REPORT (FIRST TIME INVESTOR, REHAB>40% OF PURCHASE PRICE)  PROJECT FEASABILITY STUDY (LARGE REHAB PROJECTS, ADDITIONS, ETC.)  CONTRACTOR REVIEW (PART OF FEASABILITY STUDY ABOVE)  COPY OF CONTRACTOR LICENSE  PROJECT SUMMARY/ SCOPE OF WORK  CONDO MASTER POLICY  CONDO QUESTIONNAIRE  EARNEST MONEY DEPOSIT  FLOOD INSURANCE  FLOOD CERTIFICATE  HOA DOCUMENTS | ALL  ALL  ALL  ALL  ALL  C  C  ALL  ALL  ALL  REFINANCE  REFINANCE  ALL  C  C  C  ALL  ALL  ALL  C  ALL |

REVIEWING & PREPARING UPDATED DOCUMENT LIST