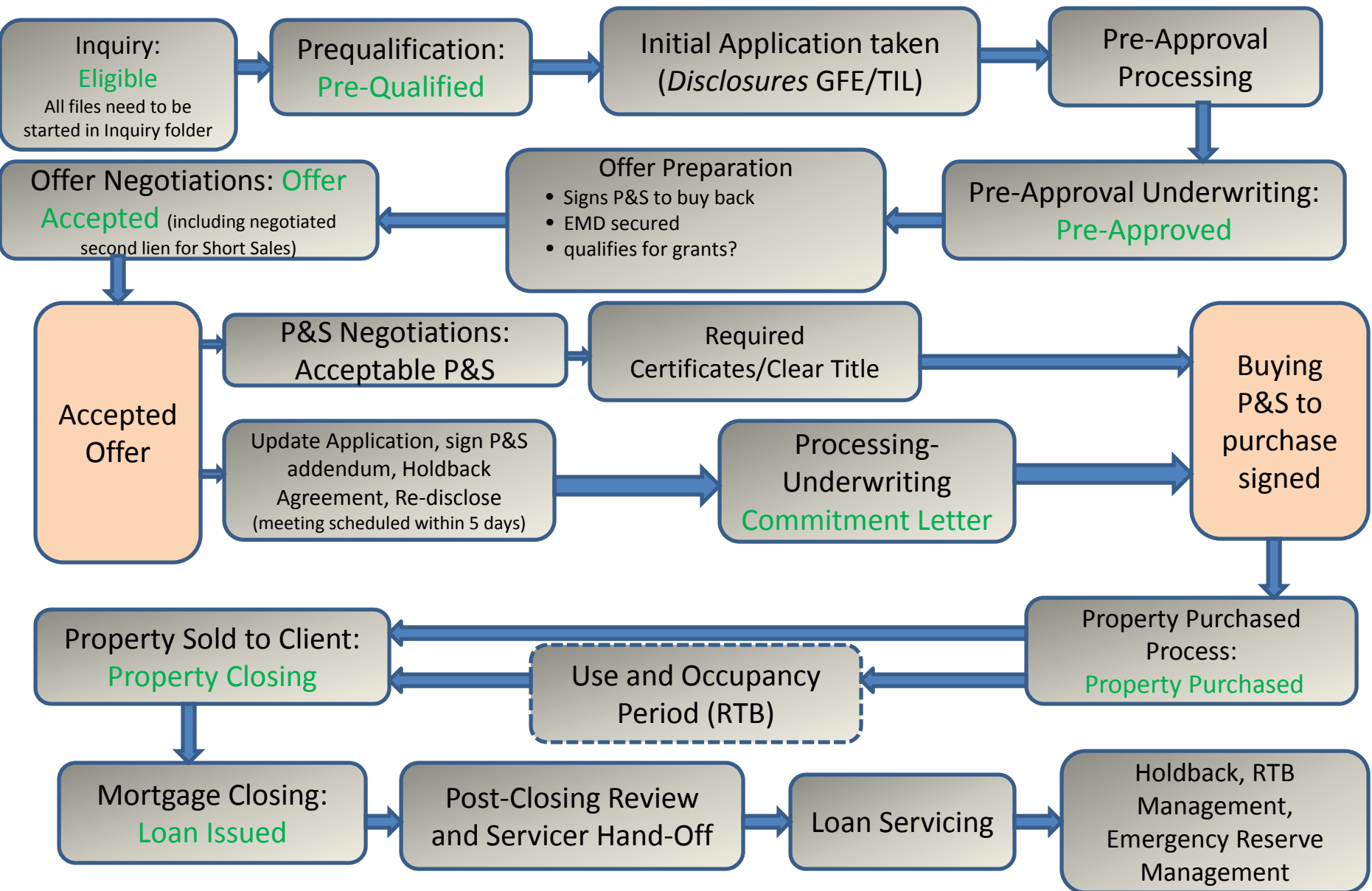
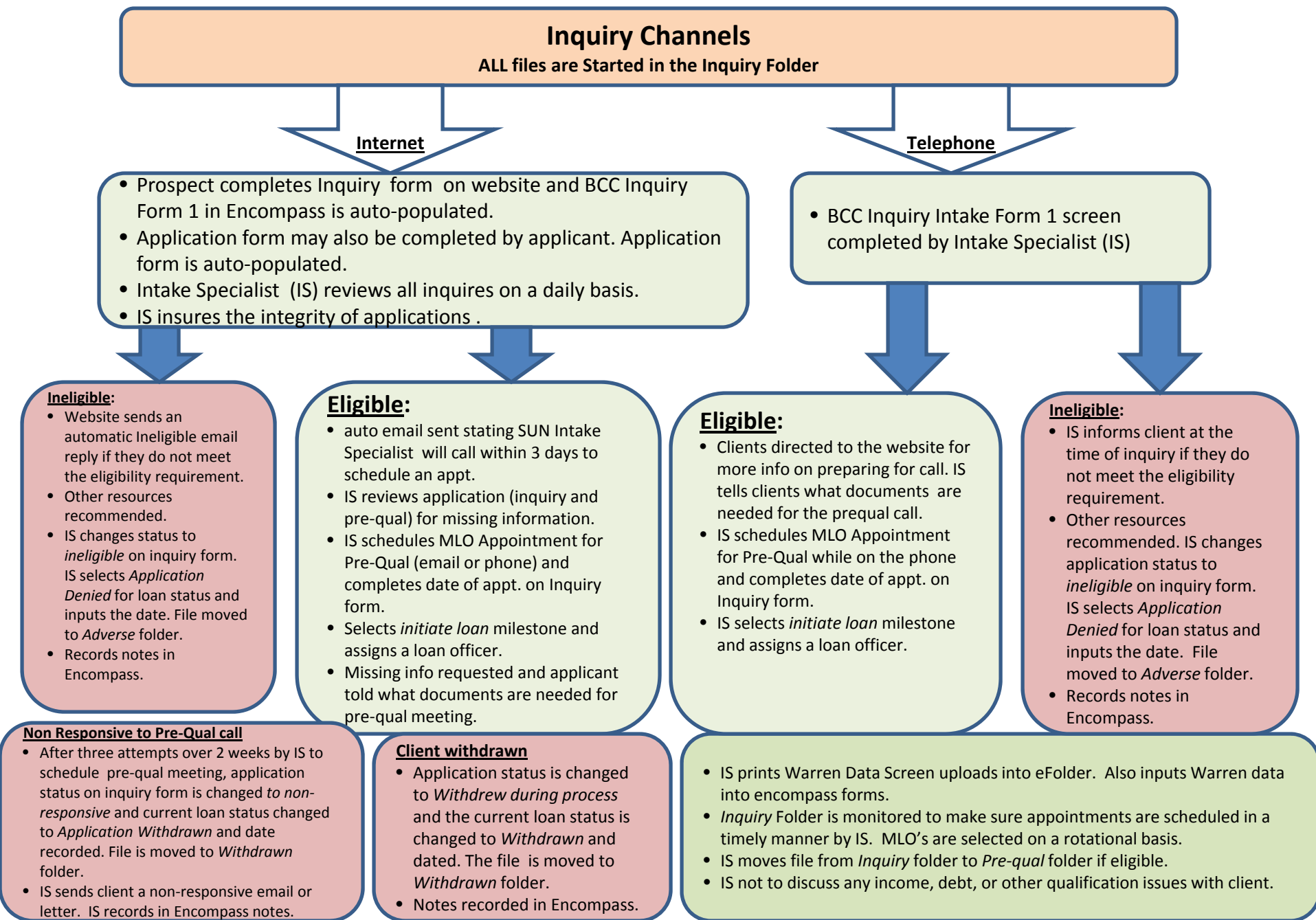


SUN Initiative Workflow: Successful Loan



SUN Workflow - Inquiries



SUN-Prequalification Process

Pre-Qual Meeting Scheduled from Inquiry Process

Pre-Qualification Meeting

MLO reviews inquiry form to ensure all data is completed. MLO also reviews the Warren data and MLS comps to assess property value.
MLO also determines if prequal completed over the internet.

Pre-Qual Form completed over Internet:

- The Pre-qual information is reviewed by MLO before the call is made.
- MLO calls prospect and reviews pre-qual information filling in any needed information.

Pre-qual form blank:

- The MLO walks through the Pre-qual application with the client on the phone and completes the Pre-Qual form.

Non Responsive to Pre-Qual call:

- MLO attempts to reschedule with client. After three attempts over two weeks, the MLO changes the loan status to *application withdrawn*. MLO selects under Pre-qual/approval status *Pre-Qual Non-Responsive* on Prequal Application form page 3.
- MLO moves the file to *Withdrawn* folder by MLO.
- MLO sends client a non-responsive email or letter. MLO Records in Encompass notes.

- Based on the information collected, the Prospect is qualified for Maximum Loan Amount.
- This is compared to the Best Value Estimate (based on Warren data, MLS Comps, and application information) to determine viability of application.
- Pre-qual checklist is completed.

Viable Application:

- MLO communicates Pre-Qual approval (as tentative approval) to prospect and asks prospect if they would like to proceed to **Initial Application** stage.
- If Yes, MLO continues interviews prospect by phone to prefill 1003 as much as possible.
- MLO schedules client for Initial Application meeting. If no meeting set-up at time of call, MLO may enlist admin assistance to set-up meeting. (admin tries 3 calls over 2 weeks then non-responsive letter sent)
- Informs Prospect of all documents needed.
- On a weekly basis, MLO team reviews *Pre-qual folder* Report to track all files.
- *Prequalified* milestone completed by MLO.
- Proceed to Initial Application Process.

Non-Viable Application:
See Pre-qual decline process on next page.

Client withdrawn

- The MLO changes the Current Status to *application withdrawn*. MLO selects under Pre-qual/approval status *Prequal Client Withdrawn* on Prequal Application form page 3.
- MLO moves the file to *Withdrawn* folder.
- Statement of Denial is completed with date recorded and mailed to client.
- IS records notes in Encompass.

SUN-Prequalification Process

Decline Process

If a loan is denied by an MLO at the Pre-qual stage then the following process is followed

MLO:

- If the MLO makes an Initial Decline decision in the prequal process, the MLO explains the declination and provides guidance to the applicant on other resources that may be applicable for the client. States that if applicants financial situation changes they should reapply.
- MLO records decline Notes in Encompass.
- MLO changes the loan current status to *Declined* on the prequalification page 3 form (date automatically populates).
- MLO changes the Pre-qual/Approval Status to *Prequal Denied*
- File is moved to *Decline Review* Folder by MLO. Hardcopy folder is moved to Decline Drawer if file has been started.
- If UW reverses the initial decision (see below), the MLO contacts the client and moves forward in the process.

UW/Management 2nd Tier Review:

- UW/Manager conducts second tier review of the file (found in the *Decline Review* folder).
- Decline processed using *Declined Loan Checklist* within 30 days of submittal.
- *Decline Review Report* also reviewed by UW on a weekly basis.

UW Agrees with Initial Denial:

- If UW confirms the Denial then a Statement of Denial is prepared by UW and signed by UW or management.
- UW opens Prequal Form 3 moving to the bottom of the form and selects the Loan Decision Recommendation (from pulldown menu), inputs her name, and the decision date. If UW confirms MLO decision, she checks the confirm checkbox.
- UW moves the file to *Adverse folder* in Encompass.

UW Disagrees with Initial Denial:

- If the UW reverses the Initial Denial decision, the UW contacts the MLO and provide an explanation and put these in Encompass Notes.
- UW goes to top of prequalification form page 3 and changes the Loan Status to *Active Loan*. Then UW changes the Pre-qual/approval status to *Prequal in Process*.
- UW moves the file back to *pre-qual* folder and client contacted by MLO.

SUN: Pre-Approval

Initial Application Process

- MLO meets with Applicant to take the application (or conducts secure application via Encompass and telephone).
- Application (1003) and all important terms and disclosures are reviewed with applicants. Documents are signed/dated.
- Credit Report is pulled and imported into Encompass 1003. All required documentation is collected. MLO determines if any documentation is missing by reviewing document checklist. If docs missing go to ANs below. See disclosures list.
- NOTE: GFE and TIL are provided at this meeting (prepared by MLO with assistance from Processing as needed)
- MLO reviews application process with applicant.
- MLO asks if second mortgage exists (MLO collects all mortgage documents to verify and uploads into Encompass for Negotiators)
- On a weekly basis, MLO team reviews *Pre-Qual* report to track all files.

No show:

- MLO responsible to rescheduling no shows . After 3 tries to reschedule, MLO changes the Current Status to *Application Withdrawn* in Encompass (prequal form page 3)
- MLO selects under Pre-qual/approval status *Non-responsive to Initial application meeting* on Prequal Application form page 3.
- MLO moves file to *Withdrawn* folder and records notes in Encompass.
- MLO sends client a non-responsive email or letter. MLO Records in Encompass notes.

File Complete:

- After the client meeting, MLO/admin uploads all Income, Asset, Credit and Pre-Approval Documents to Encompass eFolder.
- MLO reviews application package a final time to identify any other missing information (and notifies client if any materials are missing). See ANs box for procedure if missing docs identified.
- *Document checklist* included with file along with *Initial Application* checklist.

Additional Needs:

- See *MLO Additional Needs* process. Meeting ends.
- After the client meeting, MLO/admin uploads all Income, Asset, Credit and Pre-Approval Documents to Encompass eFolder.
- MLO reviews application package a final time to identify any other missing information (and notifies client if any materials are missing).

Sent to Processing:

- MLO recommends either decline or approval based on the ratios.
- Hardcopy file moved to Processing Drawer
- MLO completes *Sent to Processing* Milestone.
- MLO moves Encompass file from *Pre-Qual* folder to *Active* folder.
- Proceed to Pre-approval Processing process.

Client Withdraws:

- The MLO changes the Current Status to *application withdrawn*. MLO selects under Pre-qual/approval status *Client Withdrawn* on Prequal Application form page 3.
- MLO moves the file to *Withdrawn* folder.
- Statement of Denial is completed with date recorded and mailed to client.
- IS records notes in Encompass.

SUN Pre-Approval

MLO: Additional Needs Process

Processing Additional Needs:

- An *Additional Needs Letter* (AN) is printed, completed, signed and dated with copy to applicant and copy for file). MLO indicates the need to receive documents as soon as possible but no later than 2 weeks.
- MLO uploads ANL into Encompass eFolder.
- Additional needs to be tracked under preliminary conditions in Encompass. Documents supporting needs to be uploaded. Conditions are satisfied once the documents are received, reviewed, and uploaded.
- MLO records sent date of ANL in Encompass and MLO moves file to *MLO ANs Folder*.
- MLO holds files with ANs until all missing information is received.
- MLO in contact with Borrower until all documents are received or the file is closed as incomplete.
- MLO updates 1003 and 1008 with new information.
- On a weekly basis, MLO reviews the *MLO AN* report generated from Encompass to track all files.

All Documents Received:

- Once all documents are received MLO moves file from *MLO ANs* folder to either *Pre-qual* Folder or *Active* Folder.
- Application Date changed to date when all files are received.

Documents not Received:

- If all material not received after 21 days, file is moved to *Incomplete* folder.
- Statement of Denial is completed by MLO with date recorded and mailed to client.
- Applicant status is changed to incomplete.
- MLO records loan status as *incomplete* in Encompass in the Prequal page 3 or Borrowers origination form.

SUN Pre-Approval

Pre-Approval Application Disclosures and Forms



Disclosure Acknowledgement (signed and dated by all applicants and MLO)

- Patriot Act Customer Information Documentation form
- Completed, signed and dated Mortgage Loan Application - 1003
- Pre-Approval Certification and Authorization
- Bi-Weekly Payment Agreement Early Disclosure
- Verifications of Employment (covering full two year history for each applicant)
- IRS 4506(T) for each applicant
- Credit Authorization and Notice to Home Applicant Credit Score Disclosure
- Massachusetts and Property /Appraisal Disclosures
- Shared Appreciation Disclosure
- Social Security Verification Form (for all applicants)
- Good Faith Estimate
- Acknowledgement of Good Faith Estimate
- Truth-in-Lending Disclosure and Itemization of Amount Financed Addendum
- Rate Lock/Float Disclosure
- Servicing Transfer Notice/Disclosure
- HUD-Home Inspection/Lead Paint Disclosure, Lead Paint Inspection, and Lead Paint Hazards
- Aura Privacy Policy Disclosure
- Additional Needs Disclosure
- Borrower's Certification and Authorization
- ACH Withdrawal Authorization
- Loan Modification disclosure if a short sale.
- Third party information release form.
- Disclosure of Important Program Terms:
 - Offer Negotiations
 - Earnest Money Deposit Requirements: Placed in Escrow
 - Process Flowchart
 - Loan Loss Reserve (25%)
 - Capital Reserve Account
 - Smoke Certification
 - Rent-to-Buy Requirements
 - Closing Cost associated with closing in the name of a trust
 - ACH Bounce Fees
 - Hardship Letter
 - Requirements for Updated Documentation and Change in Financial Condition Notification
 - Property Inspection and Related Costs
 - Holdback Account

SUN Pre-Approval

Initial Application: Processing

- UW prioritizes file based on input from staff (MLO's/offers negotiators) and 30 day decision.
- File assigned to a Processor by the Lead Processor and input into Encompass.

Processing Initial Application:

- Assembles hardcopy (green file).
- Reviews the application package for completeness. Notes any missing docs in Encompass and sends email to MLO if documents are missing (for training).
- Reviews and updates *Pre-approval Processing/Underwriting* checklist.
- If children under 6 in home and home older than 1978, checks status of lead paint on website. Records findings in Encompass.
- Analyzes Income, Assets, Debts.
- If ratios lower than 34/44, processor orders Initial Title.
- If ratios higher than 34/44 then processor reviews with UW and based on outcome, initial tile order may be placed.
- Sends VOE's. Records in Encompass.
- Monitors receipt of VOE's and title and uploads into Encompass upon receipt.
- After the initial title is received and if it is clear, appraisals and flood certificates are ordered and tracked in Encompass.
- When appraisal is received, processor reviews appraisal against appraisal checklist (file may be with UW or Negotiators at this time).
- Processor completes estimate of property value on the Processor Summary page.
- If there are Alerts on Credit, clear with Avantus, is possible. OFAC check and clear discrepancy with Core Logic.
- Verifies SSN Verification form is signed.
- Processor updates 1003 and 1008 forms in Encompass and prints forms and includes in files.
- If condominium, creates condo file package for underwriting.
- Completes 1st draft of cash to close worksheet .
- Two outcomes of processing are 1) File submitted to UW or 2) Additional Needs Processing.
- On a weekly basis, Processing reviews *Active* folder Report to track all files. (Managed through pipeline view)

File submitted to UW:

- Date of submission to UW recorded in Encompass (MS).
- Submits file to UW (using submittal milestone) with documents, checklist and decision recommendation.
- Proceed to Pre-Approval Underwriting process.

Additional Needs:

- Processor records AN information into Encompass and records date to stop compliance clock.
- File moved to *Pre-Approval ANs* folder.
- Pre-Approval Additional Needs process followed.

SUN Pre-Approval

Initial Application: Additional Needs Process

Processing Additional Needs:

- Processor prepares and sends out ANL based on review of file or input from UW.
- Processor calls Borrower and reviews conditions/additional needs list.
- Processor records sent date of ANL in Encompass.
- Additional needs to be tracked under preliminary conditions in Encompass. Conditions satisfied once the documents are received, reviewed, and uploaded.
- Processor sends a copy of the preliminary conditions to the MLO to assist with securing the financial documents. The processor will communicate their document needs to the MLOs.
- Processor also receives copy of conditional commitment with a copy to the assigned MLO.
- Processor holds files with AN until all missing information is received.
- Processor updates 1003 and 1008 with new information.
- On a weekly basis, processing reviews the *Pre-Approval AN folder* report generated from Encompass to track all files.

All Documents Received:

- Once all documents are received, Processor analyses data.
- Updates Processing/Underwriting checklist.
- Revises the application date in Encompass to restart compliance clock.
- Date of submission to UW recorded in Encompass.
- Processor clears conditions in Encompass.
- File moved to *Active* folder in Encompass from *Pre-Approval ANs* Folder.
- Processor completes *Sent to Underwriting* Milestone
- Pre-qual/approval status changed to *Sent to Processing*
- Processing submits file to UW with complete documents and updated Encompass screens, and decision recommendation.
- Proceed to Preapproval Underwriting process.

Documents Not Received:

- If all material not received after 2 months, file is moved to *Incomplete* folder.
- Statement of Denial is completed with date recorded and mailed to client.
- Processor records Current status as *Closed for incompleteness* in Encompass in the Prequal page 3.
- Pre Qual/Approval Status changed to *Pre-qual non-responsive initial application*.

SUN : Pre-Approval

Pre-Approval Underwriting Process

- UW reviews all files on a daily basis and prioritizes based on input from staff (MLO's/offers negotiators) and 30 day decision.
- File assigned to an Underwriter and input into Encompass.
- UW Underwrites loan file for decision (per Aura Guidelines):
 - Reviews Mortgage application checklist
 - Verifies all documentation provided, if not move to Additional Needs box below.
 - UW estimates property value: appraisals, distressed and non-distressed comps in MLS.
 - Reviews Income, assets, debt. Updates 1003 and 1008 as needed. Enters comments on 1008: Employment, income, credit, assets, and all compensating factors.
 - Judgments, tax liens may be added to loan amount.
 - Establishes whether any property repairs are needed and , if so, total amount of holdback.
 - UW considers the amount the borrowers are comfortable paying (collected by MLO during application).
 - Any exceptions to guidelines: UW obtains approval from Management.
- Update Cash to Close Worksheet and determine maximum offer amount and maximum loan amount. Input in Encompass.
- Needed loan amount calculated: (distressed property value (25% mark-up), holdbacks, capital reserve, liens, closing costs less cash provided at closing).
- UW may review and reduce the loan amount needed, if close to maximum loan amount.
- Three outcomes of underwriting process: Denied, Additional Needs, Pre-approved.

Denied: (Denial Process)

- Send email to MLO to discuss case before issuing a denial.
- UW records in Encompass reason for denial and sends file back to Processor/Admin to Process Denial.
- Statement of Denial/ MRB Notice is prepared.
- UW Reviews Declines with management for 2nd Tier Review and signature
- Letter mailed to client and uploaded into efolder by Admin or processing.
- File moved to *Adverse* folder in Encompass

Additional Needs:

- UW records AN information into Encompass and records date to stop compliance clock.
- UW tracks ANs within underwriting conditions within efolder.
- File sent back to Processor/Admin for preparation and issuance of ANL.
- UW moves folder from *Active* Folder to *Pre-Approval AN* folder in Encompass.

Pre-Approved:

- UW records maximum loan amount in Encompass.
- UW sends file back to Processor/Admin to Process Pre-Approval Letter (for UW signature) and auto email to Negotiation team and MLOs.
- Pre-approval letter signed and file sent to Offer team.
- *Sent to Negotiations* Milestone completed
- Proceed to Offer Preparation Process.

- File assigned by Lead Negotiator to a Negotiator on a rotational basis and input into Encompass. (Negotiator name associated with milestone)
- Offer Folder reviewed by Negotiators on a weekly basis to ensure all clients moving through process.

Preliminary Review of file and Offer Checklist:

- Reviews Processing/UW checklist and verifies needed signatures are included and signed with signed date within 30 days. These include:
 - Underwriting pre-approval
 - Initial title clear
 - Property inspection report ordered, received, reviewed and uploaded. If property in average or above condition, proceed. If fair and below reassess.
 - Appraisal ordered, received, reviewed and uploaded. If property in average or above condition, proceed. If fair and below reassess.
 - Etc.
- Reviews Offer Preparation Checklist as well and maintains throughout the Negotiation process.
- Determines if REO or Short Sale: for short sales, verify disclosure about modification is on file and signed by client (verifies field in encompass in Pre-qual form).
- Verifies financial documents on file (proof of income / bank statements) are within 30 days. If not within 30 days secured updated documents from client.

Offer Preparation-Negotiator:

- Calls Client to inform them of pre-approval; negotiation process described. Reminds client to maintain updated document and to report any change in financial situation
- . Verifies amount client is comfortable paying (from Encompass). Reminds client of \$5K of Earnest Deposit money needed.
- Obtains contact info for current owner/lender/servicer.
- For short sales, checks to see if loan modification disclosed or if third party release of information form signed. If loan modification not disclosed, calls servicer to confirm client is NOT being reviewed for modification.
- Obtains Maximum Loan Amount from Encompass retrieved from Encompass 1003 form (input by UW).
- Evaluates Appraisal Report. Determines whether Distressed or Non-Distressed Appraisal.
 - Conducts further research for distressed properties/values for submission with offer (MLS research)
- Obtains previous mortgage payment/balance to understand benefit to borrower. Documents benefit to Applicant on Negotiation Screen. Contact management if no benefit.
- Include in offer price maximum amount of recommended range of holdback.
- Determines if client is eligible for any grants (e.g. NSP3, AG). Negotiator reviews hardship entered on Pre-Qual forms to understand eligibility.
- Obtains from Encompass any liens that may revive.
 - If no liens continue
 - If lien exists then estimate payoff at \$.20 per \$1.00 and account for in offer price. Will negotiate after first mortgage is negotiated. Offer is contingent on second lien being negotiated.
 - Runs various offer scenarios using *Offer Worksheet* based on amount applicants qualify for and market data.
- Determines offer price and obtains sign off by another offer team member on offer price (recorded in Encompass).
- Drafts offer letter (contingent on certificate of compliance for smoke and lead paint (if applicable), marketable title, and second lien negotiated).

**If REO: Go to REO Preparation
Offer Submittal Process**

**If Short Sale: Go to Short Sale
Preparation/Offer Submittal Process**

**If Direct Purchase by Owner: go to
Direct Purchase by Owner Process**

SUN Offer Process

REO Preparation/Offer Submittal Process

Negotiator:

- Ensures loan offer is below maximum loan based on client comfort and max. approved loan.
- Calls client to schedule an appointment to:
 - Collect \$5,000 Earnest Money deposit (records amount and date of collection in Encompass; brings to Controller immediately. Provides signed receipt to Client. Ensure P&S reflect EMD. Note: Negotiator works with Controller to deposit and return EMD. Reimbursement checks sent directly from Controller.
 - Collect any updated income documents and verifies there has been no material change.
 - If material change, send to UW for updated pre-approval.
 - If not, proceed with offer
 - sign Seller P&S to sell property for maximum loan amount approved or max. comfort loan amount (client promising to purchase property back from NSP Residential if there is an offer accepted).
- Sends the offer package to the existing owner of the property (e.g. bank) including:
 - Offer letter
 - Proof of funds from NSP Residential
 - Appraisal (only if it supports offer amount)
 - MLS comps if they support the offer amount
- Updates the negotiation page in Encompass.
- Uploads the offer letter to the corresponding efolder in Encompass.
- Calls bank to confirm receipt and to see if they have any questions.
- Follow-ups via phone/email at least two to three times a week. Logs call into Encompass.
- Calls Client at least monthly with a status update.

Client Withdraws/No longer qualifies:

- Note in Encompass
- EMD may be retained if offer accepted.
- Contact Servicer and withdraw offer.
- If client no longer qualifies, move file and change status to *Denied* Folder and follow denial process. Return EMD.
- If client withdraws, move file to *Withdrawn* folder and status changed to *Approved not accepted*.
- Notify MLO of change of status.

Bank Nonresponsive:

- If no response after 3 months change status to *Approved not Accepted* and move to *Offer not Accepted* folder in Encompass.
- Send letter to client & return EMD.
- Notify MLO.

Offer Accepted:

- Proceed to Offer Acceptance Process
- Negotiator moves Encompass file from *Negotiations* folder to *Active* folder and *Offer Accepted* milestone is completed.

Counter Offer Received: Proceed to REO Counter-Offer Process

Offer Rejected: Proceed to REO Rejected Offer Process

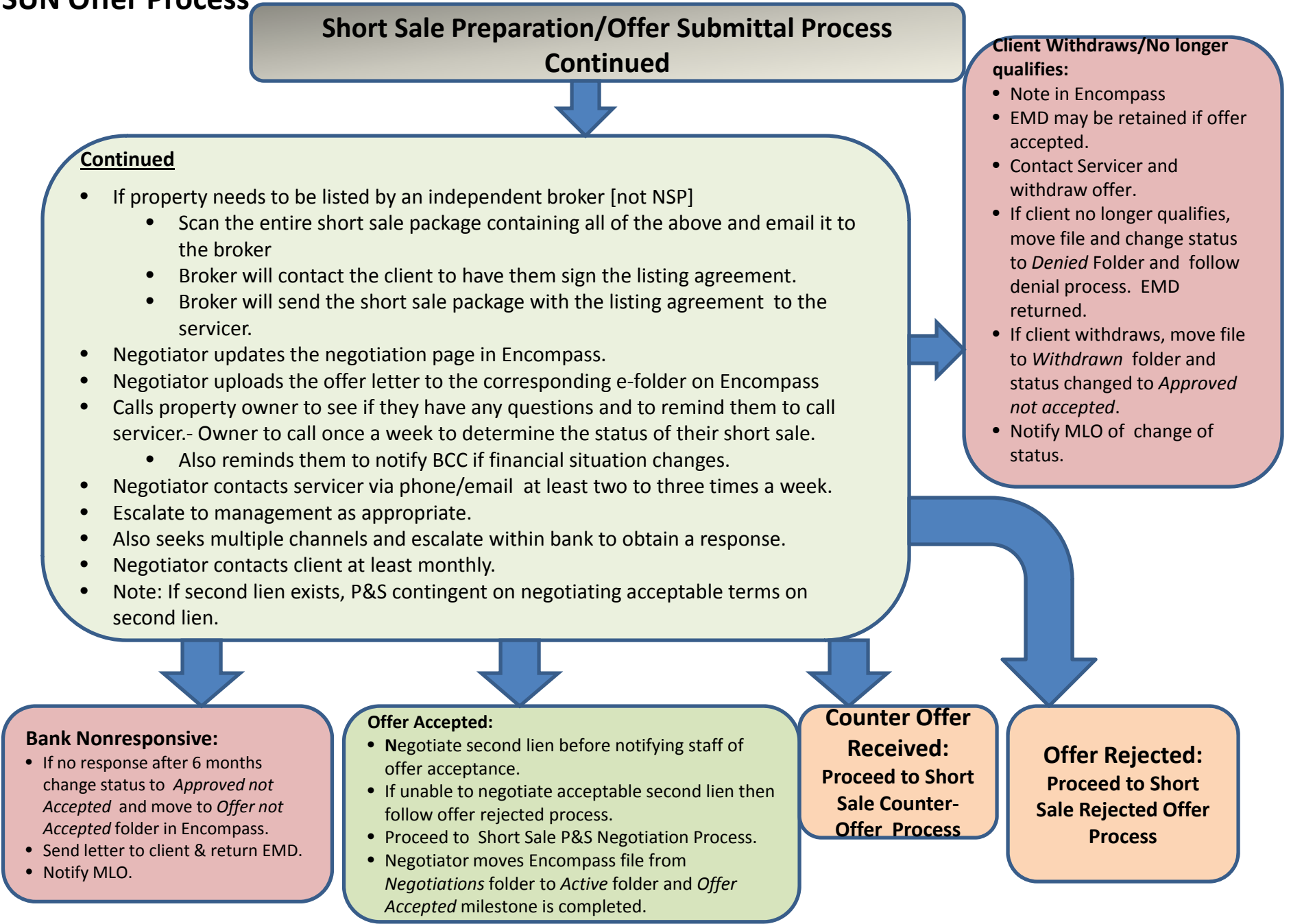
Short Sale Preparation/Offer Submittal Process

Negotiator:

- Orders Buyer P&S from in-house attorney.
- Orders HUD-1 from NSP attorney
- Checks Encompass Database for offer document requirements and listing requirements of servicer.
 - If not in database, call servicer to understand offer document/listing requirements and add to Encompass database.
 - if property needs to be listed by a real estate broker/agent refer to a broker (or NSP in future);
 - If not, prepare template letter explaining seller is not using a listing agent.
- Calls client to make sure they are comfortable with prospective monthly payment and schedules an appt. with client to :
 - Collect \$5,000 Earnest Money deposit.
 - Collect any updated income documents and verifies there has been no material change.
 - If material change, send to UW for updated pre-approval.
 - If not, proceed with offer
 - sign Seller P&S to Sell property (client promising to purchase property back from NSP Residential if offer accepted).
 - Sign letter waiving use of real estate listing agent if applicable OR listing agreement [if NSP is listing the property]
 - Sign Servicer specific worksheet (if applicable);
 - Sign Hardship Letter,
 - Sign Income/Expenses (Budget) worksheet

Continued:

- Sign 4506T Form. For sellers filing taxes separately, each seller should sign a separated 4506T
- P&S to buy property (client selling to NSP Residential).
- Obtain BCC authorized signature on Buyer P&S to buy property. Include underwriting per-approval letter.
- If property does not need to be listed by an independent real estate broker, send to servicer the short sale package containing:
 - Cover sheet
 - Offer letter
 - Buyer P&S to buy property
 - Preliminary HUD-1
 - Proof of funds for NSP Residential LLC
 - NSP Residential LLC Articles of Organization/Incorporation
 - Servicer specific worksheet signed by seller(s) if applicable
 - Hardship letter signed by seller(s)
 - Income/Expenses worksheet signed by seller(s)
 - 4506T signed by seller(s)
 - 30 days worth of consecutive pay stubs for each seller / quarterly P&L if self-employed
 - Proof of other income if applicable
 - 2 last years' tax returns (federal return only: 1040 + all schedules) for each seller (if filing separately) + W2 forms and/or 10-99 forms where applicable
 - 3 most recent consecutive bank statements (checking + savings account)



REO Counter Offer Process

Negotiator:

- Verifies Seller P&S selling back to client has not expired.
- Confirms financial documentation in file is current.
 - if less than 30 days old proceed.
 - if more than 30 days old: request and obtain updated documents from client before proceeding
- Reviews maximum loan/offer amount.
- Reviews Appraisal Report again (noting distressed or non-distressed)
- Obtains updated distressed comps from MLS.
- Runs various offer scenarios using *Offer Worksheet* based on amount applicants qualify for and market data.
- Determines counter-offer considering holdback and liens.
- Obtains sign off by another offer team member on offer price.
- Reviews previous mortgage payment and balance to understand benefit to the borrower
- Calls client to verify they are feel comfortable with monthly payment and that they want to continue (only need to get approval if offer is above client comfort level- should try to reach either way).
- Updates offer letter (contingent on passing smoke, lead paint, client qualifying, etc.) detailing:
 - New offer amount
 - Reasons for disputing the bank’s valuation (comparable sales, square footage value, appraisal, or any other reason supporting our counter offer)
- Send updated letter with updated proof of fund
- Updates the negotiation page in Encompass.
- Uploads the offer letter to the corresponding efolder on Encompass.
- Calls property owner/bank to confirm receipt and to see if they have any questions.
- Follow-ups via phone/email at least two to three times a week.
- Calls Client at least monthly for a status update.

Client Withdraws/No longer qualifies:

- Note in Encompass
- EMD may be retained if offer accepted.
- Contact Servicer and withdraw offer.
- If client no longer qualifies, move file and change status to *Denied* Folder and follow denial process. EMD returned.
- If client withdraws, move file to *Withdrawn* folder and status changed to *Approved not accepted*.
- Notify MLO of change of status.

Bank Nonresponsive:

- If no response after 6 months change status to *Approved not Accepted* and move to *Offer not Accepted* folder in Encompass.
- Send letter to client & return EMD.
- Notify MLO

Offer Accepted:

- Proceed to Offer Accepted Process
- Negotiator moves Encompass file from *Negotiations* folder to *Active* folder and *Offer Accepted* milestone is completed.

Offer Rejected:
Proceed to Offer Rejected Process

Counter Offer Received: Proceed to REO Counter-Offer Process

Short Sale Counter Offer Process

Negotiator:

- Verifies P&S selling back to client is not expired.
- Confirms financial documentation in file is current.
 - if less than 30 days old proceed.
 - if more than 30 days old: request and obtain updated documents from client before proceeding
- Reviews maximum loan/offer amount.
- Reviews Appraisal Report again (noting distressed or non-distressed)
- Obtains updated distressed comps from MLS.
- Runs various offer scenarios using *Offer Worksheet* based on amount applicants qualify for, market data.
- Determines counter-offer considering holdback and liens.
- Obtains sign off by another offer team member on offer price.
- Reviews previous mortgage payment and balance to understand benefit to the borrower
- Calls client to verify they are feel comfortable with monthly payment and that they want to continue (not necessary if offer below comfort level amount).
- Updates buyer P&S with new offer amount.
- Requests updated HUD-1 from NSP attorney with new offer amount. Continued in box on right.

- Schedules appointment with client to sign the updated P&S.
- Updates offer letter detailing:
 - New offer amount
 - Reasons for disputing the bank’s valuation (comparable sales, square footage value, appraisal, or any other reason supporting our counter offer)
- Obtains printout of NSP account (for proof of funds).
- P&S to buy property signed by authorized person having signing authority on behalf of NSP Residential LLC.
- If property not listed by an independent real estate broker sends updated P&S (fully executed), offer letter, proof of funds, and HUD-1 directly to servicer.
- If property listed by real estate broker, sends updated P&S (fully executed), offer letter, proof of funds, and HUD-1 to broker
- Updates the negotiation page in Encompass
- Uploads the offer letter to the corresponding efolder on Encompass.
- Calls property owner/bank to confirm receipt and to see if they have any questions.
- Follow-ups via phone/email at least two to three times a week.
- Calls Client at least monthly for a status update.
- Client calls servicer at least once weekly.
- Note: If second lien exists, P&S contingent on negotiating acceptable terms on second lien.

Bank Nonresponsive:

- If no response after 6 months change status to *Approved not Accepted* and move to *Offer not Accepted* folder in Encompass.
- Send letter to client & return EMD.
- Notify MLO

Offer Accepted:

- Negotiate second lien before notifying staff of offer acceptance.
- If unable to negotiate acceptable second lien then follow offer rejected process.
- Proceed to Short Sale P&S Negotiation Process.
- Negotiator moves Encompass file from *Negotiations* folder to *Active* folder and *Offer Accepted* milestone is completed.

Offer
Rejected:
Proceed to
Offer Rejected
Process

Counter
Offer
Received:
Proceed to
Short Sale
Counter-Offer
Process

Withdraws/Not
qualified:
• See
Withdraws/Not
qualified process
under REO Counter
Offer Process.

REO/Short Sale: Rejected Offer Process

Offer rejected without a counter offer and without negotiations:

- Call contact at bank to understand rejection. Try to gain insight into their concerns and to encourage a counter offer.
- Identify potential high level contact and escalate to secure a counter offer and to gain more insight.
- Escalate to BCC management if bank reason for rejection is more broad based and not specific to a particular property.
- If rejected based on offer amount, try to obtain counter offer but if not successful
 - Consider a new offer-refer to REO or Short Sale counter offer process. Follow REO or Short Sale Counter offer process.
- If no movement made after 3 months and all channels exhausted:
 - Inform client and refer them to community organizations that can provide support.
 - Send letter to client.
- Close the case in Encompass by selecting *Approved not Accepted* on Borrower Summary Origination Screen. Include date of action.
- Return EMD to client.
- Inform MLOs.

Offer Rejected/No counter after Negotiation:

- Call contact at bank to understand rejection. Try to gain insight into their concerns.
- Escalate with any contact that is higher up the chain.
- If at maximum offer amount without acceptance from bank:
 - Inform the client by phone and refer them to community organizations that can provide support.
 - Send letter to client.
- Close the case in Encompass by selecting *Approved not Accepted* on Borrower Summary Origination Screen. Include date of action.
- Return EMD to client.
- Inform MLOs.



Case Closed

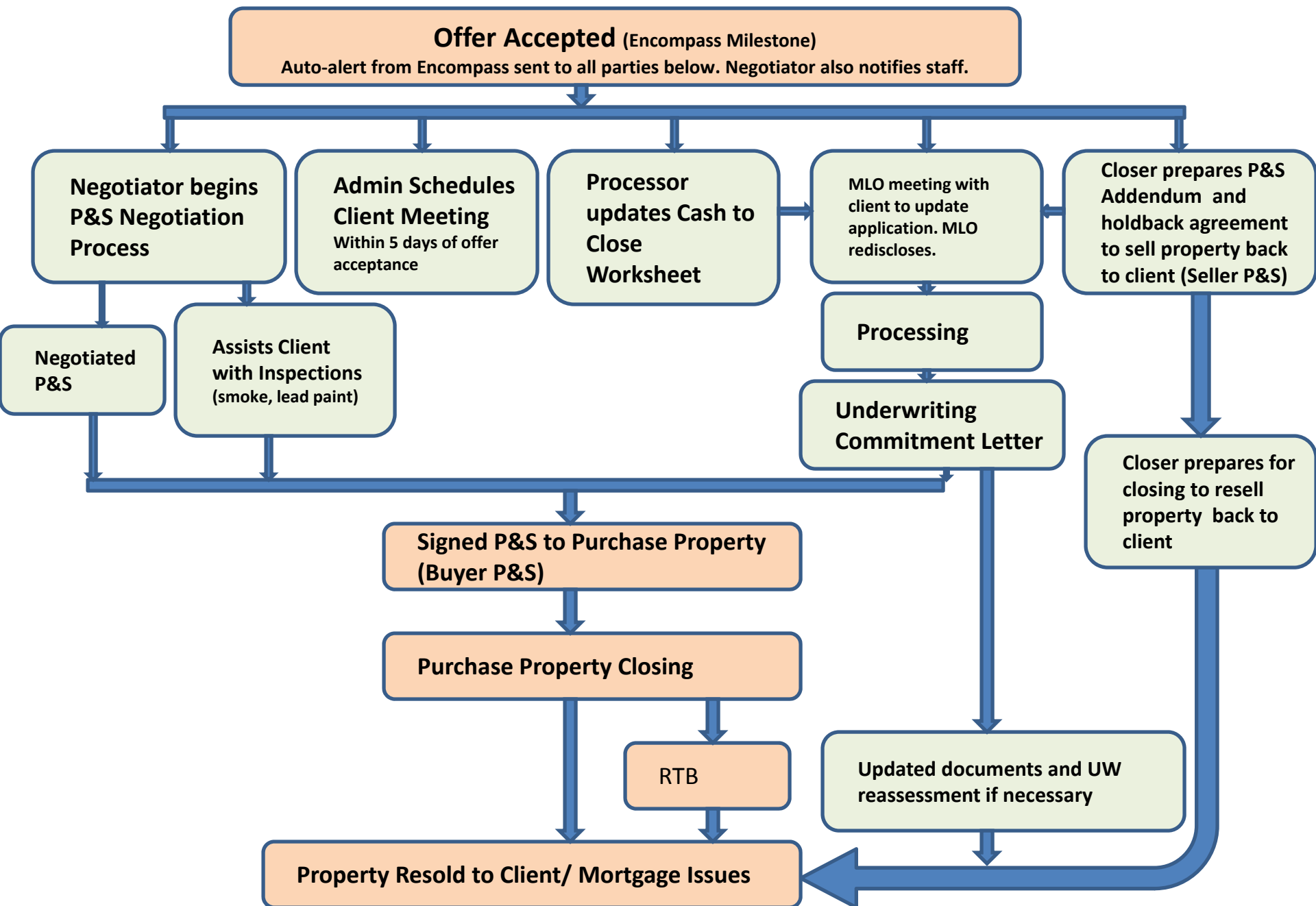
Offer Accepted:

- For Short Sale, negotiate second lien before notifying staff of offer acceptance.
- If unable to negotiate acceptable second lien then follow process above to close out file.
- Proceed to REO or Short Sale P&S Negotiation Process.
- Negotiator moves Encompass file from *Negotiations* folder to *Active* folder and *Offer Accepted* milestone is completed.

Counter Offer Received: Proceed to REO or Short Sale Counter-Offer Process

Client Withdraws/No longer qualifies:
• See Withdraws/Not qualified process under REO Counter Offer Process

SUN Property Purchase Process- Successful Outcome



SUN Property Purchase Process

Post Offer Acceptance: REO P&S Negotiations Process

Negotiator:

- Verifies \$5K of EMD is in escrow
- Calls client to:
 - Inform client of acceptance.
 - Request updated documents.
 - Explain remaining application process and meeting with MLO.
 - Have client order smoke inspection (negotiator ensures this happens).
 - Informs client of EMD balance.
 - Verify no change in financial situation
 - If material change stop negotiations and resend to UW. If no longer qualified contact management for next steps.
- Orders full title report from NSP attorney.
- Sends email to staff notifying acceptance (auto-email from encompass also notifies staff)
- RTB: Lead Paint Inspection ordered if:
 - RTB
 - Home built before 1978
 - Children under 6 (tenants/owners)
 - Not known to have been deleaded

- If lead in home, home must be deleaded prior to BCC purchase.
- Seller/Bank sends Buyer P&S to BCC.
- Negotiator reviews and also sends to BCC NSP Attorney (attorney selected now).
- If modifications are needed, negotiator works with seller to reach mutually agreeable terms.
 - If standard BCC terms not included, escalate to management for approval.
- Negotiator also reviews file for a loan commitment letter (or contact UW for status). Commitment letter needed for P&S signing (uploaded by UW into Encompass who also completes Approved loan milestone)
 - UW to contact negotiator as soon as commitment letter issued or denied.
- Second appraisal ordered-no charge to client
- Commitment letter issued.
 - If commitment letter older than 30 days collect updated docs from client and submit to UW for updated commitment.
 - If conditions on commitment letter, Processor to clear conditions. Must be Clear to Close.

- If commitment letter within 30 days obtain most recent paystubs and bank statements to make sure nothing changed.
- Verifies smoke certificate, hazard binder, and lead paint certificate on file.
- Closes in the name of a trust if second lien is on property- add appropriate fee and redisclose GFE within 3 days of this determination.
- Obtains authorized signature on Buyer P&S providing negotiated Buyer P&S, commitment letter
- Request for NSP EMD also made to Controller.
- Buyer P&S to purchase property sent to seller with copy of NSP EMD.
- Signed Buyer P&S received from Bank.
- Verifies Title, Appraisal, and Inspection reports in file and uploaded into encompass.
- Notifies client and records completion of Negotiated P&S in Encompass.

Client Withdraws/No longer qualifies: See Withdraws/Not qualified process under REO Counter Offer Process

Signed P&S: Proceed to Purchasing Property Process

No Acceptable P&S to purchase the Property is Negotiated/No Marketable Title:

- Note in Encompass; EMD returned.
- Contact Client and send letter
- Move file to *Approved not Accepted* folder and notify MLO.

Acceptable P&S Negotiated but No Smoke, lead paint certificates/Title issue

- Negotiator works to resolve issues. Keeps staff updated on status.
- If not resolved close file and send letter to client. Return EMD.

SUN Property Purchase Process

Post Offer Acceptance: Short Sale P&S Negotiations Process

Negotiator:

- Verifies \$5K of EMD is in escrow
- Calls client to:
 - Inform client of acceptance.
 - Request updated documents.
 - Explain remaining application process and meeting with MLO.
 - Have client order smoke inspection.
 - Informs client of EMD balance.
 - Verify no change in financial situation
 - If material change stop negotiations and resend to UW. If no longer qualified contact management for next steps.
- Sends email to MLO notifying acceptance (encompass also notified Admin/MLO)
- Orders full title report
- RTB: Lead Paint Inspection ordered if
 - RTB
 - Home built before 1978
 - Children under 6 in home
 - Not known to be have deleaded

- If lead in home, home must be deleaded prior to BCC purchase.
- If second lien on home, negotiator negotiates an acceptable settlement.
- Negotiator also reviews file for a loan commitment letter (or contact UW for status). Commitment letter needed for P&S signing.
 - UW to contact negotiator as soon as commitment letter issued or denied.
- Commitment letter issued.
 - If commitment letter older than 30 days negotiator collects updated docs from client and submit to UW for updated commitment.
 - If commitment letter within 30 days obtain most recent paystubs and bank statements to make sure nothing changed.
 - If conditions on commitment letter, Processor to clear conditions.
- Sends request to NSP attorney for updated HUD
- Obtains authorized signature on P&S providing commitment letter. Request for NSP EMD made.

- Obtains client signature on Seller P&S
- BCC sends updated P&S and HUD to servicer along with copy of NSP EDM.
- Negotiator and BCC attorney works with seller to reach mutually agreeable terms.
 - If standard BCC terms not included, escalate to management for approval.
- P&S to purchase property sent to seller with copy of EDM.
- Signed P&S received from Bank.
- Verifies Title, Appraisal, and Inspection reports in file and uploaded into encompass.
- Notifies client and records completion of Negotiated P&S in Encompass.

Client Withdraws/No longer qualifies: See Withdraws/Not qualified process under REO Counter Offer Process

Signed P&S: Proceed to Purchasing Property Process

No Acceptable P&S to purchase the Property is Negotiated/No Marketable Title:

- Note in Encompass; EMD returned
- Contact Client and send letter
- Move file to *Approved not Accepted* folder and notify MLO.

Acceptable P&S Negotiated but No Smoke, lead paint certificates, Title issue, or Second Lien not negotiated

- Negotiator works to resolve issues. Keeps staff updated on status.
- If not resolved close file and send letter to client. Return EMD.

SUN Full Application Process

Full Application/P&S Addendum Process

- Admin schedules meeting for MLO.
- In preparation of Full Application meeting, Processor updates Cash-to-Close Worksheet which is reviewed by UW. MLO prepares GFE/TIL and prints and reviews file. Closer prepares Holdback Agreement and Seller P&S addendum with final loan price.
- MLO Meets with Applicant to update Application (or conducts secure application via Encompass and telephone).
- Applicant signs ACH (if selected) and provides canceled check.
- Seller P&S addendum is reviewed (including Use and Occupancy terms when applicable) and executed with clients by Closer.
- Application (1003) and any missing Application Disclosures (see next slide) are reviewed with applicants (Program Terms Disclosure is revisited with clients to ensure they understand and accept terms). Missing documents are signed/dated. If updated Credit Report is needed (original stale-dated), report run and imported into Encompass 1003. All required updated documentation is collected. MLO determines if any documentation is missing by reviewing document checklist. Client signs Holdback agreement. Remaining process is reviewed with client using Process Diagram. Verify Social Security from not expired. If so, resign.
- If major change in financial condition: MLO immediately notifies negotiations and reviews with UW for a preliminary read.
- MLO reschedules no-shows. At this juncture, clients should be rescheduled unless they withdraw.
- On a weekly basis, MLO team reviews Pipeline to track all active files at this stage in the process.

Additional Needs:

- See *MLO Additional Needs* process. Meeting continues.
- After the client meeting, MLO uploads all updated Income, Asset, Credit and Pre-Approval Documents to Encompass eFolder.
- MLO reviews application package a final time to identify any other missing information (and notifies client if any information/documents are missing).
- Document checklist included with file.
- At this juncture, MLO works with client to obtain needed documentation.

File Complete: After the client meeting:

- MLO reviews application package a final time to identify any other missing information (and notifies client if any materials are missing). See left box for procedure if missing docs identified.
- MLO updates Encompass Conversation Log and uploads all Income, Asset, Credit and Approval Documents to Encompass eFolder.
- Document checklist included with file.

Sent to Processing:

- Notes any major change in financial condition.
- MLO completes sent to Processing milestone in Encompass
- Hardcopy file moved to Full-App Processing Drawer
- Proceed to Full Application Processing process.

Client withdraws/Client no longer qualifies:

- Notes made in Encompass.
- EMD may be retained.
- Contact Servicer and withdraw from process.
- If client no longer qualifies, move file and change status to *Denied* Folder and follow denial process. EMD returned (less costs?).
- If client withdraws, move file to *Withdrawn* folder and change status to *Approved not accepted*.
- Notify MLO of change of status.

SUN Full Application

Update Application: Disclosures and Forms



Since the Full Disclosure Package, including 1003, GFE and TILA Disclosures as well as the Important SUN Program Terms and Disclosures, Shared Appreciation and Bi-Weekly Payment Disclosure were reviewed and signed/acknowledged as received at the Pre-Approval Meeting, the Full Application Meeting is an opportunity review key documents and disclosures, ensure all information is current (in particular, the loan terms, borrower's income, assets and liabilities) and answer any questions the applicant(s) may have. In the event it is determined that a valid change in circumstance occurred since the original GFE and TILA were provided, be sure to review the current terms (these should have been disclosed within 3 business days of learning of the Change in Circumstance as per RESPA).

Disclosure Acknowledgements Updated: (signed and dated by all applicants and MLO):

- Updated, Completed, signed and dated Application – 1003 reflecting final loan amount and purchase price.
- Good Faith Estimate (updated if necessary)
- Truth-in-Lending Disclosure (updated if necessary)
- SS Verification Form (if expired)
- Servicing Transfer Notice/Disclosure
- Bi-Weekly Payment Disclosure
- ACH Withdrawal Authorization
- Updated Verifications of Employment (covering full two year history for each applicant)
- Disclosure of Important Program Terms Revisited with Applicants: Earnest Money Deposit, Loan Loss Reserve (25%), Bi-Weekly Payment terms, Capital Reserve Account, Shared Appreciation Mortgage and Note, Smoke Certification, Rent-to-Buy Requirement, Closing in the name of a trust, Hardship Letter, Requirements for Updated Documentation and Change in Financial Condition Notification, Holdback – Advance Schedule and Re-Inspection Fees (Note these are APR/PPD FCs), Lead Paint Disclosures and Related Requirements and Costs

SUN Full Application Process

Full Application Processing

- UW prioritizes file based on input from staff (MLO's/offers negotiators) and 30 day compliance review.
- Processor that previously reviewed file retains the case.

Processing Full Application, Processor:

- Adds any additional materials to green file verifying that appraisal report, inspection report and title report included.
- Reviews the application package for completeness and updated documents. Notes any missing docs in Encompass and sends email to MLO if documents are missing (for training).
- Tracks disclosures using Encompass.
- If children under 6 in home, not deleaded, and home built before 1978, verifies lead paint certificate in file.
- Analyzes Income, Assets, Debts based on updated information. Updates 1003 and 1008 forms in Encompass.
- If ratio dramatically changed, alerts Negotiator/MLO immediately.
- Only order VOEs if client changes jobs unless VOEs older than 90 days. Records in Encompass.
- Monitors receipt of VOE's uploads into Encompass upon receipt.
- Processor reviews appraisal against appraisal checklist.
- Processor completes estimate of property value on the Borrower Summary page.
- Processor reviews title for any liens/problems and notes in Encompass.
- If there are Alerts on Credit, clear with Avantus, is possible. OFAC check and clear if discrepancy.
- Verify Social Security verification form on file is signed and current (expires in 90 days from signing).
- Verifies Life of Loan Flood Certificate on file.
- Updates *Processing/Underwriting* checklist.
- Two outcomes of processing are *File submitted to UW* or *Additional Needs* Processing.
- On a weekly basis, Processing reviews *Processing/Underwriting* Pipeline Report to track all files.

File submitted to UW:

- Date of submission to UW recorded in Encompass. MS?
- Submits file to UW with documents, checklist and decision recommendation.
- Proceed to Full Application Underwriting process

Additional Needs:

- Processor records AN information into Encompass and records date to stop compliance clock.
- Full-Application Additional Needs process followed.
- File moved to *Full Application ANs* folder.

SUN Pre-Approval

Full Application: Additional Needs Process

Processing Additional Needs:

- Processor prepares and sends out ANL based on review of file or input from UW.
- Processor records sent date of ANL in Encompass.
- Additional needs to be tracked under preliminary conditions in Encompass. Conditions satisfied once the documents are received, reviewed, and uploaded.
- Processor sends a copy of the preliminary conditions to the MLO to assist with securing the financial documents. The processor will communicate their document needs to the MLOs.
- Processor also receives copy of conditional commitment with a copy to the assigned MLO.
- Processor holds files with AN until all missing information is received.
- Processor updates 1003 and 1008 with new information.
- On a weekly basis, processing reviews the *Full Application AN folder* report generated from Encompass to track all files.

All Documents Received:

- Once all documents are received, Processor analyses data.
- Updates Processing/Underwriting checklist.
- Date of submission to UW recorded in Encompass.
- Processor clears conditions in Encompass.
- File moved to *Active* folder in Encompass from *Full Application ANs* Folder.
- Processor completes *Sent to Underwriting* Milestone
- Processing submits file to UW with complete documents and updated Encompass screens, and decision recommendation.
- Proceed to Full Application Underwriting process.

Documents Not Received:

- If all material not received after 2 months, file is moved to *Incomplete* folder.
- Statement of Denial is completed with date recorded and mailed to client.
- Processor records Current status as *Closed for incompleteness* in Encompass .
- Since this is late in the process, processor should make every effort to secure missing docs.
- EMD retained.

Full Application Underwriting Process

- UW reviews all files on a daily basis and prioritizes based on input from staff (MLO's/offers negotiators) and 30 day decision.
- UW previously assigned in pre-approval reviews files.
- UW Underwrites loan file for decision (per Aura Guidelines):
 - Reviews *Processing/Underwriting* checklist and updates throughout UW process.
 - Verifies all documentation provided, if not move to Additional Needs box below.
 - UW estimates property value: appraisals, distressed and non-distressed comps in MLS.
 - Reviews Income, assets, debt and updates 1003, 1008.
 - Judgments, tax liens may be added to loan amount.
 - Reviews title report, appraisal, inspection report (noting holdback amount).
 - Reviews offer accepted amount and needed loan amount updating cash to close worksheet.
 - UW considers the amount the borrowers are comfortable paying (collected by MLO during application).
 - Any exceptions to guidelines: UW obtains approval from Management.
- Needed loan amount calculated: (purchase price (25% mark-up), holdbacks, liens, capital reserve, closing costs less cash provided at closing). Cash to Close worksheet is reviewed and updated as needed.
- UW determines whether Borrower qualifies for needed loan amount.
- If loan amount changes then APR needs to be recalculated to see if required to redisclose (>1/8%). Use disclosure tracking.
- Three outcomes of underwriting process: Denied, Additional Needs, Commitment Letter Issued/Updated.

Denied: (Denial Process)

- UW notifies staff including MLO and Negotiator.
- UW records reason for denial and sends file back to Processor/Admin to Process Denial.
- Statement of Denial/ MRB Notice is prepared.
- UW Reviews Declines with management for 2nd Tier Review and signature.
- Denial letter mailed to client and uploaded into efolder by Admin or processing.
- File moved to *Declined* folder in Encompass .
- EMD returned.
- Notify staff of decline.

Additional Needs:

- UW records ANs information into Encompass and records date to stop compliance clock.
- UW/Processing calls client to request information to see if it can be secured the same day.
 - If not, File sent back to Processor for issuance of ANL.

Commitment letter:

- UW records approved loan amount in Encompass and dates.
- UW creates a commitment letter and sends back to Processor/Admin Clear any conditions. Processor clears conditions if necessary.
- Commitment letter signed and *Approved* milestone completed.
- File sent to Offer team.
- Commitment letter uploaded into Encompass by UW.
- UW sends clear to close form to closing attorneys (NSP and Aura)
- Proceed to P&S Negotiations Process to purchase.

SUN Property Purchase Process

Closing Property Purchase Process

Negotiator:

- Sends NSP closing attorney the fully executed P&S and NSP EMD.
- Schedules closing to buy property.
- Contacts our closing attorney to make sure the items below are being obtained/ordered:
 - MLC
 - Green Cards – REO only (obtain from f/c attorney)
 - Final Water
 - Smoke Certificate
 - Title V – required if clients have a septic system and non town sewer
 - 6D Certificate –required for all condos with associations
 - Flood Insurance if Flood Hazard Zone (BCC needs insurance if RTB). Contact Controller to inform about the need for insurance. Has to place mortgage on property during RTB period.

Negotiator:

- Coordinates with UW to make sure all conditions signed-off
- Reviews the HUD settlement statement provided by the closing attorney.
- Closing Attorney sends HUD to the seller for approval. (Please note that the seller may take up to 3 days to provide HUD approval.)
- Negotiator reviews file one last time to ensure client still qualifies and there is no material change in the client's financials.
 - Most recent pay stubs and bank statements reviewed.
- Provides signed HUD to BCC Controller and Controller funds .
- Once the docs are on record at the Registry of Deeds, closing attorney advises BCC and provides the recording information.
- BCC Controller sends email notification to management and closing team that we have funded and that we are on record.
- Closer records information in Encompass.

Client Withdraws/No longer qualifies:

- See Withdraws/Not qualified process under Full Application Process
- BCC's EMD lost when we withdraw.

Property Purchased:

- Proceed to Selling Property back to Owner Process
- Complete *Property Purchased* Milestone

Property Not Purchased/No Marketable Title:

- EMD returned to client.
- Contact Client and send letter.
- Move file to *Approved not Accepted* folder.
- Notify MLO

SUN: Sale Back to Client

Use and Occupancy Period RTB

Rent to Buy Use and Occupancy:

- Prior to the use and occupancy period and prior to BCC's purchase of the property, the client is required to sign a P&S that incorporates the use and occupancy terms.
- During this period of time, client acts as owner of property and is responsible for maintaining the property.
- Any needed maintenance is paid for by clients (unless covered by home insurance policy).
- Amount of monthly payment is equal to monthly mortgage payment plus \$100 for water/sewer/admin. (can we get owner to pay sewer/water and keep monthly payment equal to mortgage payments?)
- During this period money collected during the occupancy agreement is used to cover BCC costs (cost of capital, insurance, taxes, sewer, water). It is NOT applied toward the mortgage.
- If multi-unit with tenants, the client is responsible for all activities related to the renting of the unit. Client collects and retains all rent collected from tenants.
- The client must be current with payments before property will be sold back to client.
- Negotiator may need to send letter to tenants disclosing new owners.

Client Withdraws (may still qualify)

- EMD retained.
- Escalate to management
- Move file to Rental folder
- Terminate use and occupancy agreement.
- Sell or rent as decided by management.

Client no Longer Qualifies:

- EMD retained.
- Escalate to management
- Move file to Rental folder
- Determine whether to sell or continue use and occupancy agreement.

Sell Back to Client:

- Verify smoke is current. If not, secure new smoke.
- Secure updated docs and submit to processing/UW for updated commitment.
- Close on resale back to client.
- Issue mortgage if applicable.

Client Not Current

- EMD retained.
- Escalate to management.
- Determine whether to continue use and occupancy agreement and try to resell back to client once current.

SUN: Sale to Client

Selling property back to Owner/Mortgage Issued

- Loan Closer Notified of Loan Approval and Request to Start Closing Preparation

Closer:

- Verifies that Clear to Close from UW and that all conditions are met. Coordinates with UW to ensure conditions are signed off.
- Once cleared to close by UW, Closer completes *Request to Close* form and notifies Aura Closing Attorney by email.
- Verifies Holdback Agreement signed (if applicable).
- Determines whether property is in a Special Flood Hazard Area (Zones A or V) and contacts clients to have them send Flood Hazard Policy.
- Reviews flood (if applicable) and hazard policies for adequate coverage, correct Zone, Property Address
- Verifies whether borrower is approved for specialized funding (AG/NSP-3)
- Checks to ensure copy of Appraisal provided to Borrowers (if not mails).
- Ensures borrower charged for only 1 appraisal.
- Property of Purchase by NSP scheduled and documentation prepared.
- Controller addresses funds to be wired and coordinates for closing date.
 - Closing date/time established with Attorney and Applicants.
 - Title IV – required if clients have a septic system and non town sewer
 - 6D Certificate –for all condos with associations
 - Smoke Certificate current and on file.
 - Verifies ACH signed by owner with canceled check on file.
 - Certificate of Fitness/Habitability for all rental properties
 - If there are changes to loan amount or Changed Circumstance, Closer checks tolerances and APR to determine whether new GFE and/or TILA needed (Monitors Encompass Alerts for same). Determines wait periods related to new TILA if applicable). Runs HPML and High Cost tests and documents file.

***NOTE:** \$150.00 Re-Inspection fee per anticipated inspection added to closing costs and included as PPD FC (APR).

- Closer updates Encompass Custom Fields to reflect final figures:
 - Borrower shared appreciation percent
 - Seller shared appreciation percent
 - Bi-weekly payment amount
 - First bi-weekly payment due date
 - Credit rating
 - Seller closing cost credit
 - Borrower taking title as Status
 - Capital reserve deposit
 - Loan loss reserve amount (if applicable)
 - Holdback amount (if applicable)
- Closer confirms cash-to-close figures with Attorney.
- Closer contacts client to inform them of:
 - Amount needed for closing (bank check) and how to make check payable;
- Closer Prepares Closing Documents (see next slide)
- Closing Attorney prepares and forwards HUD-1 for review to Closer at least 24 hours in advance of closing.
- Closer attends loan closing.
- Closing Attorney reviews all documents and Closer is present to answer any Client SUN Program questions.
- BCC Controller sends email notification to management and closing team when we are on record.
- Closer records sale and loan issued date in Encompass.

SUN Sale Back to Client

SUN Property Re-Sale Mortgage Closing Documents



Closer Prepares:

- Attorney Closing Instructions
- Draft HUD-1 Settlement Statement
- Final Truth-in-Lending Disclosure
- Original GFE OR Changed Circumstance GFE (for Attorney to compare with HUD and check tolerance limitations)
- Aura Note
- Aura Mortgage
- Bi-weekly Payment Agreement
- Form W-9
- Automatic payment authorization
- Initial escrow disclosure
- Holdback Agreement – if applicable
- Right of Rescission (if applicable – Refinance Transactions only-If purchase loan vs property)
- Lead Paint, UFFI, Smoke/Carbon Monoxide Cert

NSP Attorney should have prepared:

- Shared Appreciation mortgage (calculated by processor)
- Shared Appreciation note
- Quickclaim Deed

Aura Attorney Prepares:

- Final HUD-1 Settlement Statement
- Condominium Riders (if Applicable)
- 1-4 Family Rider (with Assignment of Rents)
- Title Commitment and Title Policy
- MLC

SUN Property Post Closing

Post Closing Process

Closer:

- Loads holdback information into Encompass holdback form.
- Receives package returned from closing attorney
- Prints/copies the following docs from Encompass:
 - Copy of Note
 - Copy of HUD – all pages
 - Copy of shared appreciation mortgage
 - Copy of shared appreciation note
 - Copy of bi-weekly payment agreement
 - Copy of W-9
 - Copy of picture ID to match name on W-9
 - Automatic payment authorization form
 - Copy of voided check
 - Initial escrow disclosure
 - Copy of insurance binder or policy
 - Copy of condo info – amt – address to send payments
 - Copy of holdback agreement – if applicable
- Completes Loan servicing handoff sheet
- Provides Controller with loan (copy) package along with handoff sheet
- Reviews Loan file, shreds duplicates
- Files documents in accordance with Closing Document Checklist form
 - Shared appreciation mortgage and shared appreciation note removed from closed loan file – kept in separate binder in fire proof cabinet
 - File placed alphabetically in fire proof cabinet

- Completes HMDA form in Encompass
 - Changes loan status from *active* to *loan originated*
 - Verifies loan closed date “748” is actual closing date
 - Selects *Home purpose* under *Loan Purpose* field
 - Selects *Preapproval Not Requested* under *Preapprovals* field
 - Selects *Not a HOEPA loan* under *HOEPA Status* field
 - Selects *secured by a first lien* under *Lien Status* field
 - Selects *1-4 family* under *Property Type* field
 - Checks *Primary* under *Property Will Be* field
 - Under Origination Information section
 - Selects *Loan Originated* under *Action Taken* field
 - Completes closing date field
 - Selecting NMLS info button on HMDA form, reviews NMLS bar to confirm all information has auto-populated correctly.
- Determines which NMLS reports need to be done quarterly and sends electronically from Encompass (these reports can be created with Encompass and sent electronically if HMDA form is completed correctly).
- Under LOG in Encompass, closer
 - Verifies boxes to far left all have a “+” sign
 - Changes all dates to closing date
 - Completes for all LOG categories
- Generates the following Internal reports for reference:
Contact report , Check fields report , Capital Reserve Balance Report
- Loan moved to *Closed Loan* folder in Encompass.
- Post Closing QC by third party

SUN Loan Servicing

Loan Servicing Process

Hand off to Servicer

Post-Closer:

- Sends Loan information to third party loan servicing company.
 - Information is sent within 5 days of loan closing.
 - Information provided once weekly.
- Information to be provided includes
 - Mortgagor
 - Property information
 - Information on real estate taxes, hazard insurance, flood insurance, home associated dues, etc.
 - All funds associated with loan including Mortgage amount and breakout of escrow, capital reserve (holdback to be managed by SUN).
- Logs in to Service site and reviews bi-weekly any mortgages in default
 - These accounts will be brought in-house.
 - Closer provides management with a weekly report of delinquent accounts and status.

Accounts in Default:

- BCC delinquent accounts manager works with Post-Closer to contact client to determine reason for default.
- Works with clients to get them back on track on payments.
 - If client unable to make mortgage payments then Post-Closer contacts management.
 - Management and Post-Closer determine if client should be foreclosed. If yes, Post-Closer contacts BCC attorney to begin foreclosure process.

SUN Post-Closing

Holdback, RTB Management, Emergency Reserve Management Process

Holdback Management:

Post-Closer:

- Reviews Holdback Agreement which is signed by client.
- Maintains a list of licensed contractors.
- License # and proof of insurance on file.
- Client requests funds from holdback agreement.
 - Client completes *Holdback Request* form
- Post-Closer/Inspector reviews *Holdback Request* form, Holdback Agreement and inspection report to determine if work needs to be done and is part of Holdback Agreement. If so proceed. If no, contact client.
- Client submits bid from contractor for requested work. Post-Closer reviews account balance to see if funds are available.
- Post-Closer/Inspector verifies contractor licensed and insured (proof provided by client if not on in-house contractor list).
- If work identified as work to be completed in holdback, then client signs contract.
- Client manages contractors and submits for payment after completion.
- Work is verified by inspector and verification form is completed.
- Invoice along with holdback release form and verification form is sent to BCC controller for payment.

Capital Reserve:

Post-Closer:

- Client requests funds from emergency reserve fund.
 - client completes *Request for Capital Release* form (which is included in the closing package)
- Reviews request and makes a determination if adequate funds are available and also makes a recommendation if payment should be made. If yes, management signs *Release of Emergency Reserve* form.
- If request is for property repair, follow holdback management process.
- If applicable, post-closer obtains receipt/proof of payment from client.
- Submits invoice (if applicable) and signed Release of Emergency Reserve form to BCC controller for payment.
- If for mortgage payment, client submits proof of hardship to Post-Closer. Post –Closer obtains management signs *Release of Emergency Reserve* form.

RTB Management:

Post-Closer:

- Works with Property Management Company to manage RTB.
- Receives weekly report on payments.
 - Delinquent reports provided to management.
- If any client delinquent, contacts client to see if can get them back on track.
- Contact Closers when account is delinquent by a month.
 - BCC will not sell back property to delinquent RTB Client until balanced is paid in full.
 - If client consistently delinquent report to Closer. May impact whether loan is issued.
- Late fee is assessed.

SUN Documents (To be created or reviewed)

Doc Name	Responsible	Attorney review
Additional Needs letter from MLO		
Disclosure of Important Program Terms		
\$5K Earnest Money Deposit Statement/Acknowledgement		
RTB Scenario: Letter to Tenants on Use and Occupancy terms.		
SUN Process Description		
Offer Letter from Negotiators (contingent on certificate of compliance for smoke and lead paint (if applicable), marketable title, and second lien negotiated).		
Capital Reserve Release Form		
Underwriting and Processing Checklist	Sundee/Denise	
Third party authorization to release information		
Bank non-responsive letter		
Offer not accepted letter		
Listing Waiver letter (to be reviewed)		
Seller P&S (contingencies)		
Commitment Letter (clear to close NSP, Aura)		

SUN Documents (To be created or reviewed)

Doc Name	Responsible	Attorney review
Bi-Lingual Process Diagram		
RTB information sheet for Clients		
Important Terms Description: SUN Program (include are they seeking a loan modification agreement)		
Agreement to hold fees constant during the period of RTB (to comply with RESPA)		
Offer Checklist		
Listing Waiver (review by Attorney)		

SUN Action Items

Action Item	Responsible
Verify Seller P&S includes terms that if client not current on RTB payments then no resale guaranteed.	
Compliance Training (RESPA, TIL, etc.)	
List of Attorneys by region	
Need second appraisal?	
Commitment letter to include clear to close	
Funding Grants available and written summary of qualifications (AG/NSP3)	
Does the offer letter have to state we are selling back to original owner or that we are a non-profit?	
Review of when the EMD is refundable	
Does the application dates get reset when an ADs letter is sent	
Add late fee to Use and Occupancy Agreement	
Compliance Training Sessions	
Automated Email for ineligible inquiries for website	
MLS Accounts for Negotiators	
EMD- non refundable	

SUN Action Items

Action Item	Responsible
Create Cash to Close Worksheet in Encompass	
Do we need 2 appraisals in RTB?	
GFE/TIL to Autopopulate	
Do we need certificate of fitness habitability for rentals?	
Revised Seller P&S or simply an Addendum?	
Negotiator Page created in Encompass	
EMD- What do we retain; just costs?	
Verify that "As Is" means with lead fro REOs	
How do we track second liens/title issues in Encompass	
Solution for assigning a pre-approved client to a negotiator	
Create offer Worksheet in Encompass	
Create list of approved attorneys	

SUN Terms



- NSP Attorney: Closing Attorney representing NSP in the purchase of the subject property
- Aura Attorney: Closing Attorney representing Aura in the resale of the property back to our client.
- Buyer P&S: Purchase and Sale Agreement for NSP to buy the subject property; between NSP and the Bank or current owner.
- Seller P&S: Purchase and Sale Agreement for Aura to resell the subject property to the client; between Aura and the client.

Encompass Conversation Log Standards and Tips

The Encompass Conversation log is an important tool that will help to promote strong internal communication and create service continuity for SUN's clients. It is especially important since several staff persons will be involved with the client as the application progresses through the various stages (for example when there will be a handoff or when another staff person may be covering for you while you are out).

Required, consistent use of this tool is required and will ensure that a complete communication record is developed for every loan file. It is important to update the log each time you interact with the client (by email, telephone, or face-to-face) and to be conscious of language choices when documenting client developments in the Log. Input all necessary information that is pertinent to the client file.

SUN has established the following standards to be used by all employees when interacting with SUN clients and/or working on loan application files.

- Update the log each time you interact with the client or when any development occurs related to the client/file.
- Provide enough detail to ensure the developments are clear.
- Establish follow up time frames when appropriate.
- Avoid using slang terms or acronyms.
- Keep comments factual and avoid issuing opinions or judgments.
- Avoid using terms that denote, race, ethnicity, gender, age. Use neutral terminology (such as applicant or borrower versus husband, wife, etc).
- Avoid using derogatory comments with respect to property and/or applicants.

