Post-Endorsement Technical Review Checklist

Office of Housing
Federal Housing Commissioner

Review of Underwriter/Mortgage Credit Checklist

Mortgage Credit Underwriting/Loan Closing
Credit History Documents/Debts and Obligations - Check if a required document is missing or statement describes a deficiency. Only assign a "poor" if materially affecting HUD's insurance risk and describe below.

M1: Copies of all credit reports were not submitted with loan file.
M2: Credit report was not obtained under all names and name variations used, as well as all social security numbers used.
M3: Report does not comply with prescribed guidelines.
M4: Verification of mortgage used; payment history was not shown (if not on credit report).
M5: Report was more than 120 (180) days old at time loan closed.
M6: Inquiries by other creditors not adequately explained.
M7: Recent inquiries by other creditors not adequately explained.
M8: Credit accounts recently paid-in-full source of funds unknown.

Fa: Poor Comments

Underwriting Analysis
Fair: Misinterpretation of credit/income, however risk acceptance not affected. Describe below:

Poor: Check if one or more of the following significantly increased HUD's insurance risk. Describe below how HUD's risk was increased.
M1: Bankruptcies, judgments, collections, foreclosures, delinquent government-related debts improperly addressed.
M2: Past due accounts; pattern of consistently slow or late payments not satisfactorily explained.
M3: Monthly obligations improperly calculated and included in ratios.
M4: Personal obligations (child support, alimony, child care) not included in analysis.
M5: Other.

Comments:

Asset Verification Documents and Analysis - Documents: Check if a required document is missing or statement describes a deficiency. Only assign a "poor" if materially affecting HUD's insurance risk and describe below.
M1: Asset verification documents more than 120 days old (180 on proposed construction) when loan closed.
M2: Letter of explanation not complete or does not meet all requirements.

Fa: Poor Comments

Underwriting Analysis
Fair: Misinterpretation of documents to close, etc. however acceptability not affected. Describe below:

Poor: Check if one or more of the following significantly increased HUD's insurance risk. Describe below how HUD's risk was increased.
M2: Substantially increased sales price/Receipt not properly documented.
M3: Second mortgage financing does not meet HUD requirements.
M4: Asset value of personal property sold not established and/or ownership verified.
M5: Equity from sale of previous residence not properly documented.
M6: Value and sale of stocks, bonds, other securities not verified.
M7: Transfer of Gift funds not properly substantiated.
M8: Funds to close not documented; proper analysis of cash required vs. cash available not made.
M9: Seller concessions not properly considered or loan amount adjustments made.
M10: Other.

Comments:

Income Verification Documents and Analysis - Check if a required document is missing or statement describes a deficiency. Only assign a "poor" if materially affecting HUD's insurance risk and describe below.
M1: Pay stub was dated more than 30 days before signing initial application.
M2: Two-year employment history was not provided.
M3: Documents (W-2's, 1099's, 1040's, etc) do not support income used for qualifying.
M4: VOE missing employer's signature, has white-outs, "squeezed-in" numbers, proper certifications absent.
M5: If self-employed, or using alternate documentation, file missing IRS 4506 or IRS 941.
M6: If self-employed, two years' tax returns with all schedules were not provided.

Fa: Poor Comments

Underwriting Analysis
Fair: Misinterpretation of income amount or the income source is not acceptable, however acceptability and/or risk not affected. Describe below:

form HUD-54118-MCR (10/93)
ref Handbook 4000 4
Mortgage Transaction

Underwriting Analysis - Fair: Miscalculation of mortgage amount. MFR (upfront or annual). Attachment "A" improperly processed. etc. however, acceptability of loan not affected. Describe below.

MFR: Check if one or more of the following significantly increases HUD's insurance risk. Describe below how HUD's risk was increased.

MFR 1. Loan amount/investment requirements incorrectly calculated and/or does not reflect sales contract.
MFR 2. Appraisal not performed or completed.
MFR 3. Repair items were not included in borrower's investment requirements or otherwise not property addressed.
MFR 4. Loan-to-value ratio or statutory limits violated.
MFR 5. If a non-occupant co-borrower was included in mortgage, proper analysis of expenses, etc. not made.
MFR 6. Compensating factors not properly enumerated or not sufficient to allow for loan approval on loan where ratios guidelines were exceeded.
MFR 7. CAVVS number: not shown or, if other than "A", reason for loan approval not justified.
MFR 8. Income amounts, assets, etc., on worksheet not reflected by that shown on final application.
MFR 9. LTV exceeds 90% but property not eligible for maximum financing ("new construction")
MFR 10. Transaction violates "Seven-unit" limitation. Mortgagor is an investor and not eligible for the loan.

Refinance Transactions

MFR 11. If streamline refinance, lender did not provide evidence that previous mortgage was HUD-insured.
MFR 12. If investor refinance, file includes a HUD appraisal/closing costs included in mortgage.
MFR 13. Subordinate lien included in new mortgage amount were not seasoned at least one year, or were not related to repairs/rehabilitation.
MFR 14. Cash to borrower exceeded $250 (unless I TV < 85% and eligible for cash back).
MFR 15. Other.

Comments:

Application/Underwriting/Closing Documents - Check if a required document is missing or statement describes a deficiency. Only assign a "poor" if material affecting HUD's insurance risk, and describe in "comments" below.

Sales Agreement

SA 1. Was not signed by all parties to the transaction.
SA 2. Contract addenda were not provided.
SA 3. Although identity-of-interest was indicated, proper consideration was not given, including maximum LTV ratio.
SA 4. Responsibility for repairs required by appraisal was not detailed.
SA 5. Seller not acceptable (e.g., seller LDP or not selling principal residence).
SA 6. Security Instruments/Mortgage Note, etc.
SA 7. Loan was not in the same names as those approved on worksheet/loan application.
SA 8. Underwriter Certification not completed and/or executed properly.
SA 9. Settlement Statement/NDU-1
SA 10. Was not signed by buyer, seller, etc.
SA 11. Seller and buyer were not identical to those shown on the sales contract.
SA 12. Seller's concessions do not reflect those indicated on the sales contract and worksheet.
SA 13. Earnest money credit varies from that shown on sales agreement/analysis worksheet.
SA 14. Indicated unauthorized charges, overcharges, etc.
SA 15. Closing costs on HUD-1 does not reflect those used to determine mortgage on worksheet (loan not within $250).
SA 16. Secondary financing shown but not disclosed elsewhere.

Uniform Residential Loan Application (URLA) & Addendum (HUD-2000-A)

UA 1. Initial (handwritten) application missing/incorrect in file (if lender produces separate initial and final loan applications).
UA 2. Variations between initial and final applications not satisfactorily explained.
UA 3. Addendum is not complete and correct, including property address, discount points paid by borrower.
UA 4. Addendum not signed by borrower before signing by lender.
UA 5. Not all conditions (from page 3) satisfied at closing or waived.
UA 7. Files does not contain valid picture identification or SSN not documented.

Comments:

*Indicates deficiencies that may warrant indemnification.

Comducted by __________________________ Date __________________________

Chums ID __________________________

FHA Case No. ________________

Form HUD-64118-MCR (10/93)
ref Handbook 4000.4