

# Direct Endorsement/ Post-Endorsement Technical Review Checklist

U.S. Department of Housing  
and Urban Development  
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.

- M01.  Copies of all credit reports were not submitted with loan file.
- M02.  Credit report was not obtained under all names and name variations used, as well as all social security numbers used.
- M03.  Report does not comply with prescribed guidelines.
- M04.  If verification of mortgage used, payment history was not shown (if not on credit report).
- M05.  Report was more than 120 (180) days old at time loan closed.
- M06.  Recent inquiries by other creditors not adequately explained.
- M07.  Credit accounts recently paid-in-full/source of funds unknown.

Fair  Poor

Comments:

### Underwriting Analysis

**Fair:** Miscalculation of debts/obligations, however risk and/or 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.

- M10.  Bankruptcies, judgments, collections, foreclosures, delinquent government-related debts improperly addressed.\*
- M11.  Past due accounts, pattern of consistently slow or late payments not satisfactorily or properly addressed.
- M12.  Monthly obligations improperly calculated and included in ratios.
- M13.  Personal obligations (child support, alimony, child care) not included in analysis.
- M14.  Real estate obligations/Non-owner occupant expenses improperly analyzed and used.
- M16.  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.

- M17.  Asset verification documents more than 120 days old (180 on proposed construction) when loan closed.
- M18.  Gift letter not complete or does not meet all requirements

Fair  Poor

Comments:

### Underwriting Analysis

**Fair:** Miscalculation of assets 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.

- M20.  Substantial increase in debts or savings accounts not satisfactorily explained.
- M21.  Earnest money greater than 2% of sales price/Receipt not properly documented.
- M22.  Secondary financing does not meet HUD requirements.\*
- M23.  Asset value of personal property sold not established and/or ownership verified.
- M24.  Equity from sale of previous residence not properly documented.
- M25.  Value and sale of stocks, bonds, other securities not verified.
- M26.  Transfer of Gift funds not properly substantiated.
- M27.  Funds to close not documented/Proper analysis of cash required vs. cash available not made.
- M28.  Seller concessions not properly considered or loan amount adjustments made.
- M30.  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.

- M31.  Pay stub was dated more than 30 days before signing initial application.
- M32.  Two-year employment history was not provided.
- M33.  Documents (W-2s, 1099s, 1040s, etc) do not support income used for qualifying.
- M34.  VOE missing employer's signatures, has white-outs, "squeezed-in" numbers, proper certifications absent.
- M35.  If self-employed, or using alternate documentation, file missing IRS 4506 or IRS 8821.
- M36.  If self-employed, two years' tax returns with all schedules were not provided.

Fair  Poor

Comments:

### Underwriting Analysis

**Fair:** Miscalculation of income amount or the income source is not acceptable, however acceptability and/or risk 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.

- M38.  Income amount improperly calculated and/or analyzed.
- M39.  Year-to-date income does not correlate to previous years' income/Reasons for differences not documented.
- M40.  Income source unacceptable (overtime, bonus, car allowance, alimony, child support)
- M41.  Rental income not supported by tax returns (or lease if recently acquired).
- M42.  Stability of income not documented, including seasonal employment, second jobs etc.
- M45.  Other

Comments:

**Mortgage Transaction**

**Underwriting Analysis - Fair:** Miscalculation of mortgage amount, MIP (upfront or annual), Attachment "A" improperly processed, etc., however acceptability of loan 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.

- M46.  Loan amount/investment requirements incorrectly calculated and/or does not reflect sales contract.
- M47.  Repair items were not included in borrower's investment requirements or otherwise not properly addressed.
- M48.  Loan-to-value ratio or statutory limits violated.\*
- M49.  If a non-occupant co-borrower was included in mortgage, proper analysis of expenses, etc., not made.
- M50.  Compensating factors not properly enumerated or not sufficient to allow for loan approval on loan where ratios guidelines were exceeded.
- M51.  CAIVRS number not shown or, if other than "A", reason for loan approval not justified.
- M52.  Income amounts, assets, etc., on worksheet not reflected by that shown on final application.
- M53.  LTV exceeds 90% but property not eligible for maximum financing ("new const.")\*
- M54.  Transaction violates "Seven-unit" limitation. Mortgagor is an investor and not eligible for the loan.\*

**Refinance Transactions**

- M55.  If streamline refinance, lender did not provide evidence that previous mortgage was HUD-insured.
- M56.  If investor refinance, file includes a HUD appraisal/closing costs included in mortgage.
- M57.  Subordinate liens included in new mortgage amount were not seasoned at least one year, or were not related to repairs/rehabilitation.
- M58.  Cash to borrower exceeded \$250 (unless LTV < 85% and eligible for cash back).
- M60.  Other

Comments:

**Application/Underwriting/Closing 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 in "comments" below.

**Sales Agreement**

- M70.  Was not signed by all parties to the transaction.
- M71.  Contract addenda were not provided.
- M72.  Although identity-of-interest was indicated, proper consideration was not given, including maximum LTV ratio.
- M73.  Responsibility for repairs required by appraiser was not detailed.
- M74.  Seller not acceptable (e.g., seller LDP'd and not selling principal residence)
- M75.  Security Instruments/Mortgage Note, etc.
- M76.  Loan was not closed in the same names as those approved on worksheet/loan application.
- M77.  Underwriter Certification not completed and/or executed properly.

**Settlement Statement/HUD-1**

- M78.  Was not signed by buyer, seller, etc.
- M79.  Seller and buyer were not identical to those shown on the sales contract.
- M80.  Seller concessions do not reflect those indicated on the sales contract and worksheet.
- M81.  Earnest money credit varies from that shown on sales agreement/analysis worksheet.
- M82.  Indicates unauthorized charges, overcharges, etc.
- M83.  Closing costs on HUD-1 does not reflect those used to determine mortgage on worksheet (loan not within \$250).
- M84.  Secondary financing shown but not disclosed elsewhere.

**Uniform Residential Loan Application (URLA) & Addendum (HUD-92900-A)**

- M85.  Initial (handwritten) application missing/not in file (if lender produces separate initial and final loan applications)
- M86.  Variations between initial and final applications not satisfactorily explained.
- M87.  Addendum is not complete and correct, including property address, discount points paid by borrower.
- M88.  Addendum not signed by borrower before signing by lender.
- M89.  Not all conditions (from page 3) satisfied at closing or waived.
- M90.  Borrower Identification
- M91.  Files does not contain valid picture identification or SSN not documented.

Fair  Poor

Comments:


\* Indicates deficiencies that may warrant indemnification.

Completed by: <b>X</b>	Date	CHUMS ID#
		FHA Case No