

## Mortgage Loan Processor

As a Mortgage Loan Processor, your role is critical in ensuring that all the documentation and details in a loan application file are accurate, complete, and compliant with lending guidelines. Here's what you should look for when the file comes to you:

### 1. Initial Loan Application (1003 Form)

- **Completeness:** Ensure the borrower has filled out the entire form.
- **Accuracy:** Verify that all the information aligns with the supporting documents.
- **Signature:** Check for the borrower's and loan officer's signatures.

### 2. Credit Report

- **Credit Score:** Ensure it meets the minimum lender requirements.
- **Debt-to-Income Ratio (DTI):** Calculate the borrower's DTI to confirm it meets the guidelines.
- **Derogatory Information:** Look for red flags such as bankruptcies, late payments, or high credit utilization.
- **Discrepancies:** Cross-check information from the credit report with the loan application and other documentation.

### 3. Income Verification

- **W-2s/Pay Stubs:** Ensure the borrower's income matches what is stated on the loan application.
- **Tax Returns (Self-employed):** Review tax returns for consistency and any deductions that might affect qualifying income.
- **Verification of Employment (VOE):** Confirm the borrower's employment status and income directly with the employer.

### 4. Assets Verification

- **Bank Statements:** Review bank statements for sufficient funds to cover the down payment, closing costs, and reserves.
- **Large Deposits:** Investigate any unexplained large deposits for potential issues.
- **Gift Letters:** Ensure proper documentation and verification for any gifted funds being used.

### 5. Property Documentation

- **Appraisal Report:** Check if the appraised value meets or exceeds the loan amount. Ensure there are no issues with the property's condition.

- **Title Report:** Look for any liens, judgments, or ownership issues that might affect the borrower's ability to secure the property.
- **Homeowners Insurance:** Confirm that the borrower has adequate coverage for the property.

## 6. Debt and Liabilities

- **Outstanding Debts:** Review existing debts and compare them to the loan application.
- **Debt Payoff:** Verify if the borrower plans to pay off any debts before closing.
- **Court Judgments/Child Support/Alimony:** Check for any undisclosed obligations.

## 7. Loan Program Guidelines

- **Compliance with Loan Type:** Ensure the file meets the guidelines for the specific loan program (**FHA, VA, Conventional, HAF**).
- **Loan Amount and LTV (Loan-to-Value):** Verify that the loan amount and LTV ratio comply with program and lender guidelines.

## 8. Disclosures and Compliance

- **Initial Disclosures:** Ensure that the borrower received the necessary disclosures (Loan Estimate, Closing Disclosure, etc.) in the required timeframe.
- **Compliance:** Make sure the loan complies with federal and state regulations (e.g., TILA, RESPA).

## 9. Communication with Third Parties

- **Appraiser, Title Company, and Escrow:** Make sure you're in regular contact with these third parties to ensure smooth processing.
- **Conditions:** Keep track of any lender conditions that need to be cleared before approval.

## 10. Red Flags

- **Inconsistencies:** Look for inconsistencies between documents or unexplained changes in borrower information.
- **Fraud Detection:** Be vigilant for signs of potential fraud, such as altered documents or misrepresented income/assets.

By thoroughly reviewing these elements, you can help ensure that the loan process runs smoothly, minimizing delays and complications in closing the loan.