

Contract Services

Loan Submission Tips

2nd Quarter 2018

Genworth's Contract Services team would like to share some tips to help you reduce the number of prior-to-closing (PTC) conditions on loans we contract underwrite on your behalf. **Following these tips can eliminate or reduce PTCs, which can help get your loans closed quicker.** Below you'll find common themes we identified in loans submitted to us last Quarter, along with relevant examples and helpful tips for each focus area – plus agency guideline section references.

Assets – Earnest Money Deposit		
Missing Loan Submission Documentation	Examples & Helpful Tips	Agency Guideline References
Earnest Money Deposit (EMD) Not Documented as Required by Program or AUS Guidelines	<p>Example 1: Copy of EMD check provided dated 4.29.18, however, most recent bank statement for the account the EMD was written from was dated 4.15.18</p> <p>Helpful Tips:</p> <ol style="list-style-type: none"> 1. Provide updated bank statement or transaction history reflecting the EMD check dated 4.29.18 has cleared 2. Update 1003/1008/AUS findings with the updated bank balance per statement/history after the EMD check cleared 	<p>Fannie Mae Selling Guide: Section B3-4.3-09, Earnest Money Deposit</p> <p>Freddie Mac Selling Guide: Section 5501.3, Asset eligibility & documentation requirements</p> <ul style="list-style-type: none"> • (b)(iii) – Earnest Money Deposit (EMD) <p>*Note: Investor Guidelines/Overlays may differ from Fannie Mae/Freddie Mac Requirements</p>
	<p>Example 2: Bank Statements provided with a notation next to a transaction or check stating EMD, however, actual copy of the EMD check verifying was not provided</p> <p>Helpful Tip:</p> <ol style="list-style-type: none"> 1. Provide copy of check as noted on bank statement/history 	
	<p>Example 3: Copy of EMD Check for \$5,000 dated 4.29.18, however, most recent bank statement for the account the EMD was written from was dated 4.15.18 and balance was \$129.04.</p> <p>Helpful Tips:</p> <ol style="list-style-type: none"> 1. Provide updated bank statement or transaction history reflecting the EMD check dated 4.29.18 has cleared 2. Document the source of any/all large deposit(s) (as defined by Fannie/Freddie or Investor guidelines) that was the source of the funds used to make the EMD 3. Update 1003/1008/AUS findings with the updated bank balance per statement/history after the EMD check cleared 	
	<p>Example 4: EMD was listed as an "Other credit" in Details of Transaction, but file contains no documentation verifying.</p> <p>Helpful Tips:</p> <ol style="list-style-type: none"> 1. Provide copy of EMD check 2. Provide copy of bank statement(s) or VOD for time period that covers up to & including the date the EMD cleared the borrower's account 	

Assets – Evaluating Large Deposit(s)		
Missing Loan Submission Documentation	Examples & Helpful Tips	Agency Guideline References
Satisfactorily document the Large Deposit(s)	<p>Example 1: Borrower(s) qualifying income is \$8000/month – bank statement(s) provided reflect a deposit of \$4000 or more</p> <p>–OR–</p> <p>Example 2: VOD reflects account balance that is considerably greater than the average balance reflected on the VOD</p> <ul style="list-style-type: none"> i.e. Borrower’s qualifying income is \$8,000/month – VOD reflects current balance of \$11,250 and average balance of \$2,100 <p>Helpful Tips:</p> <ol style="list-style-type: none"> Review asset statement(s) for any deposit(s) that exceed 50% of borrower(s) qualifying income If the deposit IS needed to be included in funds to close/ reserves, obtain applicable documentation to support the source of the deposit (refer to Fannie/Freddie/Investor Guides for details required for source of deposit) If the deposit IS NOT needed to be included in funds to close/ reserves – OR can’t be verified from an acceptable source, reduce the qualifying balance in the account by the amount of the deposit, and update 1003/1008/AUS with updated asset balance 	<p>Fannie Mae Selling Guide: Section B3-4.2-02, Depository Accounts</p> <ul style="list-style-type: none"> Evaluating Large Deposit(s) Request for Verification of Deposit <p>Freddie Mac Selling Guide: Section 5501.3, Asset eligibility & documentation requirements</p> <ul style="list-style-type: none"> (a)(i) – Requirements for direct account verifications & asset account statements (a)(iii) – Evaluation of deposits in the Borrower’s accounts <p>*Note: Investor Guidelines/Overlays may differ from Fannie Mae/Freddie Mac Requirements</p>
Income – Analyzing the Borrower’s Income		
Missing Loan Submission Documentation	Examples & Helpful Tips	Agency Guideline References
Complete W2 and/or Tax Transcript(s)	<p>Helpful Tip:</p> <ol style="list-style-type: none"> Consult Investor Guidelines/Overlays pertaining to Tax Transcripts to determine if transcripts (W2, Tax) are required <p>Note: Fannie Mae & Freddie Mac do not require W2 or Tax Transcripts only a Signed-dated 4506-T</p>	Varies depending on Investor Guidelines and Overlays

For More Information

Contact your Genworth Regional Underwriter or the ActionCenter® at action.center@genworth.com or 800 444.5664 for questions or to give us feedback.