



Do's And Dont's For Loan Process

There Are Several Items That Can Derail Your Loan. Go Over This Information On All Loans To Insure You Avoid An Issue That Could Cause A Decline Or Non-Closing Of A Transaction Due To Borrower Cancellation

Topic	Do's	Dont's
Appraisal	Insure Property Is Clean With No Hazards	Cluttered Property W/Safety Hazards
Credit/FICO Scores	Pay All Bills On Time / No Large Items Purchased That Would affect Credit Score	Become Delinquent Or In Collections On Any Account Reporting
Title Report	Insure No Lawsuits/Judgments Are Filed	Change Vesting/Ownership
Liquidity / Reserves	Keep All Liquidity In Verifiable Account	Opening New Bank Accounts
Budget/Construction Schedule	Do Not Amend Budget For More Dollars	Amend Or Increase The Budget
Loan Amount	Leave The Loan Amount The Same Or Decrease It	Increase the Loan Amount For Cash Out
Closing Entity	Leave Entity With Existing Members	Add Additional Members To Entity
Proof Of Funds Types Allowed	Leave Funds In One Account For Closing. Clients Who Use Multiple Accounts Is Allowable If Seasoned.	Providing Multiple Accounts That Are Not Seasoned, Changing Bank Accounts, Changing Account Names For Account Used.
Background Check	Disclose All Felonies No Arrests Prior To Close	Prevent Arrests Or Non-Disclosed Felonies.
Property Condition	Insure All Rooms Are Functional And Usable With No Visible Defects	Visible Holes, Flooring Missing, Apparent Water Damage, Excessive Trash
Property Strategy	Solid Exit Strategy For Sale Or Lease Up With Marketing Plan	Change Strategy That Would Affect Underwriting Or Exit Plan
Licensing	Insure Property Location Is Within Licensing Parameters	Not Checking The Ability To Originate In The State The Property Is Located In
Fees / Closing Costs	Disclose All Fees And Costs Prior To Closing	"Bait And Switch" Tactics Amending Fees Without Informing The Client
Purchase Contract	Have Contract In Proper Name Of Individual or Entity	Amending The Contract Last Minute With Additional Buyers, Amending Contract Terms To Reflect Different Buyers
Occupancy	Confirm Usage And Occupancy Of The Property	Ignore That Any Residential Property May Be Used As A Primary Residence
Borrowers Presence For Closing	Insure Borrower Will Be Present Once Docs Are Available	Allow Borrower To Travel Or Leave Prior To Closing Without Return Date
Property Debt	Review Title Prelim For All Debt On Property To Insure It's Paid At Close	Fail To Review Title With Escrow Officer Prior To Closing As To End Up Short To Close