

# OVERVIEW OF NATIONS LENDING UNDERWRITING DEPARTMENT



2019

# 3 UNDERWRITING TEAMS

- Branches are assigned to a team of UW based on location, volume, loan type, capacity
- Each team has an UW team lead that handles most loan-level escalations & supports the UW team
- 7-8 UW on average on each team
- Loans assigned within the team based on capacity
- UW turn times are generally 24-48 hours and posted daily on the UWSharePoint

<https://nlcloans.sharepoint.com/sites/RetailDivision/retailoperations/retailunderwriting/SitePages/Home.aspx>

## Nations Lending Underwriting

Underwriting Turn Times

New Submissions Total in queue- Conv, FHA, VA, USDA (52)	11/12 (12); 11/13 (40)
Resubmissions <u>Refinance</u> in queue - Conv, FHA, VA, USDA (18)	11/12 (4); 11/13 (14)
Resubmissions <u>Purchase</u> in queue - Conv, FHA, VA, USDA (33)	11/9 (1); 11/12 (6); 11/13 (26)
NOV Reviews (7)	11/8 (1); 11/9 (3); 11/12 (3)

Last updated 11/14/18 8:00 AM; 72hrs+

# SPECIAL UNDERWRITING TEAMS

FHA 203k Renovation Team [renovations@nationslending.com](mailto:renovations@nationslending.com)

Conventional Condo Team [retailcondorequest@nationslending.com](mailto:retailcondorequest@nationslending.com)

In-house non-warrantable condos (Caliber) [retailcondorequest@nationslending.com](mailto:retailcondorequest@nationslending.com)

Down Payment Assistance Programs [jon.sopko@nationslending.com](mailto:jon.sopko@nationslending.com)

In-house, non-agency programs/ Jumbo loans (Caliber) [heather.Deubel@nlcloans.com](mailto:heather.Deubel@nlcloans.com)

VA NOV Team [nov@nationslending.com](mailto:nov@nationslending.com)

Meet the Ops & UW Team [HERE](#)

At Nations, WE R the Operations Team that is dedicated to finding innovative lending solutions to offer our customers to fit their lifestyle & financial goals. It is our mission to empower our team members to provide our internal and external customers exemplary customer excellence. Nations Operations Team's mission is to support every customer. We pledge to support our customers by first taking the time to understand their individual needs; then provide the necessary tools and personal attention needed to accomplish their unique financial goals.

# SUBMITTING THE LOAN TO UNDERWRITING

UW Assistants do an up-front review, checking for minimum requirements for submission to UW

## [UW Submission Policy & Procedure](#)

If all requirements are met, loan is assigned. If all requirements are NOT met, loan is returned to processing.

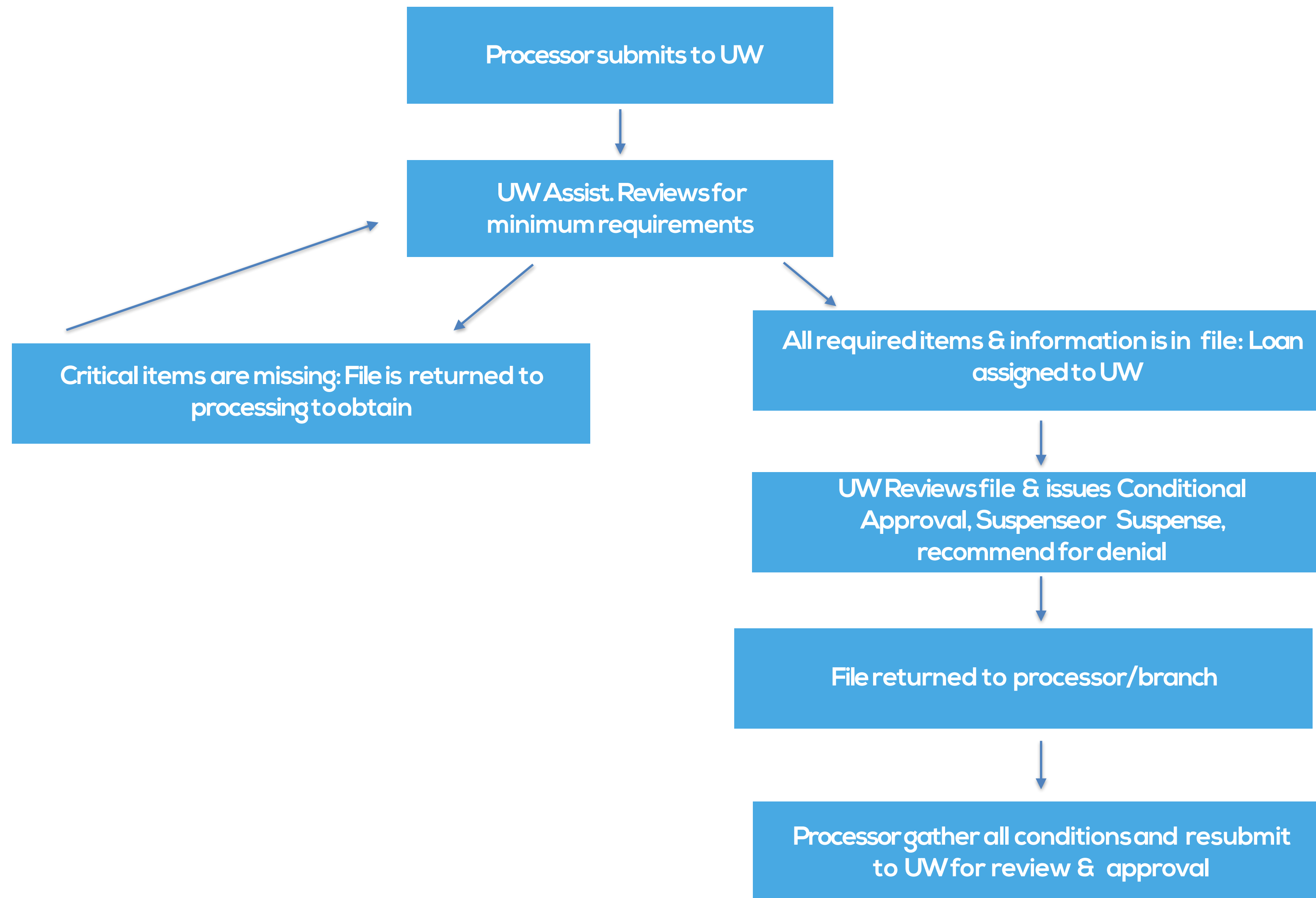
Once accepted, loans are distributed to the UW team assigned for the branch.

Reviews are first in, first out, once accepted & assigned to an UW

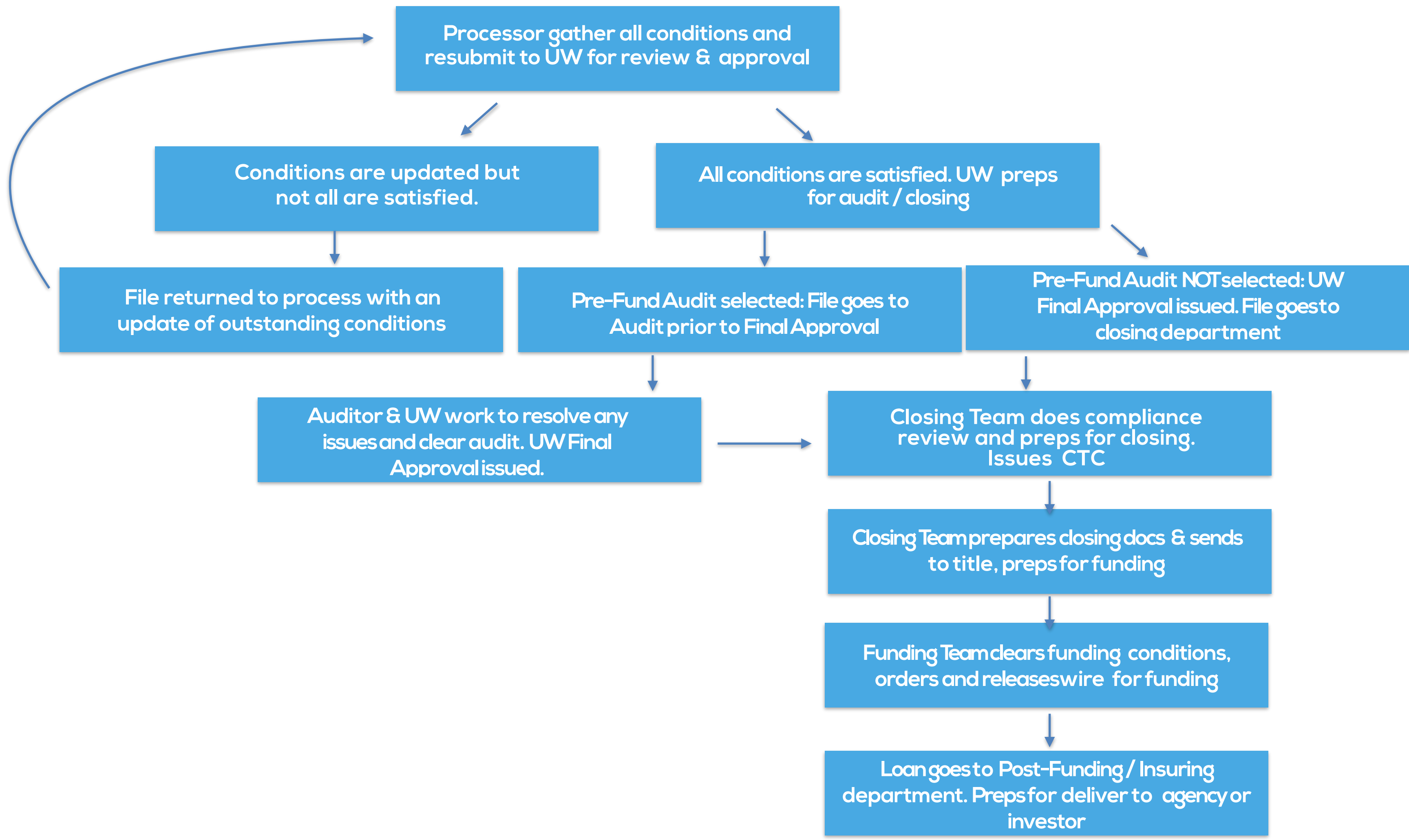
Need a review PRIOR to submitting to underwriting?

## [UW Pre-Approval Policy](#)

# FILE FLOW THROUGH UNDERWRITING



# FILE FLOW THROUGH UNDERWRITING



# WORKING WITH UNDERWRITING

- Communication channeled between processor and underwriter  
[Nations Lending Communication Policy](#)
- Processor and UW work to clear all conditions and getting the loan to closing
- UW Appeals done in Encompass  
[Nations Lending UW Appeals Policy & Procedure](#)  
UW > UW Team Lead > UW Manager > Credit Risk, as applicable
- On average, each loan requires approximately 3-4 reviews by UW
  - (4 reviews at 2 days = 8 days on average for UW review)
  - Set proper expectations about time line and closing
  - GOAL: Obtain disclosures and income documents and submit within 5 days of taking the application
- Allow additional 24 hours for audit\*
- Allow additional 24 hours for non-delegated MI\*
  - SLAs are 24 hours though most are completed much sooner

# WORKING WITH UNDERWRITING

- Mainly straight to agency guidelines, with few overlays
  - [Nations Lending Overlay Matrices & UW Policies](#)
- Common sense approach to underwriting
- “Can do” attitude and tries to work out loans, resolve issues quickly
- Most UW appeals or escalations are resolved with the UW team lead, in a timely manner

Need quick help?

[Nations Lending Quick Reference Guides](#)



# UNDERWRITING MANAGEMENT TEAM



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Check out the Ops / Underwriting Team Roster  
<https://nlcloans.sharepoint.com/sites/OperationsDepartment/SitePages/Leadm%20more%20about%20Operations.aspx?web=1>

# OVERVIEW OF NATIONS LENDING PROGRAMS & PRODUCTS

# CONVENTIONAL AGENCY LOAN PRODUCTS: FANNIE MAE & FREDDIE MAC

- Most agency products are available with no Nations Lending Overlays

**Exceptions: Construction to Permanent financing  
Renovation loans  
Energy Efficient Mortgages**

- Most property types are eligible with no Nations Lending Overlays

**Exceptions:  
Single-wide manufactured homes  
Coops**

- Follow agency and AUS requirements for documentation and eligibility requirements. **NO MANUAL UW PERMITTED!**

- Credit score and DTI per agency guidelines

**Generally 620 minimum score  
50% max DTI**

# CONVENTIONAL AGENCY LOAN PRODUCTS: FANNIE MAE & FREDDIE MAC

## Conventional 3% Down Programs

Fannie Mae HomeReady

<https://homeready-eligibility.fanniemae.com/homeready/>

Fannie Mae 97% - **must be FTHB**

<https://www.fanniemae.com/singlefamily/97-ltv-options>

Freddie Mac Home Possible (including Home Possible Advantage)

<http://www.freddiemac.com/homepossible/eligibility.html>

<http://www.freddiemac.com/homepossible/>

Freddie Mac Home One - **must be FTHB**

<http://www.freddiemac.com/singlefamily/mortgages/homeone/homeone.html>

Programs are for purchase or limited cash out refi

# CONVENTIONAL AGENCY LOAN PRODUCTS: FANNIE MAE & FREDDIE MAC

## HOMEBUYER EDUCATION REQUIREMENTS

### Freddie Mac HomeOne – **Always required**

- FTHB is required
- No income limits
- Standard MI
- Homebuyer Education is always required
- May use MI company or [Credit Smart](#)
- Training and resources: Freddie Mac [HomeOne Site](#)

### Freddie Mac Home Possible – **Required for certain borrowers**

- FTHB not required
- Income limits apply
- Reduced MI
- Homebuyer Education is required only if ALL borrowers are a FTHB or ALL borrowers have no credit score/non-traditional credit
- May use MI company or [Credit Smart](#)
- Training and resources: Freddie Mac [Home Possible site](#)
- [\*\*Important Reminder for Freddie Mac Home Possible Loans – Homebuyer Education Is Required for Certain Borrowers\*\*](#)

Compare Freddie Mac HomeOne & Home Possible: [Home Possible Advantage vs HomeOne mortgage](#)

# CONVENTIONAL AGENCY LOAN PRODUCTS: FANNIE MAE & FREDDIE MAC

## HOMEBUYER EDUCATION REQUIREMENTS

### Fannie Mae HomeReady– **Always required for purchase loans**

- FTHB not required
- Area income limits may apply
- Reduced MI
- Homebuyer Education is always required for purchase loans only
- Must be from [Framework](#) only
- Not required for refinance loans
- Training and resources: Fannie Mae [HomeReady](#) site
- [Important reminder for Fannie Mae HomeReady Loans – Homebuyer Education](#)

### Fannie Mae 97% – **Required for certain borrowers**

- FTHB not required
- No income limits
- Standard MI
- Homebuyer Education is required only if ALL borrowers are a FTHB or ALL borrowers have no credit score/non-traditional credit
- Training and resources: [Fannie Mae 97% LTV Options](#) site

Compare Fannie Mae 97% & HomeReady: [97 Fact Sheet](#)

## CONVENTIONAL AGENCY LOAN PRODUCTS: FANNIE MAE & FREDDIE MAC HOMEBUYER EDUCATION REQUIREMENTS

If the loan program type is switched from Freddie Mac Home One or Home Possible to Fannie Mae HomeReady, you may need a new Homebuyer Education Cert!

Fannie Mae only accepts **Framework** while Freddie Mac has some different options. Freddie Mac offers the training and will also allow MI companies' training to satisfy the requirement.

# CONVENTIONAL AGENCY LOAN PRODUCTS: FANNIE MAE & FREDDIE MAC

## Other Agency Programs

- Texas 50(a)6
- Day 1 Certainty (Fannie Mae only)
- DU Refi Plus (replaced by Fannie Mae High LTV Refi Option)
- LP Open Access (replaced by Freddie Mac High LTV Option)
- Manufactured Home Advantage (Fannie Mae only)
- Freddie Mac IMAGIN (LPMI product Freddie Mac Only)
- Freddie Mac Student Loan Flexibility for Doctors (Freddie Mac only)
- Fannie Mae Student Loan Cash Out Refinance (Fannie Mae only)



# CONVENTIONAL AGENCY LOAN PRODUCTS: FANNIE MAE & FREDDIE MAC

## Good to Know

- No score loans / Nontraditional Credit acceptable (Fannie Mae & Freddie Mac)
- Property Inspection Waiver/ HVE Waivers are acceptable (Fannie Mae & Freddie Mac)
- Future/Expected Income subject to Nations Lending Overlays (Fannie Mae & FreddieMac)
- Escrow Holdbacks permitted for non-health/safety items with some room for exceptions
- Mortgage Insurance: Some overlays for non-delegated MI

# FHA AGENCY LOAN PRODUCTS

- Most FHA programs are eligible with some Nations Lending Overlays

**Exceptions:**

**Cash out refinance in TX**

**FHA Section 8 Loans**

**FHA Military Impact Area Loans**

**FHA loans to non-profit organization borrowers**

**HOPE for Homeowner's Program**

**HUD 184 – Indian Reservation**

- Most property types are eligible with some Nations Lending Overlays

**Exceptions:**

**Coops**

Find Nations Lending FHA Overlays Here:

<https://nlcloans.sharepoint.com/:f:/s/RetailDivision/retailoperations/retailunderwriting/Er2VT8Wp50tAl8BrK3QRbfIBXWkoBGRGuTRI7trolsVxcQ?e=8kO3xg>

# FHA AGENCY LOAN PRODUCTS

## **FHA standard 203b & 203c loans**

- Purchase
- Cash Out Refinance
- Simple Refinance
- Rate/Term Refinance
- Streamline Refinance

## **FHA 203k renovations loans (Full & Standard)**

**BOOL Loans (Build on Own Land ) pay off construction financing, once property is 100% complete**

## **FHA 203H Disaster Loans**

## **HUD REO Loans**

- 203b
- 203b with Repairs
- 203k
- \$100 Down
- Good Neighbor Next Door

# FHA AGENCY LOAN PRODUCTS: NATIONS LENDING OVERLAYS

## Minimum Score Requirements

Standard Purchase, Cash Out, Simple Refi:

580 for AUS Approve or Accept/Eligible and 600 for Refer/Eligible (manual uw)

High-balance Purchase, Cash Out, Simple Refi: 620 for all loan

Streamline (credit qualifying/non-credit qualifying): 580 for all loans

## Gift Funds Requirement

Must be transferred prior to closing

Fully documented per agency requirements

Transfers of gifts at closing are not permitted

## Income/Utility Bill Required for Refinances

Must confirm borrower's occupancy for previous 12 mos

**Not an "overlay" but a topic of great discussion lately**

## Good to Know

- No score loans / Nontraditional Credit acceptable
- Future/Expected Income subject to Nations Lending Overlays
- Escrow Holdbacks permitted for non-health/safety items with some room for exceptions
  - Self-Employment: Must use NLC 1084.

Get FHA Program Resources here:

[https://nclloans.sharepoint.com/:f:/s/RetailDivision/retailoperations/retailunderwriting/EqnozmaiPiFGpD5oKy-soxoBpqEJsJxfrQ\\_k7CBaVHgJFw?e=o7HjDY](https://nclloans.sharepoint.com/:f:/s/RetailDivision/retailoperations/retailunderwriting/EqnozmaiPiFGpD5oKy-soxoBpqEJsJxfrQ_k7CBaVHgJFw?e=o7HjDY)

# VA AGENCY LOAN PRODUCTS

- Most VA programs are eligible with some Nations Lending Overlays

## Exceptions:

**Cash out refinance in TX  
VA Indian leasehold properties**

- Most property types are eligible with some Nations Lending Overlays

Find Nations Lending VA Overlays Here:

[https://nlcloans.sharepoint.com/:f:/s/RetailDivision/retailoperations/  
retailuderwriting/Er2VT8Wp50tA18BrK3QRbfIBXWkoBGRGuTRI7trolsVxcQ?  
e=8kO3xg](https://nlcloans.sharepoint.com/:f:/s/RetailDivision/retailoperations/retailuderwriting/Er2VT8Wp50tA18BrK3QRbfIBXWkoBGRGuTRI7trolsVxcQ?e=8kO3xg)

# VA AGENCY LOAN PRODUCTS

VA Standard Loans 100% LTV:

**Purchase Cash  
Out Refinance  
IRRRL**

BOOL Loans (Build on Own Land )  
pay off construction financing, once property is 100% complete

**Reduced Entitlement Loans  
Over the County Limit Loans  
Surviving Spouse**

**Joint Loans (Requiring VA Prior Approval)**

**Get VA Program Resources here:**

[https://nlcloans.sharepoint.com/:f:/s/  
RetailDivision/re\\_tailoperations/  
retailunderwriting/E1c4dexwIxRk1n0y0  
04FgkBhRPZaDiLgfk94C9dY9gKSw?  
e=cmR72e](https://nlcloans.sharepoint.com/:f:/s/RetailDivision/re_tailoperations/retailunderwriting/E1c4dexwIxRk1n0y004FgkBhRPZaDiLgfk94C9dY9gKSw?e=cmR72e)

# VA AGENCY LOAN PRODUCTS: NATIONS LENDING OVERLAYS

## **Minimum score requirements**

Standard Purchase, Cash Out Refi:

580 for AUS Approve or Accept/Eligible and Refer/Eligible (manual uw)

High-balance Purchase, Cash Out: 620 for all loans

IRRRL (credit qualifying/non-credit qualifying): 580 for all loans

## **Debt Ratio**

Manual UW: Max 48% with sufficient residual, over 48% requires Credit Risk approval  
AUS Approve or Accept: Max 55% with sufficient residual, over 55% requires Credit Risk approval

## **Seasoning Requirements for refinances**

All mortgages must meet Nations Lending Seasoning Requirements

Greater of 6 full months or 240 days from 1<sup>st</sup> payment made date

Applies to all refinances regardless of loan type being paid off



# USDA AGENCY LOAN PRODUCTS

## **USDA programs are eligible with no overlay**

- Purchase
- No Cash Out
- Streamline

## **Most property types are eligible with some Nations Lending Overlays**

### **Exceptions:**

- Single-wide manufactured home

## **Manual Underwriting or GUS Accept**

## **Minimum credit score and DTI requirements per USDA requirements**

## **100% Financing per agency**

Get USDA Program Resources  
<https://nlcloans.sharepoint.com/:f:/s/RetailDivision/retailoperations/retailunderwriting/EvypyK7J3R5DmKCzSZMIPu4BSeOSitrRODkncV40kAKIA?e=FVzMK>

# DOWN PAYMENT ASSISTANCE PROGRAMS

- Must be listed on approved DPA site
- If not listed, request review and approval from the Product Committee
- Follow agency requirements

Find approved down payment assistance programs

<https://nlcloans.sharepoint.com/sites/DPAMCCPrograms>

# NON-AGENCY LOAN PRODUCTS

## IN-HOUSE

- Underwritten in-house to Caliber guidelines
- The investor should never be named to the borrower – this is a Nations Lending specialty product
- Manually UW portfolio loans
  - Jumbo
  - Non-Warrantable Condos
  - Fresh Start – no seasoning for derogatory events
- Process is generally 45-60 days on average
- Potentials “loan saver” with these products

Find non-agency resources here

[https://nlcloans.sharepoint.com/:f:/s/RetailDivision/retailoperations/retailunderwriting/ElfKw2ZdnEVHgZ\\_FUBbWZqwBG3C8K1zpgg-X2zww7gC3kA?e=sqlvNy](https://nlcloans.sharepoint.com/:f:/s/RetailDivision/retailoperations/retailunderwriting/ElfKw2ZdnEVHgZ_FUBbWZqwBG3C8K1zpgg-X2zww7gC3kA?e=sqlvNy)

# NON-AGENCY LOAN PRODUCTS BROKER/CORRESPONDENT CHANNEL

- Loans are not underwritten in-house
- Variety of non-agency products & programs

**Construction  
Renovation  
Bank Statements**

Find info for Broker/Correspondent Channel

[https://nlcloans.sharepoint.com/sites/RetailDi\\_vision/retailoperations/SitePages/Home.aspx](https://nlcloans.sharepoint.com/sites/RetailDi_vision/retailoperations/SitePages/Home.aspx)

# ORIGINATION RESOURCES

Scenario Desk

<https://nlcloans.sharepoint.com/sites/RetailDivision/scenariodesk/SitePages/Community%20Home.aspx>

The Rule Tool

<https://theruletool.com/welcome>

Ops Site

<https://nlcloans.sharepoint.com/sites/OperationsDepartment/SitePages/Home.aspx>

NLC Loop

<https://nlcloop.com/>

# THANK YOU

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