



COMPLIANCE UPDATE

Compliance Memo C2020-05 Loan Status Updates and Reminders

This memo is to clarify various policies and procedures the Loan Status Department facilitates to ensure Gold Star meets all Federal, State and Agency guidelines and accurate reporting.

Overview:

In brief, listed below are a few of the reports that Loan Status manages daily, weekly, and monthly and how they relate to you.

Disclosures Due Out – These are loans that have triggered a TRID application and require disclosures to be sent within 3 business days of receipt of the Loan Application. This report reflects that disclosures have not been sent. Result: Loan is automatically out of compliance and closed out, withdrawal letter sent to borrower, and loan file cannot be reactivated (requires new file to be started).

Refinance TBD Loans – These are loans that have been entered into the system as a refinance, but the subject property reflects TBD. You cannot have a TBD refinance. Loan Status copies current address into property address. Result: This could result in a TRID application and requires an application package to be sent within 3 days.

Credit Denials – These are non-TRID applications wherein a consumer's credit score does not meet our 580 minimum credit score requirement. Per Regulation B, if credit score does not meet our minimum, this is sufficient data to render the loan as an application and a credit decision can be made, which requires us to disposition the file within 30 days. Result: Loan Status issues a denial and closes loan file.

25 Day Report – These are TRID applications at or nearing 25 days from a completed loan application that, per Regulation B, must be dispositioned within 30 days. Loan Status sends an email to Loan Officer for status. Result: At this time, one of three things will happen: either (1) the loan needs to be submitted to underwriting; or (2) a Notice of Incomplete (NOI) is sent to borrower requesting that certain missing documentation/information be provided within a reasonable period of time before a "credit decision" can be made; or, (3) the loan is withdrawn as borrower is not proceeding with loan application.

- Documentation needed for a credit decision: Signed Application, Credit report, AUS, income and asset documentation, if applicable.
- Note: if no response or resolution, the loan file will be closed by Day 30.
- If borrower supplies the requested information within the designated time period, we will take action on the application and notify the borrower of the action taken within 30 days of receiving the completed application.

Suspense Expired – These are loans that have been suspended and suspense has expired (over 90 days).
Result: Loan Status reaches out to Underwriter to either extend suspense or deny file.

Loans approved over 90/120 days – These are loans where the conditional approval has expired.
Result: Loan Status pushes loan back to processing and sends an email to LO/LP for status.

Duplicate Report – These are loans entered into Encompass with the same borrower name, SS# and both primary residences. We do not allow multiple files to be created for loan scenarios. Result: Loan Status will email LO to determine which file is active, if applicable, and close out the inactive file as a duplicate loan.

Policies

*Once a loan is withdrawn and a withdrawal letter issued, loan cannot be reactivated.

*Non-TRID application (excluding Preapprovals) are closed out at 6 months.

*TRID applications and Preapprovals are closed out at 90 days after conditional approval expires if no activity.

*Max allowable active TRID application is 7 months, and 8 months for New Construction.

*NOTICE: NO RESPONSE EQUALS LOAN CLOSE OUT.

**Verbal Credit authorizations are only good for 180 days. New verbal is required to repull credit.
(This can be done by unchecking the verbal credit authorization box on LOS and rechecking).

*A denial does not mean loan HAS to be closed out and restarted; it is just a loan disposition to meet the regulation.

If you have any questions or need additional clarification, please reach out to the Compliance Department at compliance@goldstarfinancial.com or loanstatus@goldstarfinancial.com