

What to Expect from the Closing Department

When you are ready to close your loan, it must first be submitted to the closing department who will issue the initial CD to the borrower for signing, balance the CD to determine the borrower's cash to close, and draft the closing documents that are sent to the settlement agent. This guide will serve as a general outline of what to expect from your closer during the closing process, and what you can do to help ensure that your closing goes as smoothly as possible.

1. Submission to the closing department for pre-closing review

To have your loan accepted into the closing department and assigned to a closer, your loan **MUST** meet all the following criteria:

- The loan must be locked through the scheduled closing date, and the lock must be validated (this includes the lock in agreement, if you are in a lock in agreement state). If you would like to have a lock/lock in agreement disclosed on your initial CD, the lock must be completed by the lockdesk, and approved by the RD department to be sent on an initial CD.
- ALL loan estimates sent to borrowers must be signed and indexed properly. If tracking shows that an LE was sent to the borrower, that LE must be signed and uploaded. We do not review for LE's that were supposed to be excluded, needed to be resent, etc. If you have a legitimate issue with a missing LE, the issue needs to be worked out with the compliance/RD department before your closing request is submitted.
- A valid, bound HOI policy must be uploaded and indexed (we do NOT accept quotes)
- Title work must be uploaded and indexed.
- The appraisal and invoice (or executed PIW, if applicable) must be uploaded.

For Refinance loans specifically:

- All debts being paid at close must have an up-to-date payoff statement uploaded.

If any of the above criteria is missing, you will receive an email outlining what needs to be fixed, the request will be cancelled by your closer, and you will need to resubmit your request once all the proper documentation has been uploaded. For purchase loans, please do not submit your request if the scheduled closing is more than 10 business days out. For refinance loans, the loan **MUST** be in resubmittal for CTC (or approval) or the request will not be accepted. Remember, just because you **CAN** submit your loan for a CD does not always mean that it is in the best interest of you or your borrower. Sending a CD to your borrower should **ALWAYS** indicate that their loan will be closing within the next 7 days. If there is **ANY** question as to if your loan will or will not close on time, it is better to wait. We would rather rush a CD for a loan that is clear to close than send an early CD and not have the loan close for a month.

Please also make sure that the closing date on your loan is accurate when you submit your request. We are going to set up your CD based on the date that is in the file when we receive the request, so it is imperative that it is correct. If for some reason your closing does not take place on the date, we have set

up your file for, we need to be notified ASAP. We do not receive any automatic notifications when dates change, so please make sure you are reaching out to us if there are changes.

2. File setup and initial CD

Once your loan is accepted by the closing department, it will be assigned to a closer who will do initial setup of your CD. This includes ensuring the accuracy of invoiced items (HOI, Credit Report, Appraisal, etc), setup of the borrower's escrow account, and title fees from the title agent's preliminary CD. If there is a service that needs to be paid on the CD that we need to know about, PLEASE INCLUDE THE INVOICE (the best place to upload them is the "CL – Invoices" folder). We do not know all of the ins and outs of your loan, and we can only charge for something if we have an invoice. If you have a fee or service that needs to be included but you don't have an invoice, please make sure you're reaching out to your closer to let them know the situation.

Once the file setup is done, your closer will send the initial CD as-is to your borrower/s for signatures. They will also send our closing instructions to the settlement agent to begin the balancing process.

3. Balancing

Once we have received the final figures from the title agent, we will balance your CD. You will be sent a copy of the balanced CD to review by the closer once they have come to an agreement on the bottom line with the title agent. It is EXTREMELY important that at this point, you review the balanced CD in detail to make sure that everything looks correct. We will do our best to make sure everything is accurate, but as stated previously, if an invoice is left out of the file, or we are not made aware of something that needs to be charged, there is no way for us to know that it might be missing. Help us help you by double checking to make sure the CD is accurate before we get to the closing table.

We do our best to follow up with title agents if we have not received final figures back from them after sending instructions, but most of our closers are juggling 2 to 4 closings every day, and we do not always have the time to follow up on files that are not an immediate priority. If you notice that we have not yet received anything from your title agent, feel free to reach out to them for an update on our behalf. We always appreciate loan officers and processors who take initiative with their title agents to make sure that they are getting us the information that we require.

4. QC review and closing docs

Once your loan has been issued CTC and has been moved to the Approval milestone, it is the responsibility of your processor to move the loan to the QC Review milestone. In QC Review, your closer will do a final sweep of several documents and data points within encompass to make sure that all information is accurate, and that your loan is currently in compliance. If we find anything missing or needing to be updated, you will be sent an email listing the missing items/changes that need to be made. We ask that you make all updates/upload all missing items within 24 hours in order to minimize any delays with getting your closing documents out.

We typically require that ALL loans be pushed to the QC Review milestone at least 24 hours before closing, but we may push this requirement to 48 hours when volume is extraordinarily high. Best practice is to always aim to make it to QC Review 48 to 72 hours before your closing. We close several hundred files every week, and the loans that are CTC and in QC Review 72 hours or more before their closing date have significantly fewer issues and delays than loans that do not. Again, help us help you and your borrowers by keeping everything to a reasonable timetable.

Once your QC review is complete and your loan is balanced, we will send the closing documents to the title agent. We do our best to make sure that closing documents are issued at least 24 hours before closing, but this will mostly depend on how quickly your loan gets through the previous milestones. The earlier you can get CTC, the earlier your closing documents will be ready.

5. Final notes

The best way to make sure that your closing is as smooth as possible is to ALWAYS stay in contact with your closer. When we receive a closing request, we are going to assume that that loan is ready to close on the date in the file when it was submitted, and we are going to proceed as if everything is ready to go. PLEASE make sure you are reaching out directly to your closer if you encounter any issues, if dates need to change, etc, as this is the only way we are going to know if something needs to be updated. There is nothing more frustrating for us than to complete a QC review and issue closing documents, only to be told "sorry, the closing date is actually moving, forgot to let you know." The sooner you can let us know of any changes, the better.