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Redisclose REGZ-TIL (APR Change) (Mortgage Disclosure Improvement Act (MDIA))

In accordance with MDIA provisions, Redisclose REGZ-TIL alerts are generated when there is a difference between the value in the Disclosed APR (Field ID 3121 on the REGZ-TIL and Closing REGZ forms) and the Current APR field (Field ID 799 on the REGZ-TIL and Closing REGZ forms) greater than .125% (for conventional loans; for ARM loans this alert is generated when the difference between the two APR values is greater than .25%). The alert notifies loan team members that the new APR should be disclosed to the borrower. The alert displays on the Pipeline, the Alerts & Messages tab in the Log, and both REGZ forms, as well as in a pop-up window when you save the loan.

 Your system administrator can set this alert to generate for ARM loans when the difference between the two APR values is greater than .125%.

Closing Date Violation (MDIA)

To comply with MDIA provisions, a Closing Date Violation alert is generated when the loan's Estimated Closing Date (Field ID 763 on the Borrower Summary) precedes the loan's Earliest Closing Date (Field ID 3147 on the Disclosure Tracking tool). The alert displays on the Pipeline and the Alerts & Messages tab in the Log, as well as in a pop-up window when you save the loan.

Send Initial Disclosures (Real Estate Settlement Procedures Act (2010 RESPA and 2015 RESPA-TILA)

• 2010 RESPA-TILA - According to RESPA, the loan originator must provide the initial GFE and REGZ-TIL to the borrower within three days of receiving the loan application. The Send Initial Disclosure alerts are generated when all of the alert's trigger fields have been populated. By default, these fields include Borrower First Name (Field ID 4000), Subject Property Address

(Field ID 11), Loan Amount (Field ID 1109), and other fields used to complete the loan application. View the Send Initial Disclosures alert in the Alerts

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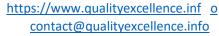
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settings tool for a full list of Field Triggers. These alerts display on the Pipeline and the Alerts & Messages tab in the Log, as well as in a pop-up window when you save the loan. Initial disclosures must be sent no later than three business days after the alert has been generated. (Business days are determined by the Our Company Calendar settings.)

- 2015 RESPA-TILA This alert operates with the Loan Estimate (LE) the same way in which the alert operates with the 2010 GFE form. According to RESPA-TILA, the loan originator must provide the initial LE to the borrower within three days of receiving the loan application. The Send Initial Disclosures alerts are generated when all of the alert's trigger fields have been populated. By default, these fields are: Borrower First Name (field ID 4000), Borrower Last Name (field ID 4002), Borrower SSN (field ID 65), Total Monthly Income (field ID 736), Subject Property Address (field IDs 11, 12, 14, 15), Subject Property Estimated Value (field ID 1821), and Loan Amount (field ID 1109). These alerts display on the Pipeline and the Alerts & Messages tab in the Log, as well as in a pop-up window when you save the loan. Initial disclosures must be sent no later than three business days after the alert has been generated. (Business days are determined by the Our Company Calendar settings.) To clear this alert, the LE Sent Date (field ID 3152) must be populated. This field is populated automatically when the LE is initially disclosed.
- Send Initial Disclosures Alert for Settlement Service Providers List In addition to the triggers for the 2015 RESPA-TILA alert discussed above, the Send Initial Disclosures Alert may be triggered if the Loan Estimate and the Settlement Services Provider List (SSPL) are required to be disclosed. The alert is cleared when the SSPL Sent Date (field ID 4014) is populated. This field is automatically populated when the SSPL is disclosed and a tracking entry is included in the Disclosure Tracking tool's Disclosure History table.



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eSign Consent Not Yet Received (2015 RESPA-TILA)

This alert is intended to notify you when you have not yet received consent to receive electronic disclosures from all applicable parties. This helps ensure you receive eSigning consent before sending the disclosures electronically. View the eSign consent status by clicking the **Lookup** icon (magnifying glass) for the eSign Consent field on the Disclosure Tracking Tool.

These alerts display on the Pipeline and the Alerts & Messages tab in the Log, as well as in a pop-up window when you save the loan. If the eSign Consent Status for any borrower / co-borrower on the loan is not indicated as *Accepted* this alert is triggered. This alert is triggered at the same time as the Send Initial Disclosures alert. To clear the alert, the eSign Consent Status must be set to *Accepted* for all borrowers and co-borrowers on the loan.

GFE Expires (2010 RESPA)

RESPA states that if a borrower does not express intent to continue with an application within 10 days of receiving the GFE, the loan originator is no longer bound by the GFE. The GFE Expires alert notifies you that the GFE Expiration Date (Field ID 3140 on the 2010 GFE) is near and the loan's rate has not been locked. The days before the expiration date value set up in the Alert Settings determines exactly when the alert displays. The GFE Expiration Date must be a minimum of 10 days from the Initial GFE Sent Date (Field ID 3148 on the Disclosure Tracking tool. (Days are determined by the Our Company Calendar settings.) The alert displays in the Pipeline, the Alerts & Messages tab in the Log, and the 2010 GFE (the top of the page displays in red), as well as in a pop-up window when you save the loan.

Loan Estimate Expires (2015 RESPA-TILA)

The Loan Estimate Expires alert notifies you that the Closing Cost Estimate Expiration Date (field ID LE1.X28 on the LE Page 1) is near and the Intent to



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Proceed check box (field ID 3164) has not been selected on the Loan Estimate

Page 1. The days before the expiration date value set up in the Alerts settings

determines exactly when the alert displays. The LE's expiration date must be a

minimum of 10 days from the LE Sent Date (Field ID 3152 on the Disclosure

Tracking tool). When the alert is generated, the Encompass user receives an alert

with the following message:

The Loan Estimate has expired because the Intent to Proceed was not received within 10 business days from the LE Issued Date.

These alerts display on the Pipeline and the Alerts & Messages tab in the Log, as well as in a pop-up window when you save the loan. Clear the alert by selecting the Intent to Proceed check box on the Loan Estimate Page 1.

Redisclose GFE (Rate Lock) (2010 RESPA)

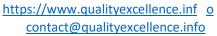
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Under RESPA regulations, if a rate lock changes after the initial GFE is provided, a revised GFE must be sent to the borrower within three days of the changes. These Redisclose GFE alerts are generated when the Rate Locked Date (Field ID 761) is later than the Last Sent Date (Field ID 3137) on the 2010 GFE. In other words, the rate was locked after the 2010 GFE was initially disclosed. The alert displays on the Pipeline, Log, and 2010 GFE (the top of the page displays in red), as well as in a pop-up window when you save the loan. (Days are determined by the U.S. Postal Calendar settings.)

Redisclose GFE (Changed Circumstances) (2010 RESPA)

Under RESPA regulations, if circumstances have changed since the initial GFE was provided, a revised GFE must be sent to the borrower within three days of the changes. These Redisclose GFE alerts are generated when the Changed Circumstance check box (Field ID 3168) is selected on the 2010 GFE. The Changes Received Date field (Field ID 3165 on the 2010 GFE) is populated with

the current date. The alert displays on the Pipeline, the Alerts & Messages tab in the Log, and 2010 GFE (the top of the page displays in red), as well as in a popup window when you save the loan. (Days are determined by the U.S. Postal



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Calendar settings.)

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Redisclose Loan Estimate (Changed Circumstance) (2015 RESPA-TILA)

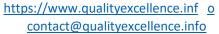
Under RESPA-TILA regulations, if circumstances have changed since the initial Loan Estimate was provided, a revised Loan Estimate must be sent to the borrower no more than three business days after the changed circumstance is received. The alert is triggered when the Changed Circumstance check box (field ID 3168) on the Loan Estimate Page 1 is selected and the current date is populated to the Changes Received Date (field ID 3165) on the Loan Estimate Page 1. By default, the alert is triggered three days before the Redisclose Due Date (field ID 3167). The alert displays on the Pipeline, the Alerts & Messages tab in the Log, and in a pop-up window when you save the loan. (Business days are determined the Our Company Calendar settings.)

HUD-1 Tolerance Violated (2010 RESPA)

To comply with RESPA tolerance regulations, these alerts are generated when there is a discrepancy between any of the GFE and HUD-1 values in the Charges that Cannot Increase section of the 2010 HUD-1 Page 3 form OR when the total of the Increase between GFE and HUD-1 Charges (Field ID NEWHUD.X315) on the 2010 HUD-1 Page 3 form is more than 10%. The alerts display on the Pipeline, the Alerts & Messages tab in the Log, and at the top of the 2010 HUD-1 Page 3 page (the top of the page displays in red).

Ability-to-Repay Loan Type Not Determined (ATR/QM)

In accordance with the rule issued by the CFPB effective for applications on or after January 10, 2014 that prohibits lenders from making a loan without first considering and verifying a consumer's ability to repay the loan and establishes certain protections for creditors who make a "qualified mortgage", this alert is triggered when the Ability-to-Repay Loan Type (field ID QM.X23) has not been



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indicated on the ATR/QM Management form. (By default, this alert is triggered at the completion of the Approved milestone.) The alerts display on the Pipeline and on the Alerts & Messages tab in the Log.

Qualified Mortgage Type Not Determined (ATR/QM)

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In accordance with the rule issued by the CFPB taking effective for applications on or after January 10, 2014 that prohibits lenders from making a loan without first considering and verifying a consumer's ability to repay the loan and establishes certain protections for creditors who make a "qualified mortgage", this alert is triggered when the Qualified Mortgage Loan Type (field ID QM.X24) has not been indicated on the ATR/QM Management form. (By default, this alert is triggered at the completion of the Approved milestone.) The alerts display on the Pipeline and on the Alerts & Messages tab in the Log.

QM Safe Harbor Eligibility Not Determined (ATR/QM)

In accordance with the rule issued by the CFPB effective for applications on or after January 10, 2014 that prohibits lenders from making a loan without first considering and verifying a consumer's ability to repay the loan and establishes certain protections for creditors who make a "qualified mortgage", this alert is triggered when the *Is Loan Eligible for Safe Harbor?* field (field ID QM.X25) has not been populated on the ATR/QM Management form. (By default, this alert is triggered at the completion of the Approved milestone.) The alerts display on the Pipeline and on the Alerts & Messages tab in the Log.

Residual Income Assessment Recommended (ATR/QM)

In accordance with the rule issued by the CFPB effective for applications on or after January 10, 2014 that prohibits lenders from making a loan without first considering and verifying a consumer's ability to repay the loan and establishes certain protections for creditors who make a "qualified mortgage", this alert is triggered when the Ability-to-Repay Loan Type (field ID QM.X23) is *Qualified*



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Mortgage, but it is not eligible for Safe Harbor (field ID QM.X23) OR the Ability-to-Repay Loan Type is *General ATR*. This alert recommends a residual income assessment. As the CFPB has not issued official guidelines or requirements for residual income, this alert is a recommendation only and does need to be addressed or cleared in order for the loan to qualify as a qualified mortgage. (By default, this alert is triggered at the completion of the Approved milestone.) The alerts display on the Pipeline and on the Alerts & Messages tab in the Log.

General QM DTI Exceeded (ATR/QM)

In accordance with the rule issued by the CFPB effective for applications on or after January 10, 2014 that prohibits lenders from making a loan without first considering and verifying a consumer's ability to repay the loan and establishes certain protections for creditors who make a "qualified mortgage", this alert is triggered when the loan's Debt-to-Income (DTI) ratio (field ID QM.X119) exceeds the limit for a General Qualified Mortgage. CFPB states DTI must be less than or equal to 43% to meet General QM standard. The alerts display on the Pipeline and on the Alerts & Messages tab in the Log.

General QM Loan Feature Violation (ATR/QM)

In accordance with the rule issued by the CFPB effective for applications on or after January 10, 2014 that prohibits lenders from making a loan without first considering and verifying a consumer's ability to repay the loan and establishes certain protections for creditors who make a "qualified mortgage", this alert is triggered when loan repayment data does not meet the standards for a General Qualified Mortgage. The data entered in the *Interest Only* (field ID 2982), *Prepayment Penalty Period* (field ID RE88395.X316), *Prepayment Penalty* (field ID QM.X112), and *The result of Points* & *Fees Test does not exceed the threshold for Qualified Mortgages* (field ID (QM.X124) fields on the ATR/QM Management

form's Qualification tab and the *Even if you make pmts on time, can your loan balance rise* (field ID NEWHUD.X6) and *Does your loan have a balloon payment* (field ID 1659) fields on the Loan Estimate Page 1 can trigger this alert. The alerts



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display on the Pipeline and on the Alerts & Messages tab in the Log.

Ability-to-Repay Exemption Reason Not Determined (ATR/QM)

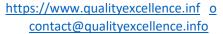
In accordance with the rule issued by the CFPB effective for applications on or after January 10, 2014 that prohibits lenders from making a loan without first considering and verifying a consumer's ability to repay the loan and establishes certain protections for creditors who make a "qualified mortgage", this alert is triggered when an ATR/QM Exemption Eligibility option has not been indicated at the bottom of the ATR/QM Management form's ATR/QM Eligibility tab. The alerts display on the Pipeline and on the Alerts & Messages tab in the Log.

AUS Data Discrepancy (ATR/QM)

In accordance with the rule issued by the CFPB effective for applications on or after January 10, 2014 that prohibits lenders from making a loan without first considering and verifying a consumer's ability to repay the loan and establishes certain protections for creditors who make a "qualified mortgage", these alerts are generated when the information in the loan file does not match the last set of values used by an Automated Underwriting System (AUS) to make an underwriting decision. The alerts display on the Pipeline and on the Alerts & Messages tab in the Log.

Redisclose Closing Disclosure (Changed Circumstance) (2015 RESPA-TILA)

Under RESPA-TILA regulations, if circumstances have changed since the initial Closing Disclosure was provided, a revised Closing Disclosure must be sent to the borrower. The revised Closing Disclosure must be sent within three days of the changes. These Redisclose Closing Disclosure alerts are generated under the following conditions: when the CD Changed Circumstance check box (field ID CD1.X61) is selected, the Changes Received Date field (field ID CD1.X62) is populated (which occurs automatically when the Changed Circumstance check



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box is selected), and Change in Settlement Charges (field ID CD1.X55), Changed Circumstance - Eligibility (field ID CD1.X68), Revisions requested by the Consumer (field ID CD1.X66), Interest Rate dependent charges (Rate Lock) (field ID CD1.X67), Tolerance Cure (field ID CD1.X57), Clerical Error Correction (field ID CD1.X58), or Other (field ID CD1.X59) is then selected as the reason for the changed circumstance. The alert displays on the Pipeline, the Alerts & Messages tab in the Log, and in a pop-up window when you save the loan. (Business days are determined by the Our Company Calendar settings.)

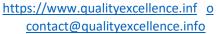
Redisclose Closing Disclosure (APR, Product, Prepay) (2015 RESPA-TILA)

This alert will be generated when a prepayment penalty is added, the loan product is changed, or the current APR differs from the Disclosed APR by more than 0.125% (0.25% for irregular loans) and the Closing Disclosure (CD) may need to be redisclosed as a result. The trigger fields are:

- Trans Details Disclosed APR (field ID 3121) Alert is triggered when the Current APR (field ID 799) differs from the Disclosed APR (field ID 3121) by more than 0.125% (0.25% for irregular loans) or custom percentage
- Product Description (LE1.X5) Alert is triggered when the current Loan
 Product (LE1.X5) on the CD Page 1 is different than the Loan Product
 indicated on the last disclosure
- Prepayment Penalty (675) Alert is triggered if Yes is currently indicated for this field on the CD Page 1 and No was indicated in the last disclosure
- Last CD Sent Date (CD1.X47) The date the CD was last disclosed.

These alerts display on the Pipeline and the Alerts & Messages tab in the Log, as well as in a pop-up window when you save the loan. To clear this alert, redisclose the CD or resolve the data in the trigger fields.

Good Faith Fee Variance Violated- This alert is generated when there is a



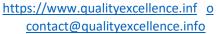
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variance between the LE and 2015 Itemization in the Total Good Faith Amount section (field ID FV.X345) of the Fee Variance Worksheet or when there is a variance between the CD and 2015 Itemization in the Total Good Faith Amount section (field ID FV.X347) on the worksheet. These alerts display on the Pipeline and the Alerts & Messages tab in the Log, as well as in a pop-up window when you save the loan.

- Click the alert icon or indicator to view the alert details, including each applicable fee that was changed, and clear the alert. When viewing the alert details, the following fee details are displayed (below the Trigger Fields section) that provide the following information. Here you can enter fee change details about each fee at a granular level:
- Applies To At the top of this section, select LE or CD from the Applies To drop-down list to indicate the form (LE or CD) where these fee change details will be applied.
- Changes Received Date Will auto-populate with today's date and reflects
 the same date used for this field on the LE Page 1 and CD Page 1
- Revised LE Due Date or Revised CD Due Date In the Fee Details section, you can indicate if the fee change was made on the LE Page 1 or CD Page 1. Depending on the disclosure (as indicated by the selection in the Applies To field), this field will refer to the LE due date or CD due date accordingly. This is read-only field, calculated by the Encompass system.
- Description Description of the Changed Circumstance (click the Lookup icon (magnifying glass) to select the changed circumstance from the list).
- Comments Comments related to the Changed Circumstance
- Reason Select the reason for the change from the drop-down list. There can only be one reason for each fee. This drop-down list provides the same list of reasons that is provided on the LE Page 1 and CD Page 1. Some reasons apply only to the LE, some apply only to the CD, and some apply



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to both. If LE is selected for the Applies To field, only reasons that apply only to the LE or LE and CD will be displayed in the list. If CD is selected for the Applies To field, only reasons that apply only to the CD or the LE and CD will be displayed in the list.

• These alerts display on the Pipeline and the Alerts & Messages tab in the Log, as well as in a pop-up window when you save the loan. To clear this alert, the amounts in the **Variance between...** fields (field ID FV.X345 and FV.X347) can be updated to remove the variance amount from the Fee Variance Worksheet or you can redisclose the LE or CD with a Change of Circumstance selected that causes the Variance Worksheet LE or CD Baseline to be updated, thereby removing the variance amount.

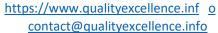
VA Discount Charge Violation

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This alert triggers when the % Discount (field ID VARRRWS.X9) on the VA 26-8923 Rate Reduction WS input form exceeds the 2% maximum allowed by the VA.

Positive Aggregate Escrow Adjustment

Due to the calculations of single line analysis for biweekly escrows, certain scenarios can result in the calculation of a positive aggregate escrow adjustment. The Positive Aggregate Escrow Adjustment notifies the user if this scenario occurs on the loan level. While the positive aggregate adjustment calculation is technically correct, an investor or regulator might not approve purchasing a loan with a positive aggregate adjustment. The alert informs the Encompass user that a positive adjustment exists and suggests the user either move a portion of the escrow items to prepaid (section 900 on the 2015 Itemization) or click the **Lock** icon for the Aggregate Adjustment amount (field ID 558) to accept and retain the positive number. The alert triggers when the Aggregate Adjustment amount (field ID 558) is greater than **0**. A link on the alert opens the 2015 Itemization input form



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at the Aggregate Escrow field on line 1011. The alert clears when the Aggregate Adjustment amount (field ID 558) is locked or when the field recalculates to be equal to or less than 0.

Credit Limit Required

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This alert is triggered when the Credit Limit (field ID FLxx31) is blank, the Account Type (field ID FLxx08) is **HELOC** and the **Will be Paid Off** check box (field ID FLxx18) is not selected.

Current and Proposed Lien position required if Resubordinated

This alert is triggered when the Current Lien Position (field ID FLxx28) or Proposed Lien Position (field ID FLxx29) are blank, but the **Resubordinated**Indicator check box (field ID FLxx26) is selected.

Current and Proposed Lien position required if Subject Property

This alert is triggered when the Current Lien Position (field ID FLxx28) or Proposed Lien Position (field ID FLxx29) are blank, the **Subject Property** check box (field ID FLxx26) is selected, and the **Will be Paid Off** check box (field ID FLxx18) is not selected (regardless of resubordinated).

Custom Alert

The system administrator can create custom alerts that will be triggered under the following circumstances:

- When a date is entered in a specific date field or on a specific day before or after the date that is entered in the date field
- When a specific value is entered in a field
- When a value that is entered in a field falls between a specific value range
- When a combination of the previous circumstances occurs

These alerts display on the Pipeline and on the Alerts & Messages tab in the Log.