

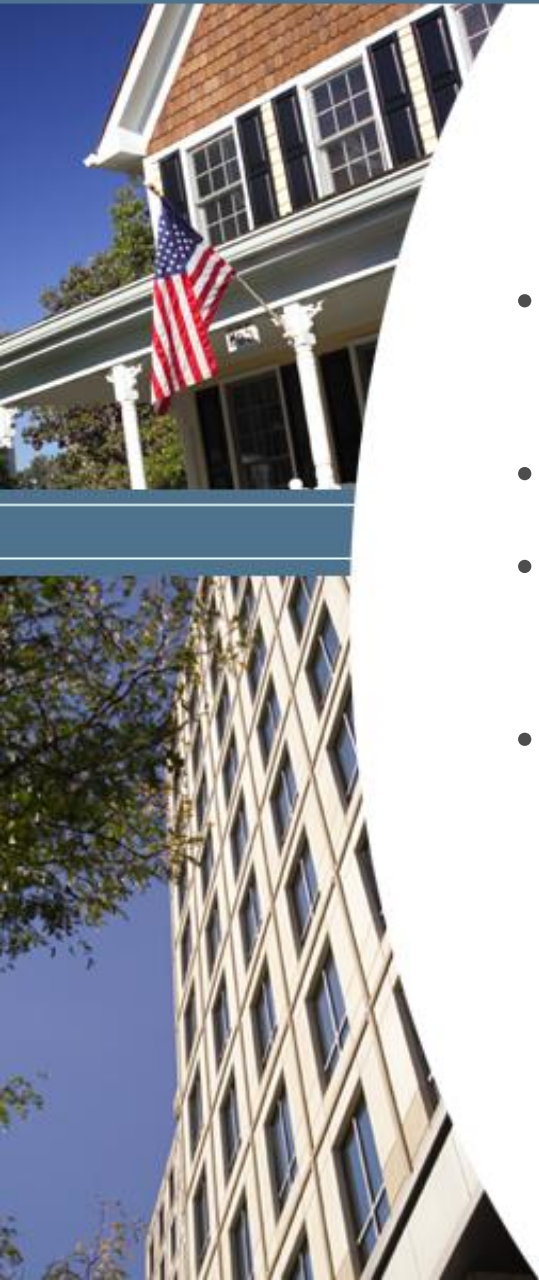


# **Beyond the Basics** **Expanding Document Exception Expertise**

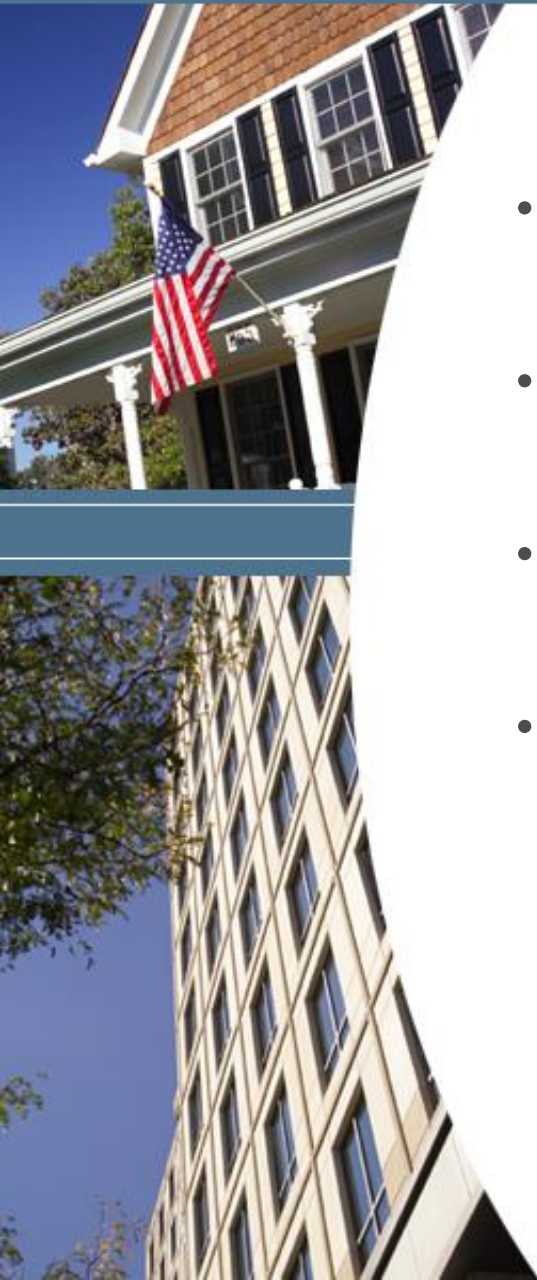
Bond Loans

Janet Vollmer, GMAC Mortgage

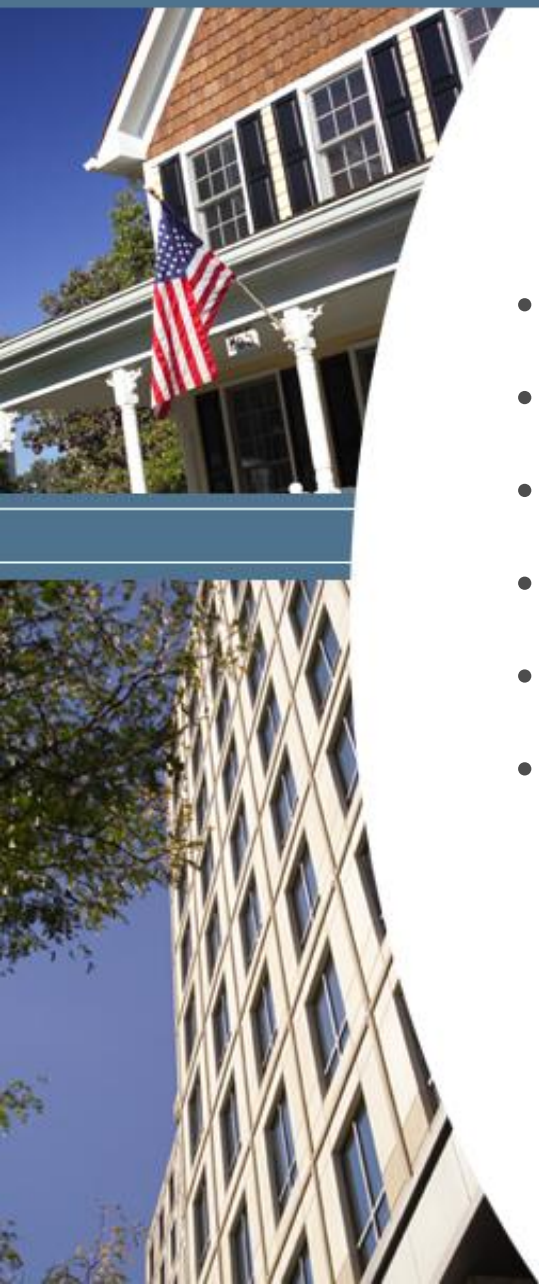
September 22, 2008



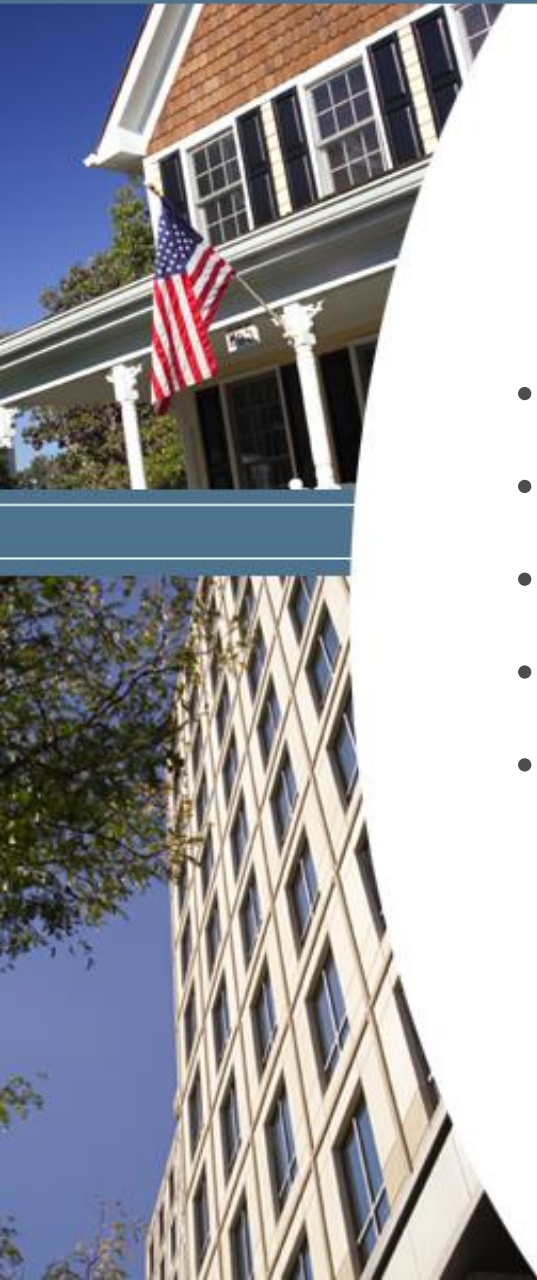
- Bonds are sponsored by State and Local agencies through lenders
- Bond products at below market interest rates
- Bond products can be used for the first time homebuyer, low to middle income borrowers
- Bond loans require significantly more documents



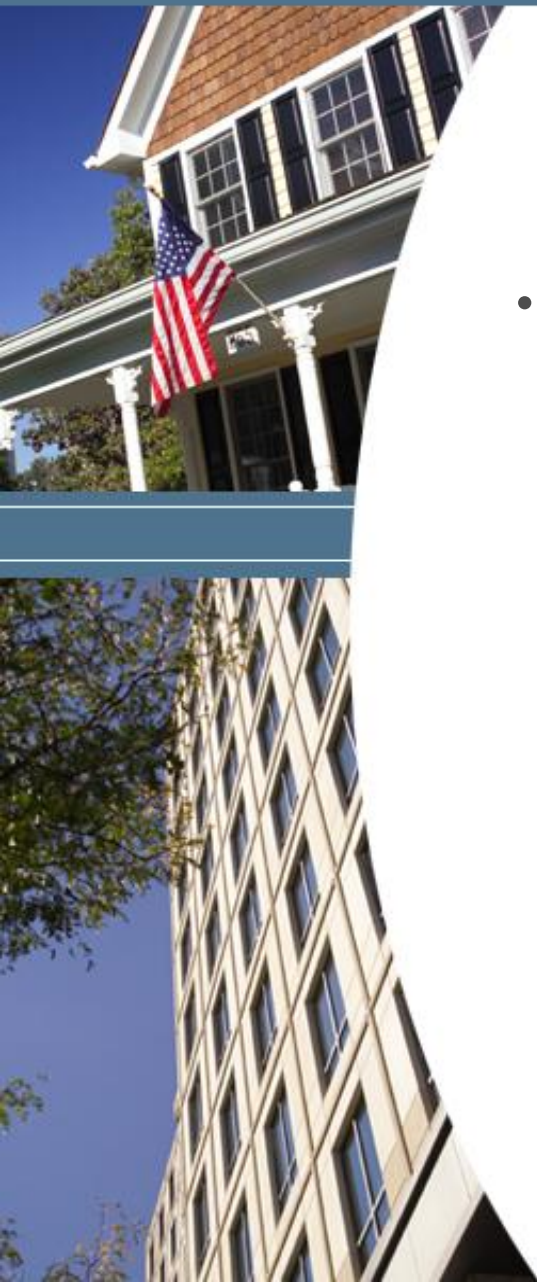
- Specialized bond processing and closing teams become experts
- Improvement of communication and relationship building between bond agencies
- Ability to track trends, training issues, deficiencies, and reduce penalties
- Reduction in deficiencies equates to reduction in backlog and/or post closing/delivery staff



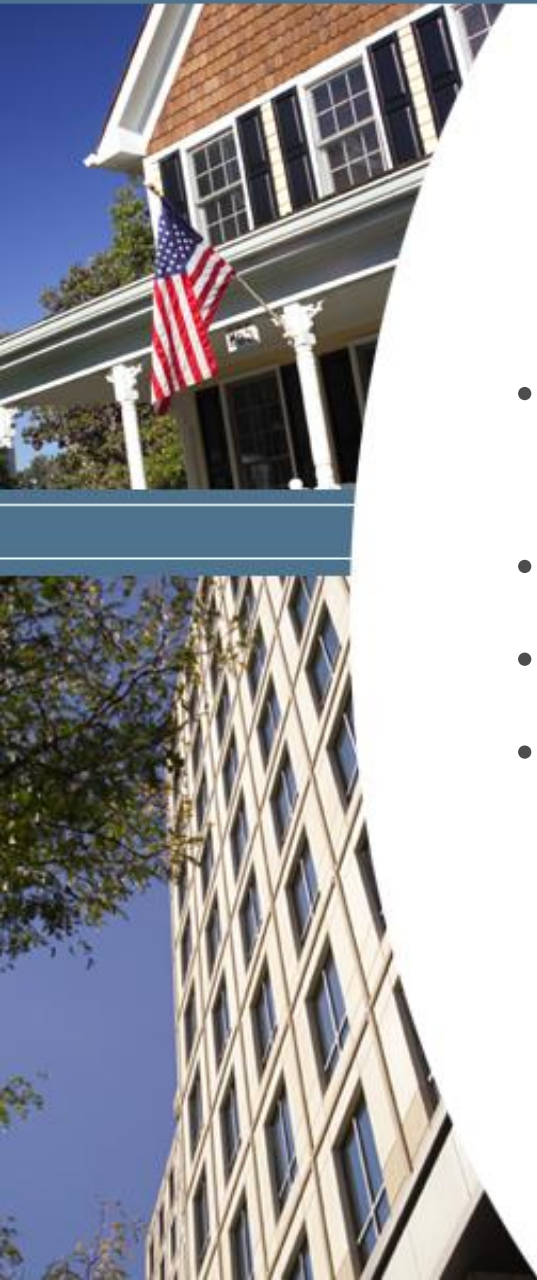
- Repurchase Risk
- Suspension or termination from the program
- Reputation risk in the marketplace
- Penalties/Fees
- Loss of potential cross sell
- Unsaleable asset on your balance sheet with below market interest rates



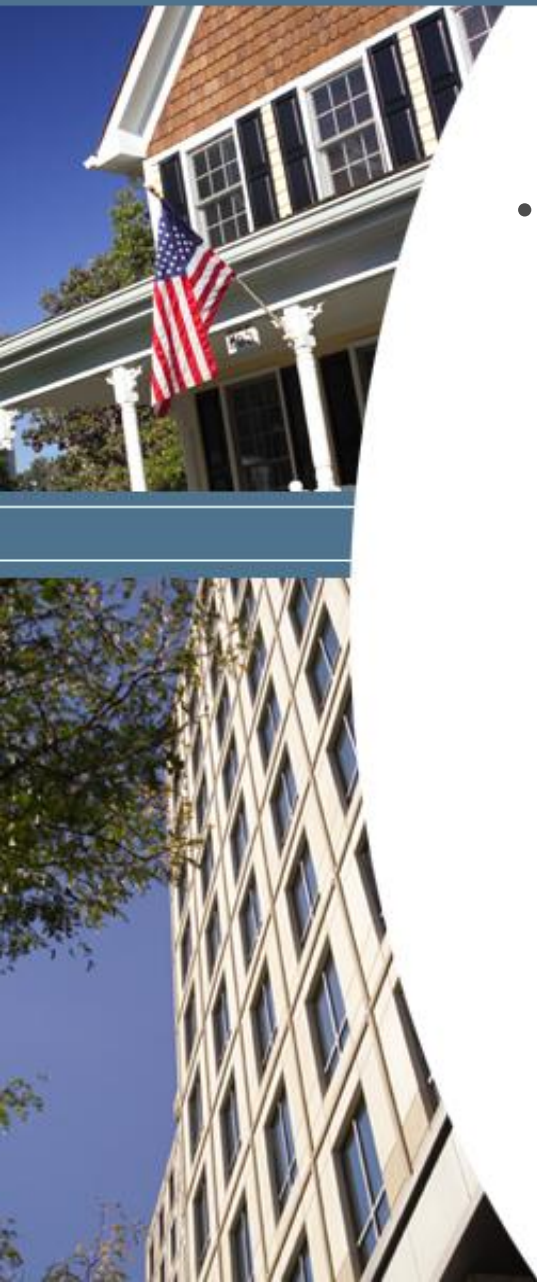
- Bond Agency websites
- Bond Agency training
- Internal Bond Training
- Internal Product Matrix for Bonds
- Network with others who handle Bonds



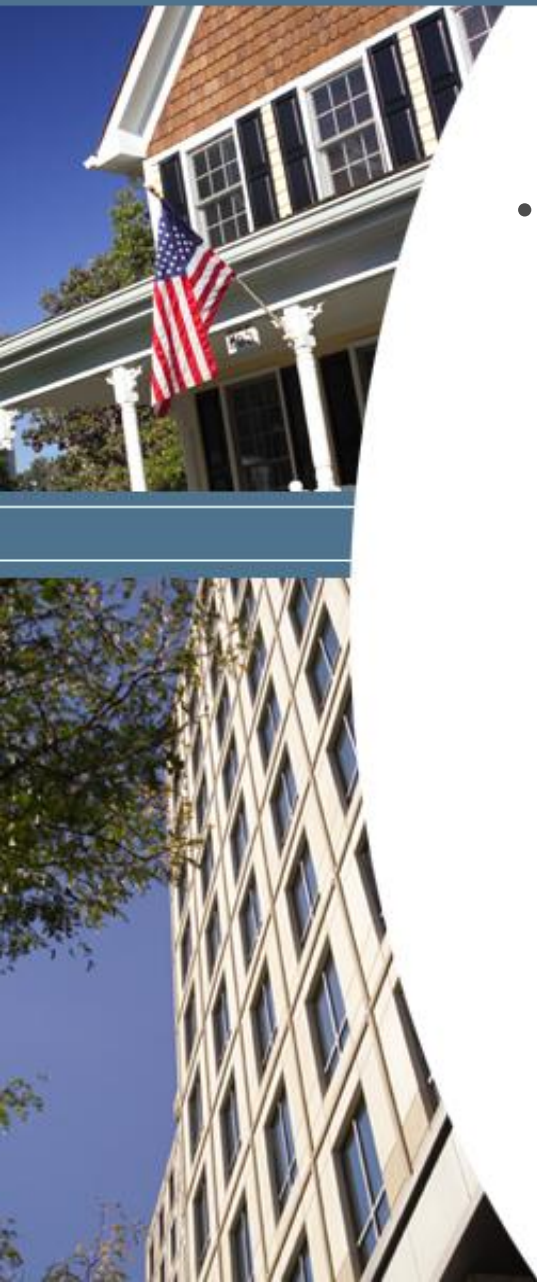
- What are the typical bond exceptions?
  - » Recorded Tax Exempt Financing Rider to Security Instrument
  - » 2 years tax returns
  - » Recorded Assignment
  - » Correction of Warranty Deed
  - » Application disclosures signed by LO and borrower



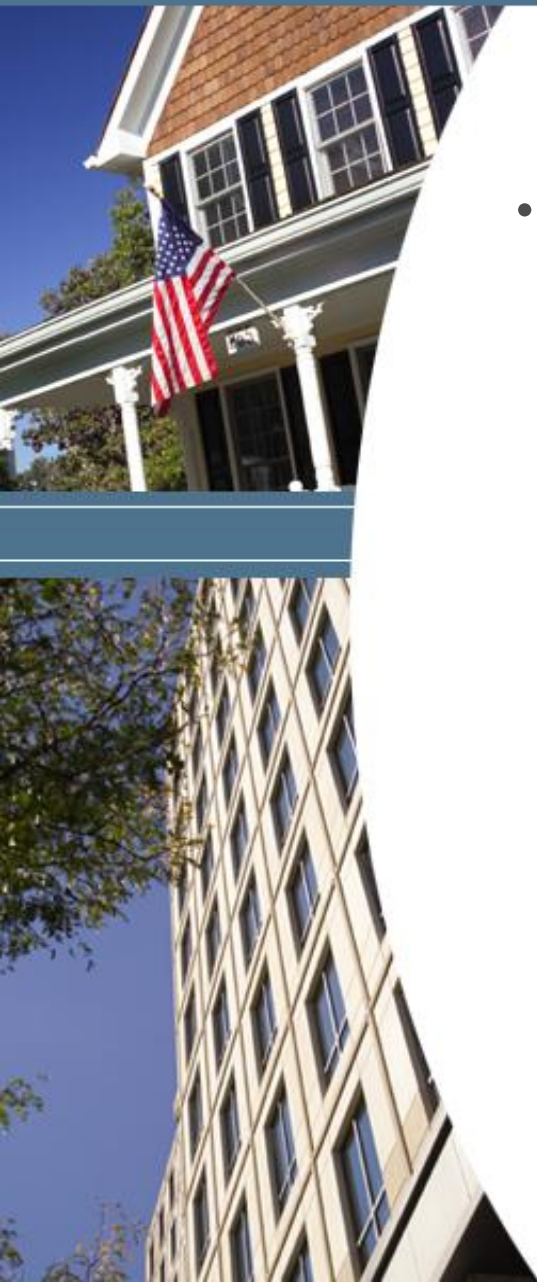
- Special closing letter to assist settlement provider in closing a bond loan correctly
- Sample copy of a bond product matrix
- Sample copy of Feedback Survey
- Sample copy of a check list for post closers



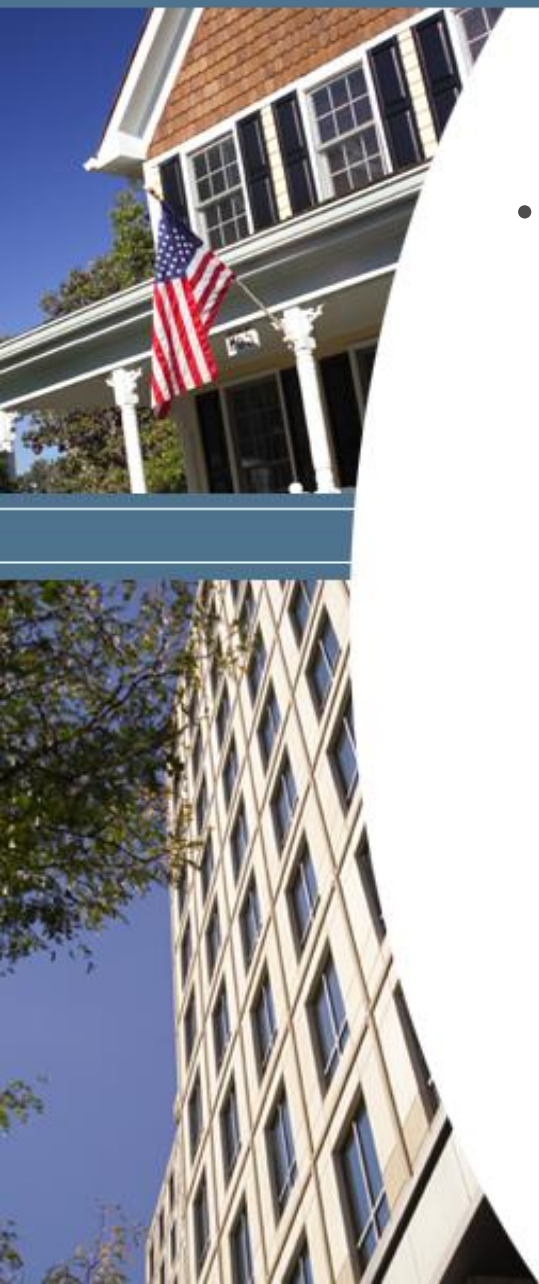
- Tax Exempt Financing Rider
  - » Tax Exempt Financing Rider can be added by a Modification
  - » Verification must be made with the Bond Agency to obtain acceptability of Modification
  - » OR Tax Exempt Financing Rider will be added by re-recording of security instrument
  - » Borrower must sign



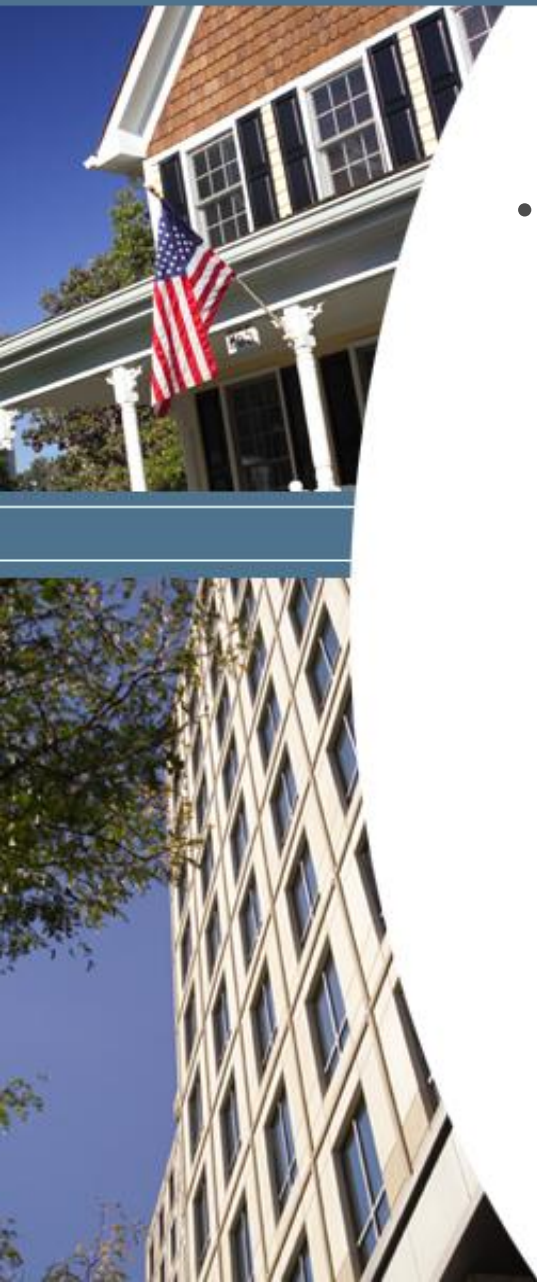
- Two Years Tax Returns
  - » Contact loan officer as these docs should have been obtained from them
  - » OR Contact borrower yourself to obtain copies of tax returns
  - » OR Use 4506 to obtain 2 years of tax returns from IRS



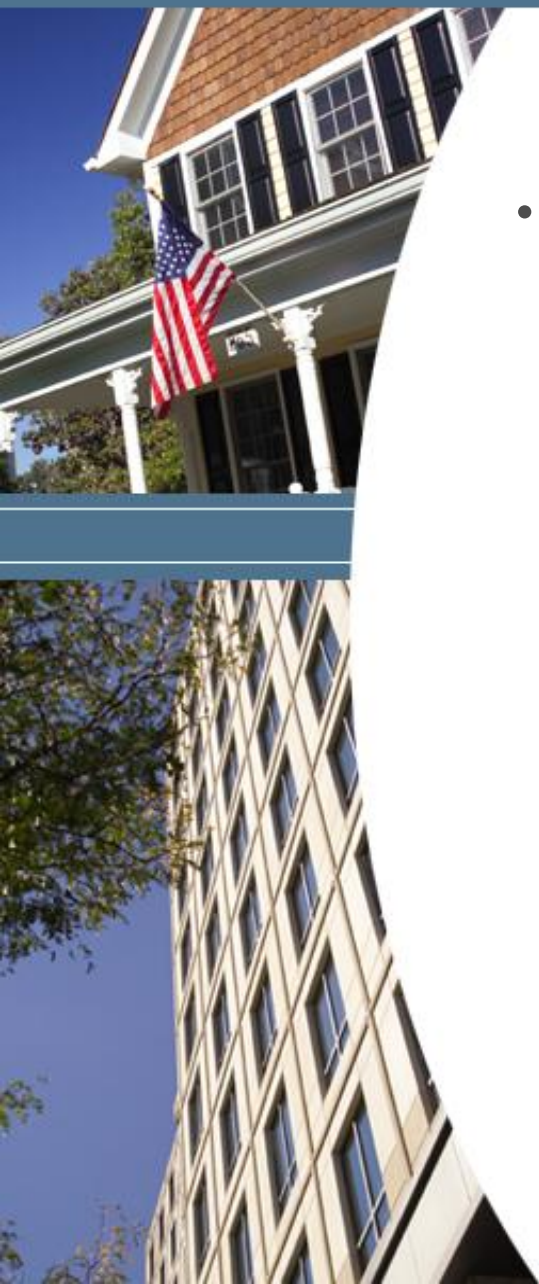
- Missing Recorded Assignment
  - » Assignment never sent to Closing
  - » Pull assignment from internal system, complete, have signed, notarized. Obtain check and send to county for recordation.
  - » Upon receipt of recorded assignment, forward to Bond Agency.



- Assignment needs to be re-recorded
  - » Contact county recorder to determine if all purpose acknowledgment form can be used along with cost for re-recording of assignment.
  - » Document reason for re-recording on assignment and request check for re-recording.
  - » If all purpose acknowledgement is required, have officer of the company sign.
  - » Forward to county for recordation.
  - » After document is recorded, send to bond agency.



- Correction of a Warranty Deed
  - » Warranty Deed correction must be handled by the title provider.
  - » Title provider would have both the seller and borrower future contact information.
  - » Contact title provider to cure.
  - » Obtain corrected Warranty Deed from title provider.



- Application disclosures signed by loan officer and borrowers
  - » Contact loan officer to sign document and to reach out to the borrower for their signatures
  - » OR Contact borrowers directly to advise the purpose of document and to obtain their signature on document