

PQ ON DEMAND

Prequalification Letters (PQ or Prequal Letter) may be sent directly to the Borrower Portal and the borrower’s email from the LO Portal or LoanSoft. The letter may also be emailed directly to the agent as long as we have express permission from the borrower.

The loan officer can make adjustments to the letter in the LO Portal or the BP screens of LoanSoft. The borrower can also be given some editing capability through the Borrower Portal.

LO Portal Versus LoanSoft BP Screens

The functionality of the **LO Portal** and the **LoanSoft BP** (Borrower Portal) screens are identical. The look is very similar as well. To simplify the training material, the functionality is explained simultaneously.

On-Off Switch

The **ON-OFF** switch allows the borrower to edit the PQ Letter (**on**) or not (**off**) in the **Borrower Portal**. It is “loan specific”, meaning the loan officer chooses on a loan-by-loan basis whether the borrower has editing capability or not. The switch may be turned on and off as desired by the loan officer.



The switch defaults to **OFF** until the data fields for the letter are completed. After the fields are entered, it moves to **ON**.

In the “off” position, the Borrower Portal indicates a new PQ Letter is available by contacting the loan officer. The loan officer can send the letter for viewing and downloading, but the borrower cannot edit.



PREQUALIFICATION CERTIFICATION

Please see the below table for available PQ letters. If no letter is available, or you would like a new letter, please contact your Loan Officer.

In the “on” position, the borrower is allowed to edit unlocked fields and produce a new PQ Letter as needed. (View is the BORROWER’S view.)



CREATE A PREQUALIFICATION LETTER

SALES PRICE
\$200,000

DOWN PAYMENT i

% 7.00% OR \$ 14,000

YOUR LOAN AMOUNT = \$186,000

Your down payment amount has exceeded what your loan officer has verified. If you choose to increase your down payment, the PQ letter will indicate funds are unverified.

CREATE LETTER

Editable Data Fields of the PQ Letter (Production Team)

The production team may edit data fields for the PQ Letter from the BP PQ Letter screen of LoanSoft or from the LO Portal. **Expiration Date, Max Loan Amount, Sales Price, Max LTV, Max Down Payment Cash Available, and Interest Rate** are populated based on the date of the credit report (a 90-day period) and the appropriate LoanSoft fields. To edit a field, check the **Override** box. The change **ONLY** affects the PQ Letter **NOT** the corresponding LoanSoft data field on any other screen. If the override box is “unchecked”, the data field reverts to the current LoanSoft data.

Max Loan Amount
\$200,000 OVERRIDE

In LoanSoft, the dark gray color of the field indicates the field is as it appears in the corresponding LoanSoft data fields. White fields indicate the **Override** box is checked. In the LO Portal, the fields are never grayed.

LoanSoft:

BP PQ Letter
ON OFF
PQ Letter Expiration Date (MM/DD/YYYY)
07/01/2019 OVERRIDE
Max Loan Amount
\$400,000 OVERRIDE
Sales Price
\$400,000 OVERRIDE
Please make sure that Sales Price, LTV and Max Loan Amount correlate.
Max LTV
100.00% OVERRIDE LOCK LTV
Interest Rate
4.00% OVERRIDE TBD
Reviewed Income * NO YES
Reviewed Debt * NO YES
Reviewed Assets NO YES

LO Portal:

Turn PQ Letter Feature On/Off
ON OFF
PQ LETTER EXPIRATION (MM/DD/YYYY)
08/25/2019 OVERRIDE
MAX LOAN AMOUNT
\$200,000 OVERRIDE
SALES PRICE
\$30,000 OVERRIDE
MAX LTV
80.00% OVERRIDE LOCK LTV
INTEREST RATE
4.00% OVERRIDE TBD

Editing the Expiration Date

The **Expiration Date** calculation and system entry are dependent upon when the credit report is pulled. If the credit report is pulled **PRIOR** to creating the PQ Letter, the date is ninety (90) days from the date of the credit report. If the credit report has not been pulled when creating the PQ Letter, then the date populates to ninety (90) days from the current date. If the credit report has expired and an updated report is ordered, the date is entered manually by the loan officer.

The production team is allowed to edit the date. The maximum time allowed on the expiration date is six (6) months.

If the expiration date is edited to a date in the past, the script changes to orange, and the date reverts to its previous value. Reenter a date in the future to pass the audit.

PQ LETTER EXPIRATION (MM/DD/YYYY)
04/01/2019 OVERRIDE
Expiration date cannot be in the past

If the date is greater than six (6) months, then a warning box opens requiring a date of six (6) months or less.

WARNING!
You have entered a PQ Letter expiration date greater than 6 months. Please enter a timeframe of 6 months or less.
OK

Editing the Loan Amount



If the **loan amount** is doubled or more than doubled in the BP screen or LO Portal, a warning appears.

Choosing **Cancel** changes the amount to the original override amount. **Continue** retains the new doubled amount.

Editing the Sales Price

If the **Sales Price** is overridden, simply make sure the mathematical relationship between loan amount, sales price and LTV make sense. Overrides are designed to “override” only the field indicated. Both the LoanSoft BP screens and the LO Portal page have a reminder under the **Sales Price** field.



Editing the LTV

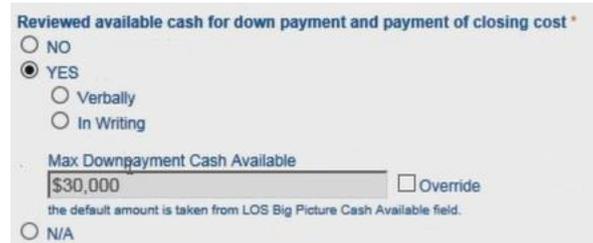
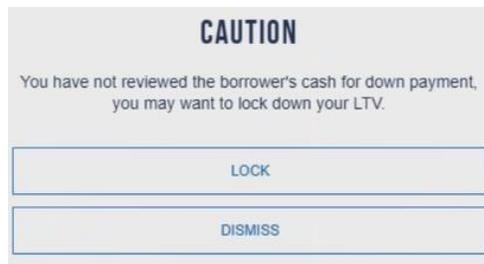
If an **LTV** of zero is entered as an override, the system reverts to the last override amount and issues a warning to select an amount between “1-105%”. Reenter the correct amount to remove the warning.



The loan officer may choose to **LOCK** the LTV from editing by the borrower by checking the box. Locking the LTV only prevents the borrower from **INCREASING** the LTV. The borrower may still *decrease* the LTV by entering more down payment in the Borrower Portal.

Editing the Down Payment

The **Down Payment** is directly related to the question regarding reviewing funds for closing.

If the answer is **NO** or **N/A** to the review of the source of closing funds, then a **CAUTION** appears regarding locking down the LTV. Clicking **LOCK** checks the lock box for LTV. **DISMISS** leaves the LTV unlocked for a possible borrower edit.

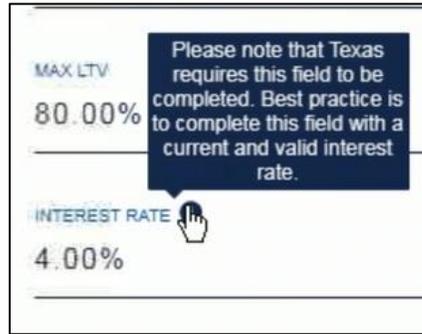
If the LTV is locked, the borrower cannot edit the down payment amount (dollar or percentage). The **Sales Price** field remains open to editing.

If the down payment is increased using the override, then the answer appears as **NO** regarding the review of cash to close.



Editing the Interest Rate

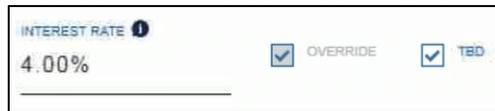
The state of Texas requires the interest rate be include on the PQ Letter. Since there is nothing preventing other states from disclosing the rate, the **Interest Rate** field has been added to the PQ Letter for all. The **Information** icon above the **Interest Rate** field indicates CHL’s best practice.



The field may be overridden from the amount shown on the **Big Picture** by clicking the checkmark box. The **TBD** field indicates “TBD” on the PQ Letter. The **TBD** override takes precedence over any other override.

Example: Interest rate is overridden to 4.0% but then the TBD checkmark box is clicked. The letter shows “TBD”. Notice the word, “override” is gray as well as the checkmark box.

LO Portal view:



LoanSoft BP Screen:



PQ Letter:



A warning appears if an interest rate is of 1% greater or less than the interest rate is the **Big Picture** screen is entered. **Continue** retains the override, and **Cancel** returns to the original value.



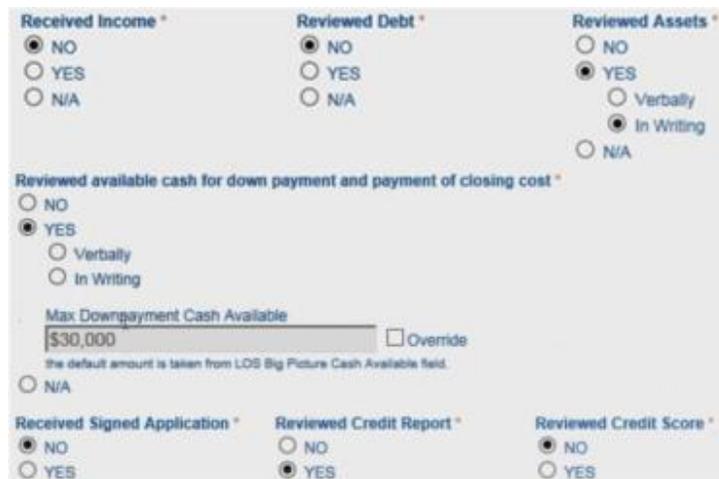
Missing Items

The **Missing items for Prequalification Letter** box is open for free-type – separate items by return, comma, number, etc. It is important to list the missing items for the borrower and agent. (Create your list in the **BP Initial Upload** screen or LO Portal to allow for direct upload through the Borrower Portal!)



Regulatory Answers for PQ Letter

Federal and state requirements for the PQ Letter regarding how information has been obtained and reviewed are answered with radio buttons in the **BP PQ Letter** screen or the LO Portal.



Each question must be answered. The questions regarding the application and credit reports are specific to Texas.

If a field is missed, an audit prevents the letter from being created. The missing items appear in orange.



Create and Send the PQ Letter

After completing all applicable fields and overrides, the production team member clicks the **Create & Send PQ Letter** button. An audit is triggered to check all required fields. Incomplete fields appear orange in color. After a successful audit, a pop-up appears for sending the letter.

CREATE & SEND PQ LETTER

The team member selects the email address(es) of those who are to receive the PQ Letter. The borrower(s) and a real estate agent (if applicable) are available.

In order to email directly to the **agent**, two things must occur:

- 1) We must have express permission from the borrower to share the letter with the agent. The permission may be verbal. For compliance purposes, a short note is entered in the **CompEx** screen of LoanSoft describing how and who granted the permission.
- 2) The agent's information (name and email address) must be entered in the **Related Partners** screen before creating the letter.



<input type="checkbox"/> Name	Email
<input checked="" type="checkbox"/> TEST TRAN	JMENDENHALL@HOUSELOAN.COM
<input type="checkbox"/> VERNA ADA MS	VERNAADAMS@HOTMAIL.COM

SEND LETTER TO SELECTED & BP

SEND LETTER TO BP

CANCEL

Choose the appropriate button to either email and send to the Borrower Portal (**SEND LETTER TO SELECTED & BP**) or only **SEND LETTER TO BP**. The parties receive an email with the letter attached. The borrower's email contains a link directly to the PQ Certification page of the Borrower Portal.



If no email address is available for the borrower or agent or the box is not checked, then the only option is to send the letter to the Borrower Portal.

If the borrower has chosen not to use a Borrower Portal account, the letter still goes to the portal for future access.

If the borrower wants a copy sent by mail or wants to have it delivered in person, then the loan officer still sends to the Borrower Portal and/or emails but opens the created letter in the **Borrower PQ Letter History** of the LO Portal or BP PQ Letter screen of LoanSoft to print.

Borrower PQ Letter History

The **Borrower PQ Letter History** retains all the letters created by the production team AND the borrower. The letter may be viewed (allows for printing and downloading). Any expired letter appears with an orange view icon and orange expiration date. An expired letter can still be viewed by the production team. It CANNOT be viewed by the borrower in the Borrower Portal.

BORROWER PQ LETTER HISTORY ▾				
Amount	Created By	Date Created	Expiration Date	Remove from BP
 \$200,000	Jessica Mendenhall	02/12/2019	04/05/2019	
 \$186,000	TEST TRAN	02/12/2019	04/05/2019	
 \$350,000	Prentiss Walker	02/12/2019	04/05/2019	
 \$350,000	Jessica Mendenhall	02/12/2019	04/05/2019	
 \$9,999,999,999	Jessica Mendenhall	02/08/2019	01/01/2019	

A letter is removed from the Borrower Portal using the trash can icon. Clicking the icon opens a warning.

REMOVE LETTER

Are you sure you want to remove this letter from the Borrower Portal?

REMOVE

CANCEL

PQ Letter

The Prequalification (PQ) Letter meets the regulatory requirements and is approved by CHL Compliance. It is the only letter to be used without prior approval from CHL Compliance.

Whether created by the production team or the borrower, the letter is identical.



CONDITIONAL QUALIFICATION LETTER

**** Your actual rate, payment, and costs could be higher. Get an official Loan Estimate before choosing a loan. ****

Date: February 12, 2019 Loan Number: 9980020547

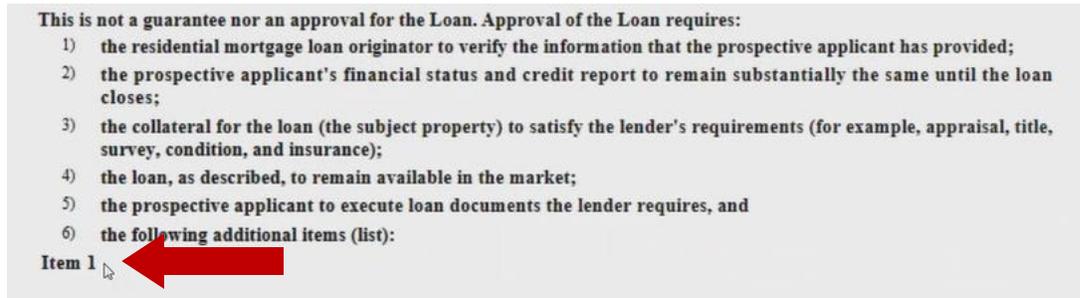
Residential Mortgage Loan Originator: APPDEV SALESFORCETESTING
License Number: NMLS#: 9981TDEV

Prospective Applicant: TEST K TRAN

The answers to the specific verification questions are answered in the body of the letter.

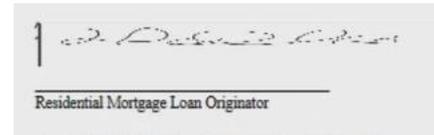
Residential mortgage loan originator has reviewed the following additional items (list):					
Information	Yes	No	Not Applicable	Provided Verbally	Provided in Writing
Income	X			X	
Available cash for down payment and payment of closing costs	X			X	
Debts		X			
Assets	X				X

The “missing items” appear as typed in the system at the bottom of the letter.

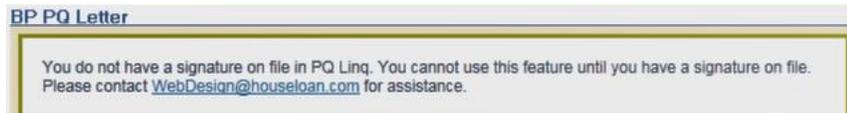


Loan Officer's Signature

The loan officer must send his/her signature to the Web Design team so the letter is properly signed. The format of the signature does not matter; Web Design can convert properly.



If no signature is on record with Web Design, a warning is given. It prevents the letter from being generated.



Borrower Created PQ Letter

If the loan officer so chooses, the borrower can create the PQ Letter in the Borrower Portal. It is a great negotiating tool for the borrower. Let's look at an example of how it is useful.

The borrower is approved for a loan amount of \$300,000 at an LTV of 95% making the sales price \$316,000. The property is listed at \$300,000, but the borrower would like to offer \$280,000. It is wise to submit an offer with a letter at the lower price when negotiating. If the price is negotiated up, then the borrower can continue to create letters at prices up to but not exceeding the maximum approved loan amount set by the loan officer.

Using those same approval amounts but looking at a different scenario, if the borrower finds a home at a higher sales price of \$320,000, they can reduce the LTV to stay at the maximum loan amount of \$300,000. The BIG difference in this scenario – now, the cash to close shows it has **NOT** been reviewed or verified by the loan officer. Still a good negotiating tool!

The system has safeguards to prevent the borrower from creating a letter that the loan officer cannot honor. Warnings are issued and critical ones remove the ability to create the letter.

PQ Certification in the Borrower Portal

The **PQ Certification** page of the Borrower Portal contains all the functionality for the borrower to create a PQ Letter (as long as the loan officer has switched “on”).



The top of the page reflects the parameters of the prequalification.

The example pictured here only indicates the loan amount, LTV/down payment and the expiration date. Missing is the verified cash to close.



The example pictured here has the verified available funds amount with a warning regarding editing the amount to a higher number will cause the letter to reflect “unverified” funds.

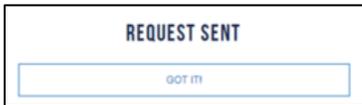


Credit Refresh

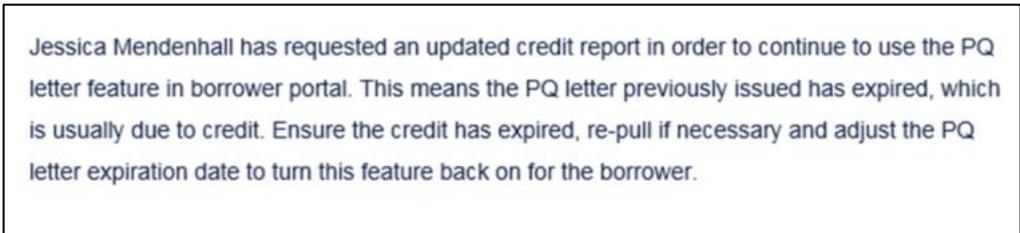
If the borrower’s credit report has expired, the **Prequalification Certification** page has a warning at the top. A button to **REQUEST A CREDIT REFRESH** appears beneath the warning.



The system confirms the request is sent.



The loan officer receives a system-generated email explaining the request and next steps.



PQ Letter History

The Borrower Portal contains the PQ Letter History. Each letter created by the loan officer or borrower is listed. If the letter is unexpired, the borrower may open to view, print or download. If the letter is expired, then the view icon is gray, and the letter cannot be opened.

PQ LETTER HISTORY ▾				
	Amount	Created By	Date Created	Expiration Date
	\$200,000	Prentiss Walker	02/12/2019	04/05/2019
	\$200,000	Jessica Mendenhall	02/12/2019	04/05/2019

The loan officer can remove in the LO Portal or BP PQ Letter screen of LoanSoft.

Email Notification of New PQ Letter to Loan Officer

The loan officer receives a system email when a borrower creates a PQ letter. The loan officer can see the changes made by the borrower. The email has the letter as an attachment as well. The loan officer should always review the email and letter and compare to the system, and request any additional documents the changes may require to approve the loan (e.g., additional assets).

