

CAL 32 Quality Control Checklist

I. UNDERWRITING ABILITY TO REPAY

Monthly Verified Income (attach verification used)

Sources: W-2s/Tax Return: \$ _____, Self-Employment \$ _____, Tax Exempt (gross-up by 20%) \$ _____, Net Rental: \$ _____, Other: \$ _____

Amounts \$ _____, \$ _____ \$ _____ \$ _____

Verification Used: _____

Adjustments ± : \$ _____ Reasons _____

Total Verified Income: \$ _____

Monthly Fixed Expenses

Proposed loan (fully adjust payment if ARM): \$ _____

Other mortgages: \$ _____

Property Taxes/Ins./HOA: \$ _____

Other Installment Debt per app/credit report: \$ _____

Total Fixed Expenses: \$ _____

Ability to Repay Tests:

1. Back-end Debt Ratio Test: (Fixed Expenses ÷ Verified Income) = _____% (must be 55% or less)

2. Disposable Income Test: Total Verified Income - Fixed Expense = \$ _____ (must exceed \$1,000 plus \$200 for every member of household over 2 persons)

II. UNDERWRITING IDENTIFIABLE BENEFIT

o Borrower needs cash out that is more than 3 times the closing costs associated with this loan.

o Borrower's monthly mortgage savings will exceed closing costs within 36 months.

o Borrower needs to refinance a balloon payment.

o Borrower is buying or building a new residence.

o Other: _____

Underwriter: _____ Date: _____

Notes: _____

III. LOAN PRODUCT SELECTION

o Loan Program Superior to Product Offered Borrower (identify by name if any): _____
Next better loan program has these qualities: o lower rate o longer term o fixed o adjustable
Reason Borrower did not qualify: o debt ratio o credit o mortgage history o recent BK

Other: _____

Comments: _____

IV. LOAN DOCUMENTS

Phase 1 Documents

Section 32 Notice Contents: completed with correct o loan amount o APR o payment schedule o balloon

Consumer Caution Notice: o prepared

No-Prepay Product Offer: ___ o n/a: only loan offered has no prepay
o completed with o amount o rate o term o points o closing

Transmittal of Phase 1 Documents: Date: _____ Method (include air -bill): _____
by _____ o to both borrowers

Return: Date Section 32 Rec'd: _____ Date Signed For: _____ o signatures complete
Date Caution Rec'd: _____ Date Signed For: _____ o signatures
complete

First Date Final Docs Can be Signed: _____

Phase 2 Documents *(not to be signed until 3 business days after Phase 1 documents signed for by borrower)*

Promissory Note Contents & Loan Terms: o no prepay penalty (unless alternative loan offer previously made)
o no prepaid payments o no balloon o no default interest rate o no negative amortization o lender fees, broker
fees and other prepaid finance charges financed by the loan do not exceed 5% of loan amount

Notice to Assignee: o in note o in deed of trust o in assignment