

Steps for FHA Loan via Encompass

The purpose of this document is to minimize the delay or confusion related to FHA document and template setup. This document is set up as a step by step process and should be done completely and in order. Do not skip any steps.

Reminder: Lender Case Number is brought in by the **Misc Data Template**. The Agency Case No is only needed for the appraisal. If you get an error message for no Case No., ignore it.

At this point you have opened a new application and may or may not have entered the client's information in the 1003. It is recommended that you go through the following steps before you start the Loan Application process.

You are looking at an Encompass Portal with the Borrower Summary page open. This means that you have started a new application.

The Following Steps are assuming you are at the Top menu above the Tabs and clicking on the Template pull down:

1. **Select Loan Program** - From the [\\Public Loan Programs\Fixed Rate](#), Click on **FHA Fixed**
(This sets up the correct check boxes and FHA information in the application)
2. **Select closing cost** - From the [\\Public Closing Cost Templates\Branch Use\455-Walla_Walla](#) Click on **FHA WAREHOUSE PURCHASE**
FHA is specific about what they can or can not have on the closing costs. Specifically Discount and tax service fee.
(This sets up the right closing cost in good faith.)
3. **Select form list...**- From the [\\Public Form Lists](#) click on **FHA**
(This puts the forms in the proper list)
4. **Append doc set** - [\\Public Document Sets](#) Click on **FHA Application** and **Full Doc templates**.
(Put all documents required in doc tracking for an FHA loan)
5. **Append Misc. Data Template** - [\\Public Data Templates](#) then click Investors folder then click GMAC then click **FHA** (GMAC is the predominant lender for us for FHA.)
(This sets up the file for GMAC when going through DO automated underwriting).

6. *Append Misc. Data Template* - [\\Public Data Templates\](#) then click branch use, then find Walla Walla 455 then click **FHA template**.

The next steps will have us go through the forms on the left hand side and make sure all the information is correct.

1. Click on **FNMA Streamline 1003**
 - a. repayment code needs to say **no negative amortization** (in the Fannie Mae Additional Data section)
 - b. FHA Loan Data
 - i. Section of the Act =203b or 234C for condos
 - ii. MIP Refund if it is an FHA to FHA refinance. This information will be done by the processor or when they go to fhaconnection.com website to get an Agency Case Number.
2. Click on **Good Faith Estimate**
 - a. No Lump sum Seller Credit. All the fees up to 3% must be moved over to the Seller side.
3. Click on **MCAW (refinance or purchase)**
 - a. The top right of the page is a drop down for Constr. Type. Use **Existing Construction**. This will be correct. 95% of the time.
 - b. Click on **FHA Max Loan Amt.** section 5, and if that number is higher than line 3a, enter that number on line 3a.
 - i. The way Brad has encompassed set up, each state has high or low closing costs, he averaged the template at 3%. This is a state by state issue.
 - c. Line 12G **Total Cash to Close** should equal **Line P** on page 3 of 1003, and **Line P** of the bottom of the GFE-Itemization page.

Final thoughts:

Borrower Summary Page

1. Down Payment must be at least 3%
2. Borrower Summary Page must show FHA as Loan type
3. review for a complete 1003 and remember that the Agency Case No. is not needed at this point and will be assigned by the processor.

Any questions, start from the top, and make sure you did not miss any steps.