



# NEWS

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### Helpful Hints

#### *From the Servicing Department...*

To build proper cushion in the borrower's escrow account, the insurance and tax information should be reviewed and accounted for within 60 days of closing. Going past that time frame could mean that the borrower's escrow will not be properly funded.

CU Companies disburses escrow statements in May and October. When the initial escrow is reviewed by your loan officers for insurance and tax availability, your borrowers will experience consistency on those statements.

For an additional efficient experience for your borrower:

- Review that all items have been paid at that 60 days prior to closing mark. Specifically, a year's worth of insurance must be paid if Mortgage Insurance (MI) is required and two month's worth of insurance must be paid if MI isn't required.
- Confirm that disbursement dates are correct. Incorrect



## Compliance Corner

with Amy Holly, CU Companies Compliance Officer

As if compliance wasn't boring enough, I have a little history lesson for you. (Actually, I find compliance quite riveting but I understand it's not everyone's cup of tea!) Our organization was founded in 1987 by three

Minnesota credit unions to offer a competitive mortgage solution. They realized that by combining forces, the product offering would be far more superior than if they attempted to do it alone. Those three credit unions created C.U. Mortgage Services, Inc.

The last 26 years have brought several changes. Our name is now CU Companies and we offer more than just mortgages. Our slate of businesses includes Title, Realty, Business Lending, and Investments. However, when it comes to documentation, our legal name actually remains the original C.U. Mortgage Services, Inc.

Here comes the compliance check! (You had to have known it was coming.)

**All documents must use the legal name of our organization exactly (and it MUST include the punctuation): C.U. Mortgage Services, Inc.**



Examples of those documents include the Note Endorsement, Assignment of Mortgage, Allonge of Note, Mortgagee Clauses. However, the best practice is to use our complete legal name across all documents. When it is not exactly inputted, there are ramifications during the refinance and foreclosure processes.

**Additionally, it will cause delays in post closing; therefore, we are issuing a policy which will be effective on loan closings after February 1, 2013, that states our Post Closing Department will issue a deficiency if the name is not used exactly.**

Please notify your staff to use the exact legal name on all documents, and contact me with questions at [aholly@cucompanies.com](mailto:aholly@cucompanies.com).



## Ask the Underwriter

### HO-6 Escrow Collection Policy

**Question:** HO-6 insurance coverage wasn't previously required by Fannie, but now it is. What does this policy mean?

dates cause an escrow shortage, alarming the borrower.

### **From the Closing Department...**

To ensure a smooth closing for purchases, give the file a final review 10 days prior to closing and confirm all information is collected. Contacting the borrower's realtor to assist in collecting missing information can help in getting a faster response. (Remember, if the loan doesn't close, the realtor doesn't get paid. They'll be quite helpful in getting a response from the borrower when necessary.)



### **Tax Service Fee Reminder**

Each state has its own established Tax Service Fee. The fee covers the agency's work to research delinquent property taxes and to assist in preventing tax liens which have a priority over the lender lien.

To quote the correct state amount on the GFE/HUD, please consult the Resources section of the Correspondent Lending website at [cucl.cucompanies.com](http://cucl.cucompanies.com). The spreadsheet is listed as [Tax Service Fee Chart](#).

Inputting the correct amount will keep the file from receiving an exception and will allow for an efficient flow through the closing process.

With questions, please contact your liaison.



With any questions, contact your Correspondent Team:

**Answer:** HO-6 insurance coverage is required for every condo that does not have "All-In" or "Walls-In" coverage. The definition of "All-In/Walls-In" is as follows:

*"All-In" (sometimes known as an "all-inclusive") Policy: The policy must cover all of the general and limited common elements that are normally included in coverage. These include fixtures, building service equipment, and common personal property and supplies belonging to the homeowners' association. The policy also must cover fixtures, equipment, and replacement of improvements and betterments that have been made inside the individual unit being financed. If the unit interior improvements are not included under the terms of this policy type, the borrower is required to have an HO-6 policy with coverage, as determined by the insurer, which is sufficient to repair the condo unit to its condition prior to a loss claim event.*

From our experience, we see that very few condo master insurance policies will have the "Walls-In" coverage. There is no specified amount of coverage required by FNMA. The borrower can submit their insurance company's estimate of costs and we will use that to determine the amount of coverage. If this is not provided, we will use a general guideline of 20 percent of the appraised value.

**Question:** If the seller/servicer is not escrowing for taxes and HO-6 is required, is the seller/servicer required to escrow for HO-6 insurance?

**Answer:** No. If the seller/servicer does not maintain an escrow account for a particular mortgage loan for which an HO-6 insurance policy is required, then escrow is not required. However, if the seller/servicer is escrowing for taxes, it must also escrow for HO-6 insurance premiums.



## Escrow account funding

To ensure proper collection of escrow funds, any escrow item that is due within 60 days of the closing must be paid prior to, or at the time of, closing. Failure to do so may result in an escrow shortage and an increase in the borrower's payments.

CU Companies disburses property taxes according to the state breakdown below. When the initial escrow is reviewed by your loan officers for insurance and tax availability, your borrowers will experience consistency on those statements.

Minnesota: CU Companies disburses taxes in the month of May and October. The initial escrow statement should reflect these months for consistency. Wisconsin: CU Companies disburses taxes according to the WI Tax Option that is chosen by the borrower. All other states: CU Companies disburses taxes within the month that they are due.

Additional good practice is to take an extra moment to confirm that disbursement dates are correct. Incorrect dates cause an escrow

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shortage which may alarm the borrower.

With questions, please contact Kathleen Nystrom, Loan Servicing Manager at 651-765-6791.



## CU Companies welcomes new Correspondent Liaison

**Walstrom serves Minnesota, Iowa, and South Dakota partners**

Tina Walstrom is CU Companies' newest Correspondent Liaison. She will work directly with Ted Wender, Account Executive, for the Minnesota, Iowa, and South Dakota partners.

Walstrom first started at CU Companies in July of 2012 as a Closing/Post Closing Coordinator. She has been in the mortgage industry for seven years. As a Correspondent Liaison, Walstrom assists with inquiries and information requests, resolves any issues that arise, and ensures that all files are turned into Underwriting promptly with all requirements met.

Correspondents in the three aforementioned states may contact Tina directly at 651-787-9527 or [twalstrom@cucompanies.com](mailto:twalstrom@cucompanies.com).



## New underwriter joins CU Companies

Brent Jorgenson has recently joined the CU Companies' underwriting team this past month. Jorgenson comes with 10 years of experience in the mortgage industry and five years as an underwriter. The primary duties as an underwriter include: determining income, verifying enough assets for closing/reserves, and reviewing credit report and title for accuracy. Jorgenson joins Susan Fournier, Senior Underwriter, and the rest of her team: Kim Martin, Rebecca Drake, Ali Abdirahman, and Rachel Mengelkoch.



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