Encompass® Quick Reference Guide

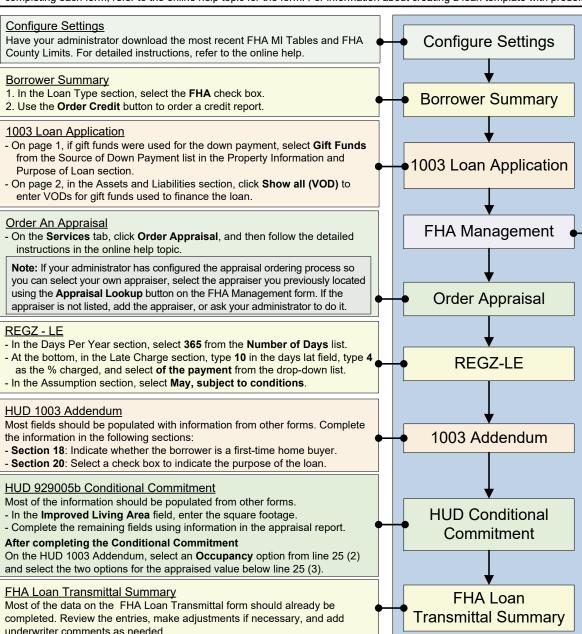**Encompass®**

Processing FHA 203b Loans in Encompass

Encompass provides a comprehensive set of tools and forms for FHA 203b loans. This guide describes the workflow and the FHA-specific entries on each form. Use the following workflow as a recommended starting point for processing FHA loans. Adjust the workflow to meet your business requirements. This guide describes the required entries for a 203b FHA loan. For general instructions on completing each form, refer to the online help topic for the form. For information about creating a loan template with predefined data for FHA 203b loans, refer to the "Loan Templates" help topic.

Configure Settings
Have your administrator download the most recent FHA MI Tables and FHA County Limits. For detailed instructions, refer to the online help.

→ **Configure Settings**

Borrower Summary
1. In the Loan Type section, select the **FHA** check box.
2. Use the **Order Credit** button to order a credit report.

→ **Borrower Summary**

1003 Loan Application
- On page 1, if gift funds were used for the down payment, select **Gift Funds** from the Source of Down Payment list in the Property Information and Purpose of Loan section.
- On page 2, in the Assets and Liabilities section, click **Show all (VOD)** to enter VODs for gift funds used to finance the loan.

→ **1003 Loan Application**

→ **FHA Management**

Order An Appraisal
- On the **Services** tab, click **Order Appraisal**, and then follow the detailed instructions in the online help topic.

Note: If your administrator has configured the appraisal ordering process so you can select your own appraiser, select the appraiser you previously located using the **Appraisal Lookup** button on the FHA Management form. If the appraiser is not listed, add the appraiser, or ask your administrator to do it.

→ **Order Appraisal**

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- In the Days Per Year section, select **365** from the **Number of Days** list.
- At the bottom, in the Late Charge section, type **10** in the days lat field, type **4** as the % charged, and select **of the payment** from the drop-down list.
- In the Assumption section, select **May, subject to conditions**.

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HUD 1003 Addendum
Most fields should be populated with information from other forms. Complete the information in the following sections:
- **Section 18**: Indicate whether the borrower is a first-time home buyer.
- **Section 20**: Select a check box to indicate the purpose of the loan.

→ **1003 Addendum**

HUD 929005b Conditional Commitment
Most of the information should be populated from other forms.
- In the **Improved Living Area** field, enter the square footage.
- Complete the remaining fields using information in the appraisal report.

After completing the Conditional Commitment
On the HUD 1003 Addendum, select an **Occupancy** option from line 25 (2) and select the two options for the appraised value below line 25 (3).

→ **HUD Conditional Commitment**

FHA Loan Transmittal Summary
Most of the data on the FHA Loan Transmittal form should already be completed. Review the entries, make adjustments if necessary, and add underwriter comments as needed.

→ **FHA Loan Transmittal Summary**

FHA Management Form
The FHA Management form is a central location for managing FHA-related information and accessing forms for FHA loans. Complete any fields that are not already populated from the Borrower Summary and the 1003, and use the FHA-integration features on the Tracking tab to retrieve information from the FHA Connection database. Click the links on the title bar on the upper-right to access information from related forms such as the 1003 and 2015 Itemization.

Basic Info Tab
1. Complete any missing information in the Borrower Information, Property Information, and Loan Information sections.
2. In the Property Information section, enter a Purchase Date:
   - For a refinance loan, enter a Purchase Date.
   - For a purchase loan, enter a Purchase Date when the contract arrives.
3. In the Loan Information section, select a **Purpose of Loan** check box.
4. In the FHA Information section, select the **SOA** (Section of Act).
5. Enter CHUMs ID numbers for the individual entering AUS/manual conditions and for the underwriter reviewing the appraisal.
6. Enter the **Investor Name** and **Investor Loan Number**.
7. Complete the information for the Lender and Sponsor/Agent.

Prequalification Tab
Information on the Prequalification tab will vary, depending on the **Purpose of Loan** selected on the Basic Information tab. For detailed instructions, refer to the **FHA Management** topic in the Encompass online help.

Tracking Tab
Use the Tracking tab to obtain information from the FHA database, and to record and manage additional FHA-related loan information.
- Use the buttons on the form to request and retrieve information from the FHA Connection database.
- If your company allows you to select your own appraiser, click the **Appraiser Lookup** button to locate an FHA-approved appraiser.
- Manually enter the information for sections that do not have buttons.
- For detailed instructions, refer to the **FHA Management** online help topic.

Accessing Additional Forms
1. Click the **HUD02000LT** link on the upper-right.
   - On the FHA Loan Transmittal, enter information about gifts used to finance the purchase, and then close the FHA Loan Transmittal.
2. Click the **Itemization** link on the upper-right to open the 2015 Itemization.
   - In the 1000 section, click the **Aggregate Setup** button, and then delete any number in the in the Mtg Ins column in the Cushion row.
   - Enter **1** in the date fields for each of the first 12 months (below the Due Date rows), click **OK**, and then close the 2015 Itemization.
   NOTE: Guidelines for completing the 2015 Itemization vary, but FHA loans do not allow the Tax Servicing Fee to be paid by the borrower.
3. For Purchase loans, click the **Prequalification** tab. If the Excess Contribution exceed 6% of the contract sale amount, adjust the loan file.