

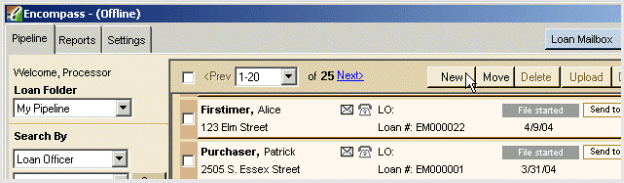
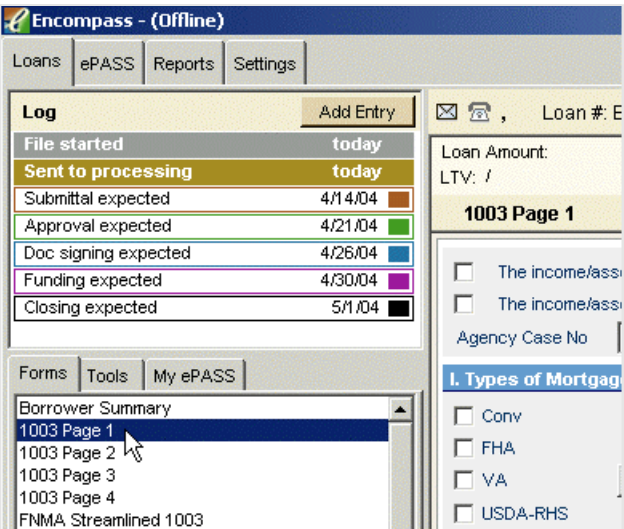
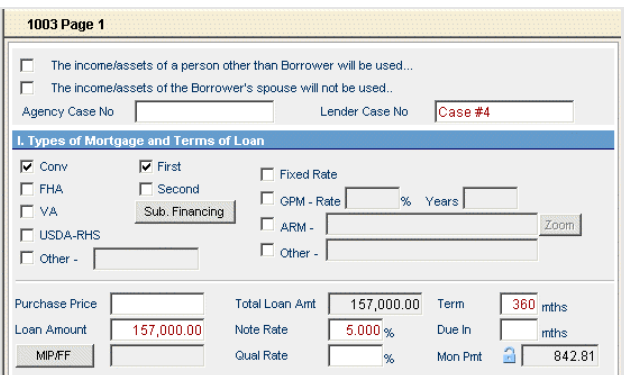


Submitting a loan to underwriting through Encompass

Tip: To print this document, click  (Print). To get a closer look at a screen, click  (Zoom In) in the toolbar.

This document shows you how to work with a loan in Encompass™ and submit it to a sponsoring lender using Encompass and Fannie Mae's DO™ for ePASS®. It is not intended to walk you through the 1003 section by section, but rather to explain the overall process of creating and submitting a loan.

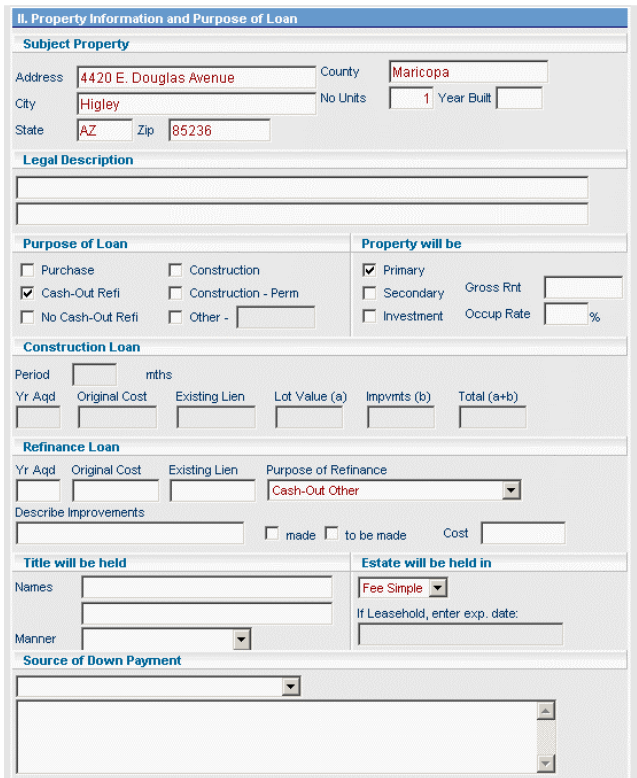
Note: We are using a cash-out refinance conventional loan to illustrate the process.

Step	Screen
<p>1. The Pipeline is the first screen you see when you log in to Encompass. You can use the Pipeline to create or import a loan or to view a list of existing loans. To create a new loan application, click New.</p>	
<p>2. A new loan application opens. Click 1003 Page 1 in the Forms section. The 1003 is an electronic version of the Uniform Residential Loan Application (Fannie Mae Form 1003).</p> <p>Note: Click FNMA Streamlined 1003 to enter only the data elements that are required for obtaining an underwriting recommendation in DO.</p>	
<p>3. The first section in the 1003 Page 1 allows you to enter data for the Type of Mortgage and Terms of Loan and for the Property Information and Purpose of Loan. At the top of this screen, enter the necessary loan data for the mortgage.</p> <p>Note: To help identify the loan once it is in DO, you can enter a unique Lender Case No.</p>	

Step

- Scroll down to II. Property Information and Purpose of Loan and enter the necessary data about the subject property and the purpose of the loan. Because this is a refinance transaction for the borrower's current primary residence, select **Cash-Out Refi** as the Purpose of Loan, and select **Primary** in the "Property will be". Select the appropriate type of refinance in the Purpose of Refinance field.

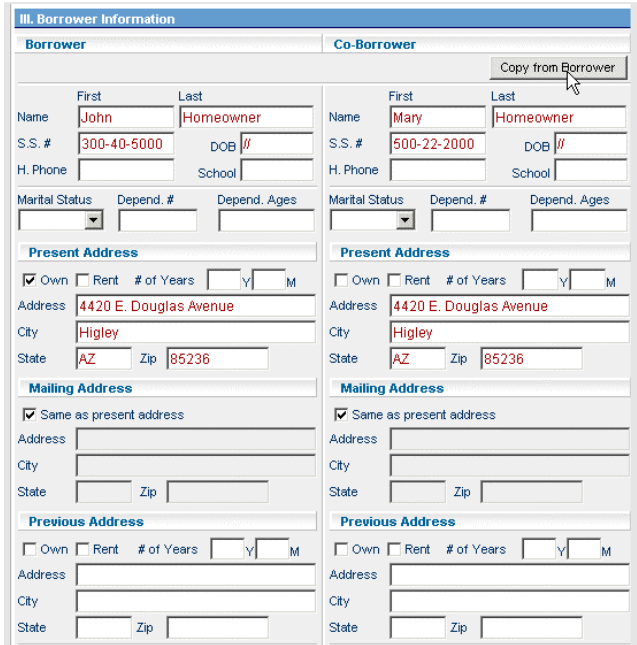
Screen



- Scroll down and enter the borrower's name, Social Security number, and present address under II. Borrower Information. Enter the same information for the co-borrower, if any, under Co-Borrower.

Note: The DOB field is not required for an underwriting recommendation. However, this data may be required by your sponsoring lender. Check with your lender for instructions.

Tip: If the borrower and co-borrower share the same present address, you can quickly copy the address to the co-borrower's side of the screen by clicking **Copy from Borrower**.

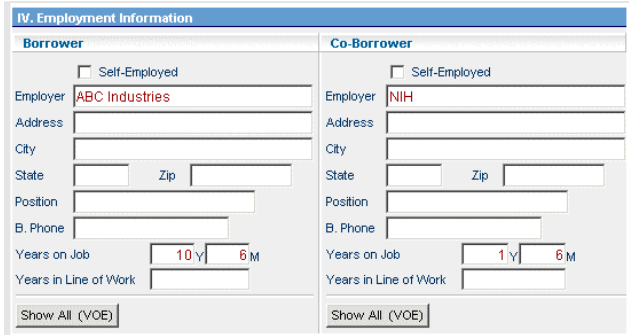


Step

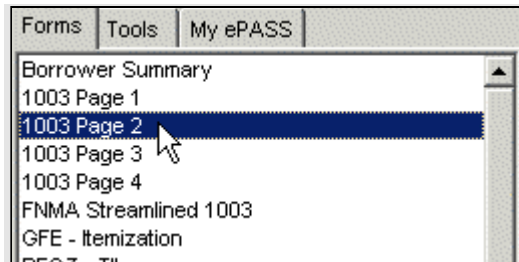
- Enter the name of each borrower's current employer and the number of years and months each borrower has been on the current job. If the borrower is self-employed, make sure a check appears in the Self-Employed check box.

Note: Do not use the Employment Information section to enter data for a homemaker or retired borrower. Only active employment information should be entered in this section. If you enter any data in the Employer field, you will receive a Findings message that asks you to verify the employment. Any income a homemaker or retired borrower receives should be entered into the Describe Other Income section in the Monthly Income and Combined Housing Expense Information screen.

Screen



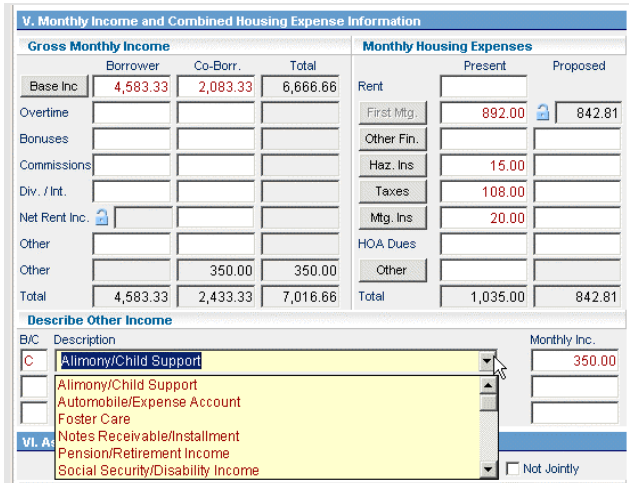
- Click **1003 Page 2** in the Forms section.



- Enter the required information for monthly income and for the present and proposed combined monthly housing expenses.

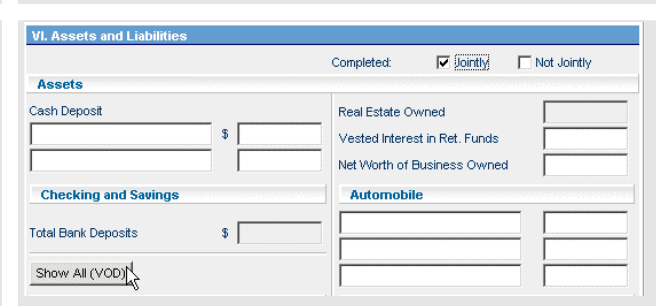

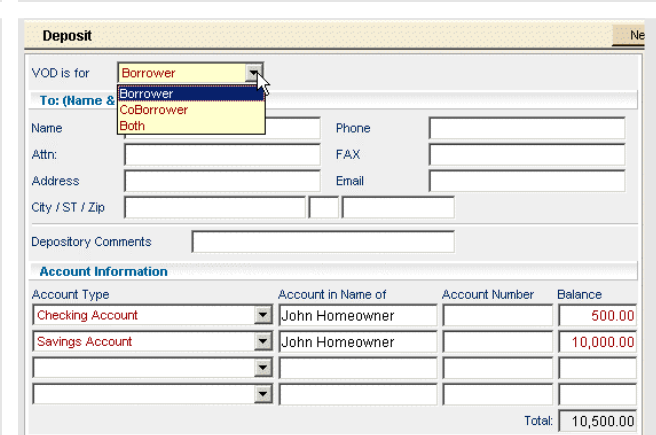
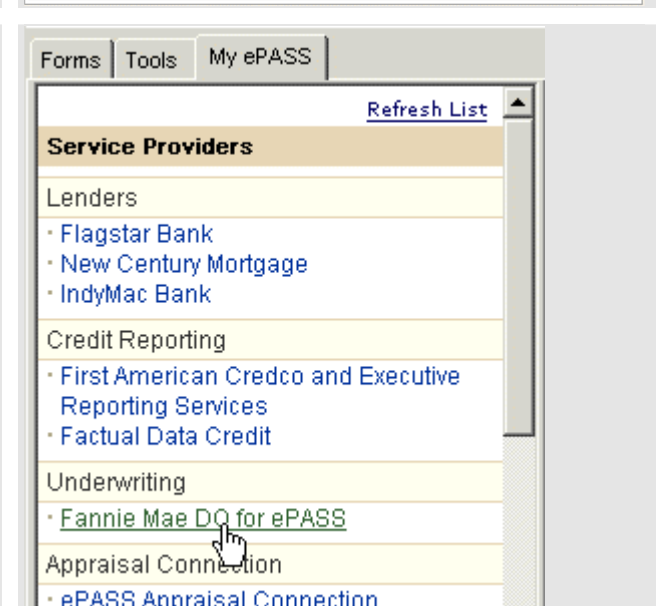
Tip: To use a calculator to determine the monthly base income, click **Base Inc.**

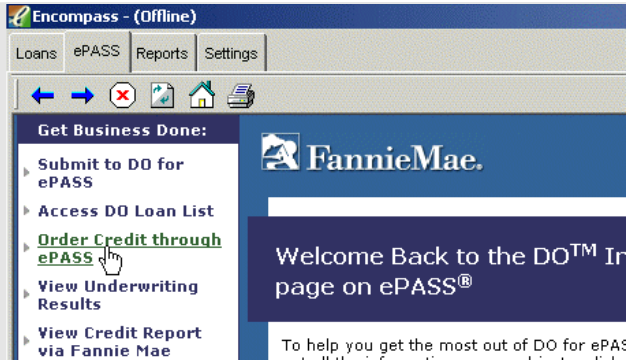
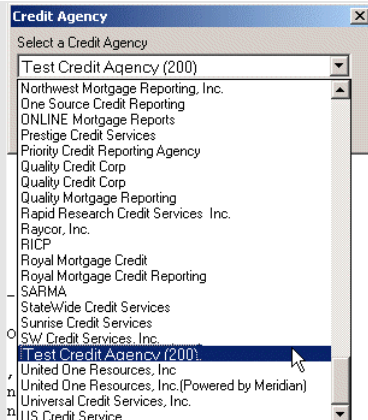
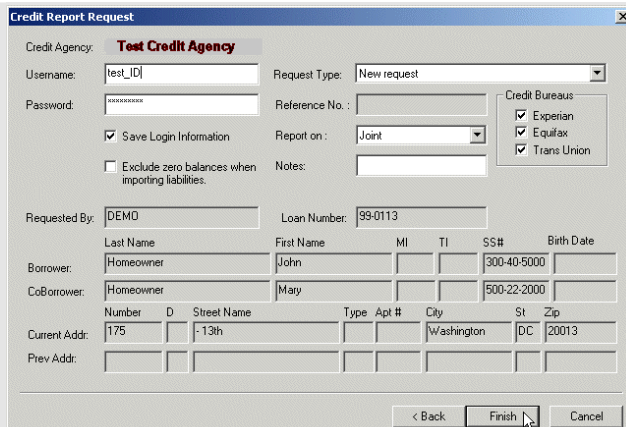
Note: The second Other field shows the rolled-up total of the amounts entered in the Describe Other Income section of the screen. To place an amount in the second Other field, you'll first need to scroll down to the Describe Other Income section and enter the data there. Type a B (for borrower) or C (for co-borrower) in the B/C field. Make sure to select a description from the Description list: do not type a description. Enter the income amount in the Monthly Inc field.



Gross Monthly Income			Monthly Housing Expenses		
	Borrower	Co-Borr.	Total	Present	Proposed
Base Inc	4,583.33	2,083.33	6,666.66		
Overtime				First Mtg.	892.00
Bonuses				Other Fin.	15.00
Commissions				Taxes	108.00
Div. / Int.				Mtg. Ins.	20.00
Net Rent Inc.				HOA Dues	
Other				Other	
Other		350.00	350.00		
Total	4,583.33	2,433.33	7,016.66	Total	1,035.00

B/C	Description	Monthly Inc.
C	Allimony/Child Support	350.00
	Allimony/Child Support	
	Automobile/Expense Account	
	Foster Care	
VI. A	Notes Receivable/Installment	
	Pension/Retirement Income	
	Social Security/Disability Income	

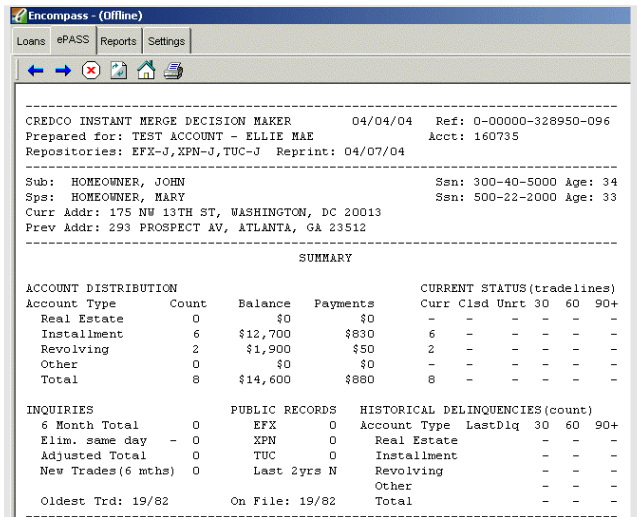
Step	Screen																								
<p>9. Scroll to section VI. Assets and Liabilities. Make sure a check appears in the Completed field (at the top of the section) to indicate whether the assets and liabilities are for both the borrower and co-borrower (Jointly) or the borrower only (Not Jointly). To add checking and savings information, click Show All (VOD).</p>	 <p>The screenshot shows the 'VI. Assets and Liabilities' section. At the top, there are checkboxes for 'Completed: <input checked="" type="checkbox"/> Jointly' and '<input type="checkbox"/> Not Jointly'. Below this, there are input fields for 'Cash Deposit', 'Real Estate Owned', 'Vested Interest in Ret. Funds', and 'Net Worth of Business Owned'. There is also a section for 'Checking and Savings' with a 'Total Bank Deposits' field and a 'Show All (VOD)' button.</p>																								
<p>10. The Verification of Deposit – VOD screen appears. Click New.</p>	 <p>The screenshot shows the 'Verification of Deposit - VOD' screen. It includes fields for 'Loan Amount: 157,000.00', 'LTV: /', and 'DT: 12.012/12.012'. There are buttons for 'Print', 'Save', 'Exit Loan', 'Edit', 'New', and 'Delete'. A table below shows columns for 'Belong To', 'Bank/BAU/Credit Union', and 'Balance'.</p>																								
<p>11. The Deposit screen appears. Specify the appropriate borrower in the VOD is for field. Enter the name of the depository and specify the account information.</p>	 <p>The screenshot shows the 'Deposit' screen. The 'VOD is for' dropdown menu is open, showing options: 'Borrower', 'Borrower', 'CoBorrower', and 'Both'. Below this are fields for 'To: (Name)', 'Name', 'Attn', 'Address', 'City / ST / Zip', 'Phone', 'FAX', and 'Email'. There is also a 'Depository Comments' field. An 'Account Information' table is shown below:</p> <table border="1"> <thead> <tr> <th>Account Type</th> <th>Account in Name of</th> <th>Account Number</th> <th>Balance</th> </tr> </thead> <tbody> <tr> <td>Checking Account</td> <td>John Homeowner</td> <td></td> <td>500.00</td> </tr> <tr> <td>Savings Account</td> <td>John Homeowner</td> <td></td> <td>10,000.00</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td colspan="3">Total:</td> <td>10,500.00</td> </tr> </tbody> </table>	Account Type	Account in Name of	Account Number	Balance	Checking Account	John Homeowner		500.00	Savings Account	John Homeowner		10,000.00									Total:			10,500.00
Account Type	Account in Name of	Account Number	Balance																						
Checking Account	John Homeowner		500.00																						
Savings Account	John Homeowner		10,000.00																						
Total:			10,500.00																						
<p>12. We recommend that you request a credit report now and allow the system to copy the liabilities from the credit report to the 1003. To order a credit report, click the My ePASS tab, then click Fannie Mae DO for ePASS.</p>	 <p>The screenshot shows the 'My ePASS' tab with a 'Refresh List' button. Below is a list of service providers:</p> <ul style="list-style-type: none"> Service Providers Lenders <ul style="list-style-type: none"> Flagstar Bank New Century Mortgage IndyMac Bank Credit Reporting <ul style="list-style-type: none"> First American Credco and Executive Reporting Services Factual Data Credit Underwriting <ul style="list-style-type: none"> Fannie Mae DO for ePASS Appraisal Connection <ul style="list-style-type: none"> ePASS Appraisal Connection 																								

Step	Screen
<p>13. The Fannie Mae DO for ePASS screen appears. Click Order Credit through ePASS.</p> <p>Note: You can also order credit and submit to underwriting at the same time directly through DO for ePASS by selecting Submit to DO for ePASS.</p>	
<p>14. The Credit Agency screen appears. Select a credit information provider from the list. Make sure that you have both an ePASS account and a Fannie Mae account with the credit provider that you choose. After you select a credit information provider, click OK.</p> <p>Important: Fannie Mae requires a three in-file merged credit report, so make sure credit provider you choose provides this type of report.</p>	
<p>15. The Credit Report Request screen appears. Enter the user ID and password that were given to you by your credit provider. Fannie Mae requires a three in-file merged credit report, so make sure a check appears next to all three selections in the Credit Bureaus section. Order a joint credit report if the borrower and co-borrower appear on the same 1003, or an individual credit report for each borrower that appears on a separate 1003. Make the appropriate selection in the remaining fields.</p> <p>Click Finish to submit the request.</p>	

Step

16. A processing screen appears indicating the status of your request. Simply wait for the processing to complete. When the credit report is available, the Credit Report screen appears.

Screen



Encompass - (Offline)

Loans ePASS Reports Settings

CREDCO INSTANT MERGE DECISION MAKER 04/04/04 Ref: 0-00000-328950-096
 Prepared for: TEST ACCOUNT - ELLIE MAE Acct: 160735
 Repositories: EFX-J, XPN-J, TUC-J Reprint: 04/07/04

Sub: HOMEOWNER, JOHN Ssn: 300-40-5000 Age: 34
 Sps: HOMEOWNER, MARY Ssn: 500-22-2000 Age: 33
 Curr Addr: 175 NW 13TH ST, WASHINGTON, DC 20013
 Prev Addr: 293 PROSPECT AV, ATLANTA, GA 23512

SUMMARY

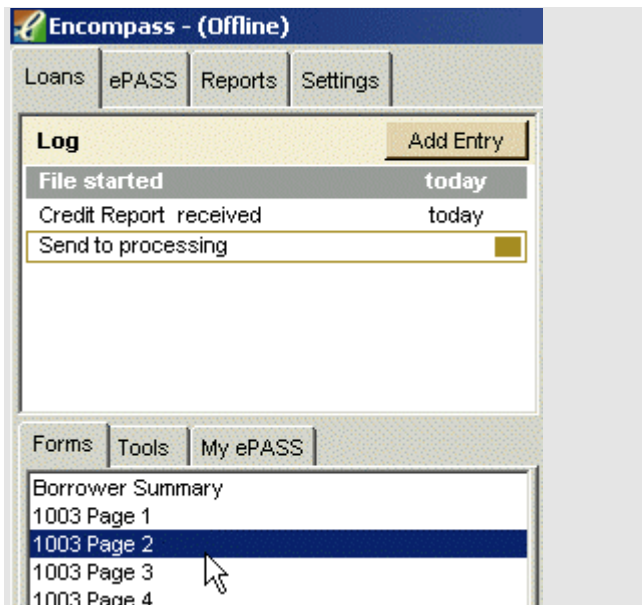
ACCOUNT DISTRIBUTION				CURRENT STATUS (tradelines)			
Account Type	Count	Balance	Payments	Curr Cisd	Unrt	30	60 90+
Real Estate	0	\$0	\$0	-	-	-	-
Installment	6	\$12,700	\$830	6	-	-	-
Revolving	2	\$1,900	\$50	2	-	-	-
Other	0	\$0	\$0	-	-	-	-
Total	8	\$14,600	\$880	8	-	-	-

INQUIRIES PUBLIC RECORDS HISTORICAL DELINQUENCIES (count)

	Count	Account Type	LastDtg	30	60	90+
6 Month Total	0	EFX	0	-	-	-
Elim. same day	0	XPN	0	-	-	-
Adjusted Total	0	TUC	0	-	-	-
New Trades (6 mths)	0	Last 2yrs N	0	-	-	-
Oldest Trd:	19/82	On File:	19/82	-	-	-

17. To import the liabilities from the credit report to the Liabilities section of the 1003, click the **Loans** tab located at the top of the screen, then click the **Forms** tab and click **1003 Page 2**.

Note: Once a credit report is retrieved within Encompass, it is always available, and there is no need to request another report for the loan (unless you later change critical borrower data, such as the borrower's name or Social Security number). To view and print a credit report that you have already requested, click the **Credit Report received** entry under the Log section.



Encompass - (Offline)

Loans ePASS Reports Settings

Log Add Entry

File started today

Credit Report received today

Send to processing

Forms Tools My ePASS

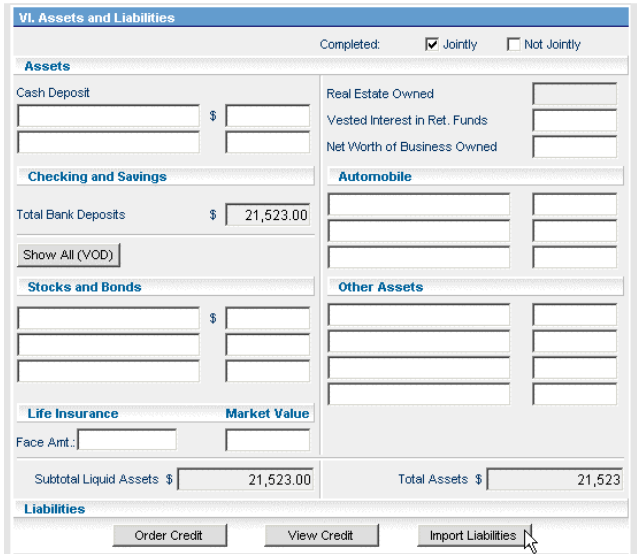
Borrower Summary

- 1003 Page 1
- 1003 Page 2**
- 1003 Page 3
- 1003 Page 4

Step

18. Scroll to section VI. Assets and Liabilities, then click **Import Liabilities**.

Screen



Completed: Jointly Not Jointly

Assets

Cash Deposit: \$ []

Real Estate Owned: []

Vested Interest in Ret. Funds: []

Net Worth of Business Owned: []

Checking and Savings

Total Bank Deposits: \$ 21,523.00

Show All (VOD): []

Stocks and Bonds

Market Value: \$ []

Life Insurance

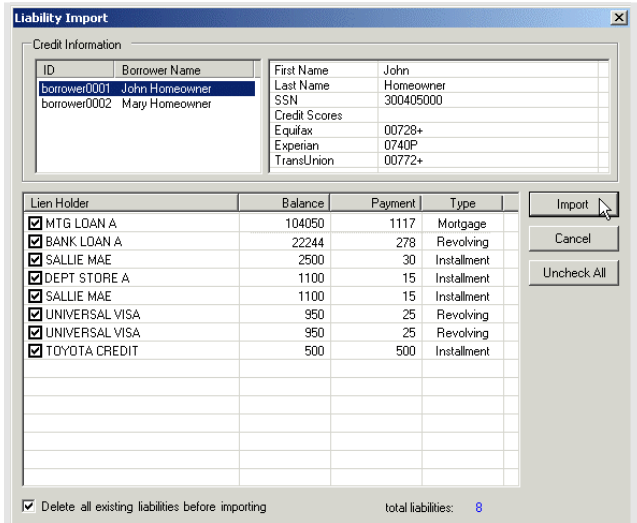
Face Amt.: []

Subtotal Liquid Assets \$ 21,523.00 Total Assets \$ 21,523

Liabilities

Order Credit View Credit **Import Liabilities**

19. The Liability Import screen appears. Make sure a check appears next to each liability. Click **Import**, then click **OK** on the confirmation message.



Liability Import

Credit Information

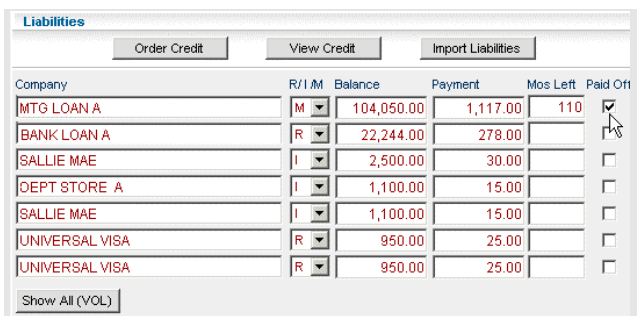
ID	Borrower Name	First Name	Last Name	SSN	Credit Scores	Equifax	Experian	TransUnion
borrower0001	John Homeowner	John	Homeowner	300405000		00728+	0740P	00772+
borrower0002	Mary Homeowner							

Lien Holder	Balance	Payment	Type	Import
<input checked="" type="checkbox"/> MTG LOAN A	104050	1117	Mortgage	<input checked="" type="checkbox"/>
<input checked="" type="checkbox"/> BANK LOAN A	22244	278	Revolving	<input checked="" type="checkbox"/>
<input checked="" type="checkbox"/> SALLIE MAE	2500	30	Installment	<input checked="" type="checkbox"/>
<input checked="" type="checkbox"/> DEPT STORE A	1100	15	Installment	<input checked="" type="checkbox"/>
<input checked="" type="checkbox"/> SALLIE MAE	1100	15	Installment	<input checked="" type="checkbox"/>
<input checked="" type="checkbox"/> UNIVERSAL VISA	950	25	Revolving	<input checked="" type="checkbox"/>
<input checked="" type="checkbox"/> UNIVERSAL VISA	950	25	Revolving	<input checked="" type="checkbox"/>
<input checked="" type="checkbox"/> TOYOTA CREDIT	500	500	Installment	<input checked="" type="checkbox"/>

Delete all existing liabilities before importing total liabilities: 8

Import Cancel Uncheck All

20. The liability data from the credit report is now available for you to edit. If the borrowers are refinancing their current primary residence, you will need to match the necessary mortgage liabilities with this property. Click **Paid Off** for each mortgage liability that is associated with the borrower's current primary residence.



Order Credit View Credit **Import Liabilities**

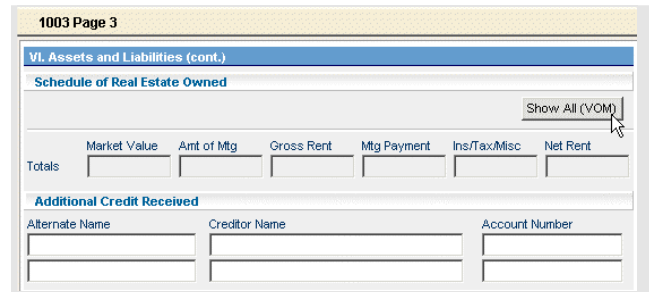
Company	R/I/M	Balance	Payment	Mos Left	Paid Off
MTG LOAN A	M	104,050.00	1,117.00	110	<input checked="" type="checkbox"/>
BANK LOAN A	R	22,244.00	278.00		<input checked="" type="checkbox"/>
SALLIE MAE	I	2,500.00	30.00		<input type="checkbox"/>
DEPT STORE A	I	1,100.00	15.00		<input type="checkbox"/>
SALLIE MAE	I	1,100.00	15.00		<input type="checkbox"/>
UNIVERSAL VISA	R	950.00	25.00		<input type="checkbox"/>
UNIVERSAL VISA	R	950.00	25.00		<input type="checkbox"/>

Show All (VOL): []

Step

21. You must enter the REO data for each mortgage or HELOC liability listed. Click **1003 Page 3** in the Forms section. Then click **Show All (VOM)**.

Screen



1003 Page 3

VI. Assets and Liabilities (cont.)

Schedule of Real Estate Owned

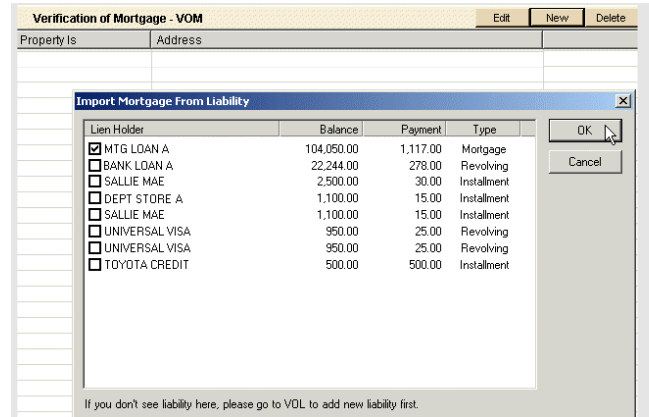
Show All (VOM)

	Market Value	Amt of Mtg	Gross Rent	Mtg Payment	Ins/Tax/Misc	Net Rent
Totals						

Additional Credit Received

Alternate Name	Creditor Name	Account Number

22. The Verification of Mortgage screen appears. Click **New**, then select the liability associated with the property you want to match, and click **OK**.



Verification of Mortgage - VOM Edit New Delete

Property Is Address

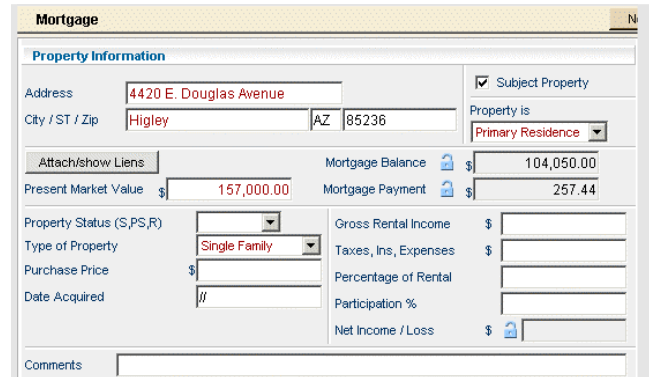
Import Mortgage From Liability

Lien Holder	Balance	Payment	Type
<input checked="" type="checkbox"/> MTG LOAN A	104,050.00	1,117.00	Mortgage
<input type="checkbox"/> BANK LOAN A	22,244.00	278.00	Revolving
<input type="checkbox"/> SALLIE MAE	2,500.00	30.00	Installment
<input type="checkbox"/> DEPT STORE A	1,100.00	15.00	Installment
<input type="checkbox"/> SALLIE MAE	1,100.00	15.00	Installment
<input type="checkbox"/> UNIVERSAL VISA	950.00	25.00	Revolving
<input type="checkbox"/> UNIVERSAL VISA	950.00	25.00	Revolving
<input type="checkbox"/> TOYOTA CREDIT	500.00	500.00	Installment

OK Cancel

If you don't see liability here, please go to VOL to add new liability first.

23. For a refinance transaction on a borrower's primary residence, click **Subject Property** and the system automatically completes the address information. Also select **Primary Residence** in the Property is field.



Mortgage N

Property Information

Address: 4420 E. Douglas Avenue

City / ST / Zip: Higley AZ 85236

Subject Property

Property is: Primary Residence

Attach/show Liens Mortgage Balance \$ 104,050.00

Present Market Value \$ 157,000.00 Mortgage Payment \$ 257.44

Property Status (S,PS,R): [Dropdown]

Type of Property: Single Family

Purchase Price \$ [Field]

Date Acquired // [Field]

Gross Rental Income \$ [Field]

Taxes, Ins, Expenses \$ [Field]

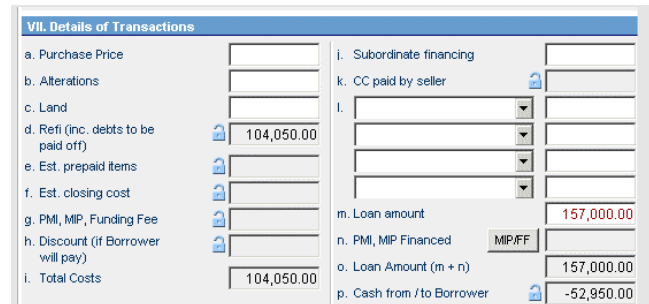
Percentage of Rental [Field]

Participation % [Field]

Net Income / Loss \$ [Field]

Comments [Field]

24. Click **1003 Page 3** in the Forms section and scroll to section VII. Details of Transaction. The system automatically enters the refinance amount in Line D. Enter any additional required information



VII. Details of Transactions

a. Purchase Price	[Field]	i. Subordinate financing	[Field]
b. Alterations	[Field]	k. CC paid by seller	[Field]
c. Land	[Field]	l. [Dropdown]	[Field]
d. Refi (inc. debts to be paid off)	104,050.00	[Dropdown]	[Field]
e. Est. prepaid items	[Field]	[Dropdown]	[Field]
f. Est. closing cost	[Field]	m. Loan amount	157,000.00
g. PMI, MIP, Funding Fee	[Field]	n. PMI, MIP Financed	MP:FF [Field]
h. Discount (if Borrower will pay)	[Field]	o. Loan Amount (m + n)	157,000.00
i. Total Costs	104,050.00	p. Cash from / to Borrower	-52,950.00

Step

25. Scroll to VIII. Declarations and answer Y or N to all the questions for both the borrower and co-borrower.

Screen

VIII. Declarations		Borr. Y/N	Co-Borr. Y/N
a.	Are there any outstanding judgments against you?	<input type="checkbox"/> N	<input type="checkbox"/> N
b.	Have you been declared bankrupt in the past 7 years?	<input type="checkbox"/> N	<input type="checkbox"/> N
c.	Have you had property foreclosed upon or given title or deed in lieu thereof in the last 7 years?	<input type="checkbox"/> N	<input type="checkbox"/> N
d.	Are you a party to a lawsuit?	<input type="checkbox"/> N	<input type="checkbox"/> N
e.	Have you been obligated on any loan resulted in foreclosure, transfer of title in lieu of foreclosure, or judgment?	<input type="checkbox"/> N	<input type="checkbox"/> N
f.	Are you presently delinquent or in default on any Federal debt or any other loan, mortgage, financial obligation, bond or loan guarantee?	<input type="checkbox"/> N	<input type="checkbox"/> N
g.	Are you obligated to pay alimony, child support, or separate maintenance?	<input type="checkbox"/> N	<input type="checkbox"/> N
h.	Is any part of the down payment borrowed?	<input type="checkbox"/> N	<input type="checkbox"/> N
i.	Are you a co-maker or endorser on a note?	<input type="checkbox"/> N	<input type="checkbox"/> N
j.	Are you a U.S. citizen?	<input type="checkbox"/> Y	<input type="checkbox"/> Y
k.	Are you a permanent resident alien?	<input type="checkbox"/> N	<input type="checkbox"/> N
l.	Do you intend to occupy the property as your primary residence?	<input type="checkbox"/> Y	<input type="checkbox"/> Y
m.	Have you had an ownership interest in a property in the last three years?	<input type="checkbox"/> Y	<input type="checkbox"/> Y
	(1) What type of property did you own (PR,SH,JP)?	<input type="checkbox"/>	<input type="checkbox"/>
	(2) How did you hold title to home (S,SP,O)?	<input type="checkbox"/>	<input type="checkbox"/>

Step

26. Scroll down to the X. Information for Government Monitoring section and enter the necessary data. When appropriate, more than one race check box can be selected for a borrower or co-borrower.

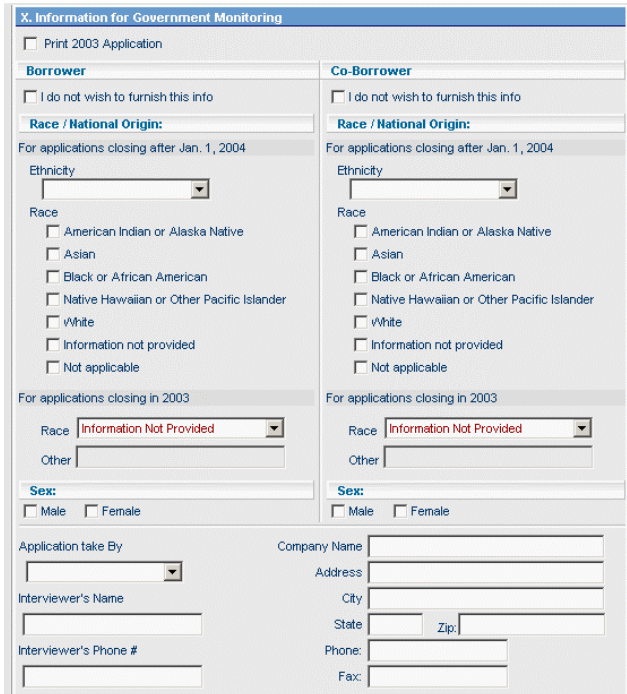
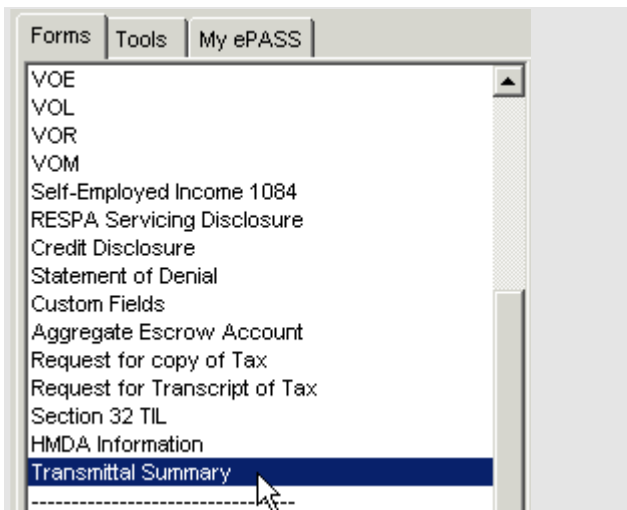
Note: For applications taken by telephone, you must ask for this information, but you cannot require the applicant to provide it. You should inform the applicant that the federal government is requesting this information in order to monitor compliance with federal statutes that prohibit lenders from discriminating against applicants on these bases.

For applications taken in person, you must ask for this information, but you cannot require the applicant to provide it. If the applicant chooses not to provide the information, to the extent possible, you should note the information on the basis of visual observation or surname. You should also inform the applicant that if the information is not provided, you are required to note the data on the basis of visual observation or surname.

Although the information in this section is not required to qualify a borrower (or co-borrower) or underwrite a loan, this information is required as a result of revisions to the Federal Reserve System's Regulation C (Home Mortgage Disclosure Act [HMDA]) and may be required by your sponsoring lender. Check with your lender for instructions.

27. Before you submit a loan for underwriting, you must always enter the property appraised value and subject property type. Scroll down and click **Transmittal Summary** in the Forms section.

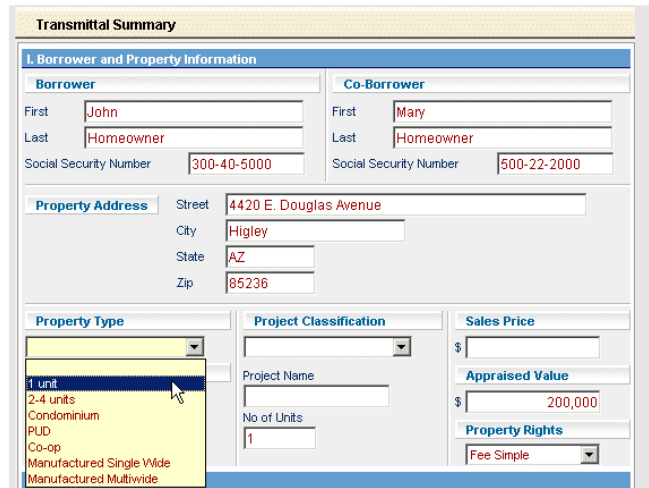
Screen

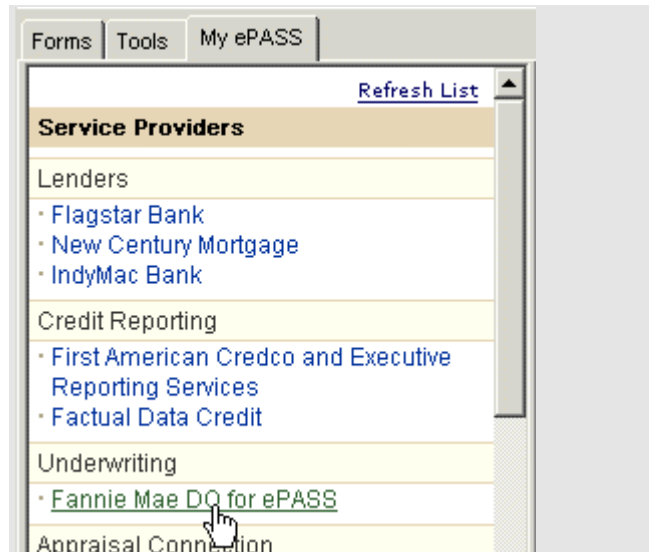
Step

28. The Transmittal Summary screen appears. Select the property type and enter the appraised value. Verify the information contained in the Transmittal Summary screen.

Screen

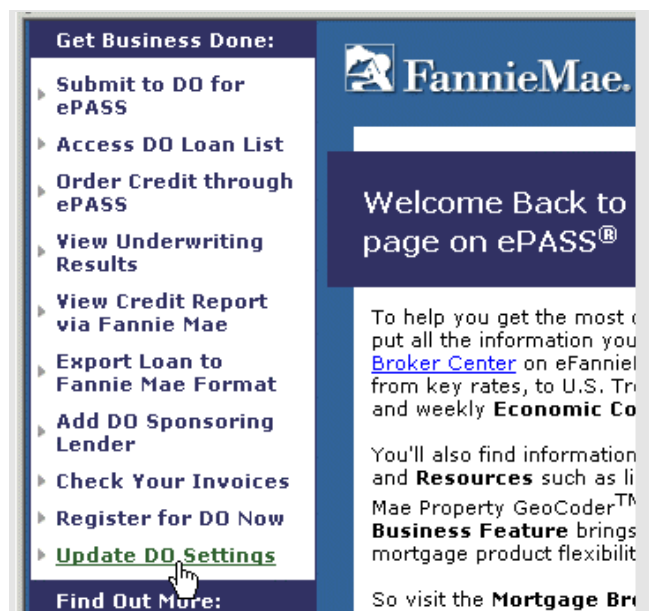


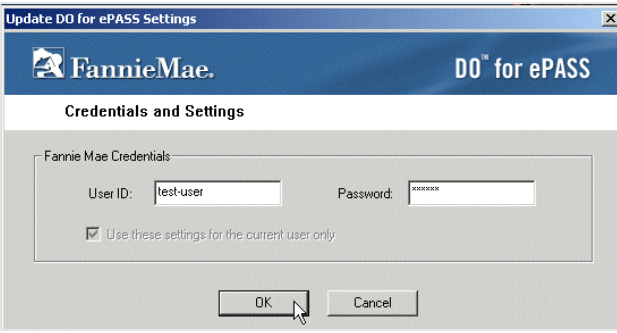
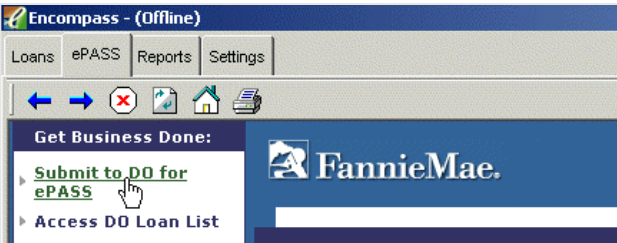
29. You are now ready to submit the loan to underwriting. (If you have not requested or reissued credit for the loan, you will also need to do so at this point.) To submit to underwriting, click the **My ePASS** tab, then click **Fannie Mae DO for ePASS**.

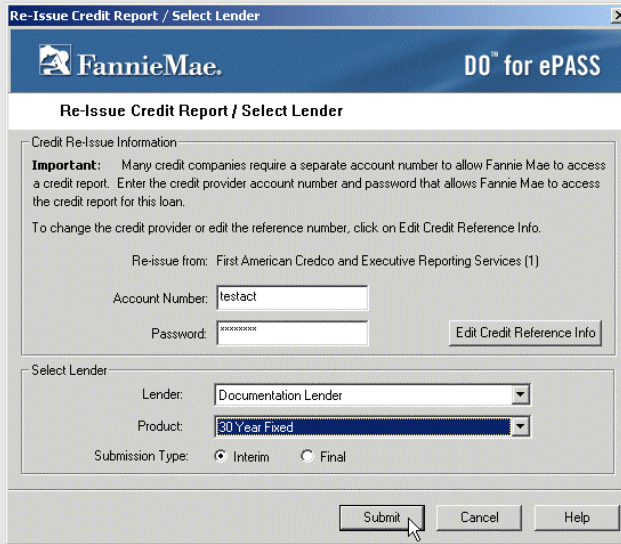


30. The Fannie Mae DO for ePASS screen appears. Before you submit the loan to DO for ePASS, verify that your DO user ID and password are entered correctly. Click **Update DO Settings**.

Note: You only have to perform this settings procedure once. The settings remain the same until you change them. If you have already set up your user ID and password, go to [Step 32](#).



Step	Screen
<p>31. Enter your DO user ID and password, then click OK.</p> <p>Note: You only have to perform this settings procedure once. The settings remain the same until you change them.</p>	
<p>32. To submit the loan to DO for ePASS, click Submit to DO for ePASS.</p>	

Step	Screen
<p>33. The Re-Issue Credit Report/Select Lender screen appears. Before you can receive an underwriting recommendation, you must ensure that DO for ePASS has access to a current joint or individual credit report.</p> <p>If you have already requested a credit report through DO for ePASS, that credit report is automatically used for this submission and you do not need to enter a reference number. To complete the submission process, take the following steps:</p> <ol style="list-style-type: none"> Enter the Fannie Mae account number and password assigned by the credit provider from which you originally requested the credit report. <p>Note: The Fannie Mae user name and password for the credit provider may be different from the ePASS user name and password assigned by the same credit provider.</p> Select the sponsoring lender to which you want to submit the loan. After you select a lender, the products offered by that lender appear in the Product list box. Select the product you want to use. Select the type of submission you want to perform. The submission type denotes the party that will control the Form 1003 data in the electronic loan file. To retain control of the Form 1003 data so that you can continue making changes to the data after the submission is complete, select Interim. To transfer the control and editing rights of the Form 1003 data to your sponsoring lender, select Final. Click Submit to submit the loan to the sponsoring lender you selected. 	


Step

34. A processing screen appears indicating the status of your request. Simply wait for the processing to complete.

Screen



35. When the findings are available, the Fannie Mae Underwriting Findings report screen appears. The findings and credit reports are automatically downloaded to the ePASS Business Center and saved on your computer.

Note: To print the Fannie Mae Underwriting Findings report, click the **Print** () icon in the menu bar.

