

The below new Itemized Credits Workflow will be effective with new loan applications and files started today September 6, 2023. This is a big change so it's imperative that you read the memo in its entirety, training videos below. For existing loans already disclosed, this workflow will be optional however the recommended best practice is to not select the Itemize Credits checkbox unless you also adjust the Other Credits amount to remove duplicate entries.

Video 1 – Intro to New Itemize Credits Workflow -

<https://www.loom.com/share/ac3e7856bea94270977db69cb824fa15?sid=53457d5a-a0cb-41e7-9b81-f8e372780a89>

Video 2 – Seller & Lender Credits -

<https://www.loom.com/share/b0a4198a91b64ec298b7d82f6e111ce1?sid=133ec00a-a832-4068-9be8-4f7d455275dd>

Video 3 – Earnest Money Deposits -

<https://www.loom.com/share/288d865e39bc4ab49f7da788bfa25154?sid=f458b169-fe9a-474a-8823-b11e80dfd5a0>

Itemized Credits

New **Itemize Credits** checkbox has been added to the Total Credits section of the 1003 URLA – Lender and 2015 Itemization input form to enable Encompass users to itemize credits in Section M. When the checkbox is selected, new rows for specific itemized entries (Lender, Seller, Broker, Earnest Money Deposit & MI Premium Refund) are added to Section M. This will allow for credits to pass thru to AUS and the LE/CD accurately.

TOTAL CREDITS		<input checked="" type="checkbox"/> Itemize Credits
L. Seller Credits (Seller-Paid Fees)		\$ <input type="text"/>
M. Other Credits		\$ <input type="text"/>
M1. Total Closing Costs Paid by Lender and Other		\$ <input type="text"/>
Lender Credit (Lender-Paid Fees) \$ <input type="text"/>		
Broker Credit (Broker-Paid Fees) \$ <input type="text"/>		
Other Credit (Other-Paid Fees) \$ <input type="text"/>		
M2. Non Specific Lender Credit		\$ <input type="text"/>
M3. Non Specific Seller Credit		\$ <input type="text"/>
M4. Total of Other Assets Applied to Loan		\$ <input type="text"/>
M5. MI Premium Refund		\$ <input type="text"/>
M6. Cash Deposit On Sales Contract		\$ <input type="text"/>
M7.	<input type="text"/> Source <input type="text"/>	\$ <input type="text"/>
M8.	<input type="text"/> Source <input type="text"/>	\$ <input type="text"/>
M9.	<input type="text"/> Source <input type="text"/>	\$ <input type="text"/>
M10.	<input type="text"/> Source <input type="text"/>	\$ <input type="text"/>
M11. Closing Costs from Other Loans		\$ <input type="text"/>
N. TOTAL CREDITS (Total of L and M)		\$ <input type="text"/>

Note: The Itemize Credits checkbox will be checked by default and will be view only.

Workflow Changes

Line L. - Seller Paid Fees

Seller Paid fees are credits applied towards fees that are charged directly to the borrower but paid for by the seller. Seller paid fees inputted thru the 2015 itemization will flow to Line L. under Total Credits.

	Borrower	Seller ?	Paid By / P / B / A / Paid To
1101. Title Insurance Services			
To	500.00	250.00	
Municipal Searches - Purc	* 500.00	250.00	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> 0
To			<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> 0
To			<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> 0
To			<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> 0
To			<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> 0
To			<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> 0
To			<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> 0
TOTAL CREDITS <input checked="" type="checkbox"/> Itemize Credits			
L. Seller Credits (Seller-Paid Fees)			\$ 250.00
M. Other Credits			\$
M1. Total Closing Costs Paid by Lender and Other			\$
Lender Credit (Lender-Paid Fees)		\$	
Broker Credit (Broker-Paid Fees)		\$	
Other Credit (Other-Paid Fees)		\$	

Line M1. - Total Closing Costs Paid by Lender and Other

The total of all closing costs entered in the Borrower column that are marked as paid by Lender (L), Broker (B), or Other (O) including Origination Credit (line 802b) from the 2015 itemization are summarized in these fields.

	Borrower	Seller ?	Paid By / P / B / A / Paid To
801. Our Origination Charge	1,000.00		
Loan Origination Fees	% or \$		<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> L
Application Fees			<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> L
Processing Fees	600.00		<input checked="" type="checkbox"/> L
Underwriting Fees			<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> L
TOTAL CREDITS <input checked="" type="checkbox"/> Itemize Credits			
L. Seller Credits (Seller-Paid Fees)			\$
M. Other Credits			\$ 600.00
M1. Total Closing Costs Paid by Lender and Other		\$	600.00
Lender Credit (Lender-Paid Fees)		\$	600.00
Broker Credit (Broker-Paid Fees)		\$	
Other Credit (Other-Paid Fees)		\$	

Note: Secondary and Closers will only have access to apply lender and other paid by fees.

Line M2. - Non Specific Lender Credit

Non Specific Lender Credit cannot be entered and disclosed to the borrower until they are approved by Secondary. Any amount entered will pass thru to the 2015 itemization, LE and CD.

Line M3. - Non Specific Seller Credit

Non Specific Seller Credit entered in this field is used for lump sums. Any amount entered will pass thru to the 2015 itemization, LE and CD.

Line M4. – Total of Other Assets Applied to Loan

This field will populate from the Verification of Other Assets (VOOA) of the URLA Part 3 Section 2b. It is the Total of **Other Assets You Have** applied to the Loan: Total Employer Assistance, Lot Equity, Relocation Funds, Rent Credit, Sweat Equity, and Trade Equity excluding other 'Other Assets'. These values do not flow over to the LE/CD.

2b. Other Assets You Have - Borrower and Co-Borrower Show all Other Assets

Borrower ☐ Does not apply
 Co-Borrower ☐ Does not apply

Bor/Cob/Both	Asset Type	Other Description	Cash or Market Value
Borrower	Employer Assistance		2,000.00
Borrower	Relocation Funds		10,000.00



TOTAL CREDITS ☒ Itemize Credits

L. Seller Credits (Seller-Paid Fees) \$

M. Other Credits \$ 12,000.00

M1. Total Closing Costs Paid by Lender and Other \$

 Lender Credit (Lender-Paid Fees) \$

 Broker Credit (Broker-Paid Fees) \$

 Other Credit (Other-Paid Fees) \$

M2. Non Specific Lender Credit \$

M3. Non Specific Seller Credit \$

M4. Total of Other Assets Applied to Loan \$ 12,000.00

M5. MI Premium Refund \$

Line M5. - MI Premium Refund

Entered from the FHA Management screen on refinances will flow to the MI Premium Refund field on the URLA – Lender. Any changes made to line M5 will also carry over to the MI Premium Refund field on the FHA Management screen.

FHA Management

Basic Info Prequalification **FHA 203k** Informed Consumer Choice Disclosure Notice Tracking


Date //

By

Old FHA Case #

MI Premium Refund

Prior Endorsement Date //



TOTAL CREDITS ☒ Itemize Credits

L. Seller Credits (Seller-Paid Fees) \$

M. Other Credits \$

M1. Total Closing Costs Paid by Lender and Other \$

Lender Credit (Lender-Paid Fees) \$

Broker Credit (Broker-Paid Fees) \$

Other Credit (Other-Paid Fees) \$

M2. Non Specific Lender Credit \$

M3. Non Specific Seller Credit \$

M4. Total of Other Assets Applied to Loan \$

M5. MI Premium Refund \$

M6. Cash Deposit On Sales Contract \$

Line M6. - Cash Deposit On Sales Contract


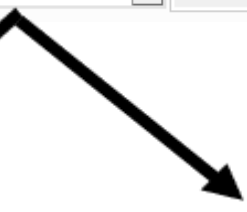
The earnest money deposit is entered under Verification of Other Assets (VOOA) on the URLA page 3 Section 2b, as seen below. Once the value entered it will copy over to the LE/CD and 1003 URLA - Lender automatically.

2b. Other Assets You Have - Borrower and Co-Borrower

Borrower ☐ Does not apply

Co-Borrower ☒ Does not apply

Bor/Cob/Both	Asset Type	Other Description	Cash or Market Value
Borrower	Earnest Money		3,000.00

Calculating Cash to Close		Payoffs & Payments	<input type="checkbox"/> Use Alternate
Third Party Payments Not Otherwise Disclosed			0.00
<input checked="" type="checkbox"/> Use Actual Down Payment & Closing Costs Financed			
<input type="checkbox"/> Include Payoffs in Adjustments and Credits (Purchase Only)			
Total Closing Costs (J)			0
Closing Costs Financed	-		0
Down Payment/Funds from Borrower			0
Deposit	-		3,000
Funds for Borrower	-		0
Seller Credits			0
Adjustments and Other Credits			0
Estimated Cash to Close			-3,000

TOTAL CREDITS		<input checked="" type="checkbox"/> Itemize Credits
L. Seller Credits (Seller-Paid Fees)		\$
M. Other Credits		\$ 3,000.00
M1. Total Closing Costs Paid by Lender and Other		\$
Lender Credit (Lender-Paid Fees)	\$	
Broker Credit (Broker-Paid Fees)	\$	
Other Credit (Other-Paid Fees)	\$	
M2. Non Specific Lender Credit	\$	
M3. Non Specific Seller Credit	\$	
M4. Total of Other Assets Applied to Loan	\$	
M5. MI Premium Refund	\$	
M6. Cash Deposit On Sales Contract	\$	3,000.00
M7. <input type="text"/> Source <input type="text"/>	\$	
M8. <input type="text"/> Source <input type="text"/>	\$	
M9. <input type="text"/> Source <input type="text"/>	\$	
M10. <input type="text"/> Source <input type="text"/>	\$	
M11. Closing Costs from Other Loans	\$	
N. TOTAL CREDITS (Total of L and M)		\$ 3,000.00

Line M7. - M10. – Drop Downs for Miscellaneous Charges

Drop down use are primarily for specific adjustments and credits and are entered in Line Items M7 – M10. Because these fees are not managed as consumer-obligated fees, they are not disclosed on the LE/CD and are not treated as subject to tolerance violation.

M7.		Source		\$	
M8.	Borrower Paid Fees (FNMA Retired)	Source		\$	
	Cash Deposit On Sales Contract				
M9.	Employer Asst. Housing (FNMA/FRE)	Source		\$	
	Lease Purchase Fund (FNMA/FRE)				
M10	Lender Credit - Retired	Source		\$	
	Lot Equity (FNMA/FRE)			\$	
M11.	MI Premium Refund - Retired				
	Other (FNMA/FRE)				
N. TOTAL	Relocation Funds (FNMA/FRE)			\$	
CALCUL	Seller Credit - Retired				
TOTAL D	Sweat Equity (FNMA/FRE)				
LESS TOT	Trade Equity From Property Swap (FNMA)				
TOTAL CREDITS (Line N)				-	

Best practice to use the designated fields for Cash Deposit, Lender Credit, etc. to ensure credits are accurately calculated and AUS reads them. Additionally, Encompass will be removing these fields from the drop down in the near future.