

# KENTUCKY HOUSING CORPORATION

## Closing Agent Manual

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Policies and Procedures When Closing KHC  
Mortgages Originated by Third Party Originators

10/14/2015

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## INTRODUCTION

With the enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the formation of the Consumer Financial Protection Bureau (the “CFPB”), the mortgage industry is becoming increasingly regulated. In response to this increased regulation and the CFPB’s TILA/RESPA Integrated Disclosure Rules (“TRID”), Kentucky Housing Corporation (“KHC”) has promulgated this Closing Agent Manual to govern, along with the Closing Agent Agreement, the relationship between KHC and Closing Agents, who close loans originated by KHC’s Third Party Originators. This manual may be amended and/or revised from time-to-time in order to comply with any additional laws and/or regulations, which may be enacted, affecting the relationship between KHC and Closing Agents.

## THIRD PARTY ORIGINATORS (TPOS)

TPOs are more commonly known as brokers. The minimum net worth requirement is lower than the other four lender categories because the TPOs role is significantly diminished in comparison to the other lender categories. The TPO originates and processes the mortgage application but submits it to KHC to underwrite, close, fund, and perform the post-closing/quality assurance functions before the first payment is due. Loans originated by TPOs close in the name of KHC. As a result, KHC is responsible for hiring the Closing Agent for loans originated by TPOs.

## INDUSTRY STANDARD DOCUMENTS

Closing Agent must have any and all necessary software to produce industry standard documents. Any such software system shall be updated for any and all regulatory changes to ensure compliance with any and all requirements of state and federal law, including but not limited to the Real Estate Settlement Procedures Act (“RESPA”), the Truth-in-Lending Act (“TILA”) and the TILA/RESPA Integrated Disclosures (“TRID”).

## FEES FOR SERVICE

For Settlement services under this agreement/manual, KHC will compensate the Closing Agent as follows:

- \$500 if the Closing Agent is also providing the Title Policy.
- \$700 if the Closing Agent is not also providing the Title Policy.

## WORKFLOW

- 1) KHC Underwriting will approve the mortgage loan file for the Third Party Originator.
- 2) Third Party Originator will upload all required pre-closing documentation (i.e., title commitment, homeowner’s insurance, flood certification, Loan Estimate, Termite Report, if applicable, etc.) and will **tentatively** schedule the closing with the closing agent—remembering TRID timeline requirements.

- 3) KHC closer will audit pre-closing documents and request any additional documentation as needed. Once all documents have been cleared, KHC closer will prepare the **initial** closing documents and then signal system to notify Closing Agent that file is in their pipeline.
- 4) Closing Agent will log into KHC's secured Closing Agent Portal using unique id and password.

Click Here to Collapse Header



Home

[Log In](#)

**Account Information**

Closing Agent ID:

User Name:

Password:

- 5) Loan will be available in the Closing Agent's pipeline only after KHC's closer has completed the initial closing documents.

Pipeline

Import Loan | Export to Excel | Reports

Layout: Name, Status, and Property Address | Select Filter

KHC #	FIRST NAME	LAST NAME	STATUS	STREET ADDRESS	PRODUCT	EXPIRATION DATE	LENDER ID	LENDER TYPE	LENDER NAME
192163	GINA	TEST2	SchedClos	1950 RABBIT RIDGE RD	2MK FHA30WDAP	11/07/2015	0048	TPO	NEW PERSPECTIVE MORTGAGE LLC
192165	ROBERT	PLANT	SchedClos	123 STAIRWAY TO HEAVEN RD	2MK FHA30WDAP	11/27/2015	0048	TPO	NEW PERSPECTIVE MORTGAGE LLC
192166	John	Homeowner	SchedClos	665 Godfrey Rd	2MK FHA30WDAP	11/05/2015	0048	TPO	NEW PERSPECTIVE MORTGAGE LLC
192167	Alice	Firsttime	SchedClos	3726 Poplar St	2MK FHA30WDAP	11/05/2015	0048	TPO	NEW PERSPECTIVE MORTGAGE LLC
192170	Andy	Amurka	SchedClos	4321 Cul De Sac St	2MK FHA30WDAP	11/25/2015	0048	TPO	NEW PERSPECTIVE MORTGAGE LLC
192173	Freddie	Mercury	SchedClos	3726 Poplar St	2MK FHA30WDAP	11/19/2015	0048	TPO	NEW PERSPECTIVE MORTGAGE LLC
192175	Jimi	Hendrix	FundingRec	75 Foxy Drive	2MK FHA30WDAP	11/20/2015	0048	TPO	NEW PERSPECTIVE MORTGAGE LLC
192180	GENE	SIMMONS	SchedClos	1950 RABBIT RIDGE RD	2MK FHA30	11/15/2015	0048	TPO	NEW PERSPECTIVE MORTGAGE LLC

- 6) Closing Agent will open the loan to complete information on the TRID Fees, Seller Info, and Real Estate Agents tabs.



- 7) TRID Fees: To change/update a fee, click the  icon then update information as needed. Be sure to Edit Provider information. Click OK when complete.

**Loan Information**

Closing Costs Scenario:  Loan Amount:  Number of Payments:  Amortizing Term:

Estimated Date of Closing:  Financed Fees:   Payments per Year:  Interest Only Term:

Date of Disbursement:  Total Loan Amount:   Waive All Escrows?

Date of First Payment:  Interest Rate:   Initial  Final Disclosure

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**Buckets**

Bucket Filter:

TRID Number	Description	Total Amount	Borrower Amount
701	Real Estate Commission	\$0.00	\$0.00
702	Real Estate Commission	\$0.00	\$0.00
703	Additional Real Estate Fees	\$0.00	\$0.00
1103	Title - Owners Title Insurance	\$0.00	\$0.00
1306	Addtl Shop For Services	\$0.00	\$0.00
1307	Permanent Rate Buydown	\$0.00	\$0.00

Note: Closing Agent can navigate this screen according to #'d sections or by buckets. The Numbered sections match the former HUD-1 Settlement numbers, for ease of use. The buckets follow the new TRID standard. Either way will complete the necessary forms. The option is available for ease of use.

8) Seller's Info Tab: Hit ADD button to add each seller for the transaction. Click OK when done.

Company Name:

First:  Middle:

Last:  Suffix:

SSN:  Email:

Address Line 1:

Address Line 2:

City:

State:  Zip:

Country:

Phone Numbers   Ext.

Power of Attorney

Primary Seller

Seller is aware of lead-based paint used in the subject property

9) Real Estate Agents Tab: Complete information for both Buyer and Seller Real Estate Agent. Exit screen when done.

**Buyer Real Estate Agent**

**Agent**

First  Middle  Last  Suffix

State License Number  NMLS Number  Email

Phone  Business  Ext

**Company**

Name  State License Number

Line 1  NMLS Number

Line 2

City

State  Zip

---

**Seller Real Estate Agent**

**Agent**

First  Middle  Last  Suffix

State License Number  NMLS Number  Email

Phone  Business  Ext

**Company**

Name  State License Number

Line 1  NMLS Number

Line 2

City

State  Zip

10) When the TRID Fees, Seller Info, and Real Estate Agents Tabs are complete, Closing agent can preview a “Draft” version of Closing Disclosure on the TRID Documents Printing Tab. NOTE: Closing Agent should only view in DRAFT form until KHC’s Closer has approved the final numbers. Opening the final version will lock in amounts. If locked in before KHC’s Closer has reviewed or approved, the Closing Agent may be responsible for any costs to cure.

**Expere Documents**

Document Package:  TRID Closing Forms

Available Returned

\*  Draft  Final

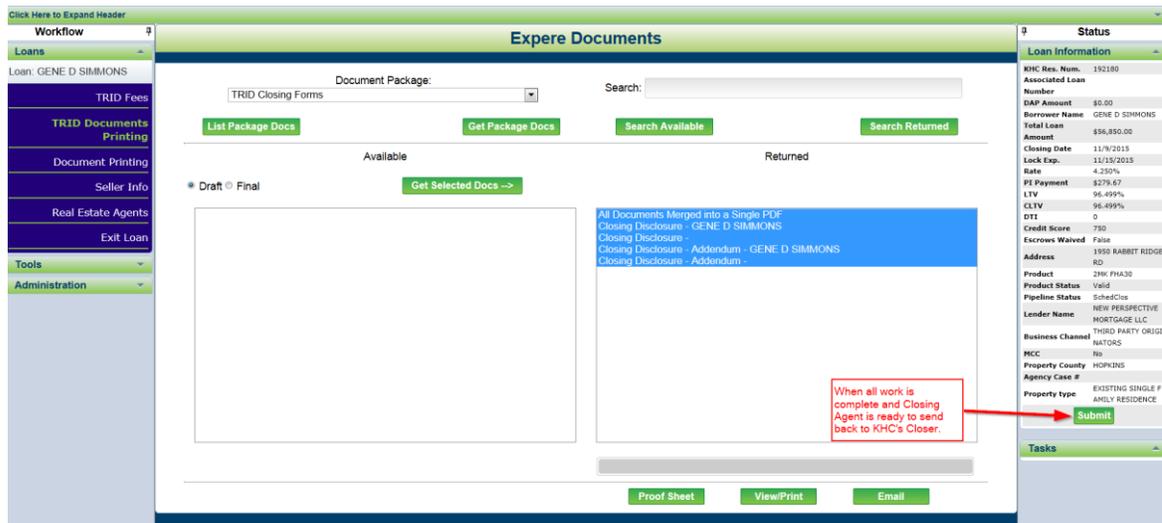
All Documents Merged into a Single PDF

Closing Disclosure - GENE D SIMMONS

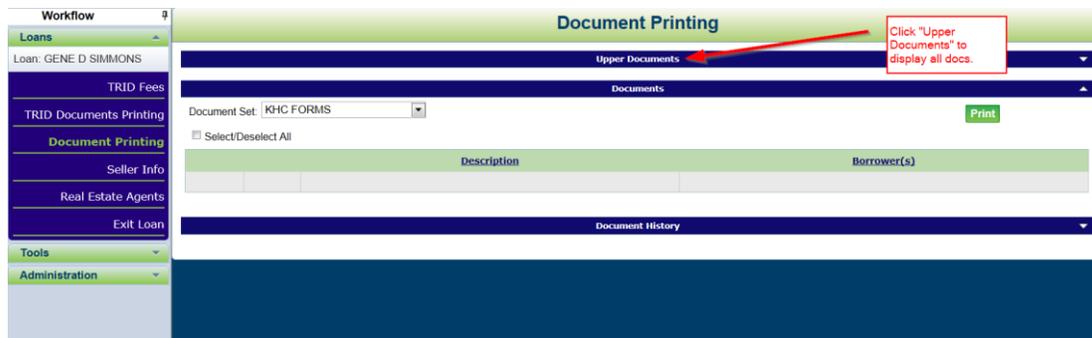
Closing Disclosure - Addendum - GENE D SIMMONS

Closing Disclosure - Addendum -

- When complete, Closing Agent will click the SUBMIT button to signal to KHC's Closer that the initial work is complete.



- Closer will review and approve the final numbers then will mail the Closing Disclosure to the borrower(s). When complete, KHC's Closer will send an automated email to Closing Agent that the closing package has been approved. Closing Agent may then print the KHC Closing Package in preparation of the scheduled closing.
- KHC's Closer will also email any lender forms, invoices, etc. to the Closing Agent to add to the Closing Package.
- Closing Agent will print docs using two (2) tabs. The TRID Documents Printing will supply the Closing Disclosure (Closing Agent may now print the FINAL version). The Document Printing Tab will supply all other KHC Closing Forms.



Document Printing		
Upper Documents		
<input type="checkbox"/> Select/Deselect All		
Description	Borrower(s)	
<input checked="" type="checkbox"/> KHC Commitment Letter	GENE D SIMMONS /	
<input type="checkbox"/> KHC Reservation Confirmation	GENE D SIMMONS /	
<input checked="" type="checkbox"/> KHC Closing Instructions	GENE D SIMMONS /	
<input type="checkbox"/> Sample HUD-1	GENE D SIMMONS /	
<input checked="" type="checkbox"/> KHC Closed File Stacking Order	GENE D SIMMONS /	
<input type="checkbox"/> Addendum to HUD-1 Settlement Statement	GENE D SIMMONS /	
<input type="checkbox"/> Initial Escrow Account Disclosure Statement	GENE D SIMMONS /	
<input checked="" type="checkbox"/> MultiState FHA Fixed Rate Note	GENE D SIMMONS /	
<input type="checkbox"/> Kentucky FHA Mortgage (MERS)	GENE D SIMMONS /	
<input type="checkbox"/> MultiState FHA Condominium Rider	GENE D SIMMONS /	
<input type="checkbox"/> FHA Planned Unit Development Rider	GENE D SIMMONS /	
<input checked="" type="checkbox"/> Temporary Payment Coupons	GENE D SIMMONS /	
<input checked="" type="checkbox"/> W-9 Request for Taxpayer Identification Number and Certification	GENE D SIMMONS	
<input checked="" type="checkbox"/> W-9 Request for Taxpayer Identification Number and Certification	GENE D SIMMONS	
<input checked="" type="checkbox"/> KHC Name Affidavit	GENE D SIMMONS /	
<input checked="" type="checkbox"/> KHC Co-Borrower Name Affidavit	GENE D SIMMONS /	
<input type="checkbox"/> Truth in Lending Disclosure - Fixed Rate	GENE D SIMMONS /	
<input type="checkbox"/> Protect My Ky Home Disclosure	GENE D SIMMONS /	
<input type="checkbox"/> Borrower Limited Power of Attorney	GENE D SIMMONS /	
<input type="checkbox"/> FHA Warranty of Completion of Construction	GENE D SIMMONS	

Closing Agent will use KHC Closing Instructions to determine which documents must be included in the closed loan file. Closing Agent will click all applicable forms.

- 15) Closing Agent will refrain from closing the loan until the closing date noted on closing instructions.
- 16) Closing Agent will close on the TRID-compliant closing date, in accordance with KHC’s closing instructions and schedule.
- 17) If any issues arise that could jeopardize the insurability of the mortgage loan, Closing Agent shall stop the closing and seek further written instructions from KHC prior to continuing the closing.
- 18) Once the loan is closed, Closing Agent shall disburse the appropriate funds to any applicable third parties (i.e. borrower, seller, real estate agents, etc.) **NOTE: if refinance, disburse funds in accordance with refinance guidelines – right of rescission.**
- 19) Closing Agent will return the Closed Loan Package. See Closing Documents Section.

## EMAIL

Closing Agent must provide and maintain a valid email address for receiving closing documents, as well as, establish and maintain a user name and password to retrieve the encrypted email. Any and all changes to email addresses and email recipients shall be provided to KHC in a timely manner. **BEST PRACTICE: KHC suggests an “in general” mailbox that multiple Closing Agent staff can access in case of absences in order to avoid KHC staff sending documents multiple times.**

## CLOSING INSTRUCTIONS

KHC will provide the Closing Agent with explicit closing instructions. The Closing Agent shall follow these instructions and shall not deviate therefrom. *Failure to follow any and all closing instructions shall result*

*in the Closing Agent's suspension from closing KHC loans and/or termination of the Closing Agent Agreement.* Should the Closing Agent outsource the closing function, in part or in whole, to a third party, the Closing Agent shall be fully responsible for the performance and compliance of the third party.

## **CLOSING DOCUMENTS**

KHC will send the closing documents to the Closing Agent via encrypted email. The Closing Agent is responsible for ensuring that all closing documents received via email are properly printed and otherwise handled in accordance with the requirements detailed in the Section of this Closing Manual entitled, "Closing Documents". All documents sent to KHC by email must be encrypted in order to protect the borrower's identity. Closing Agent shall maintain email encryption capability. Any and all original promissory notes, mortgages and title policies must be shipped by Closing Agent to KHC via overnight delivery.

Closing Agent shall exercise reasonable diligence in reviewing the form and content of any and all documents related to the closing of any mortgage loan, including without limitation any and all first mortgage loans and second mortgage loans, e.g. DAP loans, pursuant to the Closing Agent Agreement received from KHC (the "Closing Documents"). Any and all documents related to the closing of any KHC mortgage loan must be approved by KHC, including without limitation any and all Power of Attorney forms for both seller and purchaser. Prior to loan consummation, Closing Agent shall inform KHC of any irregularities identified by Closing Agent in the closing documents and must resolve any such irregularities to KHC's satisfaction. Closing Agent shall not alter the Closing Documents without written authorization from KHC. Closing Agent shall be responsible for proper completion, execution and notarization of the Closing Documents. **Upon completion of any and all KHC loan closings, Closing Agent shall send the executed Closing Documents to KHC, via encrypted email within 24 hours of closing. This package shall include a copy of the note and mortgage. The original note must be sent to KHC via secured, overnight delivery. See KHC Contacts Section for all contact information and physical addresses for delivery.**

Closing Agent shall be responsible for any and all costs of remedying any and all deficiencies in the Closing Documents arising from or caused by the Closing Agent. Closing Agent shall promptly upon notification, and in no event later than 30 days following notification, correct any and all deficiencies in the proper completion, execution and notarization of the Closing Documents.

Any and all funds received by Closing Agent from KHC shall be held by Closing Agent in trust for KHC until disbursement in accordance with the Closing Instructions. Closing Agent shall notify KHC immediately if any condition included in the Closing Instructions is not met and funds are not disbursed as a result of such condition not being met, and Closing Agent shall immediately return such funds in accordance with wiring instructions provided by KHC.

## CONDITIONS TO DISBURSEMENT

Closing Agent shall not disburse to any third party any funds received from KHC except upon satisfaction of any and all conditions to closing set forth in the Closing Instructions, including without limitation any and all conditions to the issuance of title insurance as specified in the Closing Instructions.

Any deviation from any standard set forth herein must be approved in advance by KHC in writing. However, the Closing Agent may, in good faith, rely upon a facsimile transmission or email message reasonably believed by Closing Agent to be an authorized communication from KHC. Such facsimile or email message must provide clear approval of the deviation from standards prior to such deviation being taken. If Closing Agent has questions or concerns regarding Closing Instructions, the Closing Agent shall contact KHC for clarification.

The following is a list of KHC's requirements for Title Commitments and Final Policies, in addition to industry standards.

- 1) Closing Agent shall have a valid contract with a title insuring agency;
- 2) All Title Commitments shall include property tax information and current assessed value of the property;
- 3) All Title Commitments shall list KHC as the proposed insured and include MERS language (See Paragraph 5);
- 4) An insured closing protection letter shall be required for each individual borrower with each title commitment signed by the Closing Agent.
- 5) All Final Title Policies shall be original Short-Form Title Policies:
  - a. **Naming as the Insured:** "Kentucky Housing Corporation and Mortgage Electronic Registration Systems, Inc. solely as nominee for the Lender, its successors and assigns, as their interests may appear."
  - b. **Date of Policy:** "[Date of Closing] or date of recording of insured mortgage, whichever is later."
  - c. **Mortgage Recording:** If mortgage recording information is shown on the title policy, then all recordings of the mortgage shall be listed.
- 6) ALTA Endorsements: All Title Policies must have the 8.1-06 Environmental Protection Lien Endorsement as well as any of the applicable choices:
  - a. 7-06 or 7.1-06 Endorsement for all manufactured homes,
  - b. 4-06 or 4.1-06 Endorsement for all condos,
  - c. 5-06 Endorsement for all PUDs.
- 7) All policy jackets shall be included with final title policy. All pages of any final title policy must include executed signatures, where applicable, as well as, **ALL PAGES** of final title policy and **ALL schedules**.
- 8) All KHC first- and second-mortgage shall be recorded within 30 days of the corresponding title commitment being issued for said mortgages;

*Note: Although KHC strongly prefers the Closing Agent to write the Title Commitment and Final Policy, KHC will accept a third party title policy from the Third Party Originator with prior, written consent and provided the Third Party Originator is not under KHC suspension.*

## **RECORDED DOCUMENTS & ORIGINAL TITLE POLICIES**

Final security documents (i.e. recorded mortgage and/or any affidavit of mortgage amendments) and the original title insurance policies are due to KHC within 45 days of closing. Any and all mortgages are to be sent for recording within 7 days of closing. If any mortgage is not recorded within this time frame KHC may request a title update at no cost to KHC and Closing Agent shall be responsible for any and all costs related to resolution of any title issues resulting from the mortgage being filed outside of the 7 day deadline, including without limitation any and all attorneys' fees.

## **E-SIGNATURE**

Any and all e-signed documents provided to KHC by Closing Agent shall have been e-signed in conformance with any and all federal, state and local laws and regulations governing e-signatures, as well as, any and all policies and procedures of the Federal Housing Administration (FHA), USDA's Rural Housing Service (RHS), U.S. Department of Veteran's Affairs (VA) and Fannie Mae. Notwithstanding anything contained herein to the contrary, no Note and no Mortgage created pursuant to this Agreement shall be e-signed.

## **DEADLINES**

Closed loan package must be returned to KHC:	Within 1 business day of closing.
Original note(s) and escrow checks due to KHC:	Within 24 hours from closing date with closing package.
Mortgage(s) must be sent for recording:	Within 7 calendar days of closing.
Final Recorded Mortgage, Final Title Policy (originals) to KHC:	Within 45 calendar days of closing.
Correction of Deficiencies to KHC:	Within 15 calendar days of notification.

## **KHC CONTACTS**

Questions regarding **TPO closings** should be directed to:  
Michele Byer at: [mbyer@kyhousing.org](mailto:mbyer@kyhousing.org) or 502-564-7630 ext. 426 or email to [closing@kyhousing.org](mailto:closing@kyhousing.org).

KHC's Shipping Address for Original Note, Recorded Mortgage, and Final Title Policies:

Kentucky Housing Corporation  
Attn: Single-Family Closing & Quality Control Team  
1231 Louisville Road  
Frankfort, KY 40601