

How to Use This Manual

Mortgage Lending Operations and Administration is a comprehensive resource covering all aspects of mortgage lending. It is intended to serve as an important shelf resource to which a manager can refer for everyday guidance and support. The manual is written for senior managers, whether they are executive or senior officers, line or staff management, and whether they are involved in a mortgage company, mortgage banker, mortgage loan department, an affiliate of a depository institution, or a mortgage broker. *Mortgage Lending Operations and Administration* will help simplify the job of organizing, implementing, and maintaining a dynamic mortgage lending program.

Mortgage Lending Operations and Administration is a practical hands-on guide offering tested tools and techniques that can be applied to manage and operate a mortgage lending business. The commonsense approach to lending presented in the manual provides suggested lending practices based on typical practices and lending experience.

The manual covers the functions of a mortgage lender — from setting up the organization to the mechanics of underwriting, documenting, making and reviewing loans, as well as resolving problem loan situations. It also addresses the issue of loan pricing; the practical, legal, and regulatory requirements of credit underwriting; the secondary mortgage market; and areas of risk in mortgage lending. The appendices include a handy glossary of mortgage lending terms and relevant regulatory guidance.

Mortgage Lending Operations and Administration includes sample policies, procedures, checklists, and practice examples. It summarizes the important federal laws and regulations that affect mortgage lending operations and offers guidance on how to manage regulatory examinations.

ORGANIZATION OF THE MANUAL

The manual is organized into five sections.

- *Getting Organized.* This section addresses organization of the lending function (Chapter 1) and offers a primer on mortgage lending basics (Chapters 2 through 4).
- *Loan Pricing, Approval, and Documentation.* This section addresses how to price loans (Chapter 5) and covers the main functions of mortgage lending credit management. Chapter 6 addresses risk management, Chapter 7 covers loan review, Chapter 8 discusses loan approval, Chapter 9 covers loan documentation, and Chapter 10 addresses construction lending.
- *Special Concerns.* The chapters in this section address matters of special concern, such as subprime lending (Chapter 11), the secondary market (Chapter 12), avoiding lender liability (Chapter 13), preventing environmental liability (Chapter 14), managing regulatory examinations (Chapter 15), and planning and marketing (Chapter 16).
- *Problem Loans.* This section deals with the inevitable loans that go bad — problem loans generally (Chapter 17), loan loss reserves (Chapter 18), and OREO management (Chapter 19).

- *Regulatory Compliance.* The final section addresses compliance. Chapter 20 deals with a current hot topic, customer privacy, and Chapter 21 summarizes the other federal regulations affecting mortgage lending.