

Loan Origination Workflow Checklist



Stage-by-Stage: Loan Origination Workflow Checklist

Stage 1: Application Intake

Objective: Ensure only complete, verified applications enter the workflow. No credit pull should occur until this stage is complete.

- Confirm application channel and assign ownership:** Direct, [indirect](#) (dealer), and digital applications have different verification requirements and SLA expectations. Assign ownership at intake to prevent misrouted files.
- Verify applicant identity at submission.** A government-issued photo ID is required for all applicants and co-applicants. For co-applicants, verify identity separately; do not assume a joint application is fully verified until both parties are confirmed.

Confirm all required fields are complete before advancing. Required fields include:

- | | |
|------------------------------------------|------------------------------------------------|
| <input type="checkbox"/> Borrower name | <input type="checkbox"/> Year |
| <input type="checkbox"/> SSN | <input type="checkbox"/> Make |
| <input type="checkbox"/> Date of birth | <input type="checkbox"/> Model |
| <input type="checkbox"/> Current address | <input type="checkbox"/> Trim |
| <input type="checkbox"/> Employer | <input type="checkbox"/> Mileage |
| <input type="checkbox"/> Monthly income | <input type="checkbox"/> Requested loan amount |
| <input type="checkbox"/> Housing payment | <input type="checkbox"/> Term |
| <input type="checkbox"/> Collateral VIN | <input type="checkbox"/> Product type |

If any field is missing, return the file immediately with a specific list of what is needed.

- Validate collateral details against the VIN.** Decode the VIN against the stated year, make, model, and trim. Mismatches are a common fraud indicator and a source of LTV errors. Confirm valuation is current: no more than 30 days old for direct applications and no more than 7 days for indirect.
- Run fraud checks before pulling credit.** At intake, check for synthetic identity indicators, income red flags, document red flags, and VIN fraud. If flags are present, route to manual review without disclosing the specific flags to the dealer.
- Assign the file to the correct origination queue.** Route by channel, credit tier, and product type. If the LOS does not auto-route based on these attributes, the assignment must be made at intake.

Stage 2: Credit Decisioning

Objective: Return a decision within SLA. Automate in-policy files. Reserve human review for genuine exceptions.

- Pull credit bureau data.** A single bureau pull is sufficient for standard applications. Use a tri-merge for near-prime, subprime, high-LTV, or flagged files. Do not pull credit until Stage 1 is complete, since a bureau pull on a file with unresolved fraud flags wastes the inquiry and may alert the borrower.

- Route to automated decisioning or human review based on defined criteria.** In-policy files with no flags decision instantly. Files with parameters outside the threshold route to human review with a target SLA of four hours. Files meeting hard cutoffs, ex., score below minimum or confirmed fraud, decline automatically, with an adverse action notice queued within 30 days per ECOA.
- Apply all credit policy rules consistently.** Credit score minimums, maximum LTVs, payment-to-income and debt-to-income thresholds, term limits, and any dealer- or channel-applied overlays are applied to every file the same way.
- Evaluate a counteroffer before declining.** Before declining, assess whether a shorter term, a higher down payment, a lower loan amount, or the addition of a co-applicant would bring the file within policy. Configure [auto-structuring logic](#) in the LOS to automatically generate counteroffer options.
- Document the decision with the appropriate detail.** Approvals require terms, conditions, stipulations, and a timestamp. Declines require ECOA-compliant adverse action codes (up to four), a timestamp, and a notice queued within 30 days. Exceptions require the specific policy parameter overridden, the reason, and the approving authority. Counteroffers require the original requested terms, the restructured terms, and the dealer's response.

Stage 3: Income and Employment Verification

Objective: Confirm the borrower can repay before the loan is structured. Verification happens before final approval, not as a stipulation after.

- Verify income using primary documents appropriate to the borrower's employment type.**
 - W-2 employees:** two recent pay stubs and their most recent W-2. Self-employed borrowers: two years of tax returns and 90 days of bank statements.
 - Retired or fixed-income borrowers:** an award or benefit letter dated within 60 days. Payroll API or open banking integrations can replace document review where available.
- Confirm employment and flag gaps or recent changes.** Verify the current employer via phone, payroll tool, or business registry. Job changes within 90 days and employment gaps longer than 30 days require documentation and explanation.
- Cross-reference stated income against an independent source.** IRS Income Verification Express Service, open banking, or a payroll API provides a verification layer that document review cannot. Do not treat income as verified if it cannot be independently confirmed.

Stage 4: Collateral Valuation and Title

Objective: Confirm vehicle value and legal ownership before structuring the loan. LTV errors at this stage become credit losses later.

- Order and confirm vehicle valuation.** Use NADA, Black Book, and Manheim per policy. Valuation must be current: no more than 30 days old for direct applications and no more than 7 days for indirect submissions. Calculate LTV immediately and confirm it falls within policy limits before advancing. If LTV exceeds policy, evaluate whether a counteroffer before declining.
- Run a VIN check and review the vehicle's history.** Confirm odometer accuracy, accident history, prior liens, and salvage or total loss status. Handle branded titles per policy. Pay off or coordinate the payoff of existing liens before funding.
- Confirm a clean title and verify minimum insurance coverage.** Do not execute a loan agreement on a vehicle with an unresolved title defect. Confirm minimum insurance coverage before or at funding; uninsured collateral is an immediate servicing risk.

Stage 5: Stipulation Management

Objective: Collect and clear all approval conditions before contracting begins. Unresolved stipulations are the most common cause of post-approval funding delays.

- Generate the stipulation list immediately upon approval.** Each stipulation must specify what is required, the acceptable format, and the submission deadline. Dealers who receive clear, timely stip requests close deals faster and route more business to lenders who communicate well.
- Track outstanding stipulations in real time and set escalation triggers.** Manual stip tracking creates blind spots. Set escalation triggers so that files aging beyond a defined threshold surface automatically.
- Verify submitted stipulations before advancing.** Return partial or insufficient documentation immediately with specific feedback. Do not advance to contracting with unresolved conditions.

Stage 6: Contracting and Documentation

Objective: Execute the loan agreement with all required disclosures. Contract terms should flow directly from the decisioning system.

- Generate loan documents from approved templates with terms pulled from the LOS.** Manual re-entry of approved terms is a data quality and [compliance risk](#). Configure the LOS so that rate, amount, term, and conditions auto-populate the contract.

- Confirm all required disclosures are included.** Required disclosures include TILA, any applicable state-specific disclosures, and any GAP or ancillary product documentation. Missing a required disclosure creates regulatory exposure regardless of whether the loan performs.
- Execute contracts via eSignature where available.** eContracting removes the single largest source of post-approval lag in indirect origination. Do not advance to funding with unsigned or undated documents.

Stage 7: Funding

Objective: Disburse loan proceeds accurately and transfer the complete loan record to the servicing system.

- Confirm all stipulations are cleared.** Do not fund a file with open conditions. Use automated clearing verification in the LOS to eliminate the risk of human error that could allow an unconditioned file to fund.
- Verify disbursement details and reconcile against approved terms.** Confirm routing and account numbers, validate wire or ACH details, and reconcile the funded amount, rate, and term against the approved and contracted terms before initiating disbursement. Discrepancies caught here are far cheaper to resolve than discrepancies caught post-funding.
- Transfer the complete loan record to the servicing without manual re-entry.** Borrower details, collateral, approved terms, and executed documents are automatically transferred to the servicing platform. Re-keying at this stage is the most common source of errors in the servicing record.

Stage 8: Post-Funding Quality Control

Objective: Verify origination accuracy and feed findings back into the credit policy before the same mistakes repeat across more loans.

- Audit a sample of funded loans against policy.** Use both random and risk-based sampling. Give closer review to newly onboarded dealers, high-LTV files, and exception approvals.
- Monitor EPD rates by dealer, channel, and vintage.** A rising EPD rate in a specific cohort is an origination problem. Identify the pattern early to limit how many additional loans are funded before the issue is corrected.
- Review exceptions and close the loop with underwriting.** Track and categorize exceptions on a regular cadence. Patterns in exception approvals reveal policy gaps: address them

through a policy change, not individual exception review. Route findings to the credit team with specific recommended adjustments.

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