

Conference Call December 16, 2014 at 10am

Call in number 716-274-3400 Code 122150

- 1) Handling of the paper version of loan applications
 - a) The entire application, plus additional documents, should be uploaded into ReverseVision Notes section
 - I) Make sure to label each piece, such as, if the counseling certificate comes in after you have already put the application into RV, label it "Counseling Certificate" and put it into RV. If it's your first application to scan, Lawrence or Pat will help you set up your scanner.
 - b) Keep the application and any other documents in a safe, secure place during underwriting process
 - c) After the loan closes
 - I) Shred the entire file – if you don't have a paper shredder, you really need one to be in this business
 - II) Do not simply put the file into the trash, that is actually a violation of privacy laws

- 2) Preparing for the new year
 - a) Put together a game plan for the entire year of 2015
 - b) Start working on the game plan now
 - I) For instance, if you want to contact past closed clients, put those letters together now so they are ready to send out after the new year
 - c) Decide how you will allocate your time
 - I) For instance, if you have four ways you want to find clients, decide what percentage of time you will allocate for each since one of those should be your prime manner of finding clients.
 - II) Another example is that you might allocate each Thursday afternoon for calling on financial planners
 - d) In your year plan, include evaluation periods and ways to evaluate the effectiveness of what you are doing
 - e) It is vital to be organized, especially in an industry where it is easy to get sidetracked with current clients, or issues.

- 3) Checking Loan Application Documents before going to see or mailing to client
 - a) Visually inspect application set to make sure all pages are there and in order per the submission checklist
 - b) I took an application Saturday and 9 pages were missing. They were in the original doc in RV, but didn't save properly to my hard drive.
 - I) Make sure the Settlement Service provider and required provider disclosures are filled out! Be sure and fill out the Identification verification pages before scanning or sending application for processing.

- 4) Collecting supporting information from the client and verifying application before leaving appointment
 - a) Make sure you collect complete information, taking a picture of a piece of an insurance dec page or a mortgage statement for example, requires additional detective work and slows all the loans down.
 - b) Visually inspect each application page as the client goes through and make sure they don't miss signatures
 - I) If you are on the phone going through an application as they sign, be sure and say how many signatures go on each page and where. Clients who fill out apps on their own generally miss 4 or 5 signatures plus important information they should be adding. You can add missing information, but you can't add a signature. This becomes hyper critical after March 2.

- 3) Payroll processing, requests for early pay, expenses and payroll
 - a) We cannot pay any commissions or advances prior to the expiration of the 3 day right of rescission period
 - b) Every payroll has a base cost of \$110. It's because we pay right after loans close instead of regular payroll
 - I) Anyone who needs to be paid early can make that request and the \$110 will be deducted pretax
 - c) We cannot reimbursement any expense in a pay period that has not actually been incurred with a receipt

- 4) Pay on Fixed rate loans, both forward and reverse
- a) Fixed rate (closed end) mortgages have a completely different commission structure. They fall under the Originator compensation rules and are based on a commission rate expressed in basis points (bps). Originator commission rates can be changed only once every 30 days, the commission rate when a loan app is taken is the rate that applies when the loan closes.
 - b) Forward mortgages fall under the Qualified Mortgage rule which limits Mortgage Company compensation to a maximum of 3% including lender fees such as processing or underwriting. Most Investors are only paying 2.75% to be on the safe side. To help offset this cost, many investors are providing no fee pricing where the cost of underwriting is absorbed in the pricing and does not come out of the lender fees. Additionally, some investors will allow processing to be collected separately directly off the HUD. As you are probably aware, the compensation on reverses is much higher and LO's can have 2 different commission rates, one for forwards and one for reverses since reverses are not considered a qualified mortgage. All the other compensation rules still apply though.
 - l) According to the compensation rules, there can be no overrides, referral fees, or sharing of commissions on fixed rate loans between originators. This doesn't mean we can't bonus participating LO's when they close their next variable rate reverse, we just can't document the bonus as part of another LO's fixed rate loan.
 - c) Exceptions: There is an exception for overrides on fixed rate loans that apply to a manager. According to the compliance expert I visited with, a manager is qualified to receive overrides on fixed rate loans as long as he derives all of his compensation from management and does not receive any compensation from loan origination. The other exception is for company principals such as shareholders and officers.