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</tr>
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<td>Section 3 - Application Paths and Requirements</td>
<td>Loan Application Packages and Forms</td>
</tr>
<tr>
<td>Section 4 – Computer Loan Origination System (LOS)</td>
<td>Section 5 - The Home Buying Process</td>
</tr>
<tr>
<td>Section 5 - Incomplete Application Process</td>
<td>Notice of Incomplete Application</td>
</tr>
<tr>
<td>Section 6 – Complete Application Process</td>
<td>Notice of Incomplete Application</td>
</tr>
<tr>
<td></td>
<td>Computer Applications</td>
</tr>
<tr>
<td></td>
<td>Complete Application Checklist Form</td>
</tr>
<tr>
<td></td>
<td>Loan Application Process Flow</td>
</tr>
<tr>
<td></td>
<td>Loan Application Packages and Forms</td>
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<tr>
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<td>The Fundamentals of Complete Loan Applications</td>
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<td></td>
<td>Sections 1 &amp; 2 of Application</td>
</tr>
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<td></td>
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</tbody>
</table>

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Introduction - The Loan Originator

In the vernacular of the business, "taking a loan application" is the loan application interview. The interview can be conducted in person, via mail, telefax, over the telephone or the internet. The purpose is to collect all of the information and documentation which will be required to obtain a loan approval. Note that a mortgage related application does not begin for disclosure timing purposes until there is a property. Then there are the forms.... lots of them and many different varieties from Lender to Lender. None, however, are as important for the processing of the loan as the Application form itself.

The Role of the Loan Officer

The loan officer is the intermediary in the home financing process. The customer is introduced to the mortgage company by the loan officer. As such, the title of this position is also Originator, Representative, or Account Executive. More than anything else the loan officer is responsible for new business development. However, the loan officer is also the customer's advocate in the loan process and eventually is responsible for how the customer feels about their experience with Company Name.
Section 1 - Position Description

Title - Mortgage Banker, Loan Officer, Loan Originator

Duties and Responsibilities

The Loan Officer is the primary company representative to real estate community. Objective is to develop referral relationships among the professional community including realtors, homebuilders, accountants, attorneys, home improvement contractors, other lenders, credit unions, and community development agencies. This position facilitates individual applications, and acts as liaison between processing, underwriting, closing and the borrower. Duties and responsibilities include:

- Developing a specific client base
- Weekly distribution of rates and programs to clients
- Meet with Sales Managers, Agents to promote awareness of company products
- Prepare applicants for application by communicating company requirements prior to application interview.
- Assure complete application is submitted in compliance with company guidelines
- Correctly communicate lock-in of interest rates with borrower, company and investor/secondary marketing
- Perform weekly status checks on all cases in process and report progress to all interested parties
- Continuously update program specifications to maintain guidelines as current
- Participate in coordinating closings/settlements with borrowers/agents/title-escrow companies

Pre-requisite Experience

B.A., B.S. and/or related industry experience either in financial sales or real estate. Loan Origination is an intensive, competitive, direct customer contact related field. Good organizational and communication skills are required. The first 6 months to 2 years require a large commitment to attracting and maintaining a customer base. Markets vary, but there are generally numerous competing lenders within any area. Loan Originators should be able to manage intense competition for business as well as the cyclical nature of seasonal business and interest rate fluctuations.
**Licensing and Professional Education Requirements (SAFE Act)**

In conformance with the Housing and Economic Recovery Act (HERA) of 2008 which authorized the Secure and Fair Enforcement of Mortgage Licensing Act (SAFE) Company Name requires that all mortgage loan originators comply with licensing or registry issue requirements.

Loan originators may be hired subject to obtaining appropriate licensing. Company Name acts as a “sponsor” for the originator. In this circumstance, the loan originator is not allowed to interact with the borrowing public but is employed on an interim basis pending receipt of the license or registration confirmation.

During this period time the mortgage originator may perform the following functions:

- Assistance with direct mail marketing
- Processing mortgage applications of other loan originators
- Market analysis for professional third party sources of business such as real estate agents, homebuilders, certified public accountants and other intermediary sources of business
- Clerical duties such as answering phones, file copying, distribution of internal communications.

If the new employee is not registered or licensed at the time of employment, he or she must provide a copy of his or her registration on the Nationwide Mortgage Licensing System (NMLS) Registry. At this time, the employee may affiliate with Company Name. Company Name will confirm affiliation. Employment is conditional upon satisfactory registration (after April, 2011) or licensing.

If required to be licensed (State Regulated or Affiliate/Subsidiary of Federal Supervised Institution):

- Register to take the National and State Examinations through NMLS
- Obtain fingerprint and background check
- Pass the National and State Examinations
- Take a NMLS approved 20 hour (or appropriate amount for the state) Pre-Licensing Education course
- Pay all applicable licensing and examination fees
- Upon receipt of license and confirmation in NMLS, the originator will be given business cards and is free to contact customers in fulfillment of prescribed originator duties.

If required to be registered (Federally Supervised Lender):

- Register with NMLS
- Obtain fingerprint and background checks
Continuing Verification of Licensing

Company Name continually monitors the loan originator’s licensing status, as part of monthly licensing reviews and as part of every loan’s pre-closing/pre-funding review.
## Compensation Plans

### Consumer/Creditor Paid Compensation Plan – Brokers or Creditors

<table>
<thead>
<tr>
<th>Consumer Paid Model</th>
<th>Applies to: (Check One)</th>
<th>Consumer Pays to Company Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>□ Individual Originator</td>
<td></td>
<td></td>
</tr>
<tr>
<td>□ Individual Manager (Personal Production)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>□ Branch (Specify ________)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>□ Area Wide (Specify ________)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>□ Regional (Specify ________)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>□ National</td>
<td></td>
<td></td>
</tr>
<tr>
<td>□ Originator receives</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>_____ % of Loan Amount with limits</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$_________ Maximum Fee</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$_________ Minimum Fee</td>
</tr>
<tr>
<td>□ Broker/Owner</td>
<td></td>
<td></td>
</tr>
<tr>
<td>□ Production Manager</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Personal Production Plus ____% of Branch/Area production volume</td>
</tr>
<tr>
<td>□ Professional Manager</td>
<td></td>
<td></td>
</tr>
<tr>
<td>□ Branch (Specify ________)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>□ Area Wide (Specify ________)</td>
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<td></td>
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<tr>
<td>□ Regional (Specify ________)</td>
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<tr>
<td>□ National</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Basic Compensation Structure From Lender</td>
</tr>
<tr>
<td></td>
<td></td>
<td>See Table of Creditor Paid Compensation:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Loan Originator or Manager (Employee) is paid</td>
</tr>
<tr>
<td></td>
<td></td>
<td>_____ % of the fee</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Creditor Paid Compensation</th>
<th>Basic Compensation Structure From Lender</th>
</tr>
</thead>
<tbody>
<tr>
<td>□ Individual Originator</td>
<td></td>
</tr>
<tr>
<td>□ Individual Manager (Personal Production)</td>
<td></td>
</tr>
<tr>
<td>□ Branch (Specify ________)</td>
<td></td>
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<td>□ Area Wide (Specify ________)</td>
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<tr>
<td>□ Regional (Specify ________)</td>
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</tr>
<tr>
<td>□ National</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Production Manager</th>
<th>Personal Production plus ____% of the branch fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broker Owner</td>
<td>Personal Production plus 100% of Net Profits</td>
</tr>
</tbody>
</table>

"(ii) For purposes of this paragraph (d)(1), the amount of credit extended is not deemed to be a transaction term or condition, provided compensation received by or paid to a loan originator, directly or indirectly, is based on a fixed percentage of the amount of credit extended; however, such compensation may be subject to a minimum or maximum dollar amount."

"1. Compensation in connection with a particular transaction. Under § 226.36(d)(2), if any loan originator receives compensation directly from a consumer in a transaction, no other person may provide any compensation to a loan originator, directly or indirectly, in connection with that particular credit transaction. See comment 36(d)(1)-7 discussing compensation received directly from the consumer. The restrictions imposed under § 226.36(d)(2) relate only to payments, such as commissions, that are specific to, and paid solely in connection with, the transaction in which the consumer has paid compensation directly to a loan originator. Thus, payments by a mortgage broker company to an employee in the form of a salary or hourly wage, which is not tied to a specific transaction, do not violate § 226.36(d)(2) even if the consumer directly pays a loan originator a fee in connection with a specific credit transaction. However, if any loan originator receives compensation directly from the consumer in connection with a specific credit transaction, neither the mortgage broker company nor an employee of the mortgage broker company can receive compensation from the creditor in connection with that particular credit transaction."
Section 2 - Secondary Marketing and Lock-in Policy

Company Name’s pricing is controlled by the secondary marketing department. For loan originators, pricing is a huge issue. It is after all how we are compensated so getting it right is probably the most important step in the process, as far as we’re concerned. Secondary performs a number of roles:

- Issuing price sheets-Daily and intraday if pricing changes
- Locking in rates via the lock desk
- Dealing with extensions
- Managing program or product changes

Behind the scenes, secondary marketing also deals with the loan delivery. This is the process by which loans are delivered into the secondary market, either individually or bundled as pools of mortgages.

The objective of secondary marketing is to protect the bank against the risk of market fluctuations. The policies, while they may sometimes seem adverse to either the customer or the loan originator are not designed to create revenue, but just to break even.

When you review the lock-in policies and the functioning of the secondary market it’s easy to see that some policies are punitive, but the relationship that secondary marketing has with our investors actually helps us as loan originators. For example, when the loan is locked with one investor, but then the loan originator wants to change investors because rates are lower, secondary marketing may assess a penalty to create a disincentive for doing this. The reason they do this is to protect the relationship with the original investor because if RBC Bank gets a reputation of locking in loans and then not delivering them this affects our ability to deliver loans to these investors in the future. It may also affect pricing.
**Lock-In Process**

<table>
<thead>
<tr>
<th>Step</th>
<th>Party</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate Inquiry</td>
<td>Borrower</td>
<td>Borrower makes an inquiry as to current rates and terms</td>
</tr>
<tr>
<td>Analysis</td>
<td>Mortgage Banker</td>
<td>Identifies suitable loan program for borrower's needs.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Surveys Company Rates</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Surveys competitive offerings</td>
</tr>
<tr>
<td>Rate Quote</td>
<td>Mortgage Banker</td>
<td>Describes terms available, provides a range of rate and point options, payment amounts and lock in periods.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Identifies lock-in options</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Float</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Lock-In</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Lock-in Float Down</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Long Term Lock</td>
</tr>
<tr>
<td>Option Selection</td>
<td>Borrower</td>
<td>States selection, or defers selection. If borrower elects to lock in, Mortgage Banker advises that lock in is subject to written confirmation. Identifies action plan for follow up pursuant to Loan Origination Process</td>
</tr>
<tr>
<td>Lock-in</td>
<td>Mortgage Banker</td>
<td>Obtains correct investor registration or lock-in form.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Completes and submits to investor via telefax, or online or directly to secondary marketing.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>If the loan is a new file being opened, the loan officer follows loan officer file set up procedure.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Keep a copy of the transmission record for the fax and attach to registration form.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>If electronically registering or locking print data input screen and submission confirmation.</td>
</tr>
<tr>
<td>Confirmation</td>
<td>Mortgage Banker</td>
<td>Upon receipt of the confirmation, complete loan lock-in agreement and deliver to borrower. If locking in an existing floating loan change the terms on the original float agreement to reflect the locked in rate. If amending the original lock in, make the changes on the original agreement, and forward to the borrower.</td>
</tr>
</tbody>
</table>

**Secondary Marketing – Confirmation of Lock-in**

A lock will only be honored when the Lock-In Sheet has been emailed to and received by the Lock Desk.

Lock confirmations will be uploaded once completed. If a lock has not been confirmed within 24 hours, you must contact the Lock Desk before 4:30 PM on that same day (the next business day after the lock was submitted) to notify them that a lock was submitted but not confirmed. Please maintain copies or appropriate records of your email confirmation to ensure accuracy of the time and date of your lock. This will be required as evidence that your valid lock was submitted as claimed. If Secondary has not been notified of a lock by 4:30 PM on the next business day after the lock was submitted, your lock will not be honored.

Once a loan has been locked, you will be able to make changes in the LOS until the loan status is changed to “To Underwriting”.

---

**Lock-in Policy – page 23**