

Broker Approval Process

BROKER ELIGIBILITY CRITERION

OVERVIEW

The following is the criteria and due diligence applied towards new broker applications for approval. The purpose is to maintain a standardized, compliance driven application process. As of March 1, 2011, Interbank Mortgage Company (“Interbank”, or “IMC”) implemented the following minimum requirements for Brokers to be considered for approval:

- Company has been in existence for at least two (2) years
- Principals: Minimum of five (5) years in the mortgage industry, two (2) of which are in a management / officer capacity

INITIAL REVIEW

STEP 1 – LEVEL 1 STATUS (24-48 HOURS)

- The application package is received by the Credit Risk Group (CRG) Analyst via a designated email, e-fax, or the original is mailed in by the Broker.
- Broker is setup in DataTrac (information is entered into DataTrac and a Broker ID Number is assigned); received date is also entered.
- Review package for completeness (analyst confirms all information on checklist is complete, signed and accounted for).
- Complete CRG Analyst Summary form for the Broker, which includes:
 - General description (e.g. years in business, number of loan officers, etc.)
 - Volume (YTD, previous 2 years) and MARI
- Pulls MARI. If Analyst finds any significant MARI hits within the last three (3) to five (5) years, it is then escalated to committee for approval.
- Pulls Neighborhood Watch, if applicable.
- If package is complete, proceed to *Step 2* and application status is moved to Level 2.

STEP 2: ANALYSIS - LEVEL 2 STATUS (48 HOURS)

- Calls references and fills out appropriate sheet.
- Analyze application and review all items on the CRG Analyst Recommendation Form.
- Upon receiving the application, assuming all information is complete and processed without incident, Interbank will issue a decision within five (5) business days.

The following will be reviewed:

- **Sales Manager / Account Executive Recommendation Form:** This form creates a “snapshot” of the broker in the words and observance of the Sales Manager regarding the type of business the broker is doing, their volume, a visual inspection of their premises (if applicable), their premises, their familiarity of DU, LP, FHA, etc. and previous relationships with Sales Managers or a referral.

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- **MARI:** Review to see if there any hits. If Interbank identifies any wrong doing(s), Interbank confirms they are acknowledged and explained. Depending on the occurrence, Interbank confirms the validity of appropriate action and that it has been addressed and resolved.
 - For Example: If the wrong doing was caused by a Loan Originator and he/she has been removed, Interbank will confirm with the State Department of Financial and Professional Regulation (DFPR) whether the incident(s) is isolated or chronic.
 - If there are any concerns, the application is reviewed by the Credit Committee for a determination.
- **Neighborhood Watch, if applicable**

NOTE: If there are any concerns with the report(s) above, the package is elevated to Interbank's Credit Committee.

- **Completed Broker Application (3 pages):** Confirm Broker information, production, identify owners / principals, check declarations and determine if an Affiliated Business Arrangement (AFBA) is required. Verify the agreement is signed by appropriate parties and filled out completely.
- **Signed Marketing Consent form:** Used to confirm Broker has consented to receive ongoing updates, rates, etc. via email.
- **Corporate Resolution:** Signed by Secretary and authorizing signer of broker agreement. Identify owner(s) and if more than one owner, that they have countersigned for each other.
- **Branch Application:** If a branch is listed, Interbank confirms the resume of the branch manager(s), license, Wholesale Website Agreement, Marketing Consent form, and Branch Application form is completed with the SSN of the branch manager(s). Branch will be given Broker number and entered in DataTrac.
- **Wholesale Broker Agreement:** Confirm there were no alterations and that it is complete, signed and dated.
- **Licenses:** Check state license information on NMLS Consumer Access
- **W-9:** Confirm it is signed by appropriate parties.
- **Wholesale Website Agreement:** This agreement identifies who the Broker authorizes to be the Administer of their Interbank's web access. The agreement is used to issue web access login IDs and passwords to the Broker.
- **Warehouse Funding Procedures:** All funding procedures must be on warehouse lender letterhead and outline the exact process for wiring funds to closing agents and settling wires from investors.
- **Articles of Incorporation / Organization:** Verify the entity exists and is in order.

NOTE: Additional documentation is required for a broker to be approved to submit FHA loans to Interbank.

STEP 3: APPROVAL COMMITTEE

The Broker will be presented for approval, and:

- a. If approved, proceed to Step 4.
- b. If there are issues / concerns, notify Account Executive and Sales Manager(s)
- c. If denied, notify Account Executive, Sales Manager(s) and Broker with reason(s).
- d. If additional documentation or clarification is needed, the status will remain at Level 2, and the Sales Manager(s) is contacted to obtain the additional information. If the Broker has not submitted the

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necessary additional documentation within thirty (30) days from the original submission date, the status will be changed from “Level 2” to “Incomplete”.

NOTE: Concerns, comments, requesting originals and any other pertinent information which may be of importance to the application are diligently posted in the “NOTES” section in DataTrac

STEP 4: NEW BROKER SETUP (TO BE COMPLETED WITHIN 24-48 HOURS FOLLOWING COMMITTEE APPROVAL MEETING)

Upon confirmation of all information and its accuracy, and assuming all is in order:

1. Complete approval date and change Broker’s status to “Approved”
2. Set up WebTrac User ID and Password
3. Website agreement is processed:
 - a. An email is generated to inform the Broker of their User ID and Password and a welcome letter is generated and sent confirming the Broker’s approval and ID number.
 - b. Sponsors DO, if requested.
 - c. Email welcome letter to Broker, Account Executive, and Sales Manager(s); includes account logins.
 - d. Scan Broker package and all approval documents.

FHA APPROVAL

ADDITIONAL REQUIREMENTS

Brokers who request to be considered for approval to submit FHA loans to Interbank must comply with additional requirements, as follows:

1. Minimum two (2) years experience originating FHA loans for the company (not just employees).
2. Neighborhood Watch compare ratio of 150% or less.
3. Satisfactory report card from at least one (1) current lender
4. Provide a copy of Broker’s Quality Control Plan
5. Provide an executed FHA Addendum “A” to the Wholesale Broker Agreement.

These documents are reviewed by the CRG Analyst to ensure the Quality Control Plan meets HUD requirements.

In addition, the Credit Risk Analyst checks HUD’s Neighborhood Watch to review the Broker’s Default / Claim compare ratio for the percentage of originations defaulting within the first two (2) years. A compare ratio above 150%, as compared to the United States percentages, requires a detailed written explanation from the Broker to be considered for FHA approval.

NOTE: These are minimum requirements to be considered for FHA and providing these additional docs in no way guarantees FHA approval.

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MONITORING

Interbank's Approved Broker list is reviewed on a quarterly basis by the Credit Risk Group to monitor the performance of the individual brokers. Specific metrics (such as loan submission volume, pull through percentage, and overall loan quality) are reviewed to determine if the Broker's status should be downgraded to "Inactive" or "Terminated"; a Broker's status is changed to "Inactive" if they have not submitted any loans within the past ninety (90) days.

NOTE: INTERBANK HAS A "ZERO" TOLERANCE FRAUD RULE. ANY SUSPICIOUS INFORMATION IS ADDRESSED IMMEDIATELY FOR REVIEW AND REPERCUSSIONS, NOT LIMITED TO REPORTING SAID FRAUD TO APPLICABLE STATE. A BROKER WILL BE TERMINATED IMMEDIATELY IF THERE IS EVIDENCE OF BROKER INVOLVEMENT IN LOAN MISREPRESENTATION OR FRAUDULENT ACTIVITIES.