

Process for Alternate Products Team (Apt)

Delegated FHA DPA AFR Product - FSB

APT Compliance Loan Procedure Disclaimer

Please note, all APT Products have variations of procedure. This is due to the division offering a wide range of products, sometimes thru different investor “Channel” Options. Those options include:

- **Brokering – FSB is NOT the lender. FSB originates and processes the loan, and the investor Underwrites, Closes, and Funds each loan.**
- **Non-Delegated Correspondent – FSB is the lender. FSB originates, processes, closes, and funds each loan. The investor underwrites each loan.**
- **Delegated Correspondent – FSB is the lender. FSB originates, processes, closes, underwrites, and funds each loan.**

Due to the “Channel” Options being different for each product, we created individual procedures for each product APT offers. The first page of each procedure will reference “FSB Compliance” reminders to make sure Reg B, and HMDA are properly followed.

Please note that the compliance procedures differ based on the different channel options. Due to these channel options, FSB makes the credit decision on Delegated APT products, but does NOT on Non-Delegated or Broker product offerings. Please read and follow the below compliance procedures on APT Product offerings. Each APT Product offering has either a D, ND, or B referenced in the product code to make it easy for you to identify each channel.

What will I be paid to give an internal employer referral to APT on this product?

On this delegated FHA DPA AFR loan product, the referring Loan Officer will be paid 50 BPS.

FSB Compliance

APT DELEGATED LOAN PRODUCTS COMPLIANCE PROCEDURE - REG B:

On APT Delegated product offerings, if the prequal or loan request is NOT approvable simply deny each loan in normal FSB procedure. Nothing further applies. If our underwriting department determines later that the loan is not approvable, they will issue and process the denial in normal FSB procedure.

APT Delegated FHA DPA AFR Product - FSB

STEPS THAT INVOLVE THE REFERRING LOAN OFFICER

Step Number 1: Review the Basic Guidelines: Please review the Delegated FHA DPA AFR -FSB Matrix. See this link to our Retail Web-Site for further details:

Step Number 2: Setup a Loan in MBOT

Please create a loan within MBOT and note the following on this product:

- Please note – Significant discount charge is required on this product.
- 6% max Seller Concession is REQUIRED for this product.
- 3.5% and 2% DPA's are available. The discount is increased for the 3.5% option vs. 2 %.
- Two rates for both the 3.5% and 2% options are quoted on our FSB Daily Rate Sheet under product code Z-APT D FHA DPA AFR
- 620 MINIMUM credit score for all borrowers!
- All contracts must have this specific language: "The sellers' concession will go towards the buyer's discounts fees, extension fees and other closing costs."
- Please note that this product MAY NOT be used in combination with our FHLB grant OR any other FHA approved DPA program.
- There is NO minimum investment for each borrower, under the 3.5% option, unless further cash to close is required.
- There is at least 1.5% minimum investment for each borrower, under the 2% option, unless further cash to close is required.
- There is NO Second Lien with this product, and therefore, no recapture at all!
- Please make sure that the DPA amount is always entered properly within the loan details page in MBOT as a gift.
- **You must answer the questions, to the best of your ability, on the AFR DPA Application form that is posted on our retail site. Note that a "First Time Home-buyer" for this product is defined as at least one borrower who has not owned a home within the last three years. Also, please note, if you believe your borrower(s) do not meet any of the boxes to select, please contact APT@flanagansstatebank.com and we will advise which selection you should make.**
- Please pull credit in your normal process
- Please Run AUS on this Product. Manual Underwriting to FHA Guidelines is allowed.
- Please make sure that all the information that normally would be required to get a price quote in Scenario Pricer has been completed within the "borrower summary screen", and your URLA within MBOT.
- Please review other overlays that apply for this product on the FSB Retail Web-Site.
- Please make sure to have the two-digit prefix of the loan number sequence changed to a "38" within the MBOT loan you created. This is the code for the APT unit.
- **Note that all DPA funds are requested after each loan is fully cleared to close. DPA funds will take 5 days at a minimum to be sent by PFA to the closing table. No exceptions are allowed!**

Step Number 3: Meet with the borrowers on the terms!

Call or email your borrower(s) and see if they would like to proceed with the loan at the rate.

Step Number 4: Prepare your borrower(s) for a “Soft Pass”!

If the borrowers elect to move forward, they need to know that the loan will not be originated in your name, but that you will monitor their progress throughout the loan process and keep all the real-estate agents (I/A) abreast of the loan progress. After that, please advise the borrower(s) that you will be coordinating a time to do a conference call to introduce them to the loan officer that will assist both of you on their loan request! If the borrowers elect to not move forward and you have entered a property address within MBOT, please remember to email denials@flanagansstatebank.com to WD the loan within 72 hours. Please contact your assigned sales manager if you have further questions.

Step Number 5: Set-Up a Conference Call to do Introductions.

Please send an email to apt@flanagansstatebank.com to schedule a time within 24 hours to start the loan process via a conference call. This call is a mandatory requirement, per FSB Management, prior to all APT Loan Products being originated. The number for the conference call will be 815-556-0064, Code 1234. When sending the email to APT to setup a conference call, please make sure to advise the MBOT loan number, investor you received your quote for, and borrower last name for the file that was created. It would also be very helpful to advise the program the borrower(s) are inquiring about. Please note that the following will be discussed on each conference call:

- Introduce your assigned Loan Officer.
- Introduce your assigned Processor.
- Go Over the process with the borrower(s):
 - 1) APT Loan Officer will go over the requirements of the loan program that is needed.
 - 2) Referring Loan Officer will collect all initial documentation from each borrower(s).
 - 3) APT Processor will be the contact for each borrower(s) to gather additional conditions after the referring Loan Officer sends the initial documentation for review.
 - 4) APT Loan Officer or APT Processor will gather and contact the borrower(s) directly throughout the loan process.
 - 5) APT Management will send out a weekly “in process” report for each loan to the LO.
 - 6) Referring Loan Officer will keep all real-estate agents abreast of the loan progress weekly.

THE ADDITIONAL STEPS ARE FOR APT UNIT PERSONNEL

Step Number 6: Transfer the loan within MBOT.

Each loan will be transferred in MBOT to the assigned APT Loan Officer. The APT loan officer will make sure the loan number has been labeled properly with the “38” Loan prefix. This is very important for commission purposes.

APT LOAN OFFICER TO UPDATE THE “ESTIMATED CLOSING DATE” ON THE LE IN EACH FILE!

Step Number 7: Disclosing each loan.

The Delegated FHA DPA AFR Product will be disclosed by our Assigned APT Loan Officer within MBOT.

- *APT Loan Officer will “Float” each loan at time of initial disclosure.*
- *APT Loan Officer MUST Itemize all discount points directly as Seller Paid Charges!!!!*
- *APT Loan Officer MUST make sure that a \$100 Home-buyer Counseling fee is disclosed!*
- APT Loan Officer will make sure to procure the additional “Three” Disclosures required by AFR at time of disclosure by sending a second “Custom Request” for signature. See the retail website for all three disclosures.
(Please note that one of the four reasons must be checked on the PFA Application)
- APT Loan Officer to select the correct product from the drop-down list within MBOT on the Borrower Summary Screen.



The image shows a screenshot of a web form. At the top, the word "Product" is written in red. Below it is a dropdown menu with a white background and a thin border. The text inside the dropdown is "NonDel Jumbo 30 - Flagstar" in blue. To the right of the text is a small downward-pointing arrow icon.

Note- the above is just an example of the product code field in MBOT, and may not be this product.

Step Number 8: Processing Each loan

This product is processed by our APT unit processors within MBOT. Your assigned APT Processor will process each request and contact your borrowers directly with any additional questions that may be necessary for this product offering in order to submit directly to our underwriting department.

Step Number 9: Weekly Communication

APT will distribute to all referring LO's a "Weekly Status Spreadsheet" on all APT loans in process each week. Please remember to cc APT@flanagansstatebank.com for senior management to watch the pipeline and further support.

Step Number 10: Lock After Initial Approval

- *APT Loan Officer will "Lock" each loan within the investor website after initial loan approval for the appropriate time frame after reviewing each initial approval. This may require a discussion with the original referring loan officer prior to locking. Please make sure that at least 5 days extra is available on each lock after CTC due to DPA funds delivery timeframe.*
- **Very – Important – APT Loan Officer will email lockdesk@flanagansstatebank.com to advise them that this loan is now locked on the investor site and for them to confirm the lock within MBOT!**
- *The APT Loan Officer will request re-disclosure at this time.*
- Navigation Prompts to lock on site:
- New-
 - Loan
 - Upload 3.4 File
 - Click Continue through prompts
 - Submit
 - If you receive "Edit Loan Details" there is missing information
 - Universal Loan ID is from the HMDA screen in mortgage bot (See JH for details if you need help)
 - Register the loan
 - Lock Loan
 - Submit Request
 - Price Loan
 - Select date at least 5 days out

Step Number 11: Processing Conditions and CTC Procedure for Each loan

This product is processed by our APT Unit, but in our normal ICD process, and resubmission to underwriting process.

- APT Processor is to make sure that the cost for Home-Buyer education continues to remain listed as a fee on the ICD.
- APT Processor will upload a note to each file reminding the underwriter to submit for DPA funds prior to issuing their CTC and move to pre-approval status.
- APT Processor will make sure that all three previously procured product disclosures have been uploaded to "Grant Approval - PFA" within Image flow.

Step Number 12: FSB Underwriter will move the loan to “Pre-Approved” status

The FSB Underwriter will completely clear each loan to close, and do the following:

- Clear all underwriting conditions in normal process.
- Please make sure that PFA DPA funds were listed on AUS properly as a Gift.
- Make sure that the following condition is added as a PTF:
“DPA Funds in the amount of _____ will be sent directly to the title company within 5 business days of CTC.”
- Check Image Flow for all the following PFA Submission Documents for bundle creation:
(Please contact APT@flanagansstatebank.com for any missing items at this stage)

Upload Documents

To avoid a delay in processing the grant request, please include the following fully executed documents:

- CDE DPA Advantage Checklist
 - Fully executed Purchase Contract & all addendums
 - Fully executed 1003
 - AUS (showing an Approve/Eligible Recommendation)
 - Initial LE showing the fee of the course disclosed to the Borrower
 - Settlement Agent Contact Information
 - Wiring Instructions
 - Fully executed Down Payment Assistance Application
 - Fully executed Assistance Grant Letter
 - Fully executed DPA Program Disclosure
 - Evidence of Homeowners Counseling (certificate and receipt for the course)
- Submit for PFA DPA Funds by logging into AFR’s investor site:
Navigation Prompts:
 - Search for loan in loan pipeline
 - Under the “Lock Loan” function go to “Requests”
 - Submit Request
 - Select date at least 5 days out
 - Upload Docs

PLEASE REMEMBER TO MOVE THE LOAN TO THE “PRE-APPROVED” MBOT STATUS!

Step Number 13: FSB Underwriter will move the loan to Final Approval Status

Once the FSB Underwriter ascertains that the grant funds were correctly submitted to AFR they will clear the loan to close in normal process. In addition, the FSB Underwriter will:

- Underwriter will send a SECOND CTC email that will state the following:
“The Grant Funds for the PFA Grant have been requested, please note that this loan may NOT be scheduled to close any earlier than _____ as five business days are required from Grant Approval / Submission Date.
VERY IMPORTANT:
Please make sure to notify your assigned FSB Underwriter if the closing will be delayed to a further date, so we may make arrangements with PFA.

Step Number 14: APT Processor will schedule Closing:

APT Processor will schedule loan closing in normal process. Please check that the loan is NOT scheduled PRIOR to 5 days from the date given by underwriting for closing to coordinate PFA DPA Funds disbursement.