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**From:** Josh Heinrich  
**Sent:** Tuesday, December 27, 2022 8:47 AM  
**To:** Sales  
**Cc:** Mortgage Support Center; Nikki Michaels; Mortgage Management; Dawn Brimer; Danielle Lemmons  
**Subject:** Important Updates for this week  
**Attachments:** ATR QM Training - LO-Processing.docx; Fee Template Update 12-13-22 FILLABLE.pdf; FHA Private Flood Insurance Announcement.docx; Flood Insurance Guidelines.docx

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

Good morning, everyone!

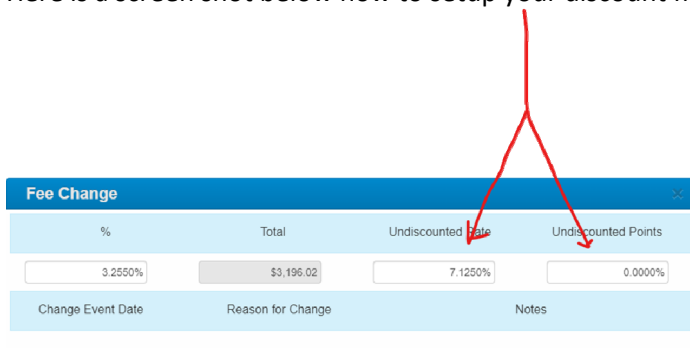
Here are the announcements for this week. You will notice that the majority of this weeks announcements have a "theme", and that is disclosure fees. Many of the changes are very important when you disclose loans, so please read this email in it's entirety.

### Setting Up Discounts Properly on your LE:

After further research and discussion with our management team, we have concluded that all originators and / processors should always enter the undiscounted rate field within each loan within MBOT. The rate entered into this field should always be the highest rate for each product in MBOT that you could lock on the day you are disclosing/redisclosing.

Moreover, please always leave the undiscounted discount points field blank. If both of these fields are set up correctly, all of the ATR/QM tests run properly within MBOT. In addition, an ATR Training has been attached to this email that you can review when you have time. If you have further questions, please get with your direct manager for further training if needed.

Here is a screen shot below how to setup your discount fields to help you further:



The screenshot shows the 'Fee Change' form in MBOT. A red arrow points to the 'Undiscounted Rate' field, which contains the value '7.1250%'. The form also includes fields for '%', 'Total', and 'Undiscounted Points'. The '%' field contains '3.2550%', the 'Total' field contains '\$3,196.02', and the 'Undiscounted Points' field contains '0.0000%'. Below these fields are sections for 'Change Event Date', 'Reason for Change', and 'Notes'.

%	Total	Undiscounted Rate	Undiscounted Points
3.2550%	\$3,196.02	7.1250%	0.0000%

Change Event Date	Reason for Change	Notes

### Adding VOE Fees, and Data-Verify Expenses:

Moving forward, due to having abnormally high "Section A" charges (lender charges) disclosed on most loan estimates we must add any "invoiced" expenses under "Items that the borrower cannot shop for", in order to recover those charges. Our management team knows that we can save significant dollars by passing on fees when they arise on all loans such as VOEs, and Data Verify Charges (which include soft pull costs). As of 01/01/2023 we will be adding to all branch templates a VOE line item of \$150, and a Data-Verify charge of \$10. The VOE charges will have to be followed up with invoices, because that will vary on all loans, but the Data Verify charge will be stagnant fee (an invoice will not be

required). We are researching how processors would acquire the VOE invoices for ICD preparation and will do training on that prior to adding these charges to all disclosed LE's/ICD's.

Loan Officers, please note. We are aware that there are many times that you may know that a VOE is not going to be required on a file. If you know that, in the future remember to simply put a lender credit on your URLA Cost summary (not directly on the LE).

### **Title Charges and perfecting templates:**

We have researched and now know that we have the ability to set up templates better to make the disclosure process much easier for loan officers. This will also be done to help eliminate costly cures that arise from a discrepancy of disclosed title charges from one provider to another title provider. The templates also can "auto" calculate title fees based on varying loan amounts.

Each loan officer or branch manager will be required to email no more than two title providers that will be defaulted into your branch templates at a later date. Please email your direct sales manager of your selection of title providers by 12/28/2022. After this change is implemented, we will be doing training with all branches on how those title companies are selected to set up your templates properly on each loan.

In addition, after implementation, Loan officers will not be allowed to edit title charges any longer on their LE's. Due to this change, if a borrower chooses then to utilize a different title company other than one of your two selected providers and the Loan Officer wants to give a more accurate cash to close estimate, they can add a lender credit directly to the URLA Cost Summary (not directly on the LE). This change does NOT change the need for the vendor screen to be setup correctly.

### **Additional Branch Disclosure Fees:**

In the future, if you would like another type of fee added to your templates, or notice that a vendor has changed a fee, simply fill out the attached form and send that to Mortgage Support and they will add it to your templates. Please note, that any loan that you previously created would NOT have these fees since the file was created in the past. This form will be posted on our retail site as well by the end of this week.

### **Appraisal Cost Template Changes:**

We have performed an analysis on every branch's appraisal charges. We have realized that many branch templates are not set up to accommodate the most expensive appraiser for each branch roster. Therefore, moving forward we are updating each branch template to the highest appraisal charge for each area. After investigation, we are not allowed to do a change of circumstance to increase this fee after the initial disclosures are sent out.

### **Credit Cost Template Change:**

There has always been a great deal of confusion as to the disclosing of credit report charges from our staff. What is allowed, and what is not? First and foremost, please know that we can never charge an applicant for a credit report fee, rescore fee, etc., unless the loan closes and funds. This is why all branches need to be very diligent to try and limit their credit reports to one credit pull instead of multiple pulls on prequal requests. On a side note, soft pulls through Data-Verify only cost \$25 cents per borrower. Now on to actual disclosed loans. The regulations allow two options. First, we can disclose an average cost on all "originated loans" within the company, or we can disclose the actual costs on each loan. Unfortunately, our branches differ quite a bit based on their credit report needs. Many have government loans that require credit repair, many branches do not need that as much. Due to this disparity, the first option is just not feasible for Flanagan State Bank, nor most other lenders. Because the first option is not viable, then we are left to disclose the normal credit report charge for all loans. Knowing all of the above, please note that Flanagan State Bank has recently been notified that the cost for all credit reports will be increasing, due to increased costs being imposed from the repositories. Once we know the new cost for each credit report, we will be increasing all branch templates to the new charge Partners Credit will implement.

### **Redisclosure of Credit What if/Regular Rescores/Rapid Rescores:**

Let us continue on with Credit Charges and go over the additional credit report costs, and how we need to disclose them. In reality, we never know for sure when the need will arise for these services, but we also know they can be VERY costly. Sometimes even hundred's of dollars. In the past, we have not been able to recoup these costs at the time of closing because

we are bad at redisclosing these costs as the time the new credit report (score) is received/achieved. Therefore, moving forward, If you are a loan officer or processor that has worked with our Mortgage Solutions team in the past, you will be sent all invoices for what if's, and any rescoring charges at the time the service is completed. It is the responsibility of the loan officer to make certain that these costly fees are redisclosed through your processing team within 3 days of this change. If Loan Officers cannot manage the importance of making certain these costs are redisclosed timely, we may have to disable their ability from within the Partners administration site to remove these options.

### Reminder Emails on "Out of Area Loans"

Loan Officers, moving forward, you may receive an email from either Chris Langel or Rebecca Moorehead when you CREATE a new prospective lead/prequal within a state that you normally do not originate in. These emails are being sent to help you avoid our most costly disclosure fee mistake, which is the non-inclusion of transfer taxes on initial LE's. Many times, it is easy for operations managers and staff to think that sales professionals do not care about issues like this. We are happy to know that whenever this issue has occurred in the past, we have found evidence in each file that our loan officers have contacted the local title company to at least try and prevent this issue. Unfortunately, title companies in areas that impose transfer taxes do NOT put those on a preliminary CD for lenders simply because they think the lender should already know transfer taxes are part of the contract. Paraphrased, it would not be on the preliminary CD. In order to find this out, you must ask a realtor in that area if there are transfer taxes to avoid this mistake. We will be sending you these reminder emails WELL before origination of the loan in most cases so you can avoid this mistake. We do not want to keep our producers from originating out of their areas but that is a possibility if our sales team cannot get this correct.

### Product / Program Updates / Reminders:

#### 1. FHLB Program Updates for 2023:

- 2023 program begins 1/17/2023 (2023 DPP program forms will be available by 1/3/2023)
- FSB limit goes from 425,000 to 700,000 in grant funds for each institution
- Maximum grant increased from 6,000 to 10,000 (or max 25% of first mtg); minimum borrower contribution remains at 1,000
- **Fannie Mae HomeView™** is a new approved online provider option for pre-purchase homebuyer *education*. Pre-purchase homebuyer counseling must still be delivered by a HUD-approved housing counseling agency.

**\*\*We recommend having Mortgage Support calculate the income before the borrower takes homebuyer education and counseling courses to confirm they are under their county limit\*\***

- NOTE- WE WILL HAVE A TEAMS TRAINING ON THE FHLB GRANT PROCESS AT 1 PM CST ON 12/29/22 FOR ANYONE THAT WOULD LIKE TO ATTEND. IF YOU WANT TO BE PART OF THE TRAINING, PLEASE EMAIL MORTGAGE SUPPORT AND YOU WILL BE INCLUDED IN OUR LINK THAT WILL BE SENT ON 12/28/22.

#### 2. Reminder to enter Gifts in the correct spot on Government loans:

Note, we have seen some challenges with findings "flipping" from approved eligible status to refers on government loans mainly due to the gift funds (remember FHLB Grant funds are considered a Gift from a risk perspective on government loans). This happens generally because the loan details page down-payment source is not filled out. Please make sure to fill this section out on your URLA if you want to avoid this problem. See the below screen shots:

Loan Details		Loan Purpose
Base Loan Amount \$ 189000	Sales Price \$ 210000	Loan Purpose Purchase
Appraised Value \$ 240000	Estimated Value \$ 240000	Estimated Closing Date 12/09/2022

### Down Payment Details

Amount	Funds Type
6,000	

+ Add Another Down Payment

Equity on Subject Property

Gift Funds

### Down Payment Details

Amount	Funds Type	Funds Source
6,000	Gift Funds	▼ Federal Agency

+ Add Another Down Payment

CANCEL

- Buydown Products:  
They are coming in early 2023 on all 30 Year fixed rate products! Sit tight for further details.
- Flood Insurance Update:

Effective for loans originated after 01/01/2023, FSB will follow the most recent announcement to allow private flood insurance on government loans. Please see the most recent announcement from HUD on this topic, and our general flood insurance guidelines attached.

Thank you!

Josh Heinrich / NMLS ID: 334476

Retail Sales Manager

Flanagan State Bank / NMLS ID: 408461

Phone: 630-399-2827

Email: [jheinrich@fsbfamily.com](mailto:jheinrich@fsbfamily.com)

