

VERY IMPORTANT UPDATES

Josh Heinrich <jheinrich@fsbfamily.com>

Tue 8/2/2022 7:43 AM

To: Sales <sales@flanagansstatebank.com>; Processing <processing@flanagansstatebank.com>; Karley Stover <kstover@fsbfamily.com>; Sandra Woodson <swoodson@fsbfamily.com>

Cc: Josh Heinrich <jheinrich@fsbfamily.com>; Robert Anderson <randerson@fsbfamily.com>

 6 attachments (805 KB)

1- FSB Loan Officer Disclosure Process 0722.docx; 1- FSB Loan Officer Disclosure - Cash to Close Check.docx; FSB LO Redisclosure Process 0822.docx; COC Example.docx; COC.docx; 2- FSB Loan Officer Flood Order Process 0822.docx;

Good morning, everyone!

In order to help both our sales and operational staff members we are examining all of our policies and procedures. We are doing this to gain efficiency, and allow our borrowers to have a better experience when working with our staff members, while we still apply prudent lending practices.

We are pleased to announce the following procedural/policy changes.

Cash to Close Button on LE / When creating initial Disclosures:

As you all are aware, all LO's and Branches have been trained to do initial disclosures as of two weeks ago. It is very important that when you submit and send disclosures out to your borrowers that you make sure to hit the "recalculate" fees tab on the LE screen in MBOT, check your data validation, and lastly make sure to hit the disclose button. If these steps are done correctly, then the cash to close should be accurate within MBOT. However, as we all know, MBOT has a mind of its own sometimes. Therefore, please also click on the printer icon on the LE and compare that to the cash to close button on the LE Fees tab. The cash to close should match. If it does not and you have completed your process correctly, please send an email to complianceconditions@flanagansstatebank.com and someone will reach out to help you before you generate disclosures. Please see the second attachment with screen shots to help you check the cash to close. In addition, the instructions to generate disclosures is also attached for you.

Tax Transcript Receipt policy for Funding/PTF condition:

As you all are aware, the IRS is taking a long time still processing tax returns which then delays receipt of third-party transcripts. In the future, you do not need to ask for permission to fund a loan without having back the tax transcripts, assuming the two items below:

1. None of the borrowers are S/E.
2. Proof of ordering the tax transcripts is uploaded as the relevant PTF condition into MBOT's image flow.

Our funding department will authorize funding if this policy is followed.

Social Security Number verification Policy:

Conv:

1. We must have in the file either a w2, or SS Card for verification.
2. If either are not in the file than an SS89 verification is required.
3. This is the stance EVEN IF there is a data verify warning or not.

In other words, we will no longer require further proof because of a data verify warning.

*Note - There may be some rare occurrence in post-closing where an LO may need to help us secure a signature on an SS89 verification for sale.

All Other Products:

1. We must have in the file either a w2, or SS Card, or an SS89 Verification is required.

2. If there is a Data Verify Warning an SS89 verification is required.

Conventional Only - Self-Employed Underwriting / Reverification Prior to Closing Policy:

Moving forward, please see our stances with regards to S/E Borrower underwriting.

Freddie Submissions:

1. Underwriting will no longer require YTD P&L's.
2. Underwriting will condition for one of the following for proof that the business is currently active:

- Current Business License
- Web Site Proof business is still operating
- Letter from CPA advising business is still operating
- Current invoice for services rendered

Note - If one of the four items is present in the file then a reverification of the business income will no longer be required after CTC.

FNMA Submissions:

1. Underwriting will require YTD P&L's.
2. Underwriting will condition for one of the following for proof that the business is currently active:

- Current Business License
- Web Site Proof business is still operating
- Letter from CPA advising business is still operating
- Current invoice for services rendered

Note - If one of the four items is present in the file then a reverification of the business income will no longer be required after CTC.

LO Redisclosure Procedure:

Branch Managers/LO's please note that you are no longer required to fill out a change of circumstance form when requesting a re-disclosure. You may still do so to help your processor, but it is NOT required. Please see the attached procedures and examples and send these requests moving forward to your PRO emails. Our processors have all been trained on how to create and distribute re-disclosures. Please make sure to read the procedure about being specific in your email with the dollar amount or percentage of discount points when applicable. Our processors need your help in this regard. If you are not specific in your requests with dollar amounts or percentages, your processors will ask to for this further information via an email in order to create the redisclosures.

Way to help your Processors / Flood Certs:

LO's please note, though not required, it would be a big help to the processing unit if all LO's could run a flood certification when new loans are disclosed. Even better, if you could upload those into MBOT's Image flow that would be great too! Our processing team will do so if you have not, so loans continue to move to underwriting, but creating teamwork is a great thing too! Attached is a word doc with screen shots on ordering flood if you have never done this before. As always, if you are a branch that has internal processing, you may ignore this announcement but discuss with your sales manager further.

Employee Loans:

In the future, employee loans can be run through each branch, noting the following:

1. LO cannot be their own originator on a personal loan
2. Branch MSA's must be followed
3. The \$914 UW fee can be waived, by giving a lender credit to off-set the charge. This needs to be disclosed in this manner for fair lending purposes.
4. The loan will not be considered confidential.

If an employee wants the loan to remain confidential, they can do so simply by emailing Doug Carls and he or his branch would originate the loan.

Rush Requests:

We will be setting up and training many of our underwriters to underwrite FHA, and VA loans. Due to this change, please make sure to advise when you will need a rush request on loans that are moved to "Ready for Docs" status within 4 days of closing date so we can make sure to get all requests to closing timely. If your request is a USDA loan or Conventional loan with mortgage insurance, we would ask to know about the rush within 5 days.

Marketing Process Update:

There will be further updates as mentioned previously on Marketing by the end of this week. Until then, please be patient and discuss directly with your assigned sales manager.

Thanks Everyone!

Josh Heinrich / NMLS ID: 334476

Retail Sales Manager

Flanagan State Bank / NMLS ID: 408461

Phone: 630-399-2827

Email: jheinrich@fsbfamily.com

