

# **POLICY & PROCEDURE MANUAL**

## **TOP FLITE FINANCIAL, INC.**



**Last Updated: April 2012**

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# **SECTION 1: FORWARD**

Top Flite Financial, Inc., Inc. has built a solid reputation since inception. We are a company of integrity, ethics and have compassion and dedication for both our team and clients.

It is our intent by posting this manual (which will be continually updated so refer to it often) that we ensure every employee understands the Policies and Procedures which allow us to secure and maintain the highest level of professionalism in our mortgage industry.

Each department is represented here; however, we are highly reliant on our Back Office technology found at [www.tffinc.net](http://www.tffinc.net). It is extremely important you review the site daily for all updates. You can also search for archived announcements by clicking on “News & Updates Archive” and then use the drop down box to search.

If you have a specific question that is not addressed here, please contact the corporate office at 517-655-2140 and you will be directed to the proper party. Due to the growth and expansion of Top Flite Financial, Inc. into all time zones throughout the United States, we felt it necessary to accommodate those of you working outside Eastern Standard Time.

Top Flite Financial, Inc.’s corporate hours of operation are:

**8:30 AM EST to 8:00 PM EST Monday – Thursday**  
**8:30 AM EST to 5:30 PM EST on Friday.**

Please be advised the corporate staff will be on a rotation basis with a minimum of two people on schedule at all times during those later hours. So when calling after 5:30 PM EST, the Department Head you wish to speak with may or may not be available on that particular night; however, you will not receive an answering machine when calling during those later hours.

We will make every effort to assist you in a timely and professional manner. We appreciate the fact you chose to partner with us. We look forward to a long and mutually profitable relationship.

# **SECTION 2: ACCOUNTING**

## **2-1. Branch Accounting**

To gain access to your branch account and payroll, you log into the Back Office and click "Accounting". Here is where the funds from closed loans (once the loan has cleared Compliance) will be added to the account. The commission for the LO on record will automatically calculate in the payroll section of the Back Office.

Your branch account will operate much like a banking account, showing deposits (credits) and withdrawals (debits).

**Current Balance:** Displays the actual dollar amount in your account.

**Available Balance:** Displays the amount that is actually available at any given time – this amount differs by any amounts in payroll ready to process.

**Credit Card:** Displays the amount of the limit on the credit card.

## **2-2. Payroll**

Top Flite Financial, Inc. offers a weekly payroll in lieu of a bi-weekly or monthly payroll. This allows loan officers a better turn around on commissions earned.

Funding and loans must be in compliance by close of business on Friday in order to be considered for payroll the following Friday. Loans not in compliance by the end of business on Friday will not be used in the calculations for the following week's payroll.

All employees are required to submit their hours each week by Sunday 11:59pm according to the instruction in the [Employee Payroll Tutorial](#).

All managers are required to submit the branch payroll by Monday 11:59pm according to the instructions shown in the [Manager Payroll Tutorial](#).

Branch Managers are required to review the hours and payroll for each employee and make adjustments to their payroll if necessary. A note must be added to any type of adjustment made to any person's payroll. This is done by using the note section on the bottom of the screen. Once all entries have been made and reviewed then submit the branch's payroll by hitting the submit button on the bottom of the screen under the total amount of payroll to process for that week. Failure to complete payroll by the deadline of Monday 11:59pm will result in a fee charged to the branch expense account of at least \$25.00 and could be more for repeat offenders.

Payroll checks/stubs are mailed from the corporate office on Thursdays to the employee's home address on file. Checks cannot be mailed to the branch location.

Top Flite Financial, Inc. / Paychex (the company TFF used for payroll processing)

offers the ease of having your payroll checks direct deposited to your banking facility. It is highly recommended to utilize this feature to reduce the possibility of lost or delayed payroll checks from the post office. We also offer a debit type card to have your payroll deposited to that can be used just like a credit card or an ATM card.

## **2-3. Branch Expenses & Submitting Expense Requests**

***Expense Requests are to be received in our office by 3:00pm Fridays.  
Expense Requests will be processed by the following Friday.***

If for some reason you are forced to pay a TFF related expense personally, make sure you use a personal check or personal credit card as the method of payment. Branch expenses cannot be paid by a management company. TFF will not reimburse any management company, or any company owned by an employee, for expenses.

During this start up time please have the name on your bills / invoices to reflect Top Flite Financial, Inc. As outlined in the branch manager agreement:

*Branch Manager is not authorized to incur any expenses on behalf of TFF without prior written approval by TFF, further the Branch Manger agrees to indemnify Top Flite Financial, Inc., a Michigan Corporation, and hold Top Flite Financial, Inc., harmless from and against all unpaid expenses, charges, rent, actions, suits, damages, judgments, costs, legal expenses, attorney fees, and consequences of any liabilities, of any nature, from events and/or providing of services, equipment, or facilities, arising from his/her branch which are asserted against Top Flite Financial, Inc., because of the Branch Manager's actions or failure to act or pay such charges or expenses which occur as a result of the Branch Manager's failure to obtain prior written approval, further Top Flite Financial, Inc., shall have the right to offset against any commissions owing to the Branch Manager any such cost, expenses, liabilities, or other charges, and the exercise of such rights shall not be considered a default in the payment of any amount owed under this Agreement.*

Expenses for your branch office such as rent, branch credit card, phone, utilities, etc. must be paid directly from Top Flite Financial, Inc. to your vendor as soon as it is possible. This will save you time with the processing of your payments. Payments will be made from your branch account with pretax dollars, saving money as well.

Complete the top portion of the [Expense Request Form](#) with your branch information (suggestion: fill in the information that is not going to change from week to week and save this as your template).

## **Reimbursements**

Complete an expense request for each individual entitled to reimbursement for out of pocket expenses.

- ◆ **Cash payments for operating expenses.** Top Flite Financial, Inc. will need to see the invoice / sales receipt with payment made by cash.
- ◆ **Credit card payments for operating expenses.** Example...JD Smith purchased paper, envelopes and postage for the office using his personal credit card. Top Flite Financial will need to see the invoice / sales receipt from store, the charge as it appeared on his personal credit card statement and the front page of the credit card statement to verify that the purchase was made by JD Smith before reimbursement will be made to an individual. e can also use a photo copy of the card showing the individuals name and the last 4 of the card used in the transaction in question – be sure to black out all digits in the account number except the last 4 for security purposes.
- ◆ **Personal check payments for operating expenses.** Provide a copy of the invoice and a copy of the cancelled check from the bank to verify that payment was made by the individual requesting reimbursement. Most online banking facilities will allow you to open up the check you wrote and print it.
- ◆ **Online payments for operating expenses.** Provide a copy of the invoice and a copy of the payment confirmation from your online account. If you use your checking / savings account for payment we will need to have a print out of online banking to show where the transaction in question cleared your account. If payment is made using a credit card; we will need a copy of the statement showing the name on the account, the last 4 of the account used and a print out of the confirmation of payment.

Expense requests and/or supporting documentation that are missing information needed to process payment will not be paid until missing information is received. We will notify you by email or telephone with what information is needed to continue. If issues cannot be resolved that day, that particular item on the request will be omitted, not the request in its entirety.

### **Payments Directly to Vendors**

If you are requesting Top Flite Financial, Inc. to pay your vendors directly, state in the payable to line “Direct to Vendor” on the Expense Request Form. Fax with your request a copy of the original invoice(s) (a past due notice is not sufficient) for our records, your account information, and vendor information. When payments are made to your vendor from Top Flite Financial, Inc. you will see the date, check number and amount to that vendor in your branch account. Top Flite Financial will keep records of all invoices processed by our office. But it is highly recommended that you write this payment record on your invoice and retain the copy for your files as well. We do not require one expense form for each vendor that we make direct payments to.

Complete the bottom section of the Expense Request Form by allocating to the appropriate account and the amounts.

Expenses are paid by TFF each week (52 times per year). Most expenses are due monthly (12 times per year) allowing you ample opportunity to submit invoices in a timely manner in which to get them paid on time.

## **2-4. Top Flite Financial, Inc. Credit Cards**

Upon branch activation, Visa credit cards for each Branch Manager will be available within 60-90 days. You must send your request for an application to our Accounting Manager, Ms. Kimberly Corkwell at [kcorkwell@tffinc.net](mailto:kcorkwell@tffinc.net).

You will receive the application via email. Simply sign the form where indicated and return to Kim. The initial limit will be \$500.00. After 60 days the card limit can be increased up to \$2000.00 per month and in some instances, maybe even greater. The application will be processed and the card will arrive at our corporate office in approximately 7-10 days. We will then forward the credit card to you via 2nd day air delivery.

**Please retain a copy of your application. You will need the account number on the top of the form for activation of your new card.**

Once approved, the initial \$500 limit set on the card will be allocated from your branch account; and will now be set aside in the credit card allocation field.

The Visa credit card will allow you to pay business expenses with pre-tax dollars. The card may only be used for true office expenses only; such as office supplies, telephone, utilities, internet, repairs to equipment, etc. This privilege offers you huge savings.

After reconciliation of your account each month after the settlement date, you will see the branch account debited for the prior period's activity you submitted. For example: If you have a \$2000 limit and only use \$1500 during the month; on the 1st day of the next month you will immediately have another \$2000 available for use. We will debit the branch account for the \$1500 used, allocate the expenses properly for P&L purposes; and leave the original \$2000 allocated to your CC for future use. This method allows us to stay ahead of the spending and not create a deficit in the branch account.

The Branch Manager shall be responsible to ensure funds are available in the branch account to settle the charges incurred on the credit card each month. The credit card limit may be reduced or cancelled with little or no warning if determined by corporate accounting the proper funding is not available for settlement.

Our bank settles all charges incurred in a month on the last Wednesday (before the last Friday) of each month. The charges incurred from this date to the next settlement date are the monthly debits that will be processed through your branch account or payroll.

Note: Although the settlement date differs each month, the limit set on the credit card will always reset on the 1st of each month. The settlement date is the last Wednesday before the last Friday of each month.

All receipts for charges are to be submitted within 2 days after the settlement date. Charges incurred on the card must be for business related expenses only. Any charge not deemed deductible according to the General Accepted Accounting Principles (GAAP) and IRS rulings will be processed through payroll. The net amount not deemed an expense for TFF will be recalculated to reflect a gross amount, according to your tax criteria that was determined in payroll. The gross will run through payroll and the net amount will be treated as an advance; essentially providing a zero paycheck. It is in your best interest to only use the card for expenses that are business related to operations. Meals and entertainment expenses are reimbursed at 50%. The remaining 50% will be processed through payroll.

**IMPORTANT - Missing receipts, Cash Withdrawals, Gas Purchases and/or Amounts that differ from the amount charged to your card will be processed through payroll.**

Example: A missing receipt of \$54.00 (net) based on your tax situation could be \$62.00 (gross). You will also incur the 13.4% liability on that figure. \$62.00 + the 13.4% fee would be approximately \$70.31. It is critical all receipts are accounted for and submitted by the due date.

This would be the same as if you would have paid for the expense with after tax dollars (money earned through a W2 paycheck).

You can scan the receipts and attach to an email to the accounting department at [maryanne@tffinc.net](mailto:maryanne@tffinc.net) or fax to at: 517-772-5918.

Individuals can view the activity of their Visa Signature cards by going to [www.businesscards.ml.com](http://www.businesscards.ml.com). Click on the "Enroll in Simplified Reporting" link under the *New Simplified Reporting* heading on the right side of the screen. Enroll using the "Complete a few simple steps" link located near the bottom of the page. You will need your Visa Signature card number to complete the process. This process does take 24-48 hours to set up.

**Any form of marketing, lead generation or advertising must have corporate approval **PRIOR to purchase** with your **TFF Visa card**.**

This is to ensure proper accounting practices are in place; such as obtaining a verified W9 form and verifying all forms of advertising are in compliance according to corporate policy. Failure to obtain authorization from corporate on the above mentioned products and services will result in the charges not being expensed from the branch account. The amounts will run through payroll as are all other non-expensed items.

Should you have any further questions or concerns, please contact the accounting

department at 517-655-2140 or via email at [kcorkwell@tffinc.net](mailto:kcorkwell@tffinc.net) or [maryanne@tffinc.net](mailto:maryanne@tffinc.net).

## **2-5. Mileage Reimbursements**

Effective April 1<sup>st</sup>, 2011 only the Branch Manager is authorized to seek mileage reimbursements due to the changes in the Loan Officer compensation laws. Top Flite Financial, Inc. will allow mileage for business related travels to be expensed. Miles commuting to and from work are not allowed. Simply complete the [Mileage Log e](#) entirely with dates, times, purpose and odometer readings. Missing or questionable lines will be automatically be omitted and deducted from the total miles claimed. All mileage reimbursement requests must be received within 30 days after the completion of a calendar month to be considered.

**ALL EXPENSE REQUESTS MUST BE SIGNED AND DATED BY THE BRANCH MANAGER ON RECORD – NO EXCEPTIONS.**

**TFFINC RESERVES THE RIGHT TO APPROVE OR DENY ANY EXPENSE REQUEST WITH OR WITHOUT CAUSE UNLESS THE EXPENSE WAS AUTHORIZED AND APPROVED IN WRITING.**

# **SECTION 3: APPRAISAL**

In order to comply with the appraisal ordering changes that our industry has regulated we utilize an appraisal management system (AMS). TFF's AMS is comprised of approved appraisers and AMC's. All communication and ordering between Top Flite Financial and the appraiser that completes the inspection is centralized at our Williamston, MI headquarters. The ordering, communication, revisions, etc., are performed by a non-production employee in our Quality Control Department.

## **3-1. How it works**

1. All appraisal orders must be done through TFF's AMS unless brokering a loan to an approved investor that has its own appraisal policies & procedures. **AT NO TIME SHALL A LOAN OFFICER ORDER OR COMMUNICATE DIRECTLY WITH AN APPRAISER.**

2. There are two ways in which you can order an appraisal:

A. You can log into either [www.iMortgageservices.com](http://www.iMortgageservices.com) or [www.streatlinks.com](http://www.streatlinks.com) and place an order.

i. Once an order is placed with an AMC the order is put on hold. TFF's QC department needs to review the initial disclosures, accept the GFE & TIL and then authorize the AMC to perform the appraisal;

- ii. once authorized the AMC will schedule the appraisal work to be completed;
- iii. ALL questions, concerns or follow up shall be done directly with the AMC of choice;
- iv. Upon completion, the AMC will upload the appraisal directly into Encompass.

B. You can submit an appraisal order request through Encompass via the services tab.

- i. TFF's QC department will receive an automated email alerting them to the order.
- ii. Once alerted a member of the QC staff will review the initial disclosures, verify the credit card authorization has been completed, signed and accepted, accept the GFE & TIL and order the appraisal through an approved appraiser.
- iii. Upon satisfying the items listed above, the QC staff member will then order an appraisal via a round robin selection through Encompass and wait for it to be accepted (In the event there are not 3 or more appraisers available in the subject property area code either StreatLinks or iMortgage Services is chosen and the order placed).
- iv. TFF pays the appraiser or AMC directly using a company credit card or by invoice.
- v. Upon completion, the AMC or appraiser will upload the appraisal directly into our LOS.
- vi. At least 3 days prior to the loan closing, a TFF QC staff member will deliver the completed appraisal inspection to the borrower through email or by certified mail.

3. Appraisers seeking approval with TFF's AMS should contact Kathy Bradshaw at: 517-655-2140 or via email at: kbradshaw@tffinc.net.

4. The payment options available are:

A. Credit Card - we are able to process MasterCard, Visa and American Express. You will need to have your borrower fully complete the Credit Card Authorization form to utilize this payment method.

B. Check - if you collect a check from the client made out to Top Flite Financial, Inc. you need to immediately forward it to TFFINC C/O AMS Department. Please make sure the loan number is on the check. In the event the cost of the appraisal is higher than the amount collected or disclosed the branch expense account will be charge the difference.

C. Branch Account – we can bill the branch expense account to cover the costs of the appraisal. You need to put a note on the appraisal request form alerting QC of this method of payment if applicable.

5. Once received a QC staff member will immediately mail or email a copy of the appraisal to the borrower

6. TFF's Accounting department will manage the payment of all appraisal invoices within 30 days of completion.

### **3-2. Independence Policy**

As mentioned above, the appraisal ordering process is handled centrally at our Williamston, MI headquarters or by an approved AMC. All appraisal related functions such as approval, submitting orders to the appraiser and communication is managed by a TFF Quality Control staff member or a staff member from an approved AMC. The TFF retail (sales) offices are unaware as to which appraiser is going to receive the request. The Encompass Banker LOS provides the necessary separation to ensure the sales staff are unable to view the contact information for the appraiser that will complete the inspection.

### **3-3. TFF Appraiser Approval Process**

A non-production staff member reviews and screens each appraiser or AMC prior to them be placed in our LOS and on the TFF approved appraiser list. The approval process entails that each appraiser has the proper licensing, E&O insurance and is in good standing with ALL of the end investors we sell to, as well as the state in which they operate.

### **3-4. Appraisal Portability**

At this time any appraisals that have been ordered and/or completed for another lender will only be accepted on a case by case basis.

### **3-5. Disputes and Quality Control**

1. Per HVCC we can only order one appraisal from an independent appraiser and the act prohibits the ordering, obtaining, or paying for a second or subsequent appraisal or automated valuation model (AVM) in connection with a mortgage financial transaction unless:

A. There is a reasonable basis to believe that the initial appraisal was flawed or tainted and such basis is clearly and appropriately noted in the loan file, or

B. Unless such appraisal or automated valuation model is done pursuant to written, pre-established bona fide pre- or post- funding appraisal review or quality control process or underwriting guidelines, and so long as the lender adheres to a policy of selecting the most reliable appraisal, rather than the appraisal that states the highest value.

2. If you and/or the borrower has a concern with the appraisal you can write a statement fully describing the concern and any documentation to back up the concern. If the concern is value related we will need full documentation support with additional comparables to support the value concern. The additional comparables need to be true market sales within the past 90 days and the documentation would include MLS printouts with pictures and/or county records. This documentation can be provided directly to the AMC of choice and/or TFF's AMS QC Department.

3. If an appraiser has a concern about being improperly influenced or has been directly contacted by a loan officer they are instructed per their agreement to stop the assignment and report such activity to our AMS QC Department.

4. TFF will continue to monitor the quality of our approved appraisers via a quality review of each appraisal, obtaining fraud reports on each appraisal, and doing desk or field reviews\* on 1 out of 10 appraisals accepted. Any fair or poor reports will be reviewed by management and addressed with the appraiser/AMC. If an appraiser does not meet our quality control standards they will receive communication from us for areas of concern. If the concerns are fraudulent and/or misrepresentation we will notify the appraiser in writing that they no longer meet our requirements and have been removed from our approved vendor list.

*\* As part of TFF's overall Quality Control Plan we utilize the services of a third party vender to review 10% of all closed, withdrawn and/or denied files which include a random selection of field review appraisals*

## **SECTION 4: AUDITING**

One of Top Flite Financial, Inc.'s top priorities is compliance. It is extremely important that you know, understand and comply with all audit procedures. Any questions related to this department should be directed to Tracie Baise.

### **4-1. Potential Fraud**

Occasionally TFF is faced with potential accusations of fraud and/or misrepresentation from investors. It is very important to understand TFF has a Zero Tolerance Policy (to

which you affirm at hire) and will not tolerate fraud under any circumstances. Upon receiving notification of the accusation, TFF will perform a complete audit on the file at the branch's expense. In the unfortunate incidence of fraud is confirmed, the branch will be notified, given an explanation of the findings and the responsible party(s) will be terminated immediately. Any legal fees or fines associated with the fraudulent activity will be the responsibility of said branch. We will report our findings to the appropriate state regulatory agency and HUD.

#### **4-2. Mortgage Compliance Advisor (MCA) Audits**

HUD mandates that 10% of all closed loans and 10% of all denied files are audited on a monthly basis. MCA is the third party auditor that we have hired to complete these audits. Each month we supply them with a list of closed loans and denied loans so they may randomly make their selection. If a file from your branch has been selected, the cost of \$175 (and up depending on the extent of the research) for closed loans and \$100 for denied files will be charged to your branch account. It is very important to remember that with all denied files, the proper Adverse Action documentation is uploaded into Encompass and your borrower has been notified. Once the corporate office has received the results of the audit, your branch will be notified and the responsible party must acknowledge the findings and cure any deficiencies within 7 working days. Failure to comply will result in suspense of your branch accounting.

#### **4-3. Encompass Pipeline Audit**

It is extremely important to ensure your pipeline is current and any withdrawn or denied files have the proper Adverse Action documentation uploaded into Encompass. Your branch's pipeline will be monitored on a monthly basis. Any loan 30 days or older that is a non working file will need to be withdrawn and have the adverse action letter uploaded. Pipelines not in compliance will have 5 business days to take corrective action to get the pipeline compliant. Failure to comply will result in temporary suspension of access to Encompass.

As well as Encompass Pipeline audits we will also audit the Credit Plus invoices. On a monthly basis the invoices from Credit Plus will be pulled and compared with the Encompass pipeline. We need to be sure all credit reports being pulled are actual files that have been registered into Encompass. Any branch that has pulled credit without the loan being registered in Encompass will be notified and it may result in disciplinary action.

#### **4-4. Branch Inspections**

Each year it is mandatory your branch have an on-site inspection performed. We have hired an outside company, "Vision Compliance" to complete these inspections. They will send a representative out to your office after they have confirmed a time with the branch manager. These inspections will typically take place in the later half of the year. It is imperative the branch manager is present for the inspection unless they have contacted

corporate to prearrange for an assistant to be present. Vision Compliance will ensure you have all necessary State and Federal Labor Law Posters, required HUD lobby posters, Charm and Settlement booklets, locking file cabinets, password protected computers, paper shredding machines or a bonded document destruction company. Vision Compliance will forward TFF a copy of their report and we will advise deficiencies in your office for you to correct. The cost of the inspection will be \$125 and will occur annually.

#### **4-5. State Audits**

Occasionally state auditors/examiners will show up at the branches to complete a state audit of our files at Top Flite Financial, Inc.. In the event that a state auditor visits your branch, you must follow the steps below:

- 1) Ask the auditor/examiner for their identification (in some cases it may be a business card).
- 2) Call the corporate office immediately and ask for Tracie or Tim Baise – **do not** provide any information to the auditor before you make contact to the corporate office.
- 3) Our Auditing Manager will verify the credentials of the auditor. Additionally, the Auditing Manager will speak directly to the auditor to find out exactly what information will be required from us for the audit.
- 4) Do not provide any information to the auditor/examiner unless specifically instructed by the Auditing Manager or another member of management at the corporate office.

## **SECTION 5: BRANCH** **DEVELOPMENT AND SALES**

The Branch Development and Sales Department is your first contact with Top Flite Financial, Inc.. Your Account Executives are responsible for not only introducing you to our company, but also acting as a liaison between you and the various departments.

Please contact your Account Executive when you have any initial questions or concerns. It is their job to ensure a smooth transition and incorporation into our system. They review all costs associated with the start-up and maintenance of your branch.

### **FEES**

NEW EMPLOYEE SET-UP      \$   49.00      (Credit/Criminal Background checks per)

ACCOUNTING FEE	\$ 149.00	PER MONTH (covers costs of check writing, paper checks, envelopes, stamps, cost of full time accountant to handle branch expenses and the costs associated with getting a TFF VISA)
TECHNOLOGY FEE	\$ 9.00	PER EMPLOYEE PER WEEK (which covers the cost of Encompass set up and monthly hosting for each user, a personalized <a href="http://www.topflitefinancial.com">www.topflitefinancial.com</a> email and the <a href="http://www.equitybuildingsystems.com">www.equitybuildingsystems.com</a> website, and all payroll related fees from Paychex.
LATE PAYROLL FEE	\$ 25.00	(This fee will ONLY be charged in the event payroll is not completed by Monday)
OVERDRAFT FEE	\$ 29.00	Plus \$6.00 per day account is in negative (only applies if the account goes in the negative; not a normal charge and should be avoided)
SCAN FEES	\$ 29.00	For Closing Docs Only.....\$49 for Full Package (This fee will only be charged in the event the branch does not scan the package themselves)
ANNUAL RENEWAL	\$ 695.00	Covers the costs of TFF Corporate Licensing (which includes renewal fees, corporation filings, Registered Agents, etc), Annual E & O Insurance premiums, Annual Fidelity and Surety Bond Premiums

## **SECTION 6: COMPLIANCE**

Top Flite Financial, Inc. places extraordinary emphasis on all compliance matters. Please familiarize yourself with the various policies that could affect your commissions and employment.

### **6-1. Credit Report Policy**

The [TFF Credit Report Policy](#) mandates the use of Credit Plus for all credit pulls. Whether you are placed on a 30-day billing cycle or required to provide a credit/debit card for a “pay as you go” option is based on your individual credit score.

Credit Plus obtains a single TU report and requires your score to be 630+ in order to receive the privilege of net 30 billing. If you currently do not meet this criterion, you can be upgraded later, provided your score improves to their minimum requirement.

To begin the approval process, you must complete the Credit Plus Service Agreement. A physical inspection is required of all new branch accounts. The \$65 fee will be billed to your first month’s invoice from Credit Plus. This is a discounted rate (normal cost is \$90) as Credit Plus has been allowed by the major bureaus to offset the cost to all TFF

branches. A “rush” inspection can be ordered for \$100.00 and can be completed in 24 hours.

If your credit score prohibits you from the 30-day billing option, you will be required to pay for the inspection up front (can be billed to credit/debit card).

Turn times are typically 3-5 days, based on your ability to provide the fully executed agreement and schedule your inspection. You will be required to fax pages 1-9, page 30 and the credit card form (all applicants must have on file) to fax number 800-546-6584.

Should you have any questions regarding your set-up, please contact our Account Executive Peter Loftus at 800-258-3488, via cell at 269-330-0025 or at [peter.loftus@creditplus.com](mailto:peter.loftus@creditplus.com).

## **6-2. Red Flag Information Security and Identity Theft Program**

TFF is committed to adherence of all “RED FLAG” and “GRAMM–LEACH – BLILEY

ACT” requirements to ensure the identity protection of our borrowers. Failure to comply with TFF’s Credit Policy will result in disciplinary action up to and including termination of employment.

All employees sign a form attesting to and acknowledgement of, having been provided, read and understood the Top Flite Financial, Inc. , Inc. manual regarding the 26 “Red Flag Rules”. Each employee agrees to implement the safe guards and abide by the policies set in place in order to protect our customer’s personal information. Each person understands failure to comply with all procedures will result in their immediate termination.

## **6-3. Getting My Loan Into Compliance**

All loan officers are responsible to go through [Getting My Loan Into Compliance](#). This must be done before any employee may start originating loans for Top Flite Financial, Inc. .

All loans that are marked out of compliance by TFF corporate compliance department will be assessed a fee of \$10 per day up to 45 days. **This fee will be waived on all loans that are cleared within 14 days of the original audit date.** If the loan is still not in compliance on the 15<sup>th</sup> day you will be assessed a fee of \$150.00 and then \$10.00 dollars per day until the loan is deemed to be in compliance. If after 46 days the loan still has not been cleared for compliance – ALL LOAN COMMISSIONS will be forfeited and a \$450.00 fine will be charged to the Branch Manager.

Loans that cannot ever be put into compliance will immediately be assessed a \$450.00 Fine that will be deducted from the Loan Commissions and then cleared for payroll that week. The following is a list of examples of items that cannot be fixed: Loan Docs Dated

and Disclosed after 3 Day RESPA rule, Import Date is not within 3 Days of Credit or Application, Not \*Re-Disclosing within 72 Hours, Details of Transaction does not Match GFE or TIL, PAYMENTS are different on 1008, TIL, 1003, GFE – (TIL will not include T&I).

*\*You will lose the difference of monies from the initial GFE vs. the HUD. These undisclosed fees will be returned to the borrower.*

- **FHA LOANS** that have been originated by a Licensed Realtor and/or has employment with a mortgage related entity (Appraiser, Title Company, Etc.) will FORFEIT ALL COMMISSION and Branch Managers will be assessed a \$450.00 Fine.
- ALL Commissions on Loans that have found to be **FRAUDULENT** will be forfeited regardless if it was Borrower or LO Fraud.
- **Repeated Offenders** will be reviewed by the Audit Advisory Board and termination may be considered.
- **PLEASE NOTE:** TFF will not assess any FINES on the first 5 Loans of any new branch (unless it is found that it contains FRAUD or violates the FHA/DUAL EMPLOYEE rule). We want to ensure your success and will use this time as refresher training on Federal and State specific laws as well as TFF policy and procedures.

TFF could be fined up to \$10,000 per violation of any Federal lending law, please take time to fully understand this compliance training tutorial so we can eliminate the costly and negative exposure caused by carelessness.

Any fees charged for compliance problems will go into the Third Party Expense (TPE) text box and be charged prior to commissions being paid to the originator of record thus charging both the LO and BM for the compliance error(s). It is not our desire to fine anyone. We want all files to be in compliance and all commissions to be paid out in full. Our success as a company is only guaranteed by having all loans compliant.

If you have any questions about fees that can or cannot be charged on a particular loan, please check the Compliance Fee Sheet that is posted on the back office.

All loan officers are responsible for logging their closed loans into the TFF loan log – ONLY CLOSED LOANS ARE LOGGED INTO TFF.

All loan officers are responsible for getting their withdrawn and denied files into compliance. Failing to do this could hold up your payroll.

#### **6-4. Mandatory Use of MERS® LINK on Every TFF Loan**

Mortgage fraud is on the rise. It has been proven that Borrower/LO Misrepresentation of Real Estate Owned is amongst the highest. We as industry professionals must do everything in our power to stop this destructive trend. Because Top Flite Financial, Inc. always strives to be on the cutting edge of all compliance and regulatory matters, **effective immediately we are instituting the MANDATORY USE OF MERS® LINK on every TFF loan.** TFF has absorbed the cost for this service and there will be no additional fees passed down to the branch for this added compliance requirement.

MERS® stands for “Mortgage Electronic Registry System”. MERS tracks changes in loan servicing and beneficial ownership rights. MERS eliminates the need to prepare and record assignments when trading residential and commercial mortgage loans. Rather than having the old industry standard of a recorded assignment, each loan registered with MERS is given a Mortgage Identification Number (MIN). The MIN is an 18-digit number composed of the 7-digit Org ID, the 10-digit sequence number and the check digit.

Why use MERS? Because we can now input a borrower’s Social Security Number and determine instantly if they have truthfully completed the Schedule of Real Estate on their 1003. This tool will allow us an even more thorough due diligence process. Checking MERS at Application AND Prior to Close will alleviate the worry the borrower is hiding an additional property; which is **FRAUD**.

It's a very simple process.

- ✓ All MERS inquiries must be pulled from the corporate office ONLY.
- ✓ All MERS requests must be sent to: [mers@topflitefinancial.com](mailto:mers@topflitefinancial.com)
- ✓ These MUST be ordered at the time of application AND 24 hours prior to closing. NO EXCEPTIONS. After completion TFF will send you the report via email.
- ✓ Your request must include the client's full name and address. Please only supply the Borrowers last name and SSN without the dashes (Example: Jones 123456789).

**Upload results into Encompass:** This new compliance step has been added to our Stacking Order. You will upload the report at Application and then AGAIN no earlier than 24 hours prior to close. Failure to follow this requirement could result in forfeiture of commissions and the possibility of termination (if it is found that a loan has closed with undisclosed properties).

If you have a case where new properties have been reported to MERS and were not disclosed to you at the time of application; then you must restructure the loan according to the information you have obtained. You must also take extra caution and the needed steps to ensure the integrity of the entire file. If you have a case where new properties have been reported to MERS within 24 hours of closing - **STOP... DO NOT CLOSE THIS LOAN.** This must be reported to Tracie Baise at the corporate office immediately (517.655.8200 ext 104).

All loans originated from November 7, 2008 forward must have BOTH beginning and ending MERS compliance checked.

If you have any questions regarding this policy, please feel free to contact our Compliance Department.

## **6-5. Advertising Approval Process**

State and Federal law mandates all advertising be compliant with specific guidelines. We are required to maintain copies of all advertisements for Top Flite Financial, Inc.. This includes any printed or published material, audio or visual material, website, or descriptive literature concerning a mortgage loan subject to regulation whether disseminated by direct mail, newspaper, magazine, yellow page ad, radio, television broadcast, electronic, billboard or similar display. This also applies to all advertising that has been provided to you on behalf of the lender.

You can find the Reg Z Advertising Policy and the Fair Housing Advertising Policy, along with any possible state specific advertising policies under the Compliance tab in the back office. Once in the Compliance section, simply click on Advertising then click on your state. At a minimum, please ensure that all advertising includes the Equal Housing Lender Logo, State(s) License Number (that the ad will be ran in), and APR (if you will be advertising Interest Rates). Radio/Audio ads must also include this info (verbally).

You must have ALL advertisements APPROVED by the corporate office PRIOR to distribution. Failure to do so could result in disciplinary action up to and including termination. You will find a copy of the Advertising Approval Form in the back office with the advertising policies.

Please fax your sample advertisement along with a completed Advertising Approval Form to Tracie Baise, Operations Manager, at 517-772-5913 or email it to her at [adapproval@tffinc.net](mailto:adapproval@tffinc.net).

## **6-6. Proper use of Non-prime Loan Products and Zero Tolerance**

With the recent media scrutiny regarding the lending industry and particularly scrutiny of non-prime products, we must remind each Branch Manager and all Branch personnel that the philosophy of Top Flite Financial has always been service to the borrowing consumer, including those consumers with blemished credit. While recognizing that non-prime products may be appropriate for some consumers, the company goal is to find the appropriate cost-effective product for each consumer depending upon his/her individual circumstances. This company has ZERO TOLERANCE for any practice that steers a consumer into a product that he/she cannot afford or to a higher cost product when other options are available.

PRACTICES THAT WILL NOT BE TOLERATED INCLUDE/ARE NOT LIMITED TO:

- 1) Loan flipping;
- 2) Manipulating borrowers into loans they cannot afford;
- 3) Steering borrowers to a higher cost product;
- 4) Use of any fraudulent or inflated information in a loan application;
- 5) "Wrapping" to structure second mortgage and refinancing packages in ways that adversely affect borrowers
- 6) Any action that would be defined as "predatory lending" under state or federal statutes or investor guidelines.

VIOLETION OF OUR ZERO TOLERANCE POLICY MAY RESULT IN IMMEDIATE DISMISSAL AND/OR A REPORT TO THE APPROPRIATE STATE LICENSING AND REGULATORY BOARD.

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## **6-7. Miscellaneous**

1. All appraisals are required to have a copy of the **Appraisers License and Current E & O Insurance Policy along with the completed appraisal.** We have included this request onto the Additional Request Form in Encompass for those of you that fax in your requests (so that when you print the Appraisal Request Form out of Encompass it will already be noted). If you are sending the order through the services tab you will need to attach a reminder to the appraiser (ensuring that they include it in their inspection report). Unfortunately Encompass does not allow us to hard code any messages into the online form. You will still be responsible for getting the documents if the appraiser has not followed the request. Please note: It is recommended that you verify they have a valid policy before ordering. Approved Appraisers that do not have a current policy are to be reported to the corporate office immediately and will be removed from our list. **DO NOT** order an appraisal from an appraiser that does not carry E&O insurance.
2. All loan officers are responsible for checking the “NEWS AND UPDATE” section. This section is designed to keep our loan officers up to date on all news and updates that Top Flite Financial, Inc. announce. Please familiarize yourself with this section and check it often. Each news update will flash in red each time you enter the back office until you click on each update and read it.
3. All loan officers are responsible for uploading documents in Encompass for all loans, according to the **Encompass Stacking Order.** Every loan that is logged in TFF will also have a COMPLIANCE CHECKLIST section.
4. All loan officers are responsible for signing their own documents. NO ONE IS PERMITTED TO SIGN SOMEONE ELSE'S NAME.
5. All FHA loans can only be originated from an AUTHORIZED Top Flite Financial, Inc. office. FHA loans cannot be originated from home offices.
6. Any loan officer that is employed by any other company related to the mortgage industry such as: Real Estate, Title, Appraiser, etc... cannot originate FHA loans.
7. All loan officers are responsible for the “Recapture Fee” for all Streamline loans. Top Flite Financial, Inc. has a specific agreement with each lender concerning Recapture Fees. All loan officers are responsible for knowing the recapture time frame before starting a Streamline loan. If you are not sure of the recapture fee for a specific lender, please contact Abbe Lucas at 517-655-2140 Ext 205.
8. No TFF employee is permitted to originate or process their own personal loan. If you wish to purchase or refinance your own home, the Branch Manager must

present to the corporate home office for pre-approval to originate; and, be processed by a corporate Processor.

9. TFF does not permit the receipt or collection of any UPFRONT fees.

## **SECTION 7:HUMAN RESOURCES**

Our Human Resources Department exists to assist you with all matters pertaining to your employment with Top Flite Financial, Inc.. We strive daily to respond to your needs quickly and effectively.

Please refer to the Back Office in the HR section where you will see separate boxes for all of the following:

- Branch Set-Up
- Employee Set-Up
- Loan Officer Hire Package
- Processor Hire Package
- Health Insurance
- State Specific W-4 Forms
- Miscellaneous HR Docs

### **7.1. Email Policy**

We must communicate with you on a regular basis. In order to do so, all employees MUST have a working email address. Top Flite Financial, Inc.. does offer a Top Flite Financial, Inc. email address. If you would like an email account to be set up, please email the request to our Branch Coordinator, Abbe Lucas, at [abbe@tffinc.net](mailto:abbe@tffinc.net). She will then send an email with confirmation that the address has been set up. All Top Flite Financial, Inc. email correspondence must have the following disclaimer attached. If you do not know how to add to your outlook signature, please contact corporate office and we would be happy to assist you.

***“This message is intended only for the use of the intended recipient(s) and it may be privileged and confidential. Please note that any views or opinions presented in this email are solely those of the author and do not necessarily represent those of the company. If you are not the intended recipient, or the employee or agent responsible to deliver it to the intended recipient, you are hereby notified that any review, retransmission, conversion to hard copy, copying, circulation or other use of this message is strictly prohibited and may be illegal. If you are not the intended recipient, please notify me immediately by return email and delete this message from your system. Thank you.”***

## **7.2. TFF Branch Staffing**

Branch Managers do not hire their branch staff. The corporate home office extends the offer of employment. Branch Managers “recommend” staff for hire. An employee is only an official W-2 waged new hire once our HR Department has run the mandatory background checks and received all paperwork fully executed. All new employees are welcomed by our HR Department and there should be no confusion as to when someone is officially hired. Anyone found in any TFF office without being officially hired by the Human Resources Department will be subject to a **Branch Fine of \$500**. You will be fined once. If another occurrence happens in the same branch, the entire office location will be terminated. There will be no exceptions to this policy. It is a severe penalty to have unlicensed or undocumented individuals in any TFF office.

## **7.3. Federal Wage Posters**

Once hired, you must ensure your branch location is compliant in regards to labor laws.

Please note our **FED WAGE POSTER POLICY** must be displayed in a common area where employees congregate (break room, bathroom, copy area). TFF will supply you with your initial poster and January 1 of each year a new one will be ordered and your Branch account will be assessed the fee for this. TFF has worked out a volume discount with Labor Law Center to always ensure you receive the best available price. If you are found to be out of compliance, you will be placed on PROBATION and will receive a Probation Letter issued by Tracie Baise.

## **7.4. Disciplinary Action**

It is critically important to maintain the level of professionalism Top Flite Financial, Inc. promotes. Additionally, it is imperative that all policies and procedures are followed. Unfortunately, on occasion, Branch Managers may have to address an employee with a **Verbal Warning** or **Written Warning** when an employee’s job performance or personal behavior does not coincide with our professional values, rules, policies and/or procedures.

It is mandatory when faced with that situation, that you utilize the appropriate forms located in our Back Office and forward them fully executed to Abbe Lucas, our HR Manager. Please fax to Abbe at 517-772-5912 or email a copy to her at [abbe@tffinc.net](mailto:abbe@tffinc.net) so she may place it in the appropriate personnel file for record keeping.

HUD requires direct supervision over all employees.

## **7.5. Employee Status and Compensation**

We are required to keep accurate employment agreements and compensation histories. When any change is made to an employee status or compensation, you must complete

an [Employee Change Form](#) and forward it to Abbe Lucas at the corporate office.

## **7.6. Promoting a Loan Officer to a Branch Manager**

On occasion a Branch Manager and Loan Officer agree that a Loan Officer may deserve the opportunity to open their own TFF branch. If there is that agreement, we must be notified in writing prior to the LO applying for the upgraded position. We will not grant them their own branch if the current Branch Manager does not sign-off. Please contact Abbe Lucas in Human Resources to discuss this process.

# **SECTION 8: LICENSING**

## **8-1. State Licensing Department**

TFF's State Licensing Department coordinates the licensing of all approved Branch Locations, Branch Managers and Loan Originators; who in turn provide financial services to the citizens of our approved lending territories. It is our duty to ensure each location is licensed according to state law and each originator maintains a valid and legal license by verifying Continuing Education Credits in the states required. Our State Licensing Department is divided into three major categories based on the type of governing regulatory agency: Mortgage Brokering, Mortgage Lending and the U.S. Department of Housing and Urban Development (HUD).

A license is required for any individual or branch location that transacts the "business of residential mortgage loans". Each state regulatory department individually determines state Licenses for Branch Locations and Loan Originators. Each individual state has state specific guidelines regarding individual and branch licensure.

## **8.2. Procedures for Requesting a License**

In order to request or transfer a Loan Originator license or Branch Location license under Top Flite Financial, Inc. the following **procedures** must be followed:

1. Email TFF's Licensing Department at [licensing@tffinc.net](mailto:licensing@tffinc.net), alerting them of the state you are interested in applying for or the state you are transferring an existing license in
2. Meet all state specific requirements
3. Submit a full and accurate application/ requirements to Corporate
4. Funds will be debited the day of application submission to the state
5. Meet and Provide all Annual Renewal fees and requirement pertaining to your individual license

**A. Requirements:** In order to request a Loan Originator license or Branch Location license under Top Flite Financial, Inc. the following **requirements** must be met:

1. Be an Approved TFF employee.
2. Submission of proper license application, received by corporate.
3. All state specific requirements in your applying state must be met (i.e. Fingerprints, Background Check, etc.).
4. All General Requirements must be completed in full before Encompass access will be granted.

**B. Expenses:** In order to request a Loan Originator license or Branch Location license under Top Flite Financial, Inc. the following **expenses** will be charged to your branch account:

1. Funds will be debited the day of Application submission to the state.
2. Annual fee will be debited each renewal/ expiring licensing date regardless of your initial approval date.

**Application Fee**..... Varies State to State  
**Annual Fee**..... Varies State to State

**C. Timelines:** Timeframes for being able to establish and utilize your individual Loan Originator license or Branch Location license under Top Flite Financial, Inc. will vary from state to state.

1. Fully completed applications will be submitted to the state within 24-48 hours from when corporate receives the application. No Exceptions.
2. Overall approval time from submission date will vary from state to state.

### **8-3. License Renewals:**

To be eligible to renew your Loan Originator license or Branch Location License, you must have an existing license on file with Top Flite Financial, Inc. Your record must be up-to-date at time of **renewal**. Pursuant to your state regulators agencies Law, all TFF employees are required to keep all information up-to-date and current with TFF state licensing department. Any amendments or changes to your individual record must be made prior to renewal. We **strongly** recommend that you review your licensing profile record immediately and submit any necessary updates to allow sufficient time for our office to review the changes prior to renewal. The Corporate home office is the **ONLY** entity permitted to contact any of the state regulatory agencies with information regarding licensing for Top Flite Financial, Inc. employees. TFF will be handling all renewals

### **8-4. Surrendering a License:**

In order to request that an originator or branch location license under Top Flite Financial, Inc. be **surrendered** you must:

1. Acknowledge notification of license surrender must be made through our State Licensing Department.
2. File the surrender request via Email, Fax or Written Notification. NO verbal

surrenders will be accepted.

3. You must send original license certification to corporate within 3 business days of surrendering your license (if required, varies state to state). We may request additional information upon review of your surrender. Watch your e-mail for such requests. If you are not using a TFF email, you must supply your up-to-date email address.

### **8-5. Benefits of Licensing Department:**

Establishing and utilizing your individual license along with your branch location license under Top Flite Financial, Inc. offers you the following **benefits**:

1. Automatic email alerts to notify you of the status of Top Flite Financial, Inc. active and pending licenses, along with your personal and branch licenses
2. Automatic email alerts to notify you of upcoming license and education deadlines.
3. Retrieve information on state regulatory requirements from a single, centralized source.
4. Offers great efficiency and effectiveness for your licensing needs
5. Reduces Application Errors

### **8-6. Restrictions of Licensing Department:**

Establishing and utilizing your individual license along with your branch location license under Top Flite Financial, Inc. has the following **restrictions**:

1. The Corporate home office is the ONLY entity permitted to contact any of the state regulatory agencies with information regarding licensing for Top Flite Financial, Inc. employees.
2. Timothy G. Baise is the ONLY permitted person to sign on behalf of TFF
3. TFF corporate home office is the ONLY entity permitted, to submit applications to any of the state regulatory agencies.

### **8-7. Receiving Loan Originator License Prior to Branch Location License**

Currently a select few states approve loan originator licenses prior to approving the branch location license. This allows loan originators to originate under an alternate approved Top Flite Financial, Inc. branch location while they wait.

While your branch location is being approved, you are authorized to originate under a temporary branch location which is selected and approved by Top Flite Financial, Inc. Corporate Office.

Utilizing a temporary branch location under TFF offers you the following benefits:

1. Continuity of origination
2. Immediately identifying yourself as a TFF Loan Originator to the public
3. No delayed loan closings for your borrowers

Utilizing a temporary branch location under TFF requires you to comply with the following rules and regulations:

- ✓ You are an employee working for and under the temporary branch.
- ✓ You are not allowed to operate out of an unlicensed location during the transition.
- ✓ ALL 1003's MUST contain your temporary branch address/phone/fax.
- ✓ You MUST use the temporary branch identification on all cover letters.
- ✓ Your temporary branch manager must request to be set up with any new lenders only IF he/she wishes to do so. They are not obligated to do so.
- ✓ You ARE authorized to originate FHA loans under your temporary branch IF that branch is approved with HUD.
- ✓ You will NO longer be eligible to originate any new FHA loans under your temporary branch once your new branch license has been issued and your loan officer license transferred.

## **8-8. TFF Licensing Portal**

Top Flite Financial, Inc. has established a unique "**TFF Licensing Portal**" program. It's a very valuable one stop tool to assist you in obtaining everything necessary to get you licensed and to stay licensed in your interested states. This page will include detailed requirements in regards to applying for a new license, transferring an existing license, renewal requirements, and up to date NMLS News & Events. Along with your own licensing information which includes your licensing number, approval and expiration dates.

## **8-9. Education provider**

Top Flite Financial, Inc. has formed a strategic alliance with "TrainingPro", the nation's leading mortgage continuing education and pre-licensing provider. Top Flite Financial, Inc. , Inc. will only accept education certification from our **Education Provider**. Every Top Flite Financial Associate qualifies to receive a 20% corporate discount on each continuing education course and cross certification purchased through this link or by contacting our Education Representative:

1. <http://www.trainingpro.com/topflitefinancial/preregpage.asp>
2. TrainingPro

**Matt Barry**  
Enrollment Specialist  
(P) 1-877-878-3600 ext127  
(E)[mbarry@trainingpro.com](mailto:mbarry@trainingpro.com)

## **8-10. Nationwide Mortgage Licensing System**

The Nationwide Mortgage Licensing System has been designed to streamline the licensing process, improve supervision, and increase transparency in the mortgage industry. NMLS contains a single record for each mortgage lender, broker, branch and loan originator. This single record can be used to apply for, amend and renew licenses in any participating jurisdiction.

<http://www.stateregulatoryregistry.org/NMLS/AM/Template.cfm?Section=Home3>

**NMLS Unique ID Number:** Top Flite Financial, Inc. ( 4181 )

## **8-11. Lease Policy**

In direct compliance with state regulatory agencies and federal governing agencies, we hereby follow the enclosed lease policy for all commercial locations being occupied as Top Flite Financial, Inc.

- ✓ All commercial leases must be between **Top Flite Financial, Inc.** (as tenant), **123 East Grand River Avenue, Williamston, MI, 48895**, and the landlord.
- ✓ Leases must be signed by our President/CEO, **Timothy G. Baise** and the **landlord**.
- ✓ The lease must clearly show the property location - **exact location (i.e. building, suite, floor number)**
- ✓ The lease must clearly show the monthly rent and include any scheduled increases.
- ✓ The lease must clearly show to whom the monthly rent is payable: **(Full Landlord Name and Address)**.
- ✓ **Pictures must be submitted** showing the entryway, any signage/marquees and office entryway if in an office suite building.
- ✓ All rents are paid by way of a corporate check from Top Flite Financial, Inc. and will be issued monthly upon the manager's directive via the branch accounting form.
- ✓ All leases must be accompanied by a W-9 form. **A blank W-9 will be provided to you for delivery and completion by the landlord.**
- ✓ If you are already occupying the proposed space, TFF will require that the landlord provide a letter of good standing to show that there is no outstanding rent due.

## **8-12. Changing Branch Locations**

All requests to change branch locations must be submitted in writing to the corporate home office at least 30 days prior to your move date. In order to be considered for approval, you must follow these mandatory procedures:

1. Submit a completed [Branch Change Form](#) to the Licensing Department.
2. Submit New Lease to Licensing Department for review and approval.
3. Return all licenses/registration certificates containing the Commissioner's signature, gold seal and/or watermark to Licensing Department.
4. Submit Digital Photos of New Location to Licensing Department for:
  - Exterior of the building
  - Parking area
  - Restroom facilities
  - Elevators / Stairways
5. To be approved to originate FHA loans (**after Lease execution and Move-In**) you must also submit digital photos of the new location for:
  - Reception / Lobby Area
  - Office Entrance (must show TFF permanent signage)
  - Interior (Individual offices, Conference rooms, Desks, Computers)
  - All interior/exterior areas must be Handicap Accessible for FHA approval
  - **Posted ECOA / HDMA / Labor Law Posters**

If you fail to notify TFF's corporate home office of your move, dispose of TFF records in an improper manner or work under TFF's name from an unapproved location, we will seek all applicable administrative remedies up to and including termination. Your branch will be suspended and you will be held liable for any penalty associated with this violation.

# **SECTION 9: LOAN ORIGINATOR COMPENSATION**

## **9-1 Purpose and Scope**

This Policy covers and governs compensation paid by Top Flite Financial, Inc. ("COMPANY") to its loan originators.

This Policy is intended to implement the final rule adopted by the Board of Governors of

the Federal Reserve System amending Regulation Z 12 CFR 226-Subpart E (Final Rule), and which was promulgated to protect consumers from unfair and abusive lending practices that arise from certain compensation practices. This policy applies to all consumer loans secured by the borrower's principal dwelling.

## **9-2 Applicable regulations and Guidance**

The Board of Governors of the Federal Reserve System published a Final Rule on September 24, 2010, Federal Register Vol. 75, No. 185, page 58509-58538, amending Regulation Z under the authority granted the Federal Reserve Board in the Truth and Lending Act (TILA) and the Home Ownership Equity Protection Act (HOEPA). The Final Rule takes effect on April 1, 2011 and prohibits payment to loan originators based on the terms or conditions of the mortgage transaction other than the amount of credit extended. The Final Rule further prohibits loan originators from steering consumers to consummate a loan that is not in their interest based on the fact that the loan originator will receive greater compensation for such loan.

## **9-3 Policy and Guidelines**

It is the policy of Top Flite Financial, Inc. to implement the compensation and anti-steering provisions contained in Regulation Z-Subpart E.

This policy eliminates the incentive for a loan originator to increase the price to any given consumer by implementing the prohibitions contained in the Final Rule under 12 CFR 226.36(d)(1) *Payments based on transactions terms or conditions*.

This policy further implements the requirement found in the Final Rule under 12 CFR 226.36(d)(2), that when brokering a loan, if the loan originator is paid any compensation from the consumer no other compensation may be paid the originator from anyone else, including the lender.

This Policy further eliminates incentives to steer consumers to products with higher commissions by implementing the prohibitions contained in the Final Rule under 12 CFR 226.36(e) *Prohibitions on steering*.

### **9-3a Loan Originator Compensation**

Top Flite Financial, Inc. offers loan originators two compensation options.

1. The first option pays a loan originator a commission based on a fixed percentage of the loan amount regardless of loan type or other terms of the loan.
2. The second compensation plan pays a loan originator a commission which increases with loan originator's total production volume for the month regardless of loan type or other terms of the loan.

Top Flite Financial, Inc. also offers its originators the ability to receive company provided leads through two different channels and earn compensation in the following manner:

1. Company Provided Leads: a Company provided lead shall be considered a lead that was provided to the loan originator directly by TFF and/or its Branch Manager or from the efforts of TFF and/or its Branch manager via marketing, advertising and/or networking efforts created or paid for by TFF and/or its Branch Manager. The compensation on company provided leads can be paid on a fixed or tiered structure as stated above.

2. National Referral Center (NRC): a lead which is given to TFF's referral center that becomes an Eligible Loan. All loan originators companywide shall receive a fixed 50 basis points on National Referral Leads provided by another branch office of Top Flite Financial, Inc.

Top Flite Financial, Inc. does not have a minimum and/or maximum commissionable dollar amount for any individual loan based on loan amount. At any time Top Flite Financial, Inc. reserves the right to incorporate minimums and/or maximum commissionable amounts based on the loan amount.

The prohibitions contained in the Final Rule under 226.36(d)(1)(i) prohibit a loan originator from receiving, and prohibit anyone from paying, compensation based on any of the terms or conditions of the transaction. Subsection 226.36(d)(ii) further clarifies that the amount of credit extended is not deemed to be a term or condition of the transaction for the purposes of this rule. Thus, both the compensation options pay a commission that is a percentage of the loan amount; and both plans do not vary the compensation paid to the loan originator based on any other term or condition of the loan including loan program or note rate.

### **9-3b Loan Originator Expenses**

Legitimate loan originator expenses will be deducted/withheld from the commissions paid under either compensation option or remain unreimbursed by Top Flite Financial, Inc. Loan originator expenses may include, but are not limited to: marketing expenses, licensing expenses, continuing education expenses, travel expenses, or other business expenses.

Loan specific fees or borrower expenses, whether collected or uncollected by the loan originator, will not affect the loan originator's compensation for closed loans or future loans.

### **9-3c Pricing & Price Variances**

When a loan originator prices a loan above par no additional compensation, credit, point bank, accrual, or bonus will be paid regardless of any increase in revenue to

Top Flite Financial, Inc. Price overages may be given as a credit to the borrower to pay closing costs according to underwriting guidelines.

When a loan originator prices a loan below par, the loan originator will not receive less compensation for originating the loan. The cost of locking a loan below par may be charged to the borrower. Top Flite Financial, Inc. may in its discretion approve or disapprove any lock request that is priced below par where appropriate discount points are not being paid by the borrower. If a lock request is declined by Top Flite Financial, Inc. because of a below par price, the fact that the loan is not locked must be immediately communicated to the borrower and terms renegotiated by the loan originator.

Lock extension fees must be paid by the borrower or seller in the transaction if the lock is extended prior to settlement and appropriately communicated/disclosed to the borrower, unless Top Flite Financial, Inc. approves of the extension without borrower payment. Post-settlement lock extension fees may not be charged to the borrower and will be borne by Top Flite Financial, Inc.. In no case will a loan level price adjustment not being paid by the borrower affect loan originator compensation.

### **9-3d Quality Penalties**

The Final Rule was adopted with comment 36(d)(1)-3 which clarified that a creditor may pay an originator based on the percentage of loan applications that result in consummated loans and the quality of the loan originator's loan files.

Therefore, Top Flite Financial, Inc. incorporates into this policy the following quality penalties.

- 100% of the commission paid on a loan where early payment default (EPD) occurs. (An EPD occurs when the borrower does not make any of their first 4 monthly payments).
- 100% of the commission paid on a loan where a material omission or misstatement is known or should have been known by loan originator to be contained in the file.
- 100% of the commission paid on a loan deemed unsalable because of a defect which was within the loan originators ability to control.
- \$100 on any loan application not disclosed within 3 days of application, including unfunded withdrawn, denied, or canceled loan transactions.

### **9-3e Branch Manager Compensation**

The Final Rule prohibits anyone who is a loan originator from receiving compensation based on loan terms or conditions even if they were not acting as an originator on the specific transactions. Consequently, producing branch managers

may not be compensated for loans produced in the branch based on the terms or conditions of those loans.

The negotiating of loan terms is one of the functions which define a “loan originator” for the purpose of the Final Rule. Thus, branch managers that set or control price for any individual loan are considered loan originators and may not have their compensation vary based on the terms or conditions of a loan.

Each branch manager will be compensated for performing their management duties based on one of the following plans.

1. BASIS POINTS OVERRIDE PLAN

A producing branch manager may receive a basis points override or percentage of the overall loan volume produced by those they manage, and his/her own commissions based on his/her individual production.

2. SALARY PLAN

A producing branch manager may be paid a salary which does not vary with loan volume or profitability of the branch.

A branch manager may also receive a discretionary quality bonus based on the quality of loans produced by the branch. Quality measures may include pull through ratio, long term performance, documentation quality, or other measures which are not related to terms or conditions of individual loans.

### **9-3f Anti- Steering Safe Harbor / Broker Loans**

Top Flite Financial, Inc. will allow after approval, loan originators to broker loans to another lender. Top Flite Financial, Inc. has negotiated set terms to include lender paid compensation only paid to Top Flite Financial, Inc. in the amount of 2.5% (250 Basis Points) on all closed loans regardless of the terms. Top Flite Financial, Inc. does not allow any type of borrower paid compensation on brokered loans.

Due to the fact that Top Flite Financial, Inc. has pre-negotiated set and equal agreements with all of the lenders in which it brokers loans to it is assumed that the anti-steering provisions has been met and therefore Top Flite Financial, Inc. meets the safe harbor rule. Top Flite Financial, Inc. loan originators cannot steer a borrower to a higher paid compensation loan therefore Top Flite Financial, Inc. meets the safe harbor rule as defined under law. In no case however, will the compensation paid change based on the terms or conditions of the loan other than loan amount.

## **9-4 Responsibilities**

Top Flite Financial, Inc. is ultimately responsible for the Loan Originator Compensation Policy and has delegated approval of all changes to the Loan Originator Compensation Policy to its Board of Directors.

### **9-5 Monitoring and Recordkeeping**

Top Flite Financial, Inc. will maintain records of the compensation provided to a loan originator for each transaction as well as the compensation agreement in effect on the date the interest rate was set for the transaction.

### **9-6 Exception**

Any exception to this policy must be approved in advance by Timothy G. Baise, President of Top Flite Financial, Inc.

## **SECTION 10: FHA**

Top Flite Financial, Inc., FHA Approval Department develops, analyzes, and coordinates the supervision of Top Flite Financial, Inc. approved Branch Locations, Branch Managers, Loan Originators and Loan Processors; who in turn provide financial services for government-insured loans to the citizens of our approved lending territories. It is our duty to ensure each location is approved according to U.S. Department of Housing and Urban Development guidelines.

### **TYPES OF APPROVALS**

1. Branch Office Location
2. Branch Manager/ Standard User
3. Loan Processor/ Standard User

### **10-1. Branch Location Approval Requirements**

In order to request an FHA Branch Location approval under Top Flite Financial, Inc. the following **requirements** must be met:

- 1) Submit a full and accurate application to Corporate
- 2) Meet all Office Location requirements set forth by HUD
- 3) Meet all state specific requirements
- 4) Meet all FHA requirements set forth by TFF
- 5) Funds will be debited the day of application submission to HUD
- 6) Meet and Provide all Annual Renewal fees and requirements pertaining to your individual license

### **10-2. Branch Manager Approval Requirements**

In order to request an FHA Branch Manager approval under Top Flite Financial, Inc.

the following **requirements** must be met:

1. Spends full time managing and directing their approved branch location.
2. Has a minimum of three years acceptable experience.
3. Is an approved TFF Employee.
4. Provide the most current and accurate professional resume, reflecting TFF's employment.
5. Provide a letter of reference, verifying you have the minimum three years of acceptable experience.
6. Provide (if applicable) FHA training that has been completed within the past 6 months.

### **10-3. Loan Processor Approval Requirements**

In order to request an FHA Loan Processor approval under Top Flite Financial, Inc. the following **requirements** must be met:

1. Has a minimum of three years acceptable experience.
2. Is an approved TFF Employee.
3. Provided the most current and accurate professional resume, reflecting TFF's employment.
4. Provided a letter of reference, verifying you have the minimum three years of acceptable experience.
5. Provided (if applicable) FHA training that has been completed within the past 6 months.

### **10-4. Expenses**

In order to request an FHA Branch Location approval under Top Flite Financial, Inc. the following **expenses** will be charged to your branch account:

<b>Application Fee</b> .....	\$300.00
<b>Annual Fee</b> .....	\$200.00
<b>Annual In-Office Audit</b> .....	\$125.00

Funds will be debited the day of Application submission to HUD, Annual fee will be debited each year January 1<sup>st</sup>, regardless of your initial approval date.

### **10-5. Timeframe**

**Timeframes** for being able to establish and utilize your Branch Location Approval and

Standard User ID under Top Flite Financial, Inc. are:

**Branch Office Location**.....Title II ID will be provided immediately  
**Standard User ID**.....24-48 Business Hours

Fully completed applications will be submitted to HUD within 24-48 hours of corporate receipt. No Exceptions.

## **6. Receiving Your Standard User ID/Password**

TFF's FHA Connection Application Coordinator will be able to retrieve your FHA Connection User ID. Your coordinator is Sadie Ames at (517) 655-2140 ext. 201. Your Standard User ID and Password will be sent to you via the email address you provided on your FHA standard user application.

As stated in Mortgagee Letters 97-14 and 93-13, each FHA Connection user must obtain their own user ID. **User IDs are NOT to be shared.** Passwords should never be shared, displayed online or divulged publicly. They should not be given to third parties in telephone conversations, placed on office message boards, or left written on telephone message notes on unattended workstations. Using an FHA Connection user ID assigned to another person falls under the provisions of Title 18, United States Code, section 1030. This law specifies penalties for exceeding authorized access, alteration, damage or destruction of information residing on Federal Computers. Any person who knowingly presents materially false, fictitious or fraudulent statements in a matter within the jurisdiction of the U.S. Department of Housing and Urban Development is subject to penalties, sanctions or other regulatory actions, including but not limited to: (i) fines and imprisonment under 18 U.S.C. sections 287, 1001, 1010 and 1012, which provide for fines of a maximum of \$250,000 for individuals and \$500,000 for organizations, or imprisonment for up to 5 years, or both; (ii) civil penalties and damages under 31 U.S.C. section 3729 of not less than \$5,000 and not more than \$10,000 per violation, plus 3 times the amount of damages that the government sustains; and (iii) administrative sanctions, claims and penalties by HUD pursuant to 24 C.F.R parts 24, 28 and 30.

### **10-7. FHA Connection**

FHA Connection provides FHA-approved lenders and business partners with direct, secure, online access to computer systems of the U.S. Department of Housing and Urban Development (HUD).

### **10-8. Renewals**

Branch Locations must renew their approval each year. In addition to continuing to meet all the requirements met for initial approval, Branch Locations must pay an annual recertification fee. The annual recertification fee of \$200 is due every January 1st and will automatically be deducted from the Branch Operating Account. HUD does not prorate this fee. Therefore, the month in which you obtain your initial HUD approval will not

be a factor, in that the renewal will always be charged on January 1st for each sub sequential year.

## **10-9. Neighborhood Watch**

Branch Managers agree to monitor loans originated on the “Neighborhood Watch” website: <https://entp.hud.gov/sfnw/public/> for any instances of default. This monitoring should occur at minimum, on the first of each month. Weekly monitoring is recommended.

Branch Manager agrees to immediately notify TFF of any/all default activity whether shown on the site or not. Any notification of default from any source must be immediately reported to TFF. Failure to follow will result in your FHA termination.

Branch Manager understands that if the branch default ratio is found to be between 150% - 200% he or she will receive a written warning, notifying him or her that if there is another default against their branch location their processing privileges will be revoked.

If it is found that their default is at or above 200% their processing rights will be revoked and all FHA loans will be required to be processed through TOP FLITE CORPORATE PROCESSING.

## **10-10. Audits**

Upon approval from HUD, the branch office will be audited at minimum once per calendar year and in accordance with the current Quality Control plan adopted by TFF. We currently use a third party company called Visions Compliance to do these audits at a cost of \$125 per branch. All expenses associated with the in-office audit will be deducted from the Branch Operating Account. Branch Manager also understands they will be provided a written findings report within 30 days of audit completion. Branch Manager will have 7 business days from receipt in which to correct any/all deficiencies noted. If Branch Manager is incapable of correcting any deficiency within the required time frame, a fine not to exceed \$1,000 per deficiency will be deducted immediately from the Branch Operating Account. TFF reserves the right to terminate at will the HUD approval status/Title II Lender ID number of any branch for any deficiency.

Branch Manager further understands and agrees that a minimum of 10% of all files originated monthly will be audited. This audit will include a random sampling of files. All files in Early Payment Default (less than 6 months) will be audited. All fees associated with these audits including but not limited to: Outsourced QC company charges, 3rd party re-verification fees, AVM's and/or field reviews, credit reports, shipping costs, inspection fees, etc., will be deducted from the Branch Operating Account on a per file basis.

Branch Manager further understands and agrees if any loan that was originated out of your branch location goes into default (borrower becomes 90 days or more delinquent) on any of their first 4 monthly payments; TFF reserves all rights to take the entire yield

spread premium paid back from the branch account. This applies even if the originating loan officer is no longer employed by TFF.

## **SECTION 11: PROCESSING**

The corporate processing department has been established to assist branch managers and loan originators with obtaining documentation required to complete the loan application process. Branch processors will have similar assistant duties in the branch offices. Only FHA certified processors are allowed to process FHA insured mortgage loans.

Processor shall not directly or indirectly negotiate, place, assist in placement, find or offer to negotiate, place assist in placement or find mortgage loans on real property for others unless properly licensed.

### **11-1. Procedure for Submitting Files to Corporate Processing:**

1. Upload all documentation for the file into Encompass.
2. Once the file is uploaded, email the processor that you wish to process your file the following information: Your name, your branch location, the borrowers name, lender for the file, the appraiser, the title company, and any special notes.
3. You **MUST** inform the processor if you have selected them as the processor in Encompass and you want them to process your file. The processor will not know that a file has been assigned to them until you officially submit the file following one of the 3 submission options above.

**NOTE:** It is the loan officer's responsibility to make sure that all title companies and appraisers are approved with corporate. Please see Section 10: Vendor Approval for more information.

### **11-2. Tips for Faster Corporate Processing:**

1. All documents should be in the print order that Top Flite has used in the print list in the exact order for compliance.
2. For compliance, the date that dictates the file is the start date in ENCOMPASS or the CREDIT whichever is FIRST. The Loan Officer **MUST** sign and date all RESPA documents within 3 days of the file start date and must provide these documents to the borrower within this same time period.
3. You must send processing the initial and final MERS after receiving it from corporate so that the processor can be sure that it is included in the file.
4. When the loan officer locks a loan, he/she must send processing a copy of the rate sheet and a copy of the lock for compliance.

5. Common Mistakes made by loan officers:
  - a. Forgetting to have the borrower sign and date their names on ALL areas on the HUD addendum for FHA loans.
  - b. Making sure the 4506T is filled out completely. To populate the date correct on the 4506T, go to Forms then hit the Request for Transcript of Tax, then choose Tax Form is for Borrower or Both, then hit Copy from the Borrower Summary.
  - c. If you change anything on the GFE after printing the RESPA loan package, you must reprint the full 1003, the transmittal summary, the GFE and the TIL, to ensure all documents match.
  - d. You must get a copy of the driver's license and the social security card for all borrowers.

### **11-3. Procedure to Obtain FHA Certification**

To obtain FHA certification, processors must have the following experience and skills:

1. Have three years processing experience as verified by resume and by passing TFF certification
2. Pass a FHA lender training course as offered by entities such as Mortgage
3. Pass FHA lender training course as developed and offered by Top Flite Financial, Inc.
4. Furthermore, all processors must demonstrate a good working knowledge of Encompass conventional and government workflows.

\*Please note that the authorization to process FHA loans will be granted solely at the discretion of Top Flite Financial, Inc..

**Evidence of Certification** - Each processor who is certified to process FHA loans will be assigned an FHA Connections ID with appropriate authority to complete the

processing tasks assigned. FHA Connections IDs are not to be shared with anyone else. Per HUD regulations, sharing is a violation which is punishable by fines and jail time in addition to loss of privileges.

### **11-4. Requirement of FHA Processor**

FHA Processors are to complete all tasks needed to submit a complete loan package to underwriting, including but not limited to:

1. Verify address of subject property through <http://zip4.usps.com/zip4/welcome.jsp>  
-- don't input zip code as it will be returned with verified address.

2. Obtain FHA Case Number, CAIVRs, SS Verification, GSA and LPD clearance through FHA Connections.
3. Log the appraisal into FHA Connections once received.
4. Insure that all FHA required forms are fully completed and signed by borrower prior to submission to underwriting.
5. Insure that all FHA required fields are completed in Encompass. This should be a double check of what the branch manager input when the application was taken.
6. Order the title policy and the appraisal for the loan.
7. Submit file to underwriting in proper file order.
8. Once a file has been conditionally approved processing will work with originator to obtain and submit the required documentation to meet the conditions of the loan.
9. Immediately report any discrepancies and/or instances of misrepresentation or fraud to Tracie Baise COO at the corporate office
10. Processor shall not directly or indirectly negotiate, place, assist in placement, find or offer to negotiate, place assist in placement or find mortgage loans on real property for others unless properly licensed.

# **SECTION 12: SECONDARY**

## **MARKETING**

### **12.1 Rate Sheets**

Top Flite Funding does not distribute daily sheets. We utilize the Optimal Blue Pricing Engine through your borrowers Encompass file. You can view pricing by clicking the Services Tab and selecting Search Products and Pricing or by clicking on the Lock Icon and choosing Search for Products and Pricing.

### **12.2 Lock Desk**

The Top Flite Funding Lock Desk is open daily from 11:00am EST to 5:00pm EST. A file will be eligible to lock once the "Started" milestone has been completed, the file has been sent to the "Processing" milestone and initial disclosures have been sent to your borrower. Any lock requested prior to this will be denied. It is possible to lock after 5pm EST on a case by case basis, please contact Secondary Marketing (517-655-8200) to see if someone is available to accept your request. Emailed Lock Requests will NOT be accepted.

### **12.3 Pricing Scenarios or Questions**

You can view pricing for a particular loan scenario by selecting the Services tab within your Encompass file and selecting Search Products and Pricing. This will direct you to Optimal Blue where you can run the scenario you are interested in. You are also able to view guidelines through Optimal Blue by clicking on the paper icon to the left of the eligible program.

### **12.4 Lock Periods**

The lock periods we offer vary by End Investor, please use the Search Products and Pricing tool within the services tab of your Encompass file to see the lock periods available for your particular file. Longer lock periods may be available with some investors, please contact Secondary Marketing for more details. Your file must close AND fund by the expiration date of your lock.

### **12.5 Extension Policy**

All extension requests should be emailed to [RateLocks@tffinc.net](mailto:RateLocks@tffinc.net) and [kbarrack@tffinc.net](mailto:kbarrack@tffinc.net). Please specify the borrowers name, Loan Number and the number of days you need to extend the lock.

## **12.6 Extension Fees**

Extension Fees vary by End Investor.

## **12.7 Group(s)**

### **Group 1**

- Available in 5 day increments at -0.125 per 5 days.
- Maximum of 2 extensions before file is subject to relock at worst case pricing.

### **Group 2**

- 5 days -0.125
- 7 days -0.200
- 10 days -0.250
- 15 days -0.375
- These fees double on a 2nd extension.
- Please contact Secondary Marketing for market based extension options.

### **Group 4**

- -0.025 per day up to 30 days total.

### **Group 5**

- 1 day -0.025
- 2 days -0.050
- 5 days -0.100
- 15 days -0.300
- Available in any combination up to 30 days total.

## **12.8 Relocks**

It is Top Flite Fundings policy to never intentionally let a lock expire, but if your lock has expired and you need to relock, you will receive worst case pricing for 91days. After 91 days, you will be eligible to relock at current market pricing minus any previous lock extensions taken. Please contact Secondary Marketing for questions on a particular relock scenario. Top Flite reserves the right to extend any lock without notice or request of the branch.

## **12.9 Lock Policy**

Once a file is locked, the initial lock will follow your borrower. This holds true if the file is withdrawn and resubmitted, if the program changes, if a co-borrower is added or removed, if the subject property address changes, etc.

## **12.10Rate Lock Fallout Penalty**

All loans that are originally locked with Top Flite Funding and are then voluntarily withdrawn to be closed with another lender will be subject to a 0.500bps penalty fee that will be deducted from the funding check before commissions are dispersed. If the loan is locked and then denied by Top Flite Funding, the penalty will not be assessed.

## **12.11 Float-Down or Renegotiation Policy**

Top Flite Funding does offer a float-down option for managing lock fallout during volatile interest rate environments. Each End Investor has its own policy when it comes to an Interest Rate Float Down. Please contact Secondary Marketing for questions regarding a specific file.

## **12.12 Switching Groups**

Files may be switched from one Group to another prior to being submitted to Underwriting, please contact Secondary Marketing to have this field changed. Once a file has been submitted to Underwriting, the Group may not be changed without Underwriter approval. If Underwriting approves a Group being changed, the file will be placed at the end of the line for a complete new underwrite. If Underwriting requests the Group change, the file may remain in its current position in line. You may not switch Groups to avoid paying an extension or relock fee regardless of the milestone your file is in and switching Groups is never permitted for pricing purposes only.

## **12.13 Pricing Exceptions**

Pricing exceptions will be given on a case by case basis and must be approved by the Secondary Marketing Manager. Please submit your request for a pricing exception in detail to [RateLocks@tffinc.net](mailto:RateLocks@tffinc.net) and your request will be reviewed. You will be notified whether your request has been confirmed or denied.

# **SECTION 13: VENDOR** **APPROVAL**

## **13-1. Approved Vendors Policy and Procedure**

Prior to originating your first loan for Top Flite Financial, Inc. , Inc., you must visit our Back Office “**APPROVED VENDORS**” section and familiarize yourself with the process. The approved vendors are all listed under the loans tab.

**TFF requires MANDATORY USE of our approved:**

1. APPRAISERS
2. CONTRACT PROCESSING COMPANIES
3. TITLE COMPANIES

If you do not see the vendor with whom you wish to work, you **MUST** click on the

[Appraisal Approval Package](#) or the [Title Company Approval Package](#) link and forward the correct approval package to your vendor for completion. Please note it is a minimum of 72 hours for approval consideration. If you have any questions regarding your vendor approval status, please contact Kathy Bradshaw at the corporate office at 517-655-8200.

### **13-2. Closing a Loan with a Non-Approved Vendor**

**TFF WILL NOT RELEASE PAYROLL ON LOANS USING NON-APPROVED VENDORS.**

If a loan closes with a NON-approved Vendor, the following occurs:

- 1) Internal Review
- 2) Corporate will attempt to approve the vendor
- 3) The Branch Manager or Loan Officer will receive a written warning
- 4) Payroll will be held until the vendor can become an approved vendor.  
If the vendor cannot be approved, payroll can be held indefinitely.
- 5) The branch will be charged a \$450 out of compliance fee when they close a loan using a non approved vendor.

Please note that this policy does not apply to a title company on a purchase transaction when the choice of the title company is decided by the listing real estate agent.