

Mortgage Banker (Creditor) Office

Tommy Beckworth is the office manager for XYZ Mortgage Bankers. They originate an average of 75 units a month with net volume of \$12,000,000. The loan mix is around 65% purchase and 35% refinance with 80% of the business generated using his lead system through direct mail and Internet. About 20% is self-generated by his originators.

Tommy's team averages 1.4% in front end and back end origination fees. Tommy has underwriters and processors so he charges underwriting fees, processing fees, and admin. fees to recoup those costs. His originators are not allowed to mark up or share in the proceeds from those charges.

Tommy currently pays his originators 35% of their fee income if they use his lead system, including back end premiums such as YSP or SRP on government loans. He pays 50% on self-generated loans, including back end premiums. In either case, they do not receive any money for SRP collected on the secondary market. They do not receive any money for fees such as underwriting fees or processing fees and they are not allowed to mark up any 3rd party fees.

Tommy is an originating manager. He pays himself on his personal volume exactly as he pays his originators. He also receives profit sharing based upon the profitability of his branch.

Mortgage Broker (Non-creditor) Office

Jenna March an owner / manager of an office for ABC Mortgage Brokers. Her office averages 12 units with volume of \$1,400,000 per month. Over the last 5 years, the loan mix is around 50% purchase and 50% refinance. About 30% of business is generated using her Internet lead system and about 70% is self-generated by her Mortgage Loan Originators (MLO's).

Jenna's team averages 1.7% in front and back end origination fees. She charges a processing fee of \$300, since she supplies processors for her originators. Other fees such as underwriting fees are passed through to the borrowers. Jenna does not allow her MLO's to mark-up any of those fees or other third party fees.

Jenna pays her MLO's 30% of their fee income if they use her lead system and 50% on self-generated loans, including back end premiums such as YSP or SRP on government loans. They are careful that their fees comply with the 2010 RESPA disclosure rules and not being a creditor, they do not receive any money for SRP collected on the secondary market. Originators do not receive any money for fees such as underwriting or processing fees and they are not allowed to mark up any 3rd party fees such as appraisal fees.

Jenna is also an originating manager. She pays herself on her personal loans exactly as she pays her originators. Being an owner, Jenna also takes a profit split from ABC Mortgage Brokers, on a quarterly basis.