



Marketing Manual

Community Mortgage Network

A Service Provided by

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Introduction

The following was developed to aid Community Mortgage Network lenders increase mortgage volume and profits. This information can help lenders at all levels increase their fee income. The key to building a successful mortgage lending department is planning. Planning not only provides you with well defined directives, but is also a recognition of the commitment of senior management to make their mortgage lending department successful. Great business leaders the world over believe that the key to being successful personally or in business relies heavily on the development of a concise plan, and putting that plan into action. The more time and effort that is put into the plan the greater level of success you will achieve. Presently your organization has everything it needs to succeed in the mortgage lending arena. Your bank has developed a customer base that will generate mortgage demand. It has developed a reputation within your community that lends credibility to your mortgage lending department and your employees have experience in the market that gives them the insight to recognize opportunities where they exist. These things, coupled with the competitive products and rates offered through Community Mortgage Network, will allow you to build a successful mortgage lending department.

The following outlines how to develop your marketing plan. This can be achieved without placing a tremendous strain on your staff. The plan is based on gathering and organizing information about mortgage lending in your area and turning it into profits.

Three steps to an integrated plan:

- Gather market-related information.
- Use information to develop a strategy.
- Turn your plan into actions.

Gather Market-Related Information

Information is the key to success in today's market, and is crucial to developing a structurally sound plan of action. Therefore, the first step in building your mortgage program involves the gathering of information. This is the least rewarding and most time consuming portion of the planning process. However, you would not attempt to offer a customer a loan product without uncovering the consumer's specific needs. Therefore, it stands to reason that you would not develop your mortgage marketing plan without researching your market. The most important part of this process is understanding your products. By understanding your products, their features, benefits, and values, it becomes easier to target the consumer's needs with the correct product features.

The next step is to understand the market and the consumer's who reside within.

Evaluate Home Sales Within Your Market

Evaluating the activity within your market helps you to understand what areas of your market are active as well as the size homes and price range that are being sold. Both types of information are critical to creating a good understanding of your consumer. Assume that the majority of your market's business involves newly built \$50,000 homes, and the typical borrower in you area is younger and recently married. This tells you that young married couples are looking for starter type homes. Most likely, they will not have significant liquid assets for a down payment or closing costs. You must consider which product features will help you sell to these customers. You might determine that the 5% down payment of the fixed-rate products are a better fit than the lower rate of the ARM products. In this case your strategy should focus on the fixed / stable payment, the lower down payment, and the fixed closing cost feature of the flat rate closing.

These type determinations will help you target a specific market with the features and benefits that will increase your competitive advantage.

Within your market you will want to start by looking at the information that will help you gauge the potential for new mortgage loans. You will want to determine how active the home sale market is in your community. You can estimate this information by...

- Looking at resale activity
- Company relocations
- New construction
- Condominium development
- Vacation and second home locations

Talk with Realtors - Realtors are an invaluable source of information about home sales within your market. They can provide you with insight into the market that will give you the basis of decision making that you need to determine the needs of your market. Realtors know what lenders are active within your market and many can tell you who your competitors target with their lending features. Realtors can also provide you with unlimited information about who is buying homes within your market.

Market information that you should try to obtain from local Realtors includes, but is not limited to...

The typical borrower profile - This can help you target the correct product and its benefits / features to you market's consumers.

What size homes are seeing the biggest turnover within your market? - This question defines another criteria which allows you to focus on the products which have the features most widely used within your market.

Are there more buyers or sellers? - The answer to this question helps you focus on the Realtors that will be most active. Some are selling Realtors and others are listing Realtors. When your market has a sellers focus, you will want to spend more time focusing on the listing Realtors, spend more time working on open-house good faith estimates. In a seller's market you should focus on Pre-Approvals

This is a simple example, however the third section of this outline, "turning your plan into actions", will focus on implementing actions that will carry out the strategies targeted within your plan.

What does the Realtor want to see from a lender? - This will help you focus on features of your Realtor Network and will help you define what activities you need to focus on when providing service.

What concerns do they have- about service? about underwriting? - This will help you understand what reservations you will need to overcome to become the lender of choice, so Realtors will refer their consumers. Also, it will help you target your Realtor advertising.

What services would they like to see that are not presently provided? - This question might help you define a niche that needs to be filled.

Do they target a particular home buying market, such as first-time home buyers, relocating families, or vacation homes? - This question will aid in defining what Realtors your organization will want to target in your Realtor Network.

These questions will help provide useful insight, but remember that these are only pieces and they will ultimately need to fit into your final plan. Therefore, you may not be able to fill all of the needs that you uncover, but rather need to identify the ones that you can master effectively.

Local Board of Realtors - You might consider becoming an associate member of your local Board of Realtors. This association is a good place to meet Realtors who you presently do not know and can provide you with leads in your market.

Local MLS Listings - Some Local Board of Realtor Associations have a Multiple Listing Service (MLS) which lists all of the homes which are presently for sale or have recently been sold. You must be a member (or Associate member) to be able to use this service, but it is well worth the membership fees and costs associated with this service. There are numerous benefits to becoming a member of your local Board of Realtors and this service is only one of those benefits.

Appraisers use this very same listing to find comparables for appraisals on homes which are presently available in your market. The MLS can really help you define what type of properties are seeing the most activity.

Talk with Builders - Builders in your area are another source of leads for originating mortgage loans. They will have knowledge about the profile of customers within your market. They also know what types and size homes are seeing the most activity. All of this information will help you to continue to define your market. Builders are also aware of what the lending institutions are doing in your area, their target market and their restrictions. Some lenders will target the builders of large homes, others will target volume builders. The object of your inquiries should tell you where an un-serviced niche exists and where other lenders fail to provide builders with a level of service which they desire. Ultimately, builders are market influencers that have leads, plus invaluable information which can help you become a master of your market's needs.

Talk with Real Estate Appraisers - Real Estate Appraisers are actively engaged with homes that are presently being sold. They have no real power of influence with the borrowers, but can help you define the activities that are taking place within your market. They are aware of what types of properties lenders are focusing on, as well as, providing you invaluable information about the Realtors within your area.

Talk with Real Estate Attorneys - Real Estate Attorneys are an additional source of market information related to the properties and lenders within your area. Real Estate Attorneys see work on all types of homes from several lenders within the same area. Find an attorney with whom you have good working relations and probe them for the information you need.

Talk with Title Companies - Title companies are underwriting insurance on all types of property. They can help you in defining the market characteristics that will make your mortgage lending efforts more successful.

When you go out to ask these questions of the professionals within your community we suggest that you target those individuals, commonly termed **Market Influencers**, having the greatest impact within your community.

Other places to find market information

Building permits

Look at real estate listings for area.

City or County public records of title changes and mortgage liens

Don't forget that as you develop your relations with people in the different fields, they can provide you with some insight to other professionals in your industry. Suppose that an appraiser tells you that a certain Realtor focuses on larger homes and more affluent buyers. However, your marketing plan targets first time home buyers, you wouldn't want to place the bulk of your efforts on this Realtor. Obviously, market conditions change, so you don't want to disregard them completely, but rather focus on those Realtors who target your type of buyers.

Once you have determined the potential for new loans within your market, you will need to evaluate your competitors. Mortgage lending is a very competitive industry that has many types of lenders / originators. You will want to analyze what the other lenders in your area are doing.

Watch for local advertising in your area. Make note of who is active in the mortgage business. As you evaluate competitor ads ask yourself, "What type of borrower are they trying to reach?" Competitor advertising can tell you a lot about who they see as their target market. Make note of who you believe to be the market leaders in mortgage lending. Observe the types of advertising which they use to reach their customers. A good place to look for advertising from all of the major competitors in your area is in the Realtor magazines. Again, make a note that describes how they are positioning themselves to the Realtors. Another good place to get a picture of your competition is the local paper. If your paper carries a rate slate, compare your rates and closing costs to those of your competitors. However, do not be misled, some lenders may not fully disclose all of the fees and points associated with these loans.

The best way to get a true picture of the competitors and their products is through direct comparison. You will want to compare information on a product basis. This will allow you to see what costs these lenders built into their loans. Use the chart at the end of this section to evaluate your competitors. This does not need to be done for every type of loan, but rather focus on the strongest loans of your competitors. Competitor Good-Faith Estimates and HUD Settlement statements are a good source for comparing the costs of competitors with your own.

You may find that they are getting some of their services performed more cheaply than you, requiring you to go back to your service providers and renegotiate your price. This type of information helps you remain competitive within your market. Additionally, someone in your office should call your competitors and obtain rate and cost information about their loans. This information should be set up in a table and updated on a regular basis. Direct calls to competitors have more benefits than just loan information. When talking to competitors, try to assess their telephone skills. Telephone skills are very important since a phone call is most often the first contact with a potential borrower.

Your competitor's telephone abilities will help you gauge the effectiveness of your competitor's selling ability. Listen to them and try to determine who they are targeting by the products that they are pushing, they will profile the products for which they have the biggest interest. This information should be updated regularly and used to help your originators when selling your products against those of your competitors.

Evaluating your mortgage competition

- *What themes are repeated by local competitors?*
- *Which offer do you consider the most attractive?*
- *What features are offered in your market that you feel you need to compete?*
- *What do you consider the greatest challenge for your bank?*
- *Do you discern any major gaps in competitors products that offer an alternative benefit or niche that you might offer?*

Evaluate your products

What is misunderstood about your products?

What additional features are needed for you to compete in your market?

Evaluate Customer Base (Present, Previous, & New)

Present Customers

Your present customer base provides the biggest opportunity for generating mortgage demand. These customers have already developed a relationship with your bank allowing you to build on the trust that they have in your organization. To fully understand the demand that might be generated from within your present customer base, you will need to take some time to study these customers and how they use your products and services.

We suggest that you stratify your present DDA accounts by average balance to determine the basic profile of your customer. The number and range of stratifications will vary from bank to bank. However, don't defeat the purpose of the action by limiting your analysis to a few strata and not getting a concise picture of each range. Once you have done this, look at the average age of your customers, dollars of savings, types of bank services that they use, and previous credit experience with the bank. Your credit file might indicate the answer to these questions. Does the customer presently have a mortgage? What is the rate, type and maturity of that mortgage? What institution has their present mortgage? Do they have a second deed of trust mortgage with your bank that you could consolidate? Do they own second or vacation homes?

Current / Previous Customers

What bank customers were forced to get mortgages at other banks because your institution could not provide the type of mortgage that they wanted? Are rates presently low enough that they might want to refinance with their (your) bank?

New Customers

Look at your new deposit customers. What are their mortgage needs? New accounts should be well versed in the mortgage lending services that you provide? Train your employees to cross-sell your mortgage loans. What types of consumers are moving to your area? What are their profiles? Surveys might be utilized to answer some of these questions. They don't necessarily have to be mailed, but can be done within your bank. Be sure to keep your surveys concise and short to get the best response.

Outside Your Area

What geographical areas of your market are very active with home sales? What are the defining characteristics of that market? What size homes are being built? What is the average age of the borrower? What is their level of education? How many children?

The successful evaluation of your mortgage market will be critical in developing your marketing plan and will be necessary to set realistic production goals for your organization. Now that you have determined the group of customers that you want to target with your mortgage products, and you have made a determination concerning the level of demand within your market, then you can begin to develop your marketing strategy.

Using Market Information to Develop a Strategy

This will be the foundation for your success. The strength and effectiveness of your campaign is heavily dependent on the marketing strategy developed in this section. The strategy will define who your organization is targeting, therefore the instruments that you use to market your lending will only be as effective as your plan. Before you begin the development of your strategy ask yourself, "How does your mortgage target market tie into your bank's mission statement and present marketing plan?" Your mortgage marketing plan needs to tie into your present lending strategies and also needs to be included in your bank's budget. These things reinforce the commitment of management to making your mortgage lending department successful.

Develop Your Own Goals - Set realistic but challenging goals based on the market information you have obtained in the previous section.

Volume

Set realistic and challenging goals for your mortgage originations. This should be a dollar based goal of closed loans. Remember that if you set your goals too low your department will not reach its maximum potential. Be sure to define your goals in dollars per quarter, taking note to remember that the mortgage industry is cyclical and will not carry even levels of volume through each quarter.

Example volume strategy -

Year 1 - Two loans per month

Year 2 - One loan per week

Year 3 - One and one-half loan per week

Year 4 - Two loans per week

Year 5 - Three loans per week

Market Share

It is also suggested that you target dollars of volume for each of the markets you intend to service. You can define your market in terms of dollars of volume generated from present customers, Realtor leads, delineated area, outside delineated area, or however you have defined your market and can gauge your success.

Profits

Community Mortgage Network loans are structured to allow you to take advantage of increased levels of profit. You should set a profit goal based on the number of mortgage loans you have targeted for the year and the target level of profits for each loan. You will also want to develop strategies that define what types of loans you want to portfolio and what type you want to sell.

Processing your portfolio loans with secondary market guidelines will provide your portfolio with increased liquidity and will allow your organization to take advantage of profitable business opportunities in the future. The income that you receive from participating in Community Mortgage Networks wholesale program should be incorporated into your budgeting process and used to increase its effectiveness over the long term. The determination of what percentage of dollars you are willing to roll back into your mortgage lending will determine if this is to be a short term or long term plan for your bank.

Use Goals to Build Strategy

- First identify your strategy.
- Then, identify the market or borrowers that you have to reach.
- Next, match market needs with your products and features as outlined in the previous section. Determine what to emphasize in your marketing.
- Make use of the built-in strengths that come with being a local community bank.

Identify the two most important strategies that you will use to reach your market. Based on your market research you have determined who you will target with your lending efforts. It is impossible to be all things to all people, therefore you need to define a niche in your market that is not being filled or that you could fill better.

Competitive Mortgage Features

Select the product features that best fit your defined market when you begin to develop your strategy. Sell to the strengths of your products as well as to the strengths of your bank. Remember that it is to your advantage to build on the strengths of being a small community bank.

Fixed Rate Products and Payments

The fixed rate products offer a low down payment and the security of fixed payments that allow the borrower to budget their funds more easily. Paired with the flat rate closing feature this product can fit the needs of many borrowers. You may want to target this product at first time home buyers with its ability to get the borrower into the loan for very little up front money. The five- and seven-year balloons offer lower rates coupled with the security of fixed payments. This product will save a borrower money by taking advantage of the shorter loan term.

This product is good for buyers who believe that they will move or refinance their loan within this term period. This product does have a conditional right to refinance at the end of the term, however they will need to meet the minimum requirements.

Adjustable Rate Products and Fixed-Rate Conversion

This product takes advantage of lower interest rates in the first payment period and then adjusts to market every year after the first change date. Adjustable rate products allow the borrower to maximize the amount of loan that they can receive, and take advantage of falling interest rates in the periods to come. Generally the ARM is attractive to the more educated consumer who believes that market rates are going to fall or their needs will be short in length.

MORTGAGE COMPETITION ANALYSIS

PRODUCT TERMS AND FEATURES

	Mortgage Lender	Your Bank
Product Type		
Fixed 30-year		
15-year		
Balloon 5-year		
7-year		
Adjustable		
Adjustment Period		
Interest Rate Caps		
Margin		
Option to Convert		
Minimum Required Down		
Maximum Loan Amount		
Minimum Loan Amount		
Refinance Loans		
Terms/Rates		
Cash Out		
Yes/No		
Loan-to-Value		
Underwriting Requirements		
Underwriting Ratios		
Eligible Borrowers		
Owner-Occupant		
Eligible Properties		
Owner-Occupied		
Second Homes		

MORTGAGE COMPETITION ANALYSIS

PRODUCT TERMS AND FEATURES

	Mortgage Lender	Your Bank
Underwriting Requirements		
Second Home		
Single-Family Only		
Two-to-Four Family		
Condo/PUDs		
Spot Approvals		
Eligible Income		
Self-Employed		
Part-Time Income		
Provisions for Trailing Spouse		
Gifts		
Sales Tools/Concessions		
Buydowns		
Secondary Financing		
Seller Concessions (seller allowed to assist with closing costs)		
Commitment Terms		
Days from Application to Commitment		
Pre-Purchase Commitments		
Pre-Qualifying		
Rate Lock		
Time Period		
Terms (protection when rates fall/rise)		
Fee		

**MORTGAGE COMPETITION ANALYSIS
COMMITMENT TERMS AND FEES**

	Mortgage Lender	Your Bank
Fees		
Points		
Required at Application		
Required at Closing		
Fees		
At Application		
At Closing		
Application Fee		
Appraisal Fee		
Credit Report Fee		
Underwriting Fee		
Document Prep Fee		
Tax Service Fee		



This product will receive the most attention in the higher interest rate markets for these reasons. Community Mortgage Network Loans are convertible to fixed rate mortgages for a one time fee and no additional closing costs. While this could change, it is a feature that you can market effectively to your borrower when you compare the conversion fee to the closing costs related to refinancing their mortgage.

Determine the Educational Needs of your Employees

The next portion of your marketing plan identifies the employees that will take on the new responsibilities. You will need to identify the jobs to be performed, determine if job descriptions will be developed, and the type of training to be performed.

In order to provide your customers with the best service determine how the calls will be handled. You will begin to receive a large number of calls from customers who are shopping. You should consider who will be taking those calls, and make sure this individual has complete product understanding. The person taking these calls should know how to take an application over the phone and be aware of what your local competitors are doing. This will help them evaluate what consumers tell them about other providers including the misunderstanding consumers often have about products. Well prepared employees have an opportunity to handle any objections.

For example, a borrower calls to shop your rates and they tell you that the other provider has a lower rate. This simply allows your employee to point out any cost differences or other pertinent information that the borrower may not have known about that provider.

At this point you will need to determine who will perform other duties such as...

- Who will handle outside calls?
- Do you want your staff to use the phone to market your current customers?
- Who will cover for the employees who are out making outside calls?
- How often will they make outside calls?
- Will you take applications over the phone, at the borrower's home, at their place of work, or at their convenience?
- Who will take those applications?
- Who will be responsible for preparing marketing materials, such as ads, brochures, and mailings?

Once you have outlined who will take over the basic mortgage lending functions within your bank, Community Mortgage Network will train them on the lending functions. However, it is important that

you inform the rest of your employees that you are now participating in Community Mortgage Network's program.

You may want to consider developing an informative brochure that will ultimately go to the customer, but could presently be used to educate your employees. Educating your employees will give them the confidence to cross-sell these products to customers on a daily basis. Your employees will also begin word of mouth advertising as they begin to tell their family members and friends that your bank now provides these services.

Budgeting

The revenues that come from your mortgage lending program should be incorporated into your overall budget. Estimate your revenues based on the volume and profit goals that you have already set. This will help you gauge your performance against the goals. While budgeting you will want to set aside some of your revenues to cover marketing expenses. Without reinvestment into your program, your department will never reach its full potential.

Employee Incentive Programs

You may find it very useful to enact an employee incentive program to promote the cross-selling of bank products. This will benefit the entire bank through increased volumes of all products. The mortgage application offers a very good opportunity to cross-sell products such as ATM cards, credit cards, and home equity. This holds true in other areas of your bank, your savings department may be a place to promote mortgage lending. The incentive program can reward the employees for doing a good job and may be the catalyst that begins bank-wide selling of all products. The keys to this program include rewarding incentives, education about your products, and the commitment of the senior management towards cross-selling. (For further information on developing Employee Incentive Programs feel free to contact CMN)

Turning your Plans Into Actions

Communicating With Bank Employees

Introduction - Senior Management will want to inform all employees of the bank about the mortgage program. As we have noted before, it is important for all employees to know about your mortgage program, its benefits, and how you plan to market this program.

Tell them about the general idea of your program. Don't spend a lot of time trying to convey the more technical aspects of your program. It is far more important to tell them about the bank's goal and strategies for the program. Continue by explaining the benefits to the bank, your community, and your customers. Finally, convey the basics of your marketing plan.

Tell them what borrowers you are targeting, what products you are going to highlight and who they can talk to to receive more information. At this point, you will want to tell them how the duties are divided amongst their fellow employees.

Follow-Up - You will want to go back and educate your key employees on the technical information related to the program. Provide them with the product pages that Community Mortgage Network has provided you. CMN suggests that you educate key personnel how to Pre-Qualify potential applicants. Job positions that you may consider allowing to Pre-Qualify applicants include new accounts, consumer and commercial lending officers, and others who have significant consumer contact. You will want to be sure to provide these employees with the application materials that CMN has provided. Examples include the “Application checklist for Purchase / Refinance” or the “rate / refinance call questionnaires”. This is also a good time to share your goals with your employees, how they will be monitored and any sales incentives that you might have enacted.

Cross-Selling to Bank Customers

There are many ways to inform your present customer base about your mortgage services. As you develop your marketing tools you want to emphasize the benefits and how the features of your products provide value to the consumer.

Marketing

Several tools can be used to convey your message to consumers. CMN suggests that you start with those tactics that focus on present consumers. Lobby poster coupled with teller pins are an effective way to generate business from within the bank. Another suggestion is to develop pamphlets to be handed out by employees or made available in the lobby that explain each of your products and their benefits. You may consider setting up displays that demonstrate some aspect of the home buying process. You are not trying to convey everything that you want the borrower to know, but rather you are trying to inform them about the program and generate questions. You will want to continue marketing to present customers with statement stuffers and teller window envelopes. It is important to keep your message simple and easy to remember this is best achieved by using a **common theme throughout all of your marketing tools**.

At this point, it becomes time to consider mailings. You may want to start by adding a message on the bottom of your bank statements, then move on to direct mailings. Start with direct mailings to bank customers then use form letters to reach industry professionals such as Realtors and Builders.

Cross-Sales

As previously mentioned cross-selling by your front line staff is an important means of generating mortgage demand. Management should be sure that all front line employees know how to respond to questions about the mortgage program, and to whom they direct more specific questions.

Earlier in the plan it was suggested that you stratify your DDA accounts to get a profile of your customers. That profile helped in targeting your products and information to those consumers that would make use of this service. This information can also help you package products to increase the sales of all products. Consider making concessions for those consumers that have checking and savings accounts with your bank. Conversely, you might consider offering some concession to those consumers that have mortgages with your bank. Many believe this type of arrangement builds on relationship banking and could be the cornerstone for increasing usage of all bank products.

Realtor Marketing

Establish a Realtor Network—A Realtor Network is a referral program between your bank and local Realtors. A Realtor network will increase the number of Mortgage applications you receive and increase the number of mortgage loans you make. Whether your bank has a specialized loan originator or not, you can have a productive Realtor Network. All it takes is a little time and planning on your part. This chapter will describe the benefits to your bank and to the Realtor and show you how to establish, nurture and maintain the Realtor relationships necessary to have a successful mortgage lending program.

Bank Benefits

When you are looking for information, you normally go to the best source possible to gather that information. When you are looking for mortgage loans, why not go directly to a source that you know can provide customers who have already declared themselves to be a candidate for a mortgage. A solid Realtor network can provide you with information about people looking for a new house, selling their current home or moving into the area.

A solid Realtor network can help you broaden your customer base. This is accomplished by the Realtor's ability to attract non-bank customers to your bank. With the Realtor's referral, you will establish a long-term relationship with that customer. After all, a mortgage is a twenty or thirty year contract. Once you develop the customer relationship, it is easy to cross-sell them on the other benefits of your bank.

You have already increased the list of various mortgages you offer by virtue of access to the secondary market provided by Community Mortgage Network. But, your existing customer may not realize the

wide variety of mortgage loans that you offer. A Realtor can educate your current customers with that specific product knowledge. The development of a Realtor network provides your local Realtors with the expanded product knowledge that allows them to educate the consumer.

Involvement with a Realtor network helps your Community Reinvestment Act rating. Some of your Realtors will be established in the low to moderate income areas of your delineated community. They may also have ties with community groups and organizations that are active in meeting the needs of the low to moderate income areas of your community. This will automatically open markets where you may have not been active. As you are keenly aware, having an additional source to help your bank's CRA position is always a plus.

Individual Realtors and their companies have financing needs as well. The development of this new relationship can provide the opportunity for your bank to establish account relationships with and to make loans to your Realtors. These relationships are further affirmation that the Realtor recognizes the quality products and service that you provide.

This program will help maintain mortgage volume in shrinking markets. Your network may consist of as many Realtors as you feel you can serve. The size of the program is directly dependent on the dollar volume your organization has targeted for mortgages and the amount of time you have available.

Realtor Benefits

The main thing the Realtor is looking for in a bank is service. They want to make sure that the loan gets made and that they get paid. Then they can move on to the next deal. If you keep the Realtor up to date on the progress of the loan, then he can appear informed to the client. The more you educate the Realtor with product knowledge, the more professional he appears.

The Realtor would like to be able to call the bank at any time to check on the progress of his buyer. The Realtor wants to feel that he has access to the bank's employees and that he is being kept informed about the progress of each of the borrowers. In summary, the bank should make the Realtor feel like an integral part of the process. After all, it was the Realtor's referral that brought this customer to your bank. Another way to increase the level of service that you offer Realtors is to be flexible in taking applications at places and times more convenient for the borrower. Consider taking applications at the Realtor's office, the borrower's home or in the evening.

Time is money to the Realtor. The faster the closing, the more money the Realtor will make during the course of the year. Therefore, the Realtor is vitally concerned with the amount of time it takes the bank to process, approve and close a customer's loan.

Community Mortgage Network offers a multitude of loan programs. In addition, we have developed a quick reference Realtor packet containing an overview of all the types of loans. With this packet, the Realtor can quickly find information about every type loan we offer. The results are a Realtor with real overall knowledge of the mortgage process who inspires confidence in the customer.

The Realtor expects the buyer to get a competitive rate. Our rates are extremely competitive and in most cases, will be significantly lower than the competition.

Realtors make money by helping people buy or sell their homes. The Realtor understands that his business and his reputation is dependent upon his ability to meet the needs of the buyer. Therefore, it is of the utmost importance that the bank have the ability to meet the buyer's needs in order to gain the confidence of the Realtor. On the other hand, every Realtor would love to have an ongoing relationship with one bank in order to make his job easier.

Establishing the Network

A good Realtor Network doesn't just happen. You must have a game plan and be willing to work to execute it. The following are some ideas you might use to set up a network.

The first step is to prepare a list of all the Realtors in your area. The local Board of Realtors (if you have one), newspaper advertisements and the local Real Estate Guide are all good sources. It may be wise for you to become an associate member of the local Board of Realtors. Develop a mailing list. This mailing list will serve as the backbone of your network and will help you monitor your progress.

To initially establish your network, you must be able to show the Realtor the benefits of sending their buyers to you for their mortgage needs. In order to accomplish this, you must be knowledgeable and confident in what you have to offer.

The best way to initially establish a network is to have an Open House at your bank and invite the local Realtors. This is a way of establishing a bond between the bank and the Realtor. It is also a way to disseminate valuable information to the Realtors. This is your opportunity to have a captive audience and show off your bank at the same time. You should plan a short presentation for the Realtors.

Offer light refreshments and make your open house successful enough that those who did not attend, wish they had. This may be a good time to show the Realtor how to prepare their buyer for the application process, i.e., what the buyer should bring when they apply for the loan. Each Realtor should receive your Realtor packet during the Open House. (Contact CMN for sample Realtor packet)

A second way to develop Realtor relationships is to visit each realty company on your mailing list. Plan your call to coincide with their company staff meeting. Most real estate companies meet weekly.

Ask if you may come and introduce your bank's program to the entire staff of Realtors. At the conclusion of your talk, give each Realtor your Realtor Packet. Remember that it is also important for you to get to know the office personnel. They are the ones with whom you will be dealing on a continuing basis. The last step to establishing Realtor relationships is to make a phone call or visit to each individual Realtor who missed the open house and the staff meetings and then follow up by mailing a Realtor packet.

Whichever approach you choose, make sure you ask each Realtor for their business. Tell them what you have in mind and how you envision the process working. Tell them how they and their buyers can benefit from having a direct relationship with your bank. Give them a reason to send you business.

Some real estate agencies may already have a close relationship with your competition. Don't let this stop you from trying. You may have one product that they can't get elsewhere. And too, you never know, a relationship that seems solid today, may falter tomorrow. Just make sure you are the next in line and are prepared when given the chance.

Maintaining the Network

After you get the real estate agent excited about your program, you must follow up. Establishing a network is no big deal, maintaining it is how you grow your business.

The most essential component in maintaining a Realtor Network is to have some kind of weekly contact with the Realtor. If possible, you should personally visit each Realtor in your network. Again, the ideal time to visit is just before or just after the weekly staff meetings. You should be able to catch several Realtors in the office at one time. If a personal visit is not possible, you should regularly call to update them on the current status of the buyers they have sent.

In order for the Realtor to feel like they are a part of the Mortgage process, they need to be given Rate Sheets at least weekly. You can take the Community Mortgage Network Rate Sheet and make it yours by using your bank's logo and contact person. If you make personal visits, this is the ideal time to give the Realtor your Rate Sheet. Otherwise, fax or mail them. If the Realtor is not currently giving you business, continue to send them and write an occasional note on the sheet. It keeps your bank's name in front of the Realtor on a regular basis.

When a loan closes, it is worthwhile to send a thank you note to the Realtor who referred the buyer. If the Realtor is not in your network, this may open the door for further business.

Regularly ask each loan applicant who their Realtor is. If the Realtor is not in your Network, make an effort to contact them. Send them a Realtor Packet and offer to work with them.

Regularly ask each loan applicant for a referral . . .

Conduct a joint home-buyer's seminar. Realtors are willing to participate in this kind of venture as a way of attracting potential customers to their agency. Both the bank and the Real Estate Agency get great exposure while at the same time, establishing a great working relationship with each other. The Community Mortgage Network staff will be glad to help you plan such a seminar.

Conducting a seminar for Realtors is a way of establishing and maintaining a strong network. Realtors are always interested in learning ways to provide better service. Simply go through your mailing list and send out invitations to all the local Realtors, whether they are in your network or not. Possible topics of interest to the Realtors include local zoning restrictions and requirements, how the Realtor can pre-qualify their buyer, what should your buyer bring when applying for a Mortgage loan, how the Mortgage loan process works and Mortgage loan product seminars.

Conclusion

A successful Realtor Network can be very lucrative for the bank. It takes time and effort to establish and maintain a fruitful Realtor Network. Just remember, every applicant you receive from a Realtor is that Realtor's customer too. Make sure the Realtor is made a part of the process and not apart from the process. It's a joint venture.

Builder Marketing

Meet with the builder. Determine the builders needs. Share your competitive mortgage features with the builder. Explain how services such as pre-approval of borrowers can help sell homes. Offer to tailor a plan to meet their needs.

Once you have developed a rapport with the builder, monitor the construction of their homes. Ask the builder to introduce you to Realtors that you have not met. Attend their open houses to answer questions and talk about financing. This is a good place to use the Financing Alternatives Worksheet. Once the builder starts to sell homes, visit the sales office regularly.

Follow up on any leads the builder may provide. Inform them about the status of the application just as you would with your Realtors. Send them a "Thank You" card when the loan closes. Ask the builder to display your pamphlets or other information in their sales office. Apply for membership to the Homebuilders Association.

General Marketing

Begin a general marketing campaign to reach new customers. Again, use a constant theme with a short message. The most important thing is to keep your bank's name in the public's eye. Your marketing will get the best response through repetition.

Advertising

General advertising is an effective way to get your message to large numbers of people. However, it becomes increasingly hard to target a specific audience. Advertising will vary depending on the amount of funds you have allocated.

Larger ads get more recognition, but repetition is more important. Single ads are dependent on the need for a mortgage at that time. Therefore, it becomes easily understood why it is far better to get your message out more times compared to using larger more expensive ads. The proper placement of your ad within the publication will get more response by reaching the consumers that you have targeted.

Suggested areas of the newspaper for ad placement include the news section and classified. Some newspapers have Real Estate sections on the weekend and this might prompt you to consider waiting till the weekend to place your ad.

Consider specialty Real Estate publications for your ads. This is good to market to borrowers and Realtors. The best feature about these publications is that they have a targeted audience and will cost less than most other publications. Be sure to check ads through your compliance officer. This is especially true if you plan to publish a rate.

Civic Groups

Civic groups are a good place to reach consumers. Ask them to allow you to speak at meetings. It is not necessary to tell them about everything in your program, but rather take this opportunity to inform them of your services and offer your assistance.

Referrals at Closing

Word of mouth advertising is the cheapest and often most effective type of advertising. Ask the borrower if they might suggest someone else who could use your services. Every great salesman asks their customers for referrals. Send "Thank You" letters to the borrower after the loan closes and send another to the Realtor / Builder. Include a survey that is short and concise. This will give you feedback on the quality of service that you have provided and will help you focus on what consumers and ealtors find important.

MORTGAGE GOALS

	ANNUAL (\$/#)	1 QTR (\$/#)	2 QTR (\$/#)	3 QTR (\$/#)	4 QTR (\$/#)
TOTAL					
COMPONENTS					
ORIGINATION					
Branch					
Employee					
Employee					
Branch					
Employee					
Employee					
PRODUCT					
Fixed-Rate					
30-year					
15-year					
Balloon					
5-year					
7-year					
ARM					
1-year					
3-year					
BORROWER					
Existing Customer					
New Customer					
REFERRAL SOURCE					
Realtor					
Builder					

MARKETING STRATEGIES

	Strategy A	Strategy B	Strategy C
Market Borrower			
Need			
Product Features That Meet Need			
Marketing Tools			
Product Features That Meet Need			
Marketing Tools			

PROPERTY ADDRESS

SALE PRICE:
DOWN PAYMENT:
LOAN AMOUNT:

Presented By: Lending At Its Best!

MONTHLY PAYMENT:

PROGRAM			
RATE & POINTS			
Principal & Interest			
Tax			
Hazard Insurance			
HOA/Condo Fee			
PMI			
TOTAL PITI			

QUALIFYING (monthly)

INCOME TO QUALIFY			
* MAXIMUM ALLOWABLE DEBT			

CASH REQUIRED TO CLOSE

DOWN PAYMENT			
EST. CLOSING COST			
CASH RESERVE			
TOTAL CASH TO CLOSE			

** THIS FIGURE IS ONLY AN APPROXIMATION; MONTHLY DEBT CAN BE HIGHER. CONSULT EITHER THE LISTING AGENT OR LENDER.*

THE FIRST STATE BANK

ULLOM REALTY BETTER HOMES & GARDENS

**LIBBY ADKINS
1208 MAY APPLE**

The following loan terms are provided for informational purposes based upon the listing price of this house using a 10% down payment. The actual selling price and your down payment may differ. If you'd like more information on the financing of this or any home, give us a call. This is not a commitment to make a loan.

	FIXED RATE	1/1 ARM
LISTING PRICE	\$145,000	\$145,000
DOWN PAYMENT (10%)	\$14,500	\$14,500
LOAN AMOUNT	\$130,500	\$130,500
INTEREST RATE	8.375%	6.250%
APR	8.43%	8.44%
TERM	360	360
PRINCIPAL & INTEREST	359 PAYMENTS @ \$991.89 1 PAYMENT @ \$998.76	12 PAYMENTS @ \$803.51 12 PAYMENTS @ \$976.68 336 PAYMENT @ \$998.82

The Principal and Interest Payments and the Annual Percentage Rate for the Adjustable Rate Mortgage shown above reflect the fact that the rate can increase after the first year. In fact, the rate can increase or decrease by 2% in any one year but cannot increase or decrease more than 6% during the life of the loan. The above rate is for January 24. Rates change on a daily basis. Escrows and closing costs not included in the above.

WE OFFER THE FOLLOWING LOANS

- FIVE DIFFERENT ADJUSTABLE RATES
- FIXED RATE
- CONSTRUCTION-PERMANENT
- TWO LOW INCOME PROGRAMS



ANDREW VALLANDINGHAM

ELIZABETH BLACK

Phone 736-5271

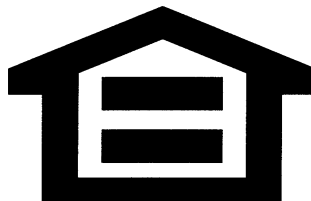
Fax 736-0666

Toll Free 1-800-440-6678

We make Loans for family homes

We offer a wide variety
of programs with loads
of features to assist you
in achieving your dream
of a new home.

Give us a call today so
we can show you how.



**EQUAL HOUSING
L E N D E R**

**The First State Bank
(304) 736-5271**

Realtor Solicitation Example

ARE YOU LOOKING
FOR ADVANCED
FINANCING
SOLUTIONS ?



REDUCE CLOSING COSTS !

We offer the perfect solution for those close on cash purchasers. Today we have to make every potential customer count! Therefore, we have a specific programs to reduce a purchaser's closing costs.

The benefits to the real estate community are obvious:

- ◆ This translates immediately into more sales!
- ◆ We provide a more comfortable alternative for those close cases!
- ◆ Your purchasers qualify immediately to purchase more!
- ◆ The tax benefits of home ownership are maximized.

For more information on the structure of these programs, and how they will apply to your customer Call Originator's Name at Correspondent Name. He / She will be happy to provide you with the consultation necessary to understand our programs and choose the options which suit your individual purchaser's needs.

We hold a strong commitment to provide you with the innovative tools necessary to get you to the top and keep you there.

Correspondent Name
Address
Phone
Contact

Adjustable Rate Solicitation Example

ARE YOU LOOKING FOR ADVANCED FINANCING SOLUTIONS?

TODAY'S ADJUSTABLES!

1/1 ARM
3/1 ARM
5/1 ARM

TODAY'S QUOTE

For years adjustable rate mortgages have offered home buyers the lowest combination of interest rates and points available. We're pleased to say that this hasn't changed.

Whether taking advantage of the low rate for qualifying purposes, or keeping the average rate down for a home buyer wishing to stay in the property for only a few years, our adjustables offer unmatched utility, with the security of knowing that the payment adjustments are limited through our cap protection system.

As guidelines and features on adjustables vary widely, do be sure to call and make certain that all of the purchaser's specific needs are met regarding index, caps, margins, etc.

No other program offers the purchase power of today's ARM.

Correspondent Name
Address
Phone
Contact

Realtors

Why Recommend Your Bank Name?

- ◆ **RATES** - Compare our rates to any other Mortgage Provider. You'll be surprised.
- ◆ **PRODUCT VARIETY** - We offer a multitude of Fixed, Adjustable, and Construction-Permanent mortgages.
- ◆ **PRODUCT FEATURES** - Check out our low down payment requirements and convertible Adjustable Rate Mortgage option. We also offer a low cost closing option to those buyers who may be short on cash.
- ◆ **ESCROW OF TAXES** - With the continuing escalation of property taxes, escrowing is a benefit to any buyer.
- ◆ **REALTOR STATUS REPORT** - We will send you a weekly report detailing those items needed to close your buyers loan.
- ◆ **SERVICE** - We will take your buyers application at their home, their office, your office, or any where that is convenient to the buyer. We are also available to take their application on the weekend or evening.
- ◆ **RATE SHEETS** - You can sign up to have our current mortgage rate sheet faxed to you on a daily or weekly basis. Whichever is most convenient for you.
- ◆ **COMMUNITY BANK** - All loan decisions and servicing takes place at our bank and not at some distant location. This offers you the ability to know who you are dealing with and to have immediate access to our staff.
- ◆ **PRE-APPROVAL OF BUYER** - If you are acting as a buyer agent, we can help by Pre-Approving your buyer. This allows you and your buyer to shop for their dream home with the confidence of knowing that their financing has already been secured.
- ◆ **QUICK TURNAROUND** - We invite you to compare our turnaround time with anyone else in the mortgage business. We understand that the quicker a loan closes, the more money you can make by going on to your next buyer.

Community Mortgage Network

[Date]

[Present Customer]

[Address]

[City, ST Zip]

Dear [Customer]:

An important part of the American Dream has always been to own your own home. Whether you are looking for your first home or are considering buying a different home, at [Your Bank Name] we want to be a part of achieving your dream.

We can help you select a mortgage loan that fits your needs. Our programs are flexible and we can structure your finance package so that your closing costs and your payments will compliment your present pocketbook.

When you consider the benefits of doing business with us, your local bank, you should remember that we have a mortgage "hotline" with someone ready to answer your questions. Our loan officers will take an application when it's convenient for you, even over the phone. Just call [Phone Number]. Remember that most loans can be approved in a surprisingly short time.

We hope that you will call us and let us show you how to make your dreams come true.

Sincerely,

The First State Bank
660 Central Ave., Barboursville, WV 25504
800-4406678

Community Mortgage Network

[Date]

[Address]
[City, ST Zip]

Dear Stockholders:

In an effort to further enhance our earnings and increase our market share, we are actively pursuing mortgage loans. Investing in the housing needs of our community is just one way in which we use local deposits to benefit our local economy.

We currently offer a wide variety of fixed and adjustable rate mortgages and have the flexibility to tailor loans to fit our customers.

As a shareholder, you are naturally interested in our growth and fiscal well-being. Our mortgage department is simply another way that your bank continues to impact the economic viability of our community.

It is our hope that you will join us in making sure our community knows that [Bank] is still locally owned and operated with a genuine interest in the welfare of our people.

Sincerely,

The First State Bank
660 Central Ave., Barboursville, WV 25504
800-4406678

Community Mortgage Network

[Date]

Dear Stockholders:

In an effort to further enhance our earnings and increase our market share, we are actively pursuing mortgage loans. Investing in the housing needs of our community is just one way in which we use local deposits to benefit our local economy.

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Sincerely,

The First State Bank
660 Central Ave., Barboursville, WV 25504
800-4406678

Mortgage Product Manual

Your mortgage product manual was developed to aid each correspondent in explaining Community Mortgage Network products to their customers. We utilize the same product manual within our retail organization and find it to be incredibly effective.

We suggest that you make copies to give to Realtors with whom you have developed working relations. They can offer copies of each page to prospective customers to help them understand your products. Another effective use that we have found for these product descriptions is for customers who call in inquiring about your products. Simply get their name, address, and the products they are interested in, and use these pages as mailings.

LOAN APPLICATION CHECKLIST FOR PURCHASE

Information to bring to the loan application to facilitate your speedy loan approval.

A. Deposit Check for Credit Report and Appraisal

B. Property Information

1. Copy of signed contract and any addenda.
2. Copy of listing.
3. Copy of earnest money deposit check.

C. Personal Information

1. Address of residence the last two years for both Borrower and Co-Borrower (include landlord name and address/phone number if applicable).

D. Employment Information

1. Provide address, contact person, phone number, working dates, and income range for any/all current/previous employers for the past two years for both Borrower and Co-Borrower.
 - a. Written explanation for any job gap of more than one month during the last two years.
 - b. Relocation letter from employer for transferees - giving date, salary, and relocation benefits.
2. Present Salary: Year-to-date pay stub and last two years W-2s and/or 1099s.
3. Variable Income: If commissions, bonuses, overtime, and/or interest and dividend are used for qualifying, provide the last two years tax returns.
4. If self-employed: Provide the last two years individual and business tax returns and a year-to-date profit and loss statement.
5. Diploma or transcript if student in the last two years.

E. Additional Income

1. Rental Income: provide copy of current lease or two years tax returns and schedules.
2. Alimony/Child support (only if used for qualification): Copy of divorce decree and evidence of 12 months receipt of payments.

F. Assets

1. Bank accounts: Copy of last three monthly statements.
2. Stocks or Bonds: Copy of certificates or dealer statement.
3. Vehicles: Description and Value.

G. Liabilities

1. Credit Cards: Account number, balance, and payment on all revolving accounts with a balance.
2. Installment Loans: (Auto, personal, mortgage, student) Name of institution, address, account number, balance and payment.
3. Alimony and Child Support: Copy of Divorce Decree - and/or Separation Agreement.

H. Sale of Present Home

1. Listing.
2. Sales Contract.

LOAN APPLICATION CHECKLIST FOR REFINANCE

Information to bring to the loan application to facilitate your speedy loan approval.

A. Deposit Check for Credit Report and Appraisal

B. Property Information

1. Copy of deed.
2. Reason for Refinance in writing.

C. Personal Information

1. Address of residence the last two years for both Borrower and Co-Borrower (include landlord name and address/phone number if applicable).

D. Employment Information

1. Provide address, contact person, phone number, working dates, and income range for any/all current/previous employers for the past two years for both Borrower and Co-Borrower.
 - a. Written explanation for any job gap of more than one month during the last two years
2. Present Salary: Year-to-date pay stub and last two years W-2s and/or 1099s.
3. Variable Income: If commissions, bonuses, overtime, and/or interest and dividend are used for qualifying, provide the last two years tax returns.
4. If self-employed: Provide the last two years individual and business tax returns and a year-to-date profit and loss statement.

E. Additional Income

1. Rental Income: provide copy of current lease or two years tax returns and schedules.
2. Alimony/Child support (only if used for qualification): Copy of divorce decree and evidence of 12 months receipt of payments.

F. Assets

1. Bank accounts: Copy of last three monthly statements.
2. Stocks or Bonds: Copy of certificates or dealer statement.
3. Vehicles: Description and Value.

G. Liabilities

1. Credit Cards: Account number, balance, and payment on all revolving accounts with a balance.
2. Installment Loans: (Auto, personal, mortgage, student) Name of institution, address, account number, balance and payment.
3. Alimony and Child Support: Copy of Divorce Decree - and/or Separation Agreement.

Rate Call Questionnaire

Name: _____

Are You working with an agent: _____

Agent's name and office: _____

Have you signed a sales contract: _____

How many points is the seller paying: _____

What is the sales price: _____

What is the Loan amount: _____

Is the contract contingent on the sale of your current home: _____

When would you like to close: _____

What type of program are you looking for: _____

Have you investigated other alternatives: _____

How long do you feel that you will live in the new home: _____

Are you more interested in the lowest payment or conserving your capital: _____

Have you been pre-qualified for a loan yet: _____

Has someone gone over a list of those items that will be required when you make an application: _____

Curent address: _____

Telephone Number: _____

Comments: _____

Follow-up	Last Conversation	
	Date	Rate
_____ Letter		
_____ Call		
_____ Pre-App		
_____ Agent		

Refinance Call Questionnaire

Name: _____

Address: _____

Day Phone: _____ Night Phone: _____

Approximate Value: _____

Current Mortgage:

1st:	Type: _____	Rate: _____	Bal: _____	Tax/Ins _____	PI: _____
2nd	Type: _____	Rate: _____	Bal: _____	Tax/Ins _____	PI: _____
3rd	Type: _____	Rate: _____	Bal: _____	Tax/Ins _____	PI: _____
Total			Bal: _____	Tax/Ins _____	PI: _____

How Referred? _____

Reason for refinance:

Secure fixed rate: ___ Lower Pmt: ___ Cash out: ___ Debt consolidation: ___ Payoff Balloon: ___

How long in home? _____ How long intending to remain? _____

Proposed Mortgage

Type: _____ Rate: _____ Amt: _____ Tax/Ins: _____ PI: _____

Income: _____ Monthly Debt: _____ Cash: _____ Ratios: _____

Comments: _____

Follow-up	Last Conversation	
_____ Letter		
_____ Call	Date	Rate
_____ Pre-App	_____	_____
_____ Agent	_____	_____
	_____	_____
	_____	_____
	_____	_____
	_____	_____

Directions for using the Pre-Qualification Certificate

The Pre-Qualification Certificate and the letter that accompanies it is to be used for the borrower who would like to be pre-approved for a mortgage loan before they go shopping for a house.

The processing of the loan is exactly the same as for any other mortgage, with the exception that there is no property involved. The borrower's income, assets, and credit will need to be verified. You will need to ask your borrower in what price range they are looking to buy, and determine how much money they have to put down as a down payment and plug these numbers in to determine your hypothetical sales price and loan amount.

In some cases it may be best to pre-qualify your borrower based on the highest loan amount for which they can afford and then adjust it downward should they decide to purchase a less expensive home.

When submitting the borrowers loan application package to be underwritten, for the property address section simply type in the words, "Pre-Qualification" and the underwriter will know that there is no property involved at this point. The underwriter will simply approve the loan subject to a satisfactory sales contract and appraisal.

At this point you will issue your customer the Pre-Qualification Certificate and accompanying letter stating the terms and conditions of the loan approval.

Now when your borrower goes looking for a home to purchase, they can tell the Seller or Realtor that they are already approved for a mortgage loan, and that all they need to do is have a satisfactory appraisal to close their loan.

Once the borrower has signed a contract, this is the point at which you will order the appraisal and legal work. When this information is received, simply forward it to CMN and we will then be able to sign off on these conditions and set a closing date for your customer.

We feel that this is a useful tool to use when you have a customer who is interested in purchasing a home, but are not sure how much they can afford. It is important to note that you, as a lender, will not want to lock the rates on these loans since you do not know how long it will take your borrower to find a suitable property. Once your borrower has located a property, however, at this point you may lock in the rate if you feel comfortable that you will be able to deliver the closed loan package within that time frame.

Please note that if it has been over three months since the loan was approved, we will need you to update your loan documents, such as the credit report, and verifications to make sure that the customer's financial picture has not changed drastically, and to make sure that they still qualify for the loan amount for which they are applying.

Pre-Qualification Certificate

This document certifies that _____ have | has been pre-qualified for a mortgage loan in the amount of \$_____, assuming a down payment of _____% and a maximum monthly payment of \$_____. This is based upon an estimated interest rate of _____%.

The pre-qualified mortgage amount may vary with changes in interest rates. The amount noted above is based on interest rates current at the time of pre-qualification.

This pre-qualification should not be construed as a loan commitment. Certificate holder must apply and obtain credit and property approval.

Once you have found a home, please contact me as soon as possible so that we may proceed with the application process. At that time you have the option to lock in the interest rate on your loan or allow the rate to float for a specific period of time based on your closing date.

Loan Officer

Borrower

Date

Co-Borrower

Phone

Date

Instructions for Using the Information Request Form & Follow-Up Letter

Once your Processor has reviewed all of the information that has been received by the Borrower, he or she will be able to determine what items are missing or still needed in order to obtain loan approval.

After you know what items you need, it is important to convey this information to the Borrower in a timely manner so they may remit any outstanding documentation to you as soon as possible, so as not to delay the loan approval or closing.

In most cases, the Borrower will be glad to help you in any way they can to get their loan approved. The Request Form (page 12) lists almost anything you would need to process a mortgage loan, and can be checked off quickly and easily without having to type a letter each time you need additional information from your Borrower. There are also blank lines to add other items which may be needed.

We do suggest that you list everything one time, and do not go back to the Borrower for one thing this week, and something else next week. It is best to obtain all of your documentation at the time of loan application if possible. However, we realize that this is not always possible due to poor record keeping, or joint-applicants who may or may not have all of the information about the Co-Borrower.

We have also included a Follow-Up Letter to send to your Borrower if they do not remit the outstanding documentation needed (page 14) which states that the delay of these items could result in a later closing date.

We feel that both of these forms are good tools to use in the aid of mortgage loan processing, which will save you time and effort in your daily review of your mortgage pipeline. By keeping an open line of communication between you (as The Lender) and your Borrower, the customer will feel more a part of the process if they know what is expected of them. You will look better in your Borrower's eyes if you contact them and let them know the status of their loan before they contact you to ask what is going on with their loan.

Dear _____

_____ has evaluated the credit portion of your loan application and is pleased to inform you that your credit has been pre-approved for a mortgage loan under the following terms:

Loan Amount: _____
Loan to Value: _____ %
Interest Rate: _____ %

Not Locked: _____
Locked: _____

Loan Type: _____

This pre-approval is based solely on the credit information as currently available and verified. To maintain accurate and current information, _____ may have to reverify information. Please note these additional provisions which may affect the borrower's qualifications:

1. The lender must receive a property appraisal report that supports the property's sales price and future marketability,
2. Material changes in the borrower's financial conditions do not adversely affect the applicant's ability to qualify, or credit worthiness.
3. The applicant must be willing and able to provide additional information or documentation to support qualification requirements as the lender requests.
4. The applicant must be willing to comply with the lender's standard closing conditions, which will be itemized at the time of approval.

This letter does not constitute a loan commitment, only a preliminary evaluation of a borrower's ability to qualify based on the information available at this time.

Name of Bank

By: _____
Date: _____

Dear: _____

The following items will be needed to complete the loan approval process. Please review this list and forward the appropriate information. Thank You very much!

FROM THE AGENT

- Signed Sales contract
- Signed addendum
- Listing/Property Description

FROM THE BORROWER

Provide the complete address for:

- Present employer
- Previous employer
- _____
- _____
- _____

COPIES OF:

- Year-to Date pay stubs
- Individual Tax Returns
- Corporate Returns
- W-2's _____
- _____
- _____
- _____
- _____

OTHER:

- Check for \$ _____
- Hazard Ins.w/ paid receipt
- Title Binder and Survey
- Termite Report
- _____
- _____
- _____
- _____

PROOF OF:

- Social Security Income
- Pension Income
- Disability Income
- Child Support Income (12 months cancelled checks)
- _____
- _____
- _____

LETTERS OF EXPLANATION RE:

- Gift with Donor Verification
- Reason for Refinance
- Recent Credit Inquiries
- _____
- _____
- _____

PRESENT HOME:

- Lease for any/all rentals
- Sales Contract
- Settlement Statement
- Deed
- _____
- _____
- _____

Sincerely,

Originator/Loan Processor

Name: _____
Address: _____

The following is a list of items still required to complete the processing of your loan application. Please present the items appearing on this list as quickly as possible. If any of these items are unobtainable, please contact me as soon as possible to discuss the alternative course. The delay of presenting any of these items could affect the scheduled closing of your loan.

INCOME

_____ Most recent pay-stub
_____ W-2's for: 20__, 20__, 20__, 20__
_____ Personal tax returns: 20__, 20__, 20__, 20__
_____ Corporate tax returns: 20__, 20__, 20__, 20__

ASSETS

_____ Three months bank statements for: _____
_____ HUD-1 on present home
_____ Gift letter

ADDRESSES & ACCT#'S

OTHERS:

Thank You,

Originator/Loan Processor

Name: _____

Address: _____

The following is a list of items required to complete the processing of the referenced loan application. This request has been sent to the borrowers emphasizing the importance of timely response. If you know that any of these items are unobtainable please let me know so that we may pursue an alternate course. The delay of presenting these items may affect the scheduled closing of

INCOME

- _____ Most recent pay-stub
- _____ W-2's for: 20__, 20__, 20__, 20__
- _____ Personal tax returns: 20__, 20__, 20__, 20__
- _____ Corporate tax returns: 20__, 20__, 20__, 20__

ASSETS

- _____ Three months bank statements for: _____
 - _____ HUD-1 on present home
 - _____ Gift letter
- _____
- _____

RECEIVED/DATE

- _____ __/__/__ Credit report
- _____ __/__/__ Appraisal
- _____ __/__/__ Verification of Employment
- _____ __/__/__ Verification of Deposit
- _____ __/__/__ Verification of Mortgage
- _____ __/__/__ Verification of Loan

BORROWER AND ADDRESS INFORMATION

STILL OUTSTANDING FROM AGENT

- _____ Ratified sales contract
 - _____ Addendum
 - _____ Condo/ Pre-sale letter
- _____
- _____

Thank You,

Originator/Loan Processor

