



Program Overview and Manual





Welcome to Flanagan State Bank's innovative App+5 program. This booklet will provide you with the information about how it works to allow your company the opportunity to decide if it will fit your team's needs. We are very excited about this program and have been successfully using it with other Financial Institutions across the country. This program is customizable to your Financial Institution. You have the option of adding FHA, VA, USDA or Conventional loan programs to your company's menu of lending options. You may add all...or just what you would like to add to round out your offerings. Please continue reading to explore this program further.

Glossary

- I. Program Description
 - a. Overview
 - b. Advantages of using this program
 - c. How to sign up with Flanagan State Bank
- II. How the Program will work with Flanagan State Bank and your company
 - a. Training Provided
 - b. Branch Assignment
 - c. Loan Officer Assignment
 - d. Loan Flow between companies
 - e. Final Result
- III. Summary
 - a. Common Goals
 - b. Contact for App+5
- IV. Thank you



I. Program Description

a. Overview

The App+5 program is designed to assist Financial Institutions with the ability to offer FHA, VA, USDA and Conventional loans with minimal in house requirements. Once a Financial Institution signs up with Flanagan State Bank as an App+5 customer, they acquire the ability to obtain FHA, VA, USDA and Conventional loans for their clientele. It is a simplified process, however, for the Financial Institution. The FSB Customer has a reduced role in the processing of the loan. This is beneficial for several key concerns an organization may have.

The benefits to the financial institution that signs up for this program are:

1) **Little to no overhead**

The Financial Institution will not need additional services to work with this program. If you were to broker or correspond these files, you would need additional services for processing the files. FSB will complete the processing of the files this keeps the costs minimal and inline for your company.

2) **Limited Training required**

To learn FHA, VA, USDA and Conventional loans programs and be able to navigate through them requires an experience level that takes time to build up or hours upon hours of training. Most Loan Officers do not have the time or resources to obtain this training level. FSB becomes this missing piece for the Financial Institution Loan Officers. We plug our knowledge into your company and your team will not miss a beat in being able to answer questions or have

a resource that you can rely on. The only training you will require is knowing who your contacts are to direct the questions too. A basic training can be provided for the Government loan products by FSB that will provide you with the insight to recognize a borrower who fits the programs and to successfully answer basic loan questions. Then, you have our full knowledge base available to you from there.

3) No underwriting risk

We will take all the underwriting risk on the loans sent to FSB.

4) Reduced Compliance risk

One of the steps that we will complete on our end are the Initial Disclosures. Since we will be completing these, this becomes our compliance risk to bear.

5) No added Staff needed

This is very important to know. You will not have to increase your staff or add on duties to your existing staff. The existing staff that will be part of the program will find that their duties do not increase dramatically due to FSB taking a strong role in the outcome of the loan.

b. Advantages of using this program

The above information demonstrated how the program could assist in keeping your costs low and not require additional staff. But, the big question is....

What's in it for us?

That is the easy part. If you do not normally offer FHA or VA loans (and possibly USDA & Conventional) then you are gaining this program to offer to your customers and potential customers rather than let them walk down the street or the next town to work with another bank. The chance to provide this service for your clients allows them to be satisfied with your branch and reinforce their belief in your company.

And, while that is great and good for business...you will also be paid an origination fee for your role in the loan process. We will pay your company 1% for completing the 6 required tasks that must be performed by your Loan Officer. These tasks are simple and typically performed as part of the customer service your staff normally would provide to any customer/applicant.

The fee is only paid on loans that close with Flanagan State Bank and are submitted to us by your Loan Officers following the Loan Flow that is further into the booklet.

c. How to sign up with Flanagan State Bank

Hopefully by this point, you are intrigued about the possibilities that this program will open for your Financial Institutions for your customers. We all know how important customer retention is in today's market. If you feel this is a program that will fit your company then we would like to welcome you to our family. We will need you to "sign up" with us and complete the FSB

App+5 application to make things official. You will have an Account Executive that you will work with. And, more than likely you have already been working with them. They will always be available to you. This is the person you will obtain the application packet from and when completed, return it to. They will initiate the approval process internally with FSB. Within 24 – 48 hours, they will get back to you with your approval notification. Once this is completed you could start immediately. But, we would like to schedule a training with your team and FSB.

To continue learning more about the FSB App+5 program, please continue reading through this packet.



II. How the program will work with FSB & your company

a. Training Provided

Flanagan State Bank will provide the necessary training to get your team up to speed on offering FHA, VA, USDA and Conventional loans to your clientele. We will set up a training that includes you meeting the FSB team that you will be working closely with.

This training will include:

- ◆ Reviewing how the loan process will flow between FSB and your company
- ◆ Introduction of the Loan Officer you will work with to complete the loans
- ◆ Introduction of our LOS system and how to use it
- ◆ Responsibilities of FSB Loan Officer vs Your Loan Officer
- ◆ How FSB will be customized to your company

At another time, we would train your company on the FHA & VA Basics. We can also train on USDA Basics. These additional trainings are available for your staff and at your convenience to help you better identify potential loans suitable for these programs. We can offer in house training or webinar based trainings.

b. Branch Assignment

You will be assigned to one of our specific branches that will best fit your needs. The Branch Manager will be included on the training and introduced to your team as one of several points of contact that can be utilized.

c. Loan Officer Assignment

Your Loan Officers will be assigned a specific FSB Loan Officer to work with. This becomes a team relationship between your Loan Officers and ours. This will become the MAIN point of contact for your Loan Officers.

d. Loan Flow Between the Companies

This is the important nuts and bolts of the program. How everything will flow between the two Loan Officers.

Here is a basic flow or plan on how the process will work:

- ✓ Your LO will make contact with the applicant and proceed to take the application on the potential borrower.
- ✓ Your LO may pull credit to determine if an in-house loan can be accomplished. This is optional based on your financial institution's procedures. If an in-house loan can be done, then nothing further will happen with FSB. BUT, if an in-house loan is not an option then your LO will enter the 1003 and Credit (if available) into Mortgagebot for review by our Loan Officer to prequal them for FHA, VA, USDA and Conventional loans
- ✓ Input the loan in Mortgagebot via the following steps:
 - Login to Mortgagebot. Hit "Create" on the top tab, and "Create a New Loan".
 - If an address is not available at this time, please be sure to click the pre-approval box located under Borrower Summary in the property information
 - Fill in the 1003 completely
 - FYI you may start a new file by importing a Fannie Mae v3.2 file in lieu of creating with all data entry
 - Scan and upload credit report & App+5 actions
- ✓
- ✓ FSB LO will then contact Your LO to outline the programs and options available to the borrower. The LO would relay the options to the borrower and if the borrower would like to proceed have the borrower sign the App+5 Checklist and Contract allowing all parties to proceed.

Please note that the following form is required on each and every loan submitted to FSB.

App+5 Checklist and Contract

Notice to Prospective Borrower(s): Read this contract carefully so that you make an informed choice. You are entitled to a copy of this contract. Signing this contract does not obligate you to obtain a mortgage loan, nor does it constitute mortgage loan approval.

The Bank you are working with has a working relationship with Flanagan State Bank Mortgage Department. The Banks will be working together to consider your application for a mortgage loan and, if that application is granted, to complete your mortgage loan. Per the current laws regulating mortgages, each Bank must complete a certain amount of work on your loan to earn the fees that are charged. The compensation charged will be competitive to what you would normally be charged in your area. The benefit to you is the ability to offer you more loan options for financing your mortgage.

This contract outlines the fees charged by _____ (“Originating Bank”) and the services it provides to earn the compensation being charged.

This contract is between:

Name(s) of borrower(s): _____
And _____ Originating Bank
located at _____.

The Lender, Flanagan State Bank, will be authorized by Originating Bank to work directly with you to evaluate your loan application and to complete the loan once the initial steps have been completed by Originating Bank. The Lender has authorized Originating Bank to engage you and advise you about various loan products available to you through the Lender.

Originating Bank must perform counseling, education and consulting services in order to be compensated. Originating Bank must take the application and complete at least 5 additional items in the checklist below in order for the compensation showing in this contract to be paid to them.

1. Application (FORM 1003) completed in detail (required)
2. _____ Educate prospective borrowers on the home buying process
3. _____ Educate prospective borrowers on different financing options
4. _____ Complete Initial disclosures with borrower(s) (provided by Lender)
5. _____ Collect income documentation, assets and basic documents from borrower
6. _____ Request Appraisal
7. _____ Request title commitment
8. _____ Attend Closing
9. _____ Analyze the borrower’s income and debt

- 10. _____ Ordering verifications of employment and deposit
- 11. _____ Order mortgage and loan verifications
- 12. _____ Order inspections or engineering reports
- 13. _____ Counsel borrower on credit problems
- 14. _____ Request flood certificate

Who does Originating Bank represent?

The originating Bank represents you. The originating Bank is your agent and owes you a fiduciary duty. As an agent of Originating Bank, I owe all others a duty of fair and honest dealing. I will strive to ensure you get the best loan terms possible that meet your loan objectives. Originating Bank will charge you a fee for my services but I will not receive any fee for your mortgage loan from the Lender.

What Originating Bank will be paid :

This allows the Originating Bank to charge an origination fee not to exceed 1%. No other fees may be charged by Originating Bank. The fees charged must be reasonable based on the services provided and consistent to meet Equal Credit Opportunity Act regulations.

For arranging your loan of up to \$_____ at an interest rate of _____%** and term of _____ years on a _____(fixed/adjustable)

Originating Bank’s total compensation will be (1%) or \$_____

Contract term: This contract will expire 3 months from date of signatures unless extended.

By signing below, Originating Bank further certifies that the information in this contract is accurate and complies with all provisions of the Real Estate Settlement Procedures Act and the Truth In Lending Reg Z.

Originating Bank – Loan Officer Signature & Date

_____ Date_____

You agree to the terms of this contract.

Borrower(s) Signature & Date:

_____ Date_____

_____ Date_____

Originating Bank (You) and Lender Addendum

Please Note: A normal application has 5 components.

1. Taking the loan application and signing the initial disclosure with the borrower
2. Processing it
3. Underwriting it
4. Closing it
5. Funding the mortgage

By signing this portion of the form, you are acknowledging the agreement that you will complete step 1 plus 5 other tasks in the loan to earn the fee due to your organization. If any of these 5 items are not completed, this contract will be null and void.

Flanagan State Bank will be the final originator of this transaction. The borrower(s) will be working directly with Flanagan State Bank and their staff to complete the loan process. You will be able to maintain contact with the borrower in an advisory role and not an originating role.

Originating Bank – Loan Officer Signature & Date

_____ Date_____

Flanagan State Bank Representative Signature & Date

_____ Date_____

- ✓ The signed form can be part of the signed application packet or signed in advance of the applicant packet.
- ✓ Email the FSB LO to notify FSB that your file is ready to start for the borrower.
- ✓ FSB will then prepare Initial Disclosures for the loan and send them to the borrower directly via E-sign documents.
 - Alternative Option available – FSB LO can send the documents to the App+5 LO to “wet” sign the docs with the borrowers, if email addresses for both borrowers are not available. (each borrower must have their own email address for E-sign to meet regulations)
- ✓ If your Loan Officer will meet with the borrower, FSB LO will provide a list of documents needed from the borrower that will be needed to process the loan.
- ✓ When all initial docs are returned to FSB and the list of docs needed from the borrower, Your LO will upload into the file and email FSB LO that file is ready for processing.
- ✓ FSB LO will review the file and initiate the processing of the file to prepare for underwriting.
- ✓ FSB LO will advise Your LO of any additional tasks to be completed by them through the process and will keep them advised of the status as the loan progresses.
 - The system will also advise of key milestones reached. Notifications of submission, underwriting approval, etc will be received by Your Loan Officer via system notifications.
- ✓ FSB LO will see the file through the appraisal, underwriting and meeting conditions. Upon receiving the clear to close FSB LO will advise Your LO so a closing date can be set up with all parties.
- ✓ The closing will then occur with very happy borrowers that are also bank clients

An example of a letter that can be used by Your LO to advise the borrower of documents that will be needed:

Documentation Needed From Borrower

This document is to advise you on what documentation will be needed from you to submit your loan to the underwriter for approval. Please provide this information as soon as you are able in order for us to close in a timely manner. This is an initial request and further information may be needed as the analysis of your file is completed.

Please provide all checked items. If you have questions, please contact your Loan Officer:

Minnie Mouse

minniemouse@flanagansstatebank.com

815-676-0988 (office/day)

815-761-2442 (cell/evenings/weekends)

- 2 Years W-2's for reported income (2015 & 2014)
- 2 Most recent tax returns – personal with all pages and schedules
- 2 Most recent tax returns – business with all pages and schedules
- Most recent paystubs to equal 1 month of pay for all applicants
- (for USDA all the *above* information is needed for all adult household members)
- Most recent retirement statement – all pages required
- 2 Months Most recent bank statements – all accounts, all pages
- Copy of Cancelled check for earnest money deposit – front and back of check
- Child Support – 12 months proof of receipt of payment
- Divorce Decree – full decree/court order for child support identifying child and child's age
- Homeowners agent name and contact information
- Landlord name and phone for past 24 months OR rent free letter stating living with family
- Appraisal Fee payable to **Flanagan State Bank** in the amount of \$450 for the appraisal or credit card form completed within the file provided to you for signatures by your LO
- Letter of Explanation for Derogatory Credit showing on credit report – credit included in packet
- Copy of Driver's License for all borrowers
- Proof of funds to close for down payment and applicable closing costs (as needed)
- Proof of:
- Other:
- Other:
- Other:
- Return signed initial disclosures packet and requested documents to your Loan Officer as soon as possible to meet closing deadlines.

Please bring to your appointment or use the return overnight envelope that was included in your packet to quickly return the needed items to your Loan Officer. Upon receipt of your information, the file will begin the processing phase of the loan. During this time, it will be quiet on our end as we gather information, sort information and analyze documents to prepare for the underwriting phase. When the file is ready for underwriting, you will be contacted and provided an update. If you need updates prior to this, please contact Minnie Mouse at the above numbers.

e. Final Result

The end result of the process is twofold:

- 1) Your company is able to retain customers through increasing your mortgage products and being able to assist your customer through the process without dramatically increasing your overhead or manpower.
- 2) Your company will earn a fee on a loan you previously could not do and had to let the competition complete.



This is a win/win for all!

III. Summary

a. Common Goals

Flanagan State Bank has the same goals as your company. Make a reasonable profit while providing the best service and products as possible to satisfy our customer base. Our customer base in this case is your company. You will find us dedicated to assisting you in being successful at offering the FHA, VA, USDA and Conventional loans. We are happy to share our knowledge and resources to help you build and retain your business.

The App+5 program is one of several opportunities we offer. For many Financial Institutions, this one is the best choice due to the reasons listed previously. But, if a Financial Institution is interested, we do offer Broker and Correspondent channels, as well. For more information, please contact your Account Executive.

b. Contact for App+5

Flanagan State Bank is please to introduce our Account Executive Team. At some point, you have this information because one of the team reached out to you. We encourage you to stay in contact with this person. However, if you are unsure who this might be, please feel free to contact any of our team:

Toni Pierce TPO National Sales Manager/Account Executive
815-676-0988 tonipierce@flanagansatebank.com

Justin Yahnig Account Executive
815-419-4176 justinyahnig@flanagansatebank.com



Robert Anderson Senior Vice President Mortgage Lending Division
815-677-4156 robertanderson@flanaganstatebank.com

Josh Heinrich Retail Sales Manager
630-399-2827 joshuaheinrich@flanaganstatebank.com

Gregg Formigoni Sr. Account Executive
217-891-0896 greggformigoni@flanaganstatebank.com

IV. Thank You!

Thank you for taking the time to learn about our App+5 program and the possibilities that exist for your company with Flanagan State Bank. Our App+5 sign up packet is attached for your convenience. To begin the approval process, please complete and send in to your Account Executive.

We are looking forward to you joining the family!



