

## FHA MENTORING SERVICES – CASE STUDY

### **CLIENT INFORMATION:**

Independent Mortgage Banker

### **BACKGROUND:**

- The Company is a subsidiary of a large manufactured and modular homebuilder.
- The Company has originated and serviced home finance loans for their portfolio for many years. They have also originated and serviced FHA Title I loans for over 20 years.
- The Company wanted to expand their lending capabilities by offering FHA Title II programs for manufactured homes permanently affixed to a foundation and modular homes. The majority of transactions are one-time close construction-to-permanent financing.
- The Company services all loans they originate.

### **PROBLEM STATEMENT:**

- The Company has an excellent knowledge of their geographic markets and their builder affiliate's manufactured and modular home products. They also have the infrastructure and controls for construction financing. In addition, they have a department solely dedicated to titling manufactured homes as chattel and as real estate. Therefore, the Company had a strong foundation to address FHA property requirements for manufactured and new homes.
- The Company had no employees with FHA Title II lending or servicing experience and wanted to train from within because they had the capacity and their staff understood their markets and their builder affiliate's products.

### **SOLUTION SUMMARY AND KEY BENEFITS:**

- Developed a FHA Title II rollout plan with senior management, which included the lender approval process, quality control, and staff training.
- Provided initial staff training for originating FHA Title II mortgages, with follow-up training for originating and insuring FHA transactions.
- Established an underwriting service to review the DE test cases before they were submitted to the Homeownership Center, and a service to review closed permanent loans before they were submitted to FHA for endorsement.
- Decreased underwriting turn times

- Implemented a quality control service to audit loans after construction closing with a follow-up audit after endorsement.
- Provided an on-going FHA help desk for key employees to seek underwriting, closing and FHA insuring guidance.

**THE RESULTS:**

- The Company obtained their unconditional DE authority within six months of starting to originate FHA Title II loans.
- As of December 31, 2010 the Company has had 77 FHA Title II loans insured since they were approved 18 month ago, and their FHA Compare ratio is zero.
- The Company has over 100 FHA Title II loans in process including the construction draw phase.
- The Company is in the process of expanding beyond the original six states in their initial roll-out plan to provide FHA Title II financing in all of the states their builder affiliate sells manufactured and modular homes.