How to Float / Lock Your Loan in ADM
March 2019

INTRODUCTION

This manual is designed to assist the user with pricing and locking their loans using the Automated Decision Manager (ADM). Specific fields within the ADM application will be emphasized to alert the user of its importance in producing the desired outcomes from the Price/Lock screen.

When accessing our site, it is best to use Internet Explorer, version 9 or higher. And as a reminder, the system will generate a pop-up notification when it detects are you using a browser other than Internet Explorer.

OBJECTIVE: By the end of this session, the user will know how to:
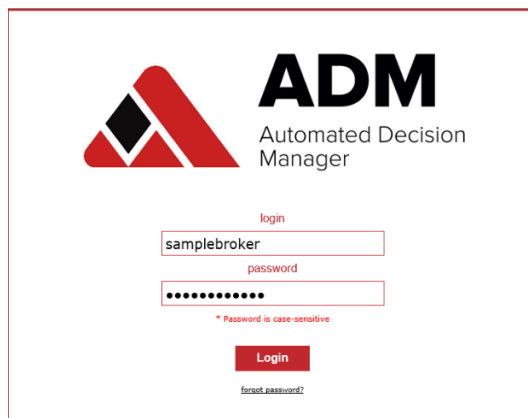
- Lock a Broker Paid or Lender Paid Compensation loan
- How to register, float and lock their loans in ADM

Access the ADM Login Screen

To access the ADM Login screen, click on the red "ADM Login" button, located at the top right-hand side of the www.wholesale.admortgage.com site.
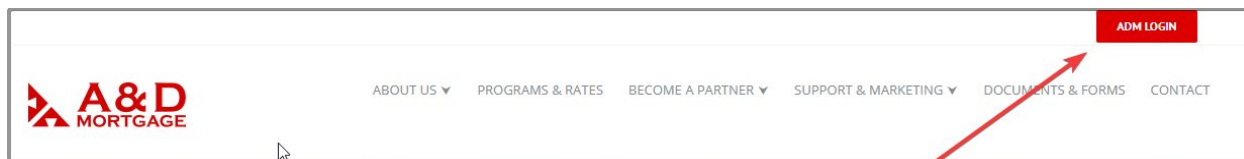
Enter your email address or login provided by the System Administrator and your password, then click Login.

Open your loan

1. Enter any of the loan information you have available (borrower's name, loan number, street address) into the search bar. Once your loan is brought up, click on the loan number in the results, and the pop-up menu will display.
2. From the menu click Price/Lock
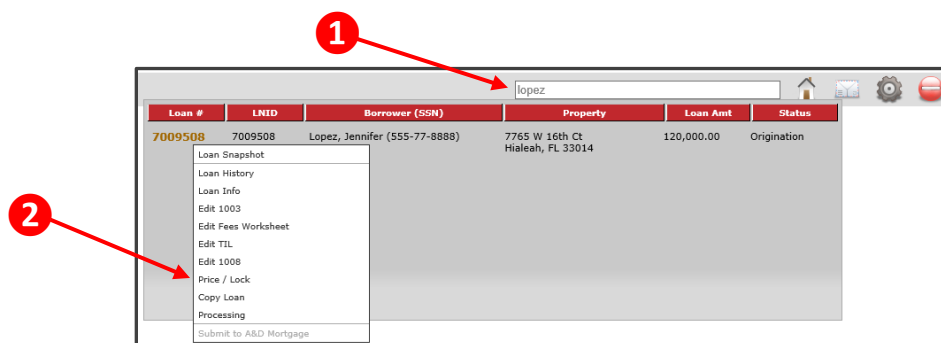
The next few pages will review the Price/Lock screen and will detail for the user:

1. Critical fields required for pricing a QM and Non-QM loan.
2. Locking loans with Broker Paid Compensation and Lender Paid Compensation.
3. The final steps in registering and locking a loan.

Price/Lock Fields for QM Loans

We offer Conventional, FHA, VA, Jumbo Loans under QM loan type. The screenshot below highlights numbered blocks of information that are often missed by the user. See the table of explanations for each block of information below.

Some fields are straightforward, and those that are not are **bolded** below:

Block 1:

Doc Type:	**Full/Alt** (always)

Block 2:

Underwriting Type:	Fannie Mae AUS or Freddie Mac LP
Recommendation:	FNMA Approve/Eligible **or** FHLMC Accept These are the only acceptable results
Loan Type:	Conventional, FHA, VA

Block 3:

Income Verification Type:	**N/A** (always)
Program Type:	**Fixed** (always); we do not offer ARMs in QM

Block 4:

Compensation Type:	Lender Paid Compensation or Borrower Paid Compensation

Block 5:

Amortization Type:	Varies

After your fields have been entered on the Price/Lock screen, click on Search Programs at the bottom of the page.

[Save] [Search Programs] [Cancel]
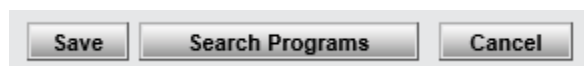
Proceed to page 8 for instructions on locking loans with Broker Paid Compensation or page 10 for Lender Paid Compensation.

Price/Lock Fields for Non-QM Loans

The highlighted and numbered blocks below are critically important to be completed for the pricing engine to provide accurate results.

Some fields are straightforward, and those that are not are bolded below:

Block 1:

Residence Status:	Select the desired option
FICO:	Enter the borrower's FICO; **if Foreign National has a FICO, enter a value from 560 to 660; 660 is the max for Foreign National.**
Doc Type:	**Select Non-QM for Non-QM loans only**
Property Type:	PUD, Detached, Condo
Occupancy:	Primary, Second Home, Investment
Purpose:	Purchase, Refi
Units:	From 1 to 4

Block 2:

Interest Only:	Yes or No; **always Yes for investment**
Underwriting Type:	**Manual Underwrite** - for Non-QM loans only
Recommendation:	**Accept** – for Non-QM loans only
Loan Type:	**Conventional** – for Non-QM loans only
Credit Grade:	Disregard this section
Income Verification Type:	**Always select an income type**, otherwise pricing engine will not produce results
Program Type:	**Fixed** (30 YF only) **or ARM** (5/1 or 7/1 for Non-QM only)

Block 3:

Compensation Type:	Borrower Paid Compensation or Lender Paid Compensation
	- When selecting Borrower Paid Compensation, the System will open a field for you to enter the Mortgage Broker Fee after you select the product/rate/price. - The Mortgage Broker Fee is limited to 3%, including any other fees payable to the broker. - When selecting Lender Paid Compensation, the System will display pricing with broker compensation already included within the pricing. - Max Lender Paid Compensation, including processing fee is 2.75%.

Block 4:

DTI:	May not exceed program maximum
Cash-Out:	- If selected Cash Out Refi in Block 1, make sure to enter a cash out amount over $2,000. - If selected Rate Term Refi in Block 1, make sure not to have cash out amount over $2,000.

Block 5:

Pre-Pay Penalty ("PPP"):	- Applies to investment properties only.
	- Standard PPP term is 3 Years.
	- You may select 3, 2, or 1 Year(s) PPP.
	- PPP Type must be Hard, and can be bought down to 2, 1, 0 years for a 0.25% rate increase for each year bought down.

Block 6:

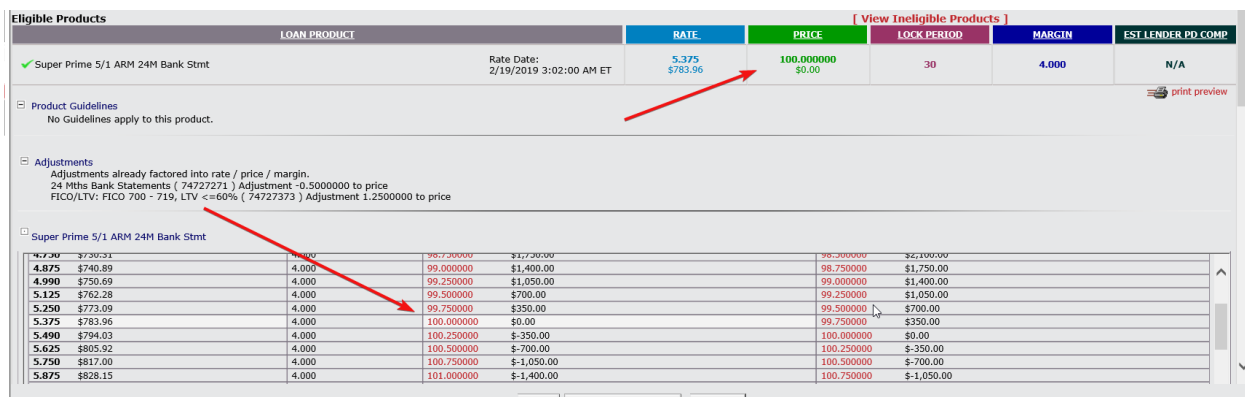| **Desired Price and Result:**	- For Borrower Paid Compensation, select 100 max limit.
	- For Lender Paid Compensation, select 102 [according to your "comp plan amount"].
	- Always select **Best Price** as a result option.

After your fields have been entered on the Price/Lock screen, click on Search Programs at the bottom of the page.

Save | Search Programs | Cancel

Proceed to page 8 for instructions on locking loans with Broker Paid Compensation or page 10 for Lender Paid Compensation.

Locking with Borrower Paid Compensation

When using BPC, select **Borrower Paid Compensation** at the bottom of the left-side column of the Price/Lock screen, shown below. At the bottom of the right-side column, enter **Desired Price** at 100, and **Result** at "Best Price"

ADM will list products at par rate and will also highlight the par rate in the pricing grid for faster navigation.

After your fields have been entered on the Price/Lock screen, click on Search Programs at the bottom of the page.

Select the Loan Product, then click on the Price in the grid as shown below.

Buydown is acceptable with the floor rate of 5.49% for Owner Occupied and Investment, however, please refer to our rate sheets for any updates. Buy Up is not allowed (NO Lender Credit to the borrower is allowed).
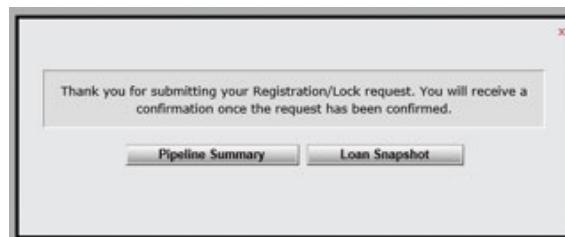

After clicking on the price, a new screen will display. Verify the information you entered and enter your mortgage broker fee either in percentage (%) **or** dollar amount ($). Ensure you have also entered the Estimate Closing Date, as this is a required field.

Lien Position:	Primary Loan	Interest Only:	○ Yes ● No
Purpose:	Refinance	Amortization Type:	Adjustable Rate
Base Loan Amount $:	140,000.00	Amortization Term:	360
Loan Amount w/MIPFF $:	140,000.00	Number of Units:	1
Other Mortgages $:	0.00	Product:	Super Prime 5/1 ARM 24M
Sales Price $:		Price:	100.000000
Appraised Value $:	260,000.00	Rate Date:	2/19/2019 8:10:49 PM
Subordinate Financing $:	0.00	Lock Period:	30
LTV:	53.846	Index Type:	
CLTV:	53.846	Margin:	0
HCLTV:	53.846	Temporary Buydown:	○ Yes ● No
Purpose of Refinance:	Rate Term	Buydown Terms:	
Cash Out Amount:	132,229.29	Underwriting Type:	Manual Underwrite
Doc Type:	Non-QM	UW Recommendation:	Accept
Property Type:	PUD	Housing Ratio %:	0.000
Escrow Waiver:	No Escrows Waived	Debt Ratio %:	0.000
Pre-Pay Penalty:	No	Request Debt Ratio %:	0.000
Pre-Pay Type:		First Time Homebuyer:	Yes
Pre-Pay Term:		Servicing Type:	Servicing Released
Mortgage Insurance:	No	Admin Fee Waiver:	
MI Coverage %:		Specialty Products:	
MI Coverage Type:		Property Inspection Waiver:	☐
Origination Channel:	Wholesale	Credit Grade:	No Credit Grade
Pricing Group:		Income Verification Type:	24 Month Bank Statements
Compensation Type:	Borrower Paid Compensation	Delivery Method:	Best Effort
Compensation Date:	2/19/2019	Number of Mortgaged Properties:	1 ☐ Override?
LO Compensation:	(%) 0.000 + ($) 0.00 = ($) 0.00	*Estimated Closing Date:	12/28/2018
Discount Points:	0.000	Application Date:	12/06/2018
Pricing Credit:	0.000		

> **NOTE:** Loans without LO Compensation will be **disclosed as is** and this may cause problems later in the process, included but not limited to resubmitting the file.

Click <u>Register/Float</u> or <u>Register/Lock</u> at the bottom of the page

Wait for the validation to be performed by the system and for this message:

Thank you for submitting your Registration/Lock request. You will receive a confirmation once the request has been confirmed.

Pipeline Summary   Loan Snapshot

Loan is Locked/Floated now and can be confirmed by viewing the Top Navigation bar.

Loan Actions (7005271)
LNID: 7005271
Loan Status: Origination
Lock Status: Float Approved

Locking with Lender Paid Compensation

When using LPC, select **Lender Paid Compensation** at the bottom of the left-side column of the Price/Lock screen, shown below. At the bottom of the right-side column, enter the **Desired Price** maximum according to the compensation plan amount assigned to you.

For example, if:
-        your LPC comp plan is 2.75, then max price 99.25.
-        your LPC comp plan is 2.50, then max price 99.50.
-        your LPC comp plan is 2.25, then max price 99.75.
-        your LPC comp plan is 2.00, then max price 100.00.

Make sure to select **Best Price** as a filter option.

The example below assumes LO Comp Plan is 2.75%.

ADM will calculate the rate at which you can get maximum Yield Spread Premium. As a reminder, maximum YSP in wholesale channel is 102.

NOTE: Lender Credit to borrower is NOT allowed on LPC, meaning a broker cannot get full compensation on the back end and get more pricing credit for the borrower to offset closing costs.

Your results will provide the following information:

1.   Price at which you can get maximum Yield Spread Premium
2.   Your compensation plan reflected in percentage and dollar amounts
3.   Highlighted rate and price in the grid

After clicking on the desired price, and a new screen will display. Verify the information you entered and ensure you have entered the Estimated Closing Date, as this is a required field.
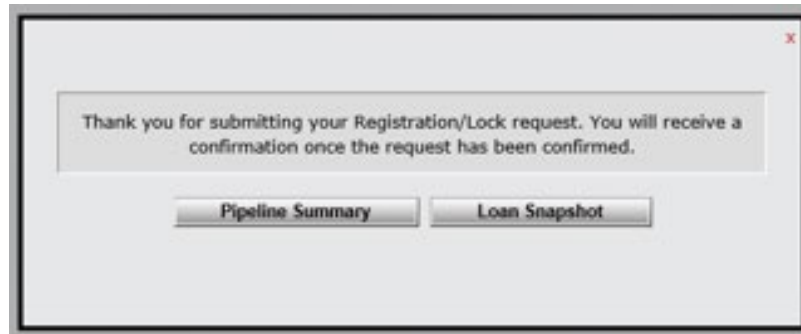
Click Register/Float or Register/Lock at the bottom of the page.
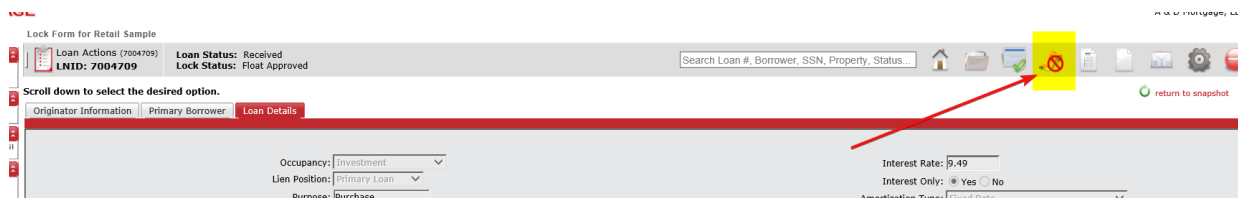
Wait until the following message pops up:

Loan is now Locked/Floated.

Verify QM / ATR Report for Compliance Issues

Although this report has the word QM in its title, it must also be used for Non-QM and Lite-Doc loans to determine the points and fees test.

For QM loans (Conv, FHA, VA) the points and fees test should show everything properly and no extra manual calculations needed.

This is how the system calculates (see screenshot above):

1. It will add all the fees in the "points and fees Included" section.
2. That sum is divided by the Total Loan Amount.
3. The result is the percentage of "QM Points and Fees on Loan".
   a. As a reminder:
      i. the QM threshold is 3%
      ii. the Non-QM threshold is 5%
      iii. the Lite-Doc threshold is 7%
4. This report also tells you how much of a cushion you have. However, a red Cushion value indicates the loan has not passed the QM test and will automatically become unsellable. That means you will need to reduce branch compensation.

When the loan is Non-QM, you would need to follow the same procedure but make some manual calculations because system will not recognize 5% or 7% thresholds for Non-QM and Lite-Doc loans, respectively.

1. Add all the fees in the "points and Fees Included" section. Exclude PPP if it's an investment loan.
2. Divide that sum by the Total Loan Amount.
3. The result is the percentage of "QM Points and Fees on Loan".
   a. Non-QM the threshold is 5%
   b. Lite-Doc the threshold is 7%