



Real Estate eBroker Inc.
DRE 01522411
NMLS 297152

Loan Division Office Policy

Must have an approved NMLS license on file with REeBroker Group prior to conducting any loan activity.

- **All Mortgage Loan Originators (MLO's) Must Take Two Webinars on [Blink](#) Prior to Starting Any Loans**
- In addition, if you have never processed a loan before each lender has training that must be completed before starting a loan.
- Once the items above are completed and you need additional training, [please see this link for Mentoring](#)

[Subscribe here to CFPF](#) for all updates on the Loan Originator Rule small entity compliance guide.

Company Business Model: Real Estate eBroker, Inc (DBA REeBroker, REeBroker Group) is a mortgage brokerage. REeBroker Group does not offer timeshare transactions, or closed-end residential mortgages. For mobile home mortgages, the mobile home must be attached to real property.

Mortgage Products Offered and Authorized by REeBroker Group:

- Conventional loans.
- 5/1, 7/1 and 10/1 ARM loans.
- FHA loans.
- VA loans.
- USDA loans.
- Jumbo loans.
- Home Affordable Refinance Program, or HARP, loans.
- Mortgage refinance loans.

Loan Modification: Associate-licensee is NOT allowed to do loan modifications. This includes, but is not limited to: representing them as your clients with a loan modification company, calling a loan modification company on their behalf, referring them to a loan modification company, getting paid by the loan modification company, assisting them in any way with a loan modification. Our Risk Management policy does not cover loan modifications.

Lender Recalled Commissions: If for any reason any commission obtained and collected by the associate-licensee from any loan is requested by the lender to be paid back to the lender, the Loan Officer/Associate-Licensee is fully responsible for the full payment due to the lender and will not receive back any fee that was paid to Real Estate eBroker, Inc for performing their service.

Other Liabilities

Deficiency	Description	Accountability
Early Payment Default (EPD)	A loan originated by loan originator which closes and subsequently goes into default within six (6) months of the first payment date. (Normally 7-8 months after closing.)	100% of LO commission is owed to REeBroker Group. Commission is recaptured from current commissions, if employed, or as note payable if no longer employed.
Fraud	Any discovery of mis-statement, alteration of documentation, or any manipulation information used in the loan process attributable to customer or LO.	100% of LO commission is owed to REeBroker Group. If determined by audit process that LO initiated fraud, Termination for cause.
Compliance Deficiency	GFE Changed Circumstances - loan changes that result in reduction of fees due to REeBroker Group	Corrective Action. Per loan - Penalty of up to \$500 per deficiency

Loan Misrepresentation and Fraud: Submitting a loan application containing false information is a crime.

- Submission of inaccurate or misleading information including false statements on the loan application(s) and falsification of documents such as credit, employment, and asset information including identity, ownership, or non-ownership of real property.
- Forgery
- Incorrect information regarding current occupancy
- Lack of due diligence by the loan originator, broker, loan officer, interviewer, processor, including failure to obtain all information based on the borrower's response to questions.
- Unquestioned acceptance of information or documentation which is known, or should be suspected to be inaccurate.
- Simultaneous or consecutive processing of multiple owner-occupied loans from one application on multiple properties, or from one applicant supplying different information on each application on multiple properties, or from one applicant supplying different information on each application.
- Allowing an applicant or interested third party to “assist” with the processing of the loan.
- Broker’s non-disclosure of relevant information.

Possible Consequences to Loan Originator

- Criminal prosecution.
- Loss or suspension of Real Estate Broker’s license, Salesperson’s license, and/or other applicable licenses.

- Loss of lender access due to the exchange of information between lenders, mortgage insurance companies including the submission of information to investors, police agencies, and the appropriate State agencies.
- Civil Action by Real Estate eBroker, Inc. DBA REeBroker Group
- Civil action by applicant/borrower or other parties to the transaction.
- Loss of approval status with Real Estate eBroker, Inc. DBA REeBroker Group.
- Acceleration of Debt. Paragraph 6 of the uniform FNMA / FHLMC Deed of Trust states: “Borrower shall also be in default if borrower, during the loan application process, gave materially false or inaccurate information of statements to the lender(or failed to provide the lender with any material information) in connection with the loan evidenced by the Note, including, but not limited to representations concerning borrower’s occupancy of the property as a principal residence. “NOTE: Foreclosure under this section of the Deed of Trust does not require the borrower to be in ‘payment default’. As such, the borrower will not benefit from reinstatement. In order to cure the default, the borrower must pay off the loan in full prior to the sale of the property.”
- Employment termination.
- Loss of professional license.
- Adverse effect on credit history.

Referral Fees

The Real Estate Settlement Procedures Act (RESPA) prohibits the payment of cash or anything of value from one settlement provider to another settlement provider (real estate agent, lender, title company, etc.) for the bare referral of business or in expectation of the receipt of future business, pursuant to a pre-existing agreement. RESPA applies to all 1 to 4 unit residential transactions with a federally-related mortgage loan (this includes most institutional loans). You may not, personally or on behalf of the Real Estate eBroker, Inc. offer to give to, or to accept from, a non-real estate broker or agent a fee or thing of value for the referral of a client to you pursuant to a pre-existing agreement to do so. If you have any questions as to whether to accept such a fee or anything of value, contact your Broker’s office.

Appraisal

<https://reebrokerdatafiles.azureedge.net/reebrokerfiles/Documents/Loan%20Documents/Loan%20Forms/Borrower%20Costs%20Disclosure.docx.pdf>

Can a loan originator pay for an appraisal?

*Only the lender or a third party specifically authorized by the lender (including but not limited to, **appraisal** companies, AMCs, and correspondent lenders) may directly **pay** an **appraiser** for **appraisal** services. Lenders may charge the broker or the borrower for the **appraisal** fee. The Loan Originator may order the appraisal, however the borrower or third-party will need to pay the appraisal company directly. REeBroker Group will not pay the appraisal company on behalf of the borrower or lender.*

Audit

Each MLO should know, understand, and comply with all audit procedures. Any questions related to this should be directed to Vygandas Anthony Razhas.

- Potential fraud/misrepresentation accusations. REeBroker Group has a Zero Tolerance Policy and will not tolerate fraud under any circumstances. Upon receipt of the accusation, the company will perform a complete audit on the file. If an incidence of fraud is confirmed, the responsible party(s) will be notified of the findings and terminated immediately. Any legal fees or fines associated with the fraudulent activity will be at the expense of the responsible party(s). We will report our findings to the appropriate state regulatory agency and HUD.
- Mortgage Compliance Advisor (MCA) Audits.
- Pipeline audits. Pipelines of UWM should be current and compliant at all times. Any loan 30 days or older that is a non-working file will need to be withdrawn and have the Adverse Action letter uploaded.
- State audits. State auditors/examiners may occasionally come to the office location to complete a state audit of REeBroker Group files.

Compliance

- Credit Report Policy
- Security and Identity Theft. Each employee and Associate-Licensee agrees to implement the safeguards and abide by the policies set in place in order to protect our customer's personal information. Each person understands failure to comply with all procedures will result in their immediate termination.
- Loan compliance.
- Advertising compliance. State and Federal law mandates all advertising be compliant with specific guidelines. We are required to maintain copies of all advertisements for REeBroker Group, Inc. This includes any printed or published material, audio or visual material, website, or descriptive literature concerning a mortgage loan subject to regulation whether disseminated by direct mail, newspaper, magazine, yellow page ad, radio, television broadcast, electronic billboard or similar display. This also applies to all advertising that has been provided to you on behalf of the lender. At a minimum, please ensure that all advertising includes the Equal Housing Lender Logo, License Number (that the ad will be run in), and APR (if you will be advertising Interest Rates). Radio/Audio ads must also include this info (verbally). **You must have ALL advertisements APPROVED by the corporate office PRIOR to distribution. Failure to do so could result in disciplinary action up to and including termination.**
- Advertising Branch License. According to the DRE if you do not have a branch license you cannot conduct business from an address apart from the main corporation address. Therefore, a separate address cannot be used to advertise unless it is a registered branch. If you state your address anywhere your real estate license is associated with then it indicates to the public and other agencies that you have a branch. If it's unregistered, then it is a DRE violation that may result in fines and penalties for both the corporation and your individual license.
- Loan Products and Zero Tolerance. This company has ZERO TOLERANCE for any practice that steers a consumer into a product that he/she cannot afford or to a higher cost product when other options are available. PRACTICES THAT WILL NOT BE TOLERATED INCLUDE/ARE NOT LIMITED TO:

- 1) Loan flipping;
- 2) Manipulating borrowers into loans they cannot afford;
- 3) Steering borrowers to a higher cost product;
- 4) Use of any fraudulent or inflated information in a loan application;
- 5) "Wrapping" to structure second mortgage and refinancing packages in ways that adversely affect borrowers
- 6) Any action that would be defined as "predatory lending" under state or federal statutes or investor guidelines.

VIOLATION OF OUR ZERO TOLERANCE POLICY MAY RESULT IN IMMEDIATE DISMISSAL AND/OR A REPORT TO THE APPROPRIATE STATE LICENSING AND REGULATORY BOARD.

Loan Originator Compensation

Regulations and Guidance: The Board of Governors of the Federal Reserve System published a Final Rule on September 24, 2010, Federal Register Vol. 75, No. 185, page 58509-58538, amending Regulation Z under the authority granted the Federal Reserve Board in the Truth and Lending Act (TILA) and the Home Ownership Equity Protection Act (HOEPA). The Final Rule takes effect on April 1, 2011 and prohibits payment to loan originators based on the terms or conditions of the mortgage transaction other than the amount of credit extended. The Final Rule further prohibits loan originators from steering consumers to consummate a loan that is not in their interest based on the fact that the loan originator will receive greater compensation for such loan.

Our policy eliminates the incentive for a loan originator to increase the price to any given consumer by implementing the prohibitions contained in the Final Rule under 12 CFR 226.36(d)

- Payments based on transaction terms or conditions. This policy further implements the requirement found in the Final Rule under 12 CFR 226.36(d)
- That when brokering a loan, if the loan originator is paid any compensation from the consumer no other compensation may be paid to the originator from anyone else, including the lender. This Policy further eliminates incentives to steer consumers to products with higher commissions by implementing the prohibitions contained in the Final Rule under 12 CFR 226.36(e) Prohibitions on steering.

A Real Estate eBroker, Inc loan originator's commission is based on a fixed percentage of the loan amount regardless of loan type or other terms of the loan. However, lender requirements may vary, you will want to check with the lenders individually to verify minimums. At any time Real Estate eBroker reserves the right to incorporate minimums and/or maximum commissionable amounts based on the loan amount.

See [Lender List](#) for a full list of compensation amounts.

The Loan Origination broker fee and minimum commission can be viewed on your [Fee Schedule](#).

The company shall have the sole right to change compensation plans depending upon market conditions and economic forecasts or any other reason without prior notice. The company can revise, supplement, increase or decrease commission rates on certain products or discontinue all or part of a plan at any time without notice. This plan does not constitute a contract of employment.

IMPORTANT NOTICE

All loans submitted will be subject to any and all services provided by the Internal Revenue Service under IRS code 4506 with regard to income verification. In the event that a borrower has misrepresented any income that is not in conformance with the income indicated on the borrower's tax return, the borrower may be subject to one or all of the following:

- IRS audit to reconcile the difference between the income on the loan application and the income on the tax return.
- Penalties and interest on any portion deemed by the IRS to be an underpayment of taxes as determined by the audit.
- Criminal penalties for having provided misinformation on either the tax return or the loan application.

Important State and Federal Laws

State Regulations and Disclosures

All mortgage loan originators are expected to know and follow all state and federal regulations.

Fair Lending

Fair Housing Act - prohibits discrimination in the sale, rental, and financing of dwellings, and in other housing-related transactions, because of race, color, religion, sex, familial status, national origin, and disability.

Equal Credit Opportunity Act (ECOA) - prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age, because an applicant receives income from a public assistance program, or because an applicant has in good faith exercised any right under the Consumer Credit Protection Act.

Real Estate Settlement Procedures (RESPA)

The Act requires lenders, mortgage brokers, or servicers of home loans to provide borrowers with pertinent and timely disclosures regarding the nature and costs of the real estate settlement process. The Act also prohibits specific practices, such as kickbacks, and places limitations upon the use of escrow Accounts.

Truth in Lending Act

Truth in Lending Act (TILA) also referred to as Regulation Z is a Federal Reserve Board rule that requires lenders to give you the true cost of credit in writing before you borrow. That includes spelling out the

amount of money loaned, the interest rate, APR, finance charges, fees, and length of loan terms. Loan originator who receives compensation directly from a consumer in connection with a mortgage loan, no loan originator may receive compensation from another person in connection with the same transaction. Loan originators may not “steer” consumers to complete a loan transaction based on [greater] compensation received by the creditor in that transaction unless it is in the consumer’s best interest.

The Privacy Act

The Privacy Act established a “Code of Fair Information Practice that governs the collection, maintenance, use, and dissemination of personally identifiable information about individuals that is maintained in systems of records by federal agencies.”

The Privacy Act protects certain federal government records pertaining to individuals. In particular, the Act covers “systems of records” that an agency maintains and retrieves by an individual’s name or other personal identifier, such as your social security number. (For clarification, a “system of records” refers to a group of records or a file under the control of a particular Federal agency from which information is retrieved by the name of the individual or by some identifier assigned to the individual.)

With the advent of the wide-spread use of computers and databases by the Federal Government, the Privacy Act was amended through the Computer Matching and Privacy Protection Act of 1988, which added certain protections for the subjects of Privacy Act records whose records are used in automated matching programs, such as the establishment of Data Integrity Boards at each agency.

USA Patriot Act

The purpose of the USA PATRIOT Act is to deter and punish terrorist acts in the United States and around the world, to enhance law enforcement investigatory tools, and other purposes, some of which include:

- To strengthen U.S. measures to prevent, detect and prosecute international money laundering and financing of terrorism;
- To subject to special scrutiny foreign jurisdictions, foreign financial institutions, and classes of international transactions or types of accounts that are susceptible to criminal abuse;
- To require all appropriate elements of the financial services industry to report potential money laundering;
- To strengthen measures to prevent the use of the U.S. financial system for personal gain by corrupt foreign officials and facilitate the repatriation of stolen assets to the citizens of countries to whom such assets belong.

BSA/Anti-Money Laundering

A financial institution is required to file a suspicious activity report no later than 30 calendar days after the date of initial detection of facts that may constitute a basis for filing a suspicious activity report. If no

suspect was identified on the date of detection of the incident requiring the filing, a financial institution may delay filing a suspicious activity report for an additional 30 calendar days to identify a suspect. In no case shall reporting be delayed more than 60 calendar days after the date of initial detection of a reportable transaction.

Bank Secrecy Act (BSA), financial institutions are required to assist U.S. government agencies in detecting and preventing money laundering, such as:

- Keep records of cash purchases of negotiable instruments,
- File reports of cash transactions exceeding \$10,000 (daily aggregate amount), and
- Report suspicious activity that might signal criminal activity (e.g., money laundering, tax evasion)

An amendment to the BSA incorporates provisions of the USA Patriot Act, which requires every bank to adopt a customer identification program as part of its BSA compliance program.

We require all MLOs to complete Anti-Money Laundering Training before we accept them under our license. This is additional training that is not included in pre-licensing or license renewal courses. There are several different resources to choose from, however, our team used [onlineed.com](https://www.onlineed.com/catalog/279/BSA-AML) because they offer the course for \$40. Here is a link if you are interested: <https://www.onlineed.com/catalog/279/BSA-AML>

Once you complete the course, please send loans@reebrokerca.com your certificate.

Qualified Mortgage and Ability to Repay

The Bureau of Consumer Financial Protection (Bureau) is amending Regulation Z, which implements the Truth in Lending Act (TILA). Regulation Z currently prohibits a creditor from making a higher-priced mortgage loan without regard to the consumer's ability to repay the loan. The final rule implements sections 1411 and 1412 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), which generally require creditors to make a reasonable, good-faith determination of a consumer's ability to repay any consumer credit transaction secured by a dwelling (excluding an open-end credit plan, timeshare plan, or temporary loan) and establishes certain protections from liability under this requirement for "qualified mortgages." The final rule also implements section 1414 of the Dodd-Frank Act, which limits prepayment penalties. Finally, the final rule requires creditors to retain evidence of compliance with the rule for three years after a covered loan is consummated.

SAFE Act

The SAFE Act prohibits individuals from engaging in the business of a residential mortgage loan originator without first obtaining and maintaining annually:

- For individuals who are employees of a covered financial institution, registration as a registered mortgage loan originator and a unique identifier (federal registration), or
- For all other individuals, a state license and registration as a state-licensed mortgage loan originator, and a unique identifier (state licensing/registration).

The SAFE Act requires that federal registration and state licensing and registration be accomplished through the same online registration system, the Nationwide Mortgage Licensing System and Registry (Registry).

Termination

If LO is terminated by REeBroker Group for any reason NO compensation is due to the terminated Loan Originator.