



RED BOOK: LOAN ORIGINATING REGULATIONS

1) Quality Control

At Innovative Mortgage Alliance LLC we take all necessary measures for the protection of our Applicants and our Loan Originators. Loan Originators that do not take local, State, National and Innovative Mortgage Alliance LLC regulations seriously will have their contracts terminated by Innovative Mortgage Alliance LLC. Quality control is not meant to be your adversary but rather your advocate. If your file passes Quality Control and does not have any fraud problems, it is extremely unlikely your file will not be able to be defended against audits and lawsuits. Quality Control will do everything possible as your advocate to defend your file that met our compliance standards. The objective of Quality Control is to teach you how to prepare and close files correctly and in compliance.

When violations of Innovative Mortgage Alliance LLC guidelines or governing body laws and/or regulations occur, action will be taken by Innovative Mortgage Alliance LLC. If the item is a minor violation or a one time offence that is being remedied for future business, the Loan Originator will be notified and depending upon the seriousness fines and/or termination may result.

The Quality Control Procedures are listed below. Please contact the Quality Control Department if you have any questions.

Quality Control Procedures

- A. Upon taking the application the mortgage loan originator is responsible for providing all required disclosures to the client within 3 days of application.
- B. Upon completion of a loan file please provide a copy to Innovative Mortgage Alliance LLC.
 1. The file must be shared with Innovative Mortgage Alliance LLC's Office Manager.
 2. The file must be stacked according to the provided stacking order:

APPRAISAL

_____ Appraisal
_____ Appraisal Acknowledgement Receipt

ASSETS

_____ *Bank Statements*
_____ *VOD(s)*

CONDITIONS

_____ Condition Sheet(s)
_____ All other conditions required by underwriter
_____ Doc Order

DISCLOSURES

_____ Fee Worksheet
_____ Signed 1003 Application
_____ Privacy Policy Act
_____ GFE
_____ Service Providers List
_____ Intent To Proceed w/ Application
_____ TIL (Bottom of TIL to be completed)
_____ Anti-Steering
_____ ECOA
_____ Borrower's Certification Authorization
_____ Borrower's Signature Authorization
_____ Servicing Disclosure
_____ Disclosure Notices
_____ Credit Score Disclosure (ALL Borrowers)
_____ 4506-T
_____ Notice of Right to Receive Appraisal
_____ Patriot Act
_____ MDIA
_____ MLOA

- _____ *STATE SPECIFIC DISCLOSURES*
- _____ *LENDER SPECIFIC DISCLOSURES*
- _____ *Adjustable Rate Mortgage Disclosure*
- _____ All Changed Circumstance
- _____ *Compliant Re-Disclosure GFE & TIL*
- _____ *FHA Addendum PG 1-4*
- _____ *FHA Amendatory (Purchase)*
- _____ *FHA Appraisal*
- _____ *FHA For Your Protection (Purchase)*
- _____ *FHA Important Notice To Homebuyer*
- _____ *FHA Informed Consumer Choice*
- _____ *FHA Purchase Lead Paint Disclosure*
- _____ *VA Borrower Acknowledgement of Disclosure*
- _____ *VA Counseling Checklist*
- _____ *VA Debt Questionnaire*
- _____ *VA Federal Collection Policy Notice*
- _____ *VA HUD addendum PG 1-4*
- _____ *VA Interest Rate and Discount Statement*
- _____ *VA Nearest Living Relative*
- _____ *VA Request of Certificate of Veteran Status*
- _____ *VA Request for COE*
- _____ *VA Rights of VA Loan Borrowers*
- _____ *VA Verification of VA Benefits*

HOI

- _____ Proof of Insurance (Declaration Page)

INCOME

- _____ *Annuities*
- _____ Paystubs
- _____ *Retirement Income*
- _____ *Social Security Income*
- _____ Taxes
- _____ VOE's
- _____ W2's

MISCELLANEOUS

- _____ Lock/Rate Sheet from day of lock
- _____ LOE's
- _____ VOM's

TITLE

- _____ CPL
- _____ Final HUDs
- _____ Payoff(s)
- _____ Purchase Contract (plus Addenda)
- _____ Rental Agreement(s)
- _____ *Subordination Agreement*
- _____ Title Report

- C. Before any commissions, processing fees, or other compensation is to be paid the following items must be submitted to Quality Control
 - a. The Digital File, stacked in the above stacking order.
 - b. Broker Check(s)
 - c. Final HUD-1 Statement: Items on HUD Statement that will not be allowed:
 - o Administration Fee's (Never can be charged)
 - o Excessive Fee's: (>\$995 processing, >\$995 Broker or Lender Fee, etc.)
 - o Any kickbacks from seller to buyer from the other party not fully disclosed on a purchase transaction.
- D. All loan files must be originated using Mortgage Calyx Point. If a file is not in Mortgage Calyx Point, the Loan Originator will not be paid any commissions, processing fees, or other compensations on closed files.

First and Second Mortgage combinations are 2 loans and shall be treated as such by Innovative Mortgage Alliance LLC for all quality control measures. Please make sure that they are submitted to Quality Control as separate files.

All files are scanned and saved digitally. Access to all past files will be made available through Quality Control, as long as it is requested by the Originator. Within a reasonable time frame, Quality Control can produce a copy of any of the loan documents that were scanned.

2) Transaction Fee

The Sales Manager Contract outlines the transaction fee that will be charged for closed loans.

3) Corporate Commission Split

This split is the minimum possible to cover the corporate expenses. This split will be reviewed quarterly and adjusted down if possible and up if necessary.

4) Custom Forms

Innovative Mortgage Alliance LLC is constantly looking for ways to shield our Loan Originators from potential pitfalls that they may encounter. When we design a custom form, we have attempted to create a protective device that gives our Loan Originators advantages over the standard form. Custom Forms can be found in the custom print groups in Calyx Point. Some of these forms will be required to be turned in with a closed loan file. If you ever have a problem with one of these custom forms with an investor, immediately notify Innovative Mortgage Alliance LLC.

5) Notification of Licensing Status

Innovative Mortgage Alliance LLC is currently licensed in Utah, California, Idaho, and Washington.

Please note that Loan Originators are only authorized to work in the states for which they are approved and licensed. Loan Originators shall immediately notify Innovative Mortgage Alliance LLC if there is ever a change in their status as a licensed Loan Originator with any government body. Loan Originators shall also notify Innovative Mortgage Alliance LLC immediately if he/she is ever convicted of a crime, is party in a lawsuit, or has any action taken against him/her by any government agency.

6) Third Party Fees and Marketing

Loan Originators are not allowed to have 3rd party fees billed to Innovative Mortgage Alliance LLC. If a Loan Originator wants an invoice paid through the proceeds of his/her commissions, processing fees, or other compensation, he/she may make that request. This bill would be directed to the Loan Originator or the Loan Originators processing or marketing company, not Innovative Mortgage Alliance LLC. If there are available funds after paying off the Loan Originator's ledger, these invoices shall be addressed and the checks shall be produced and returned to the Loan Originator.

Loan Originators are responsible for paying for all third party fees directly and in a timely manner. If Innovative Mortgage Alliance LLC is forced to pay one of these fees for a Loan Originator, a 25% surcharge will be added to the Loan Originator's account. Loan Originators may be required to provide a credit card for billing of items on the Loan Originator's ledger account.

7) Charging Upfront Fees

It is against the policies of Innovative Mortgage Alliance LLC for any Loan Originator to collect a third party fee from one of its borrowers prior to closing, with the exception of the appraisal fee and credit report. It is suggested that the borrowers pay the third party directly at the time of service. Fees collected cannot exceed the actual cost of the 3rd party service. Under no

circumstances shall a Loan Originator ever receive funds paid directly to him/her or their processing company during the loan process.

8) Hiring Processors and Loan Originators

Innovative Mortgage Alliance LLC offers more tools to help set up our Loan Originators for success in growing their business. We want to be the vehicle that allows Loan Originators to maximize their potential. However a Loan Originator is not authorized to hire Innovative Mortgage Alliance LLC Employees. If the Loan Originator decides to operate his/her own marketing or processing company, Innovative Mortgage Alliance LLC shall have no tie to that company financial or otherwise. Anyone who participates with a Mortgage Loan Originator in the origination of mortgage loans, must be a licensed Loan Originator with Innovative Mortgage Alliance LLC.

9) Advertising Approvals

Anything that represents Innovative Mortgage Alliance LLC to the public must be approved by the Innovative Mortgage Alliance LLC. Once the advertisement has been received by Innovative Mortgage Alliance LLC, please allow 48-72 hours for review. After the advertisement has been reviewed, the Loan Originator will be contacted to let him or her know that the advertisement has either been approved or temporarily denied. If an advertisement has been temporarily denied, the Loan Originator will have an opportunity to resubmit the advertisement once any indicated changes have been made. Please note that advertisement approvals are both State and Loan Originator Specific. Innovative Mortgage Alliance LLC does not share approved advertisements with other Loan Originators, however, Innovative Mortgage Alliance LLC may have some advertisements that are approved for all Loan Originators to use.

Regarding any advertising, the Loan Originator agrees that he or she must contact Innovative Mortgage Alliance LLC for any printing needs. If Innovative Mortgage Alliance LLC is not able to do the printing for the Loan Originator, the Loan Originator can then have the advertisement printed by another printing company.

Telemarketing is NOT allowed on any level without the express written consent of Innovative Mortgage Alliance LLC. Innovative Mortgage Alliance LLC follows the Federal Trade Commission's definition of telemarketing.

10) Required Quarterly Volume for Loan Originators

Innovative Mortgage Alliance LLC prides itself on having the best Loan Originators in the industry. There is no substitute for actively engaging in business. We require that our Loan Originators close a minimum of three loans per quarter in order to continue their employment at Innovative Mortgage Alliance LLC. If there are special circumstances, the office manager can make exceptions to this rule.

11) Originating Business Solely with Innovative Mortgage Alliance LLC

All Innovative Mortgage Alliance LLC offices must conduct their mortgage origination business solely with Innovative Mortgage Alliance LLC, in all States where they are affiliated with Innovative Mortgage Alliance LLC.

12) Required Monthly Volume for Branch Offices

Each office will be given a required volume to maintain business. If the office is unable to produce the volume that is required, changes in fees or office space will be addressed by Innovative Mortgage Alliance LLC.

13) Fraud

If any Loan Originator is aware of Fraud in a mortgage file and does not do everything in his/her power to notify the lender and/or Innovative Mortgage Alliance LLC, LLC of the fraud in a timely manner, there is cause for termination.

If a loan file contains fraud, Innovative Mortgage Alliance LLC, LLC will be under no obligation to pay any commissions, processing fees, or other compensation to the Loan Originator. Fraud may include but is not limited to forged signatures, post funding changes, or any inconsistencies in the file that put Innovative Mortgage Alliance LLC, LLC at risk. If it is determined by Innovative Mortgage Alliance LLC, LLC that a file contains loan fraud, Innovative Mortgage Alliance LLC, LLC may also withhold commissions earned on future files closed by the Loan Originator in order to cover Innovative Mortgage Alliance LLC, LLC's increased liability.

14) Continuing Education Requirements

All Loan Originators must meet all State and Federal requirements for minimal training per year. Continuing Education can either be from Innovative Mortgage Alliance LLC classes or from third party education services. The Innovative Mortgage Alliance LLC training is not sufficient for some state continuing education requirements, so additional training may be necessary.

15) Office Meeting

It is required that all Sales Managers either attend the office meetings, or read over and email back a receipt that they understand the minutes discussed at the office meeting. If there is ever any confusion over anything discussed at the office meetings, please address that concern immediately with Innovative Mortgage Alliance LLC.

16) Human Resources

If the answers to your questions are not found there, consult human resources in the Salt Lake Corporate Office. They can be reached at 801-352-4030.

17) Voicemail

As a Loan Originator at Innovative Mortgage Alliance LLC, voicemail at your office will be provided for you, even if you do not use the office as your primary place of working business. To set up your voicemail, please request assistance from your office manager.

18) Broker Relationships

Innovative Mortgage Alliance LLC wants to give our Loan Originators every available opportunity for business. That means setting up every broker relationship that is feasible in order to better serve our Loan Originators. If you would like us to set up a new broker relationship, please let Innovative Mortgage Alliance LLC know the name and contact information of the lender. We will do everything possible to set up that relationship for you.

19) Getting Started

How do I get my business cards, LP password, CW Clues password, Factual Data login, FHA Connection, Reverse Mortgage login, or any other approvals? Contact the Loan Originator Coordinator at either brooklyn@innmtg.com or by phone at 801-352-4030.

Passwords will not be given out until after you have met all of the hiring conditions, and have your signed application and contract approved by the Licensing Department.

20) Conduct business in an Honest and Fair Manner-

As loan professionals, we want our reputation to be held to the highest possible standards. We require the utmost professionalism and nothing short of honest dealings from our Loan Originators with the public. All complaints will be reviewed by Innovative Mortgage Alliance LLC. After review, appropriate actions will be taken.

The Employee agrees to conduct all their activities in a manner that will not harm the reputation of Innovative Mortgage Alliance LLC. The Employee agrees to compensate Innovative Mortgage Alliance LLC for any costs that Innovative Mortgage Alliance LLC incurs as a result of the Employee's acts. These costs include, but are not limited to, compensatory damages for lost business, repayment of yield spread premiums (YSP), service release premiums (SRP), lender penalties and other fees or costs that a lender or investor may require, the extra regulatory

burdens caused by the Employee's improper conduct, civil lawsuits, the answering and dealing with complaints from the public, commissions, processing fees, or other compensation disputes between Employee's, and collection actions brought by third party company's. When calculating these costs, the parties agree to use the following figures to calculate the cost of time spent by Innovative Mortgage Alliance LLC's employees*:

President	\$275/hr
Legal Counsel	\$195/hr (Or the cost of any attorney hired by Innovative Mortgage Alliance LLC, whichever is greater.)
Vice President of Operations	\$150/hr
Regional Manager	\$150/hr
Corporate Branch Manager	\$150/hr
Human Resources	\$75/hr
Accounting	\$75/hr
Paralegal	\$75/hr

21) Grievance Committee

All complaints involving Loan Originators, customers, applicants, etc. will be submitted to review by the Innovative Mortgage Alliance LLC, LLC grievance committee. The committee will be comprised of the owners of Innovative Mortgage Alliance LLC, LLC. The members of the committee may be changed at any time as directed by the Board of Directors of Innovative Mortgage Alliance LLC, LLC

The committee will ask for written statements from the affected parties. The parties will be given 24 hours to submit their statement to the grievance committee for review. Three members must be present in order to hear a grievance and a majority decision must be reached with a minimum of three people in support of the decision. The grievance committee will inform the affected parties of its decision within a reasonable time after meeting to review a complaint.

Innovative Mortgage Alliance LLC in its sole discretion may decide that the dispute shall be resolved by arbitration, in which the Employee agrees to arbitrate the dispute in accordance with guidelines prescribed in this section.

In the event a dispute arises between the parties to this contract, and that dispute is not resolved by the parties to this contract, it is agreed that the dispute shall be referred to the American Arbitration Association for arbitration. The arbitrator's decision shall be final and legally binding and judgment may be entered thereon. Each party shall be responsible for its share of the arbitration fees in accordance with the applicable Rules of Arbitration. In the event a party fails to proceed with arbitration, unsuccessfully challenges the arbitrator's award, or fails to comply with the arbitrator's award, the other party is entitled to costs of suit including a reasonable attorney's fee for having to compel arbitration or defend or enforce the award.