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Peak Performance *Resources, Inc.*

LET US HELP YOU REACH YOUR FULL POTENTIAL.

Mandatory Delivery vs. Best Efforts

What is right for you?

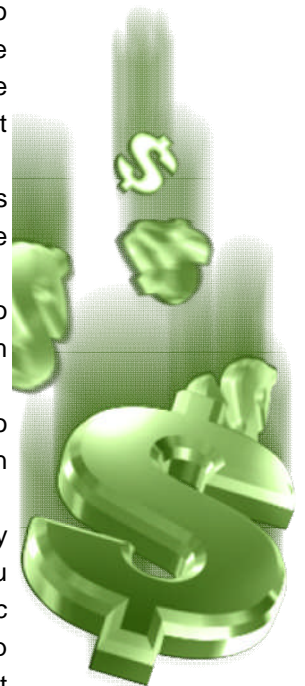
The spread between best efforts and mandatory pricing has never been greater, so many lenders are considering the change from best efforts to mandatory delivery for their product set. The following are the major factors a lender must consider before making this sales execution change:

- ✓ Do you have the secondary marketing expertise to effectively hedge a mortgage pipeline, and if not, consideration needs to be made to outsource the risk management function or hire internally the secondary expertise.
- ✓ It is essential to have in place a secondary marketing and risk avoidance system to track the locked

pipeline, loan sale information, and provide the analytics needed to manage the interest rate risk.

- ✓ Management must have the ability to tolerate the hedging risk in volatile markets. Some of the risk factors are borrower fallout tendencies and interest rate risk.
- ✓ Is the spread between best efforts delivery and mandatory sales adequate to compensate for this risk?
- ✓ Do you have adequate volume to implement an effective hedging program in a product set?
- ✓ Do you have the warehouse capacity to hold closed loans for a period of time in order to obtain the best sale execution?

If you are interested in exploring this delivery option, PPR has the expertise to assist you in determining if this is the right strategic plan for your company and then can help you transition your company from best efforts to mandatory delivery.



Invest in your Future

Building a leadership pipeline is the number one challenge in America's organizations today. Often so focused on current challenges and results, they fail to plan for tomorrow. Are your leaders operating at their full potential? Are they driving the results you want and need in your organization today? Will they take you where you want and need to go in the future? If not, it is time you take steps to cultivate the leadership team that will deliver.



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Effective Lending Management Requires Standard Policies and Procedures

Managing a lending operation includes managing several types of risk. A lack of standard policies and procedures is tantamount to disaster in a mortgage lending operation in today’s environment. Proper corporate governance can only be achieved when effective policies and standardized procedures exist within the lending organization.

Lenders must maintain controls and procedures to insure against mortgage fraud and to meet the complexity of compliance with all applicable federal and state laws and regulations. Clear, concise policies should provide mortgage lending personnel with a consistent message that assures risk at all levels is reduced. Mortgage lending can present pipeline, interest rate, prepayment, operational cost, operational flexibility, liquidity, compliance, legal, and transaction risks, among others. Origination personnel must have access to a policy regarding treatment of applicants’ requests and the handling of personal information. Underwriters must understand the organization’s commitment to avoid mortgage fraud and to assure that loans are underwritten to the appropriate corporate guidelines and investor guidelines for loans to be sold in the secondary market. Management of interest rate risk cannot be achieved without a risk management policy that covers the locking of loans with borrowers and investors, all aspects of secondary operations, including pricing, hedging, and loan delivery.

Regulators, investors, and warehouse lenders are scrutinizing lenders today to assure controls are in place to manage the risk inherent in mortgage lending. Weakness in documented policies and procedures leads to lack of consistency in operations and opens the door for criticism by auditors, whereas the ability to point to strong standard policies and procedures with checkpoints that include comprehensive quality assurance reflects favorably on management’s ability by demonstrating their recognition of the importance of internal controls.

Besides the importance from a regulatory standpoint, there are benefits to having easily available policies and procedures during periods when staff reductions may occur and individuals are required to take on additional responsibilities. The loss of an individual should not mean the loss of knowledge if policies and procedures are well documented. Training becomes more effective when supported by documented policies and procedures for reference when the employee is on the job.

When is the last time you reviewed your policies and procedures? Performance Resources, Inc. has the expertise to develop and assist you in managing policies and procedures. Call today for details.

PERFORMANCE IMPROVEMENT PROGRAMS:



We have a variety of programs to help you or your organization reach your full potential.

Assessments

- ⇒ Personality Assessments
- ⇒ Candidate Series
- ⇒ Development Series
- ⇒ Leadership Series
- ⇒ Leadership Assessments

Workshops

- ⇒ 7 Rules of Change Leadership
- ⇒ Coaching Approach to Management
- ⇒ Secondary 101

Strategic Planning

- ⇒ 3-Day Intensive
- ⇒ 1-Day Introduction

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