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Broker Bulletin: 2017 – 3rd Party Processing

Date: March 30, 2017

Attention: Third Party Origination Approved Partners

Topic: 3rd Party Processors – **MUST READ & FOLLOW UP IS REQUIRED**

Over the past 90 days Union Home Mortgage has established policies as it relates to the use of a “3rd Party Processing” company. There are sections of the Dodd-Frank legislation that has enacted caps on points and fees that can be earned on brokered transactions and many moved to a 3rd Party Processing company in lieu of those regulations. Unfortunately, not all have followed the rule in regards to ownership structure as it relates to an Affiliated Business Arrangement and many have not followed up with either state registration and/or NMLS processes. While we recognize the rules of the road vary from state to state, we must enact an approved list of 3rd Party Processors that you as a broker partner do business with. We have made this request direct to broker owners recently, have worked with our AE’s and internal staff, and are today (via this bulletin) reaching out to every approved Mortgage Loan Officer in our system.

We recognize the priority and/or diligence on this topic varies from wholesaler to wholesaler. We wanted to provide clarity as to our expectations so we put together a specific tab on our website that covers this topic in detail.

We have a process where we gather some critical information, along the lines of the following:

1. Broker Partner to Execute an addendum to your Broker Agreement to clarify use of a 3rd Party Processing company
2. Broker Partner to Execute a Certificate of Compliance that clearly spells out the expectations in this regard
3. Third Party Processor Notification to clearly spell out NMLS IDs in states that require it
4. Evidence that the Third-Party Processing Company is a properly registered/licensed company in the states that require it

The majority of our partners that utilize 3rd Party Processing are companies in the Midwest and Florida. We want to clearly list our requirements in **Florida**:

- The individual contract process must have submitted to the state a Form OFR-494-13 (Declaration of Intent to Engage Solely in Loan Processing Form) and provide us with a copy.
- The individual contract processor must be personally registered with the FL Secretary of State or have a business registered with the Secretary of State (The business is not required to have a NMLS ID). The business must be active.
- The individual contract processor must be a licensed LO in the state of Florida (see FL requirements below – directly off the LO licensing checklist in NMLS for Florida).

<p>11. Other information – Loan processors: A licensed loan originator who acts solely as a loan processor and contracts with more than one mortgage broker or mortgage lender, or either simultaneously must file with the Office of Financial Regulation a Declaration of Intent to Engage Solely in Loan Processing, Form OFR-494-13.</p> <p>A person who seeks to act <u>solely</u> as a loan processor shall:</p> <p>(a) Be licensed as a loan originator under Chapter 494, F.S., and must at all times thereafter remain licensed; and</p> <p>(b) Submit a completed Form OFR-494-13 (Declaration of Intent to Engage Solely in Loan Processing) to the Office of Financial Regulation at the address below.</p> <p>A person who currently has on file with the Office of Financial Regulation a Declaration of Intent to Engage Solely in Loan Processing may withdraw the declaration by filing Form OFR-494-13 (Declaration of Intent to Engage Solely in Loan Processing) with the Office of Financial Regulation indicating on the form the person’s intent to withdraw the declaration.</p> <p><i>For U.S. Postal Service:</i> Division of Finance Bureau of Regulatory Review 200 East Gaines Street Tallahassee, FL 32399-0376</p> <p><i>For Overnight Delivery:</i> Division of Finance Bureau of Regulatory Review 200 East Gaines Street Tallahassee, FL 32399-0376</p>
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Loans sold to Union Home Mortgage Corp. Wholesale must comply with all federal and state regulations as well as Union Home Mortgage Corp. Wholesale guidelines. This information is for guidance purposes only and should not replace consultation with your Legal and Compliance resources. Equal Housing Lender: Union Home Mortgage Corp. Wholesale. Corporate Office: 8241 Dow Circle West, Strongsville, OH 44136. All rates and programs are subject to change at any time without notice.

For mortgage originating professionals only; not authorized for distribution to consumers.

The documents required are all available on our website at <http://www.uhwholesale.com/approved-3rd-party-processing-companies.html> – there is a tab specific to this process under the “Existing Partners” section with all the appropriate forms. We need to have your 3rd Party Processing companies properly vetted and approved or we will not be able to pay their invoice at the time of closing. Again – if your 3rd Party Processing company is not properly vetted and approved by Union Home Mortgage we will not authorize payment of their invoice. This is time sensitive, and we have worked with many of you on this already. As of today, below is the list of approved Processing Companies and the Brokers they are approved to process for:

Broker	Processing Company (Owner-Owner's NMLS)	State
Acclaim Mortgage Corp	Ace Mortgage Processing Inc (Jamie L Bergeson-No NMLS)	Illinois
ACF Mortgage	Top Gun Processor LTD (Daneal K Neri-174170)	Ohio
Bankers Mortgage of Florida Inc.	Avantha Solutions (Manu Bhandari-1501724)	Florida
Bright Vision Mortgage	All Star Processing LLC (Michelle Burditt-1218584)	Florida
Capital Funding	Top Gun Processor LTD (Daneal K Neri-174170)	Ohio
Citizens Home Loan LLC	KMS Processing LLC (Kelly Sharrow-618785)	Michigan
	AMP Processing LLC (Chris Olson-No NMLS)	Michigan
Giniel Financial Group Inc.	KMS Processing LLC (Kelly Sharrow-618785)	Michigan
Hanson Loans Inc.	Balanced Processing Solutions Inc.(Katherine Goforth-No NMLS)	California
Home Funding Group	AMP Processing LLC (Chris Olson-No NMLS)	Michigan
Mid-American Financial Group	Avalon Equity (Mary Vu-71521)	Ohio
Mortgage Capital Solutions LLC	Processing Services Unlimited LLC (Angela Smaza-172682)	Michigan
	Rapid Right Processing / Advisory Mortgage LLC (Rosanne M Carron-162354)	Michigan
	R&B Processing (Beverly Vogelsong-324603)	Michigan
Private Lending Group	TLH & Associates Inc (Terri L Butts-162230)	Michigan
Private Mortgage Wholesale	KMS Processing LLC (Kelly Sharrow-618785)	Michigan
	Bayshore Mortgage Processing LLC (Rikki Murray-902442)	Michigan

We recognize that many wholesalers have unique and different policies in this regard as the regulation is vague on this topic. We apologize in advance if the perceived short notice on this causes any aggravation. We have made attempts to collect this information over the past few weeks and have realized with this month end closing cycle that many of our current 3rd Party Processing partners have still not completed this process. We understand we have invoices coming in for loans that are in process, unfortunately we see that invoice at time of closing which allows for little time to complete our process. It is not our intent to see your processing partners not be paid, we simply need to execute this process so we can follow the rule as it relates to Union Home Mortgage. Feel free to forward any and all information in this regard to your AE with simply “3rd Party Processing” in the subject line so they can forward on to the appropriate resources within Union Home Mortgage.

We WILL NOT pay any invoices for a 3rd Party Processing company that is not on this list (which is a live document and updated daily via our website) for any loans that fund on or after May 1, 2017. If your processing partners are not on the list above, please bring it to our attention so we can get them added quickly.

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