

School of Mortgage Banking Course II Managing Profitability and Risk in Mortgage Banking

AGENDA

Day #1

7:00 a.m.	Continental Breakfast and Registration
8:00 a.m.	Welcome, Introduction, Logistics and Overview of Training, Materials, And Expectations
8:10 a.m.	Current Issues/Regulatory Compliance
10:30 a.m.	Break
10:45 a.m.	Profitable Production Management
Noon	Lunch
12:45 p.m.	Profitable Production Management – continued
1:30 p.m.	MBSs and CMOs
2:45 p.m.	Break
3:00 p.m.	MBSs and CMOs - continued
5:00 p.m.	End of Session

Day #2

7:30 a.m.	Continental Breakfast
8:30 a.m.	The Art and Science of Pricing
10:00 a.m.	Break
11:15 a.m.	Pipeline Hedging
12:30 p.m.	Lunch
1:30 p.m.	Pipeline Hedging and Hedge Exercises (continued)
3:15 p.m.	Break
3:30 p.m.	Futures Overview
5:00 p.m.	End of Session

Day #3

7:30 a.m.	Continental Breakfast
8:30 a.m.	Servicing Portfolio Valuation I
9:45 a.m.	Break
10:00 a.m.	Servicing Portfolio Valuation II (continued)
Noon	Lunch
1:00 p.m.	Servicing Portfolio Valuation Case Study I
2:15 p.m.	Break
2:30 p.m.	Servicing Portfolio Valuation Case Study I – Continued
3:00 p.m.	Servicing Portfolio Valuation Case Study II
3:30 p.m.	Break
3:45 p.m.	Servicing Portfolio Valuation Case Study II – Continued
5:00 p.m.	End of Session

Day #4

7:30 a.m.	Breakfast
8:30 a.m.	Negotiating and Structuring the Commercial Loan
10:00 a.m.	Break
10:15 a.m.	Commercial Case Study
12:30 p.m.	Lunch
1:30 p.m.	Construction Lending
3:30 p.m.	Break
3:45 p.m.	Exam Review
4:30 p.m.	School of Mortgage Banking Concludes

Participants have two weeks at the conclusion of SOMB II to complete an online assessment. A passing score is 75% or above.

School of Mortgage Banking II - Day 1 Objectives

Topic	Objectives
Current Issues/Regulatory Compliance	Discussion
Profitable Production Management	<ul style="list-style-type: none"> • Identify loan production objectives. • Describe loan production strategies. • Identify sources of loan production. • Identify methods of promoting loan production. • Differentiate centralized vs. decentralized operations. • Identify elements that determine the economic value of loan production. • Evaluate the decision to originate or purchase loans. • Analyze operating statements
MBSs and CMOs	<ul style="list-style-type: none"> • Explain key secondary marketing concepts. • Define key terminology. • Describe the evolution of the capital markets. • Asses the risks in Fixed Income Investment. • Define the yield curve. • Define derivatives. • Define Collateralized Mortgage Obligations (CMOs).

School of Mortgage Banking II - Day 2 Objectives

Topic	Objectives
The Art and Science of Pricing	<ul style="list-style-type: none"> • Identify the components of pricing policy. • Describe monitoring and managing your policy. • Assess product and pricing strategy – reflections on the rate sheet. • Evaluate pricing for competing production channels, and regional pricing. • Evaluate how pricing drives behavior – lock-in policies and other negotiable items.
Pipeline Hedging	<ul style="list-style-type: none"> • Define risk. • Describe pipeline management. • Identify and classify types of risk: fallout, price, and others. • Describe monitoring the pipeline. • Evaluate measuring fallout. • Identify elements to hedge. • Analyze the market. • Describe the basic elements of futures.
Pipeline Hedging and Hedge Exercises	Discussion
Futures Overview	<ul style="list-style-type: none"> • Describe a futures contract. • Assess and describe how to quantify risk. • Define basis risk. • Interpret the use of futures.

School of Mortgage Banking II - Day 3 Objectives

Topic	Objectives
Servicing Portfolio Valuation	<ul style="list-style-type: none"> • Define servicing value. • Identify the components of a portfolio. • Identify the pieces of the valuation process. • Identify and describe various income components. • Describe relevant operating costs. • Identify, classify and describe foreclosure costs and credit risk factors. • Describe the constituent parts involved in amortization calculation. • Identify and assess ways of projecting prepayments. • Identify the components of yield requirements.
Servicing Portfolio Valuation Case Study I	Discussion
Servicing Portfolio Valuation Case Study II	Discussion

School of Mortgage Banking II - Day 4 Objectives

Topic	Objectives
Negotiating and Structuring the Commercial Loan	<ul style="list-style-type: none"> • Identify the relevant components associated with the borrower. • Name the documents needed to determine feasibility. • Identify the various types of analysis. • Name the required third-party reports. • Name the options for management of property. • Evaluate the relevance of the location of the property. • Assess configuration, property construction, and layout. • Define tenant risk – lease terminology. • Reproduce practice calculations.
Commercial Case Study	Discussion
Construction Lending	<ul style="list-style-type: none"> • Define various construction lending terms. • Assess and describe the risks of construction lending. • Describe the administration of construction loans. • Identify and describe the constituent parts of construction loan documentation. • Identify and describe the steps involved in the administration of construction loans.