



Banker vs. Broker BENEFITS **(Conforming and Non Conforming Lending)**

CONFORMING LOANS

Average \$300,000 conforming loan that is funded as a Banker vs. a Brokered loan

Additional Monies Earned:

	<u>Low</u>	<u>High</u>
Fees Earned (from Correspondent) (.375 - .500)	\$1,125	\$1,500
SRP (service release) (.250 - .500)	\$750	\$1,500
Add on Fees (Additional fees that may be charged to the borrower)	\$700	\$900
Interest Arbitrage (Average 4.25% coupon, interest difference between borrowing rate and lending rate)	<u>\$268</u>	<u>\$268</u>
Total (low range to high range)	\$2,843	\$4,168
	Additional income earned per loan	

NON CONFORMING LOANS

Average \$300,000 Non Conforming loan that is funded as a Banker vs. a Brokered loan

Additional Monies Earned:

	<u>High</u>
SRP (service release) (.500)	\$1,500
Add on Fees (Additional fees that may be charged to the borrower)	\$1,900
Interest Arbitrage (Average 5.25% coupon, interest difference between borrowing rate and lending rate)	<u>\$745</u>
Total	\$4,145 per funded loan

The above figure does not include the additional back end loan premium of up to 106

Credit line monthly funding amount \$1,000,000 per month volume

Margin 1.50% + .77 (30 day Libor Rate) = 2.27% Rate borrowed

Rate sold to Borrowers average 5.25% note rate – 2.27% Borrowed rate = 2.98% (positive)

$\$1,000,000 \times .0298 \times (30/360) = \mathbf{\$2,484}$ positive arbitrage interest monthly earnings for \$1MM
(for above example of \$300,000 loan interest earned is \$745 using the calculation method)

With an average of \$3,000,000 in non conforming production monthly, additional earned income of **\$497,400** may be earned yearly in additional profits not including the back end loan premium of up to 106 on all non conforming loan production.

Fee to implement line – Application Fee of \$1,250

* GMF Correspondent Division offering (.50 on SRP) or the option to retain servicing.