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## **JULY RELEASE WEBCAST**

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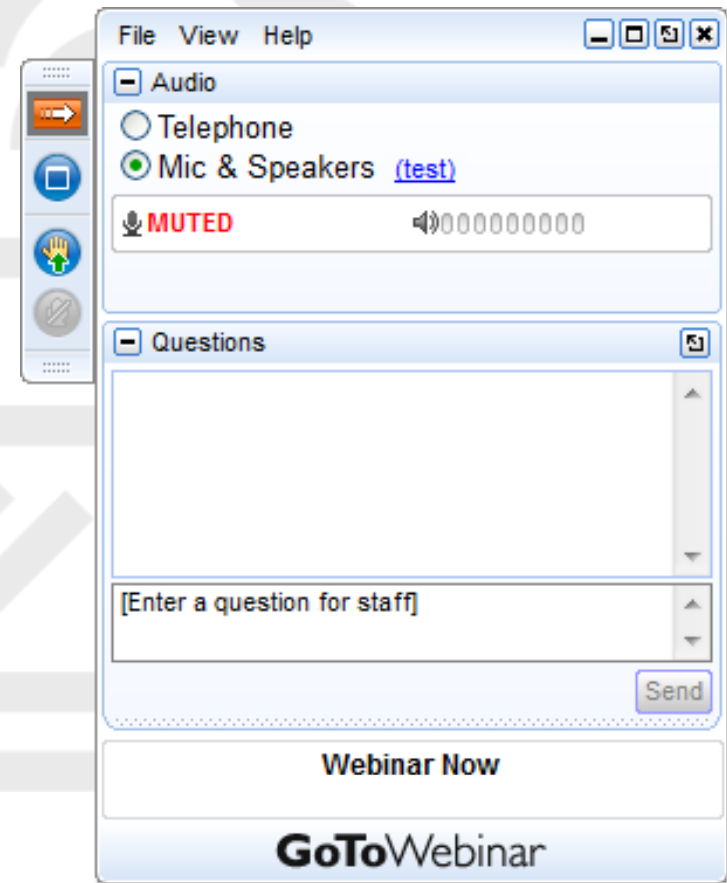
# TODAY'S WEBINAR HOW CAN YOU ENGAGE?

 **QUESTIONS** JUST ASK

 **ANSWERS** WE HAVE THEM

 **MATERIALS** WE'LL SEND

 **REQUEST** FOLLOW-UP



# TODAY'S PRESENTERS



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## **EXPANDED GUIDELINE SUPPORT**

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# EXPANDED GUIDELINES OR NON-QM

## WHICH IS IT?

### NON – QM

Any home loan that doesn't comply with the CFPB rules on Qualified Mortgages. This includes:

- ✔ Interest-Only Loans
- ✔ Terms > 30 Years
- ✔ Negative Amortization
- ✔ Most Balloon Loans
- ✔ Limits on Points and Fees that can be charged
- ✔ In some cases, Debt to Income Ratios in excess of 43%
- ✔ A reasonable, good-faith effort of following the CFPB rules that the borrower has a verifiable ability to repay the loan

### EXPANDED GUIDELINES (EG)

Any home loan that allows for characteristics and/or documentation that are outside of typical GSE guidelines. Including:

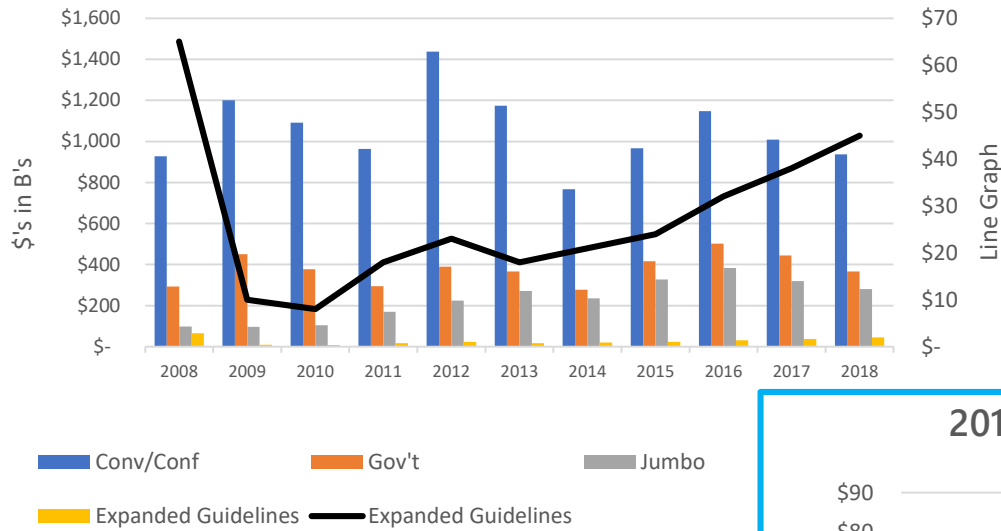
- ✔ Reduced or no documentation to verify income
- ✔ Less restrictions around credit scores and mortgage payment histories
- ✔ Little or no seasoning requirements for housing events and/or bankruptcies
- ✔ More LTV flexibility for debt consolidation loans
- ✔ Unique property types
- ✔ For OB purposes, not all Non-QM loan types are considered Expanded Guidelines

**TECHNICALLY, NOT ALL EXPANDED GUIDELINE PRODUCTS  
ARE NON-QM AND VICE-VERSA**

# EXPANDED GUIDELINES

## MARKET DATA

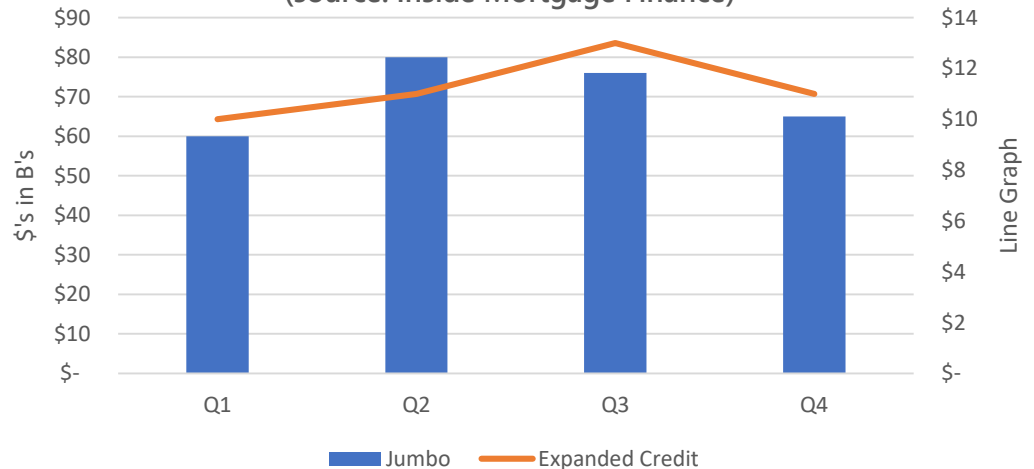
### Mortgage Originations by Product



Non-QM is a small (3-4%) but growing segment of the market.

OB has felt an increase in the number of lenders interested in offering Expanded Guidelines Products. We want to make it easy to find what customers are looking for!

### 2018 Jumbo & Expanded Criteria Volume (source: Inside Mortgage Finance)



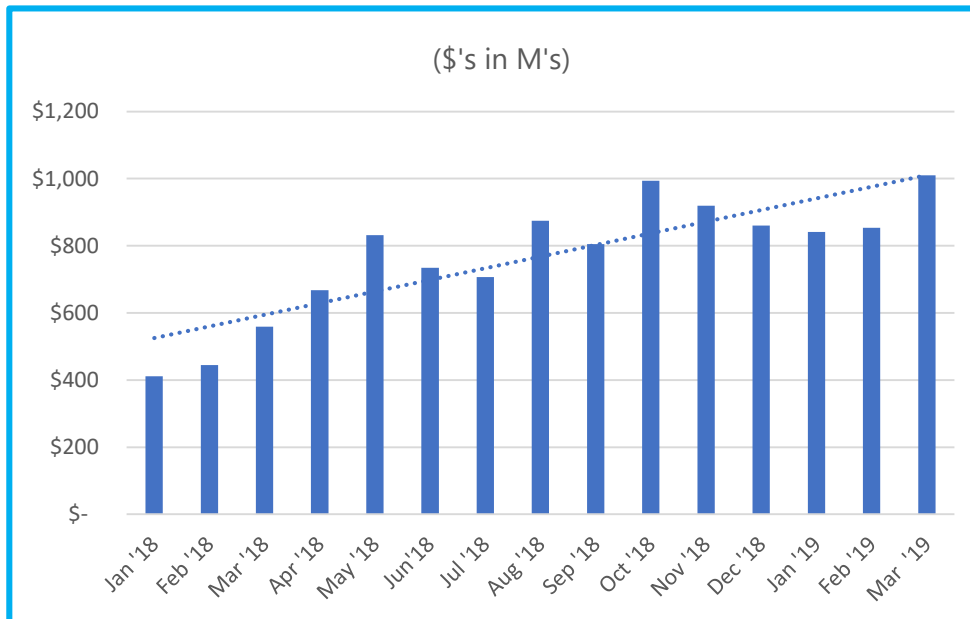
Source: Inside Mortgage Finance and Inside Nonconforming Markets

# EXPANDED GUIDELINES

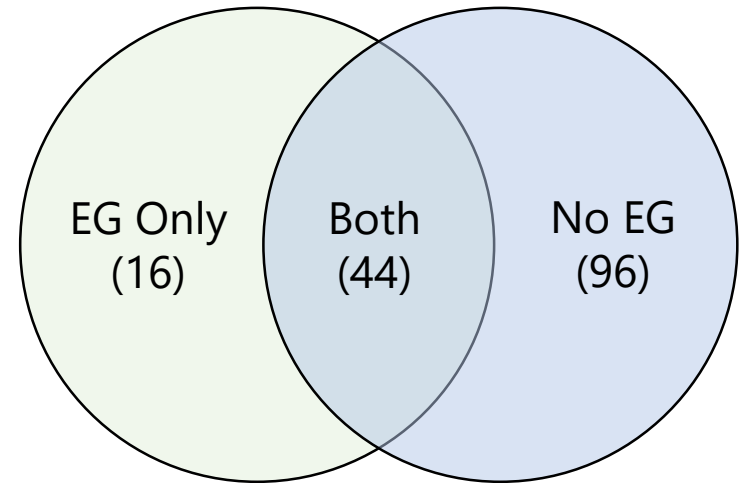
## OB ANALYTICS

Expanded Guideline locks have steadily increased over the past 15 months, reaching \$1.0B of locks in March '19 (out of ~\$59 billion of locks).

### OB EXPANDED GUIDELINE LOCKS



### OB INVESTOR PRODUCTS



Optimal Blue has 60 investors offering Expanded Guideline products; 44 of which also offer traditional products with their Expanded Guideline product offering.

# EXPANDED GUIDELINES

## PRODUCT TYPE FILTERS PAVED THE WAY

**First Lien Search Criteria**

Loan Type:  Conforming  NonConforming  FHA  VA  Alt-A/Exp. Crit.  USDA

Loan Term(s):  30 Yr  25 Yr  20 Yr  15 Yr  10 Yr  7 Yr  5 Yr  40 Yr  4 Yr  2 Yr  
Max: 3

Amortization Type(s):  Fixed Custom  ARM  Balloon

ARM Fixed Term(s):  3 Mo  6 Mo  1 Yr  2 Yr  3 Yr  5 Yr  7 Yr  10 Yr  15 Yr Max: 3

Exp. App. Level(s):  N/A  Level 1  Level 2  Level 3  Level 4  Level 5

Product Type(s):  All  Standard  Affordable  HARP  Hero/Champion  
 HFA/Bond  HUD Specialty  Reno/Rehab  Student Ln CO Refi  USDA Streamline  
 Expanded Guidelines

Desired Price:   
Buydown:  None

Desired Rate:   
Borrower Pays MI (if required):  Yes  
FHA Case # Endorsement:  After May 31, 2009

Desired Lock Period:   
Automated U/W System:  Not Specified

Interest Only:  No  
Prepayment Penalty:  None

FHA Case # Assigned:  On or after 1/1/2019

In 2018, Product Type filters were made available to allow LO's to return more specific search results based on consumer needs. In May these filters were added for all clients who hadn't already adopted.

**CONSIDER CHANGING THE DEFAULT PRODUCT TYPE FILTER FROM**

**"ALL" TO "STANDARD" TO REALLY TAKE ADVANTAGE OF THIS FEATURE**



# EXPANDED GUIDELINES

## PHASE 1

Loan Type:  Conforming  NonConforming  FHA  VA  Alt-A/Exp. Crit.  USDA

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Loan Term(s):  30 Yr  25 Yr  20 Yr  15 Yr  10 Yr  7 Yr  5 Yr  40 Yr  4 Yr  2 Yr  
Max: 3

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Amortization Type(s):  Fixed Custom  ARM  Balloon

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ARM Fixed Term(s):  3 Mo  6 Mo  1 Yr  2 Yr  3 Yr  5 Yr  7 Yr  10 Yr  15 Yr Max: 3

---

Exp. App. Level(s):  N/A  Level 1  Level 2  Level 3  Level 4  Level 5

---

Product Type(s):  All  Standard  Affordable  HARP  Hero/Champion  
 HFA/Bond  HUD Specialty  Reno/Rehab  Student Ln CO Refi  USDA Streamline  
 Expanded Guidelines

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Expanded Guidelines:  All  Alt Income Verif.  Credit Event  Ratio Related  Real Estate Investor  
 Unique Property  Other

By selecting “Expanded Guidelines” filter a second set of filters appeared to more granularly identify the type of product desired. It was a great starting point but not granular enough.

# EXPANDED GUIDELINES

## NEW FIELDS TAKE US TO A WHOLE NEW LEVEL

- ✓ The Expanded Guideline Filters will be replaced by new Expanded Guideline Fields that allow us to better apply pricing and eligibility to the products so that your users can more quickly find the products they are looking for.
- ✓ The Expanded Guideline Filters will be removed in the July 13<sup>th</sup> Release. For post lock changes on locked loans with specific guideline filters, the system will now return all Expanded Guidelines. The new “Expanded Guidelines” section will be available to add to your product search, lock and post lock forms upon request. You may have some prep work to do before they can be added.
- ✓ The new section will only appear when the Expanded Guidelines product filter is selected.

The screenshot shows a form titled "Expanded Guideline Eligibility and Pricing (Not Evaluated for other Loan Types)". The form is organized into four columns, each with a set of input fields and dropdown menus. At the bottom of the form are four buttons: "Submit", "Save As Prospect", "Clear Form", and "New Search".

Column 1	Column 2	Column 3	Column 4
Mtg Lates x30 (12 Mos) <input type="text" value="0"/>	Mtg Lates x60 (12 Mos) <input type="text" value="0"/>	Mtg Lates x90 (12 Mos) <input type="text" value="0"/>	Mtg Lates x120 (12 Mos) <input type="text" value="0"/>
Mtg Lates x30 (13 - 24 Mos) <input type="text" value="0"/>	Mtg Lates x60 (13 - 24 Mos) <input type="text" value="0"/>	Mtg Lates x90 (13 - 24 Mos) <input type="text" value="0"/>	Mtg Lates x120 (13 - 24 Mos) <input type="text" value="0"/>
Income Verification Type Full Doc ▼	Bankruptcy Type None ▼	Bankruptcy Outcome Not Applicable ▼	Bankruptcy Seasoning Not Applicable ▼
Housing Event Type None ▼	Housing Event Seasoning Not Applicable ▼	Unique Property No ▼	Debt Consolidation No ▼

**THE NEW FIELDS ARE USED TO PRICE AND QUALIFY EXPANDED GUIDELINE PRODUCTS ONLY. A TEXT MESSAGE WILL REMIND USERS IF STANDARD PRODUCTS RETURNED IN SAME SEARCH**

# EXPANDED GUIDELINES

## NEW FIELDS TAKE US TO A WHOLE NEW LEVEL

### Expanded Guideline Eligibility and Pricing (Not Evaluated for other Loan Types)

Mtg Lates x30 (12 Mos) <input type="text" value="0"/>	Mtg Lates x60 (12 Mos) <input type="text" value="0"/>	Mtg Lates x90 (12 Mos) <input type="text" value="0"/>	Mtg Lates x120 (12 Mos) <input type="text" value="0"/>
Mtg Lates x30 (13 - 24 Mos) <input type="text" value="0"/>	Mtg Lates x60 (13 - 24 Mos) <input type="text" value="0"/>	Mtg Lates x90 (13 - 24 Mos) <input type="text" value="0"/>	Mtg Lates x120 (13 - 24 Mos) <input type="text" value="0"/>
Income Verification Type Full Doc ▼	Bankruptcy Type None ▼	Bankruptcy Outcome Not Applicable ▼	Bankruptcy Seasoning Not Applicable ▼
Housing Event Type None ▼	Housing Event Seasoning Not Applicable ▼	Unique Property No ▼	Debt Consolidation No ▼



### Income Verification Types

- 1, 3, 6, 12, 18 and 24 month personal or business bank statements
- 1 or 2 year ALT doc
- Asset related
- Investor DSCR and No Ratio
- Written VOE
- Restricted stock



### 12 & 24 Month Mtg Payment History



### Debt Consolidation Loan



### Unique Property



### Housing Events & Seasoning

- Deed in Lieu
- Modification
- Foreclosure
- Short Sale



### Bankruptcy Type (Chapter 7, 11, or 13)



### Bankruptcy Outcome & Seasoning

- Discharged
- Dismissed
- Open /Pending

# EXPANDED GUIDELINES

## REPLACEMENT PRODUCTS WERE NECESSARY

6 MONTH PERSONAL BANK STATEMENT 5/1 ARM

12 MONTH PERSONAL BANK STATEMENT 5/1 ARM

18 MONTH PERSONAL BANK STATEMENT 5/1 ARM

24 MONTH PERSONAL BANK STATEMENT 5/1 ARM

6 MONTH BUSINESS BANK STATEMENT 5/1 ARM

12 MONTH BUSINESS BANK STATEMENT 5/1 ARM

18 MONTH BUSINESS BANK STATEMENT 5/1 ARM

24 MONTH BUSINESS BANK STATEMENT 5/1 ARM

SCRIPTED RULES REPLACE  
"TITLE" PRODUCTS  
MINIMIZING PRODUCT SET UP  
AND MAINTENANCE, **AND**  
**MAKES IT EASIER FOR**  
**LOAN OFFICERS**

5/1 ARM - EG

THE NEW PRODUCTS WILL BE  
AVAILABLE IN THE PPE  
**BEFORE JULY 15TH IN AN**  
**UNROLLED OUT STATE.**

**OB WILL SUPPORT BOTH OLD AND NEW  
PRODUCTS FOR **45 DAYS****

# IMPACTED INVESTORS

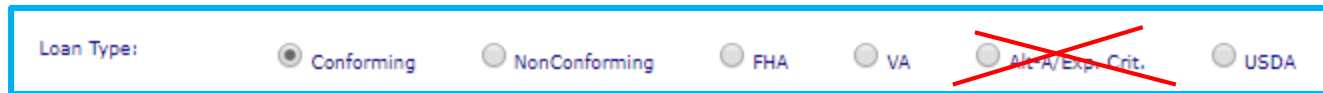
Over the last several months our Content Specialists have created new products for 60 investors that use 16 new Expanded Guidelines fields

- ✓ A&D Mortgage, LLC
- ✓ All Credit Considered Mortgage, Inc. aka ACC Mortgage
- ✓ AmWest Funding Corporation
- ✓ Angel Oak Mortgage Solutions, LLC
- ✓ Axos Bank
- ✓ Bayview Loan Servicing, LLC
- ✓ Caliber Home Loans, Inc.
- ✓ Carrington Mortgage Services, LLC
- ✓ CBC National Bank
- ✓ CMG Mortgage, Inc.
- ✓ Compeer Financial, ACA
- ✓ Deephaven Mortgage
- ✓ Ditech Financial, LLC
- ✓ FBC Mortgage, LLC
- ✓ Fay Servicing, LLC dba Constructive Mortgage Services
- ✓ Finance of America Mortgage, LLC
- ✓ First Guaranty Mortgage Corporation
- ✓ Fremont Bank
- ✓ Galton Capital Management, LLC
- ✓ Home Point Financial Corp
- ✓ HomeBridge Financial Services, Inc.
- ✓ Impac Mortgage Corporation
- ✓ JMAC Lending Inc.
- ✓ Land Home Financial Services, Inc.
- ✓ OCMBC, Inc. dba LoanStream Mortgage
- ✓ Luxury Mortgage
- ✓ Mega Capital Funding, Inc.
- ✓ Mid America Mortgage, Inc.
- ✓ Mr. Cooper fka Pacific Union Financial
- ✓ Nations Direct Mortgage
- ✓ NewFi Wholesale
- ✓ NewRez, LLC
- ✓ NexBank, SSB
- ✓ Northpointe Bank
- ✓ One American Bank
- ✓ Orion Lending
- ✓ Parkside Lending, LLC
- ✓ Planet Home Lending
- ✓ Plaza Home Mortgage
- ✓ Paramount Residential Mortgage Group, Inc. aka PRMG
- ✓ REMN Wholesale
- ✓ Seacoast National Bank
- ✓ SG Capital Partners
- ✓ Sierra Pacific Mortgage
- ✓ Silvergate Bank
- ✓ Sprout Mortgage
- ✓ Starwood Non-Agency Lending, LLC
- ✓ SunWest Mortgage Company, Inc.
- ✓ USA Direct Funding
- ✓ University State & Employees Credit Union aka USE Credit Union
- ✓ Verus Mortgage, LLC

# EXPANDED GUIDELINES

## REPLACEMENT PRODUCT DETAILS

- All New Products are scripted as Non-Conforming and/or Conforming loan types based on loan amount limits of the product.
- “Alt-A/Exp. Crit.” Loan Type will no longer be used at the system level and we will begin to retire all use of that loan type.



A screenshot of a loan type selection interface. The interface is enclosed in a blue rectangular border. On the left, the text "Loan Type:" is displayed. To its right are six radio button options: "Conforming", "NonConforming", "FHA", "VA", "Alt-A/Exp. Crit.", and "USDA". The "Alt-A/Exp. Crit." option is crossed out with a large red 'X'.

- All of the replacement products are built in a new set in the product tree labeled “Expanded Guidelines.”
- Clients will see OB Alert notifications regarding new product rollout beginning July 12th through July 14th as the release of new Expanded Guidelines products is completed by our Content Specialist Team.

# EXPANDED GUIDELINES

## CREDIT HISTORY AND ASSET DEPLETION DEPRECIATION

The screenshot shows a 'Credit History' form with the following fields and options:

- Mtg. Lates X 30: Input field with value 0
- Mtg. Lates X 60: Input field with value 0
- Mtg. Lates X 90: Input field with value 0
- Mtg. Lates X 120: Input field with value 0
- Rolling Lates: Input field with value 0
- Foreclosure: Dropdown menu with 'Never' selected
- Bankruptcy: Dropdown menu with 'Never' selected
- Bankruptcy Chapter: Dropdown menu with 'Chapter 7' selected
- Bankruptcy Disposition: Dropdown menu with 'Discharged' selected
- Bank Statements for Income: Dropdown menu with 'N/A (Stated or Paystub/W-2)' selected

- ✓ The current Credit History fields **and the Asset Depletion** field will be retired.
- ✓ Optimal Blue will no longer evaluate eligibility for credit history on standard (Agency, Government, Jumbo) product types.
  - The use of Automated Underwriting systems and compensating factors have made it impossible to accurately predict eligibility in these cases.
  - Using Asset Depletion as a way of qualifying for a loan will be handled through the new Expanded Guideline Income Types.
- ✓ The following text message will be included with other messages on all product types that are NOT expanded guidelines – “The borrower’s credit history related to bankruptcy and derogatory housing events, including mortgage late payments, has not been evaluated to determine eligibility for this program.”
- ✓ We will work with clients to identify and remove any rules or overlays that have been created using these fields as part of this project.

# EXPANDED GUIDELINES

## ENCOMPASS LOS INTEGRATION CONSIDERATIONS

- ✓ The new OB standard Expanded Guidelines fields can all be mapped to **Encompass custom fields**
  - The fields are available to be mapped starting TODAY!
  - The mapping behavior for the Expanded Guidelines fields are the same as when mapping custom OB fields to custom Encompass fields.
- ✓ Not sure how to map custom fields? Please reach out to Client Services and request a time to work through this process with the Optimal Blue Integration Specialists.

**Note: The fields below require that a custom field is created in Encompass using the same Encompass Field ID and Encompass Field Type.**

OB Field	Encompass Field ID	Encompass Field Type	Mapped Values	Push	Pull
Buydown	CX.BUYDOWNTYPE	Dropdown	Show Values	<input type="checkbox"/>	<input type="checkbox"/>
Loan #	CX.OBLOANID	String	Max length 150	<input type="checkbox"/>	<input type="checkbox"/>
Fees In	CX.FEEBUYOUT	Dropdown	Show Values	<input type="checkbox"/>	<input type="checkbox"/>
Push Time	CX.OBTIME	String	Max length 150	<input type="checkbox"/>	<input type="checkbox"/>
Buy Side Total SRP	CX.BUYSIDESRPOB	Decimal	x,xxx.xxx	<input type="checkbox"/>	<input type="checkbox"/>
Sell Side Total SRP	CX.SELLSIDESRPOB	Decimal	x,xxx.xxx	<input type="checkbox"/>	<input type="checkbox"/>
Community Affordable Second	CX.COMMAFFORDSECOND	Yes/No	Yes/No	<input type="checkbox"/>	<input type="checkbox"/>
Mtg Lates x30 (12 Mos)	CX.MTGLATEX30MOS12	Integer		<input type="checkbox"/>	<input type="checkbox"/>
Mtg Lates x60 (12 Mos)	CX.MTGLATEX60MOS12	Integer		<input type="checkbox"/>	<input type="checkbox"/>
Mtg Lates x90 (12 Mos)	CX.MTGLATEX90MOS12	Integer		<input type="checkbox"/>	<input type="checkbox"/>
Mtg Lates x120 (12 Mos)	CX.MTGLATEX120MOS12	Integer		<input type="checkbox"/>	<input type="checkbox"/>
Mtg Lates x30 (13 - 24 Mos)	CX.MTGLATEX30MOS13TO24	Integer		<input type="checkbox"/>	<input type="checkbox"/>
Mtg Lates x60 (13 - 24 Mos)	CX.MTGLATEX60MOS13TO24	Integer		<input type="checkbox"/>	<input type="checkbox"/>
Mtg Lates x90 (13 - 24 Mos)	CX.MTGLATEX90MOS13TO24	Integer		<input type="checkbox"/>	<input type="checkbox"/>
Mtg Lates x120 (13 - 24 Mos)	CX.MTGLATEX120MOS13TO24	Integer		<input type="checkbox"/>	<input type="checkbox"/>
Income Verification Type	CX.INCOMEVERIFYTYPE	Dropdown	Show Values	<input type="checkbox"/>	<input type="checkbox"/>
Housing Event Type	CX.HOUSINGEVENTTYPE	Dropdown	Show Values	<input type="checkbox"/>	<input type="checkbox"/>
Housing Event Seasoning	CX.HOUSINGEVENTSEASONING	Dropdown	Show Values	<input type="checkbox"/>	<input type="checkbox"/>
Bankruptcy Type	CX.BANKRUPTCYTYPE	Dropdown	Show Values	<input type="checkbox"/>	<input type="checkbox"/>
Bankruptcy Outcome	CX.BANKRUPTCYOUTCOME	Dropdown	Show Values	<input type="checkbox"/>	<input type="checkbox"/>
Bankruptcy Seasoning	CX.BANKRUPTCYSEASONING	Dropdown	Show Values	<input type="checkbox"/>	<input type="checkbox"/>
Debt Consolidation	CX.DEBTCONSOLIDATION	Yes/No	Yes/No	<input type="checkbox"/>	<input type="checkbox"/>
Unique Property	CX.UNIQUEPROPERTY	Yes/No	Yes/No	<input type="checkbox"/>	<input type="checkbox"/>

[Update Mapping](#)



# EXPANDED GUIDELINES

## WHAT YOU NEED TO DO TO PREPARE

- STEP 1** Prepare New EG Products for production
- Rules and Overlays
  - Markups (custom assignments, as applicable)
  - LOS Product Mapping

**STEP 2** Discontinue use of legacy Credit History and Asset Depletion fields as well as custom fields you have added that can now be replaced by the new standard fields. If you're currently utilizing these fields with rules and overlays, Client Services will be reaching out to you with next steps. The new fields have been available in the Config Site since February.

**WANT TO TEST FIRST?** PREPARATION AND A SOFT ROLL OUT CAN BE DONE WITHIN A TEST ENTITY SO THAT MARGIN, FIELD MAPPING, AND LOS PRODUCT MAPPING CAN BE TESTED BEFORE PRODUCTION.

# EXPANDED GUIDELINES

## WHAT YOU NEED TO DO TO PREPARE

- STEP 3** Communicate the impending change to your production staff. Please reference already updated user guides in the FAQ section of Live Chat.
- STEP 4** Notify Client Services that you are ready to have the new EG Section added to your forms, we will remove the old credit history fields. We advise not rolling out the new products or deactivating the old products until the EG section is added to your forms. It is a best practice to not support both the old and new products on your Lender Sites at the same time to avoid confusion. If you are not using the existing Alt-A/Exp. Crit. Loan Type in any custom way it will be removed from your site. If you do have a custom use the Client Services will work with you to develop a plan to discontinue use.

# EXPANDED GUIDELINES

## PROJECT TIMELINE

### **NOW**

If you're Encompass integrated, you can begin the process of mapping the new Expanded Guidelines fields to Encompass custom fields.

### **JULY 13TH**

Begin setup of the new Expanded Guidelines products by applying margin, overlays if necessary and if integrated start mapping the products to your LOS. As mentioned, on this date new Expanded Guidelines products will be released to our customer's configuration sites in an "unrolled out" status. These will be designated with "-EG" in the title to assist with easily identifying these products.

### **JULY 27TH**

By this time you likely have heard from Client Services to check in on your readiness to add the new Expanded Guidelines fields and retire any old Credit History fields. This will be a good time to schedule a date to have Client Services add the fields for you. If you're ready to have the new Expanded Guidelines fields before, please reach out to Client Services ahead of time. We're happy to help expedite!

### **AUGUST 13TH**

If you're still working to sunset the old EG products and Credit History fields at this time then Client Services will reach out to determine the rollout date with you and to assist with any remaining action items.

# EXPANDED GUIDELINES

## QUESTIONS AND CONTACT

- ✔ We will make the rollout of Expanded Guidelines as seamless as possible
- ✔ Need assistance? Please reach out to Client Services
  - The team can review your site with you to assess if any items should be addressed
  - For many customers no preparation work will be required
- ✔ The Client Services team is here to help! Contact us by
  - Telephone at 844-465-1001
  - Email at [ClientServices@optimalblue.com](mailto:ClientServices@optimalblue.com)
  - Live Chat!

# QUESTIONS?

# TAKING CONTENT TO THE NEXT LEVEL

## WHAT'S ON THE ROADMAP

- ✔ We understand how much effort changes like this take but we are convinced that we are creating a solution that will take our content support to the next level.
- ✔ Other Content Related Projects Being Contemplated
  - Improvements to Property Type support including Detached Condos and the new Manufactured Home Types
  - Non-Traditional Credit
  - Financed Properties