



# **BEST EFFORTS TO MANDATORY:** OPTIMAL BLUE TRANSITION AND TRAINING GUIDE

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## TRAINING PHILOSOPHY OVERVIEW

At Optimal Blue, we believe that making the transition from Best Efforts to Mandatory Delivery is one of the most critical decisions you and your company will ever make. Not only will it affect your bottom line, it will have a significant impact on many aspects of your business. In order to be successful, you must have the right knowledge, training, and ongoing support.

We believe in knowing and understanding our clients' businesses; what do they do today, where do they want to go tomorrow, and what is important to their employees, management, and shareholders. We will dedicate the time to know you and your business, and use this information throughout our relationship. We also understand that businesses evolve and change, so we make the commitment to continually check in and make sure we are aligned with your current business practices and goals.

We've provided this guide to help you better understand how Optimal Blue will aid your business in various stages, including pre-contract, during implementation, and post-contract.

## PRE-CONTRACT TRAINING

### DISCOVERY MEETING

It all begins here! This is typically our first or second conversation, and a process that we go through with all Prospects that show an interest in making the transition from BE to MAN. Our dedicated team will take the time to ask important questions that help us better understand your current business model and how you operate today. This process helps us focus on areas that might require special or specific training, to ensure you are successful as a result of the transition. This meeting also provides us an opportunity to outline some of the major changes involved with the transition that you will need to consider as we move forward.

### HEDGING 101 TRAINING

Once the Discovery Meeting takes place, it is common for one of two things to happen. We can either schedule a presentation of our technology solutions for those that have secondary experience - and therefore understand what will be involved in the transition process; or, we will schedule a more specific training, prior to our system presentation, referred to as "Hedging 101."

This training is focused on providing a high level comparison between delivering your loans in a Best Efforts workflow, to what your experience will be in a Mandatory workflow. It details the major differences, benefits, and risks between the two delivery methods and will help you identify what changes to expect when making this transition.

### SOLUTION & SYSTEM PRESENTATION

Once the Discovery Meeting and/or the "Hedging 101" session(s) have taken place, our team will now have a firm understanding of how you do business. We will present our services and the technology solutions that will help you succeed in the Mandatory Delivery environment, all of which will be specifically tailored to your workflow and business need. It is very important to us that you understand the added benefits and value of utilizing Optimal Blue, so it is not uncommon for us to provide multiple meetings to deliver our presentation to a Prospect.

Our goal is to make sure you understand, and ensure that you are comfortable before we move forward. The most important thing to remember is that we offer industry-differentiating tools that will help you be successful! Most clients moving from Best Efforts to Mandatory will start as a Full Service client, where Optimal Blue is ultimately responsible for managing their pipeline, as well as the trading and committing of loans. However, we do welcome and encourage your involvement and continually provide training as our relationship grows.

### SPECIAL TRAINING, REQUESTS & INTRODUCTIONS

Part of our training is to not only make sure you are ready to make the transition, but that you will be successful. This is never just about "getting a contract executed." We want to help you make a successful transition, and part of that is to make sure you understand the changes that will take place as a result of your transition. For example:

### INVESTORS

As we better understand your business, your Business Relationship Manager (BRM) will make recommendations, as well as introductions to, investors that you may not be partnered with today. However, they may be important to your business when you begin delivering Mandatory. With more than one hundred clients and delivering over \$6Billion/month to investors, we have the data and analytics to make sure we match you with the right investors.

## REPORTING

Your method of tracking loans and managing your pipeline will change as a result of this transition. You will have access to several new reports that address items such as pipeline position, P&L, unrealized gain, realized gain, and pipeline MTM variance - to name a few. Optimal Blue will take the time to schedule specific meetings to further review all of these new reports, making sure you fully understand what they address and how to use them in order to be successful.

## ACCOUNTING CHANGES

Your accounting methods will change as a result of this transition. Optimal Blue has special relationships with multiple accounting firms that specialize in fair value mortgage accounting. We will facilitate meetings with one of these accounting firms and your team to make sure you and your CFO understand the differences that are involved, and are prepared for the change(s) regarding how to mark these on your balance sheet.

## POST-CONTRACT TRAINING: IMPLEMENTATION

### IMPLEMENTATION "KICKOFF" CALL

Once the contract is executed, Optimal Blue will schedule a kickoff call to introduce you to your dedicated team of Secondary Analysts. The kickoff call sets the stage for the implementation timeframe (usually 60-90 days). You and your Analyst team will review a detailed project management plan, which will include everything needed to prepare you and your organization for the transition to Mandatory. During the implementation call, we will review multiple items with your Analysts, such as particular business workflows, as well as strategies and systems, so we can continue to recommend the appropriate investor(s), broker-dealer, warehouse and any other partnerships you will need to be successful. A detailed, step-by-step copy of a "Sample Implementation Timeline" is available and can be provided by your BRM.

### ACTIVE IMPLEMENTATION STAGE

#### INVESTORS, BROKER-DEALERS & WAREHOUSE PARTNERSHIPS

The driving force behind this stage in the process is your Mandatory Approvals with your investors, broker-dealers and warehouse lines, and it typically takes 45 to 60+ days to complete.

One of the key components of successful Mandatory delivery is having the right investors, so our Analyst team will guide you through the process to get the right investors for your particular business.

As the result of our strong relationships with all of the investors, broker-dealers and warehouse vendors, Optimal Blue is able to put you in a position to start delivering your loans in a Mandatory fashion as quickly as possible.

Optimal Blue will:

- Review Your Business
- Make Investor Recommendations
- Create Warm Introductions
- Assist in the Application Process

## POLICIES & PROCEDURES

Another focus of our on-going training is to help you review and create detailed and comprehensive internal policies and procedures. This will become your internal "Rule Book," and we will help create this document with you, by providing you a template that will address:

- Role of the Secondary Marketing Department
- Trade Policies and Limits
- Position Tolerances
- Pricing and Profitability
- Lock Desk Policies
  - Rate Lock Commitment Exceptions
  - Expired Rate Locks
  - Pricing Adjustments, etc.
- Commitment Policies and Options
- Risk Management Principles
- Risk Management Strategy
- ...and much, much more!

## DATA & PULL THROUGH ANALYTICS

Risk management is only as good as the data used to derive the hedge and offsetting position. The dedicated team at Optimal Blue will focus on reviewing your loan data over the last two years, and look for correlations as well as market movements, in order to make recommendations to assist in creating a specific "Pull Through" model that will help dictate how your pipeline is managed. In addition, we will focus on attaining and understanding all of the data points necessary to bring your loan data into the Optimal Blue platform. Depending on your LOS, we may also have an integration available to automate the pull-in of this data, as well as the push-out of committing data back into your LOS.

## BEST PRACTICES

We will share and help train you on various “best practices” that we have identified over the last 10+ years, all of which aide in the success of our existing clientbase. Many of the best practices can be immediately implemented, while others will take some time. Either way, we will build a specific plan for your business that will ensure immediate and long-term success. We want to make sure you understand the training provided by Optimal Blue does not end. We will continue to provide training and support as we continue our relationship.

## ONSITE TRAINING

We ask that all clients visit our Denver office for two (2) days of onsite training. This will provide the opportunity to get to know your Analyst team, ensure understanding of the relationship and how we will work together, and also review daily processes and reports to make sure you and your team get exactly what is needed to be successful.

Onsite training includes:

- Data Validation
- Verification and Additional Eligibility Rules
- Setting Custom System Warnings
- Verifying Pull Through Model
- Finalize and Verify Investor Setup
- Reporting Training
- “Day in the Life” Training
- Additional Custom Training (as needed)

## POST-IMPLEMENTATION: OPERATIONAL TRAINING

### DAILY TRAINING

Initially, it is very common to speak to your Analyst team on a daily basis. Your Analyst team is here to hold your hand and guide you through this new process, so you are welcome to reach out as many times as you like, because they are ready to help with whatever you need! Your BRM is also available, and we encourage you to reach out to them as well.

### WEEKLY TRAINING

As a continuation of your implementation, we will conduct weekly calls during your initial operation stage, which can include senior management, accounting, and secondary departments.

## QUARTERLY BUSINESS REVIEWS

Quarterly Business Reviews are designed to bring together the Optimal Blue Analysts and our senior management with your secondary marketing and senior management teams on a quarterly basis. Together, all will review the previous months in the following regard:

- Risk Management
- Investor Performance
- P&L Performance
- Best Practices
- Pull Through Performance

The design of these meetings is to discuss your business strategy at all levels, as it relates to secondary marketing. In addition, this is an opportunity to make adjustments and continue the education of your entire team and management.

## ONGOING TRAINING

Your Analyst team will work with you on a daily, weekly, and monthly basis, and will manage your pipeline and risk daily in Optimal Blue’s Full Service model. They are also available to answer any questions, discuss reporting, offer recommendations, etc.

## CONCLUSION

If your ultimate goal is to be a self-service client, it is our job to help you get there, and that is exactly what we’ll do. Our processes have been provided to our existing clientbase, and are time tested and proven to have successfully taken clients from a limited understanding of Mandatory commitments, to seasoned and profitable organizations in the Mandatory world.

## ABOUT OPTIMAL BLUE

Optimal Blue operates the industry’s Digital Mortgage Marketplace, connecting originators, investors, and providers with a single, unified technology and value-added services platform. Optimal Blue’s Digital Mortgage Marketplace enables originators to automate their entire secondary marketing operation from content through commitment, and enables investors and leading providers to accelerate the loan origination process by leveraging automated data exchange, streamlined value delivery, robust innovations, and actionable business intelligence. Together, these originators, investors, and providers form a unique, multi-sided marketplace touching one of every four mortgage loans closed nationally each year.