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

AGENDA
Please Note: Instructors will schedule breaks during each session

Day 1

7:45 – 8:15am  Registration and Continental Breakfast

8:15 – 8:30am  Welcome & Overview of Course

8:35 – 10:45am  Current Issues & Regulatory Compliance
  ▪ Explain at a high level the current regulatory environment and legislative issues facing the mortgage banking industry

10:45am – 12:00pm  Profitable Production Management
  ▪ Identify loan production objectives
  ▪ Describe loan production strategies
  ▪ Identify sources of loan production
  ▪ Identify methods of promoting loan production
  ▪ Describe differences between centralized and decentralized operations

12:00 – 1:00pm  Lunch

1:00 – 1:30pm  Profitable Production Management (cont'd)
Day 1 (cont’d)

1:30 – 5:00pm  Secondary Marketing Revisited and MBSs & CMOs
- Describe the role of the secondary market and its participants
- Explain how pricing plays a pivotal role in setting rates
- Describe secondary market risks
- Explain basic pricing and hedging terminology
- Explain key secondary market concepts
- Define key terminology
- Describe the evolution of capital markets
- Assess the risks in Fixed Income Investment

5:00pm  School of Mortgage Banking II Day 1 concludes
Day 2

8:00 – 8:30am  
*Continental Breakfast*

8:30am – 12:00pm  
**The Art & Science of Pricing**
- Identify the components of pricing policy
- Describe monitoring and managing your policy
- Assess product and pricing strategy – reflect on the rate sheet
- Evaluate pricing for competing production channels and regions
- Evaluate how pricing drives behavior – lock-in policies and other negotiable items

12:00 – 1:00pm  
*Lunch*

1:00 – 3:15pm  
**Pipeline Hedging**
- Define risk
- Describe pipeline management
- Identify and classify types of risk: fallout, price, etc
- Describe monitoring the pipeline
- Evaluate measuring fallout
- Identify elements to hedge
- Analyze the market
- Describe the basic elements of futures

3:15 – 5:00pm  
**Futures Overview**
- Describe a futures contract
- Assess and describe how to quantify risk
- Define basis risk
- Interpret the use of futures

5:00pm  
*School of Mortgage Banking II Day 2 concludes*
Day 3

8:00 – 8:30am  
Continental Breakfast

8:30am – 12:00pm  
Servicing Portfolio Valuation
- 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

12:00 – 1:00pm  
Lunch

1:00 – 5:00pm  
Servicing Portfolio Valuation (cont’d)

5:00pm  
School of Mortgage Banking II Day 3 concludes
Day 4

7:30 – 8:00am  
*Continental Breakfast*

8:00am – 12:00pm  
**Negotiating & Structuring the Commercial Loan**
- 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

12:00 – 1:00pm  
*Lunch*

1:00 – 2:00pm  
**Construction Lending**
- 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

2:00pm  
*School of Mortgage Banking II concludes*