SCOPE OF WORK
FULL COMPLIANCE

SCP Full Compliance includes the following services:

1. SCP will schedule an initial assessment that will review compliance with Federal and State lending laws concerning:
   a. Overview of the Client’s corporate structure
   b. Complete loan process review (including origination, processing, underwriting, closing and post-closing processes)
   c. Risk Profile: Evaluation of Client’s volume and origination channels (Retail, TPO or Correspondents)
   d. Evaluation of Warehouse, Investor and Secondary Marketing Risks
   e. Training and Testing
   f. Areas of perceived compliance deficiency
   g. Recent history of lawsuits and regulatory issues
   h. Status of current policies and procedures
   i. Overview of current compliance management system
   j. Overview of advertising and marketing strategies and compliance risks
   k. Overview of the structure of current loan originator compensation
   l. Current training being offered
   m. Third-party-service-provider due diligence process
   n. Client’s Fair Lending/ECOA/HMDA Procedures and risk factors
   o. Loan pricing policies and risk factors
   p. Data and privacy practices and procedures
   q. Client’s quality control/audit/internal control compliance process

2. Recommendations Meeting

Following the initial assessment, SCP will develop a customized compliance including specific recommendations and an implementation plan and a schedule for monitoring, adherence to the plan and meeting quarterly with the Compliance Officer and/or Board of Directors on to report on progress and any changes to the plan, as well as address new challenges or issues.

3. Policies and Procedures

Review, revision and/or development of policies, and assist in the creation and implementation of policy consistent practices (as applicable) pertaining to:

a. Core Policies (Those stated within the CPFB Examination Guide)
   i. Truth in Lending Act (TILA)
   ii. Real Estate Settlement & Procedures Act (RESPA)
   iii. Home Mortgage Disclosure Act (HMDA)
   iv. Equal Credit Opportunity Act (ECOA)
   v. Homeowners Protection Act (HPA)
   vi. Secure & Fair Enforcement for Mortgage Licensing Act (SAFE ACT) Policy
   vii. Fair Credit Reporting Act and Fair & Accurate Credit Transaction Act (FCRA/FACT with Red Flag Rules and Identity Theft Policy)
   viii. Gramm-Leach-Bliley Act (GLB)

1 While SCP is able to review compensation plans and marketing services arrangements in connection with answering compliance questions, reviewing contractual agreements are outside the SOW since drafting, reviewing and revising contracts involve the practice of law. SCP will, however, work with either Offit Kurman or any other law firm of your choice to ensure such agreements are reviewed both from a compliance and overall legal perspective.
b. Supporting Policies (Those not specifically covered with the CFPB Examination Guide)
   ii. USA Patriot Act – Customer identification provisions
   iii. Information Security Policy - This is regulated by the FTC, for all information covered under GLB, specifically (16 CFR part 314 (the “Safeguards Rule”))
   iv. Third-Party-Service-Provider Policy

The policy guides will consist of two separate policy guides:

- Federal Mortgage Compliance Policy Guide
- State Mortgage Compliance Policy Guide

On a monthly basis, we will review audit results from clients with similar policies. SCP’s team will meet with compliance counsel and recommend changing or updating policies based upon these actual audit results. Policies will be developed/amended and updates supplied on an as needed basis, depending upon the recommendations of SCP compliance specialists and legal counsel.

The Federal Mortgage Compliance Policy Guide will include applicable Federal Consumer Protection Regulations as they relate to your business practices.

As scheduled, SCP will meet with the Compliance Officer and Board of Directors on a quarterly basis to provide ongoing assessment of the recommendations and implementation plan as well as address new challenges or issues. SCP will also provide support and needed assistance in regard to fair lending monitoring and analysis of QC reports on a quarterly basis.

6. Review, provide guidance and establish procedures to prepare call reports

7. Monitoring and Updates

Client will have a customized monitoring program including at least quarterly (if not more often) meetings with high level management. Clients will receive monthly compliance updates as to compliance developments and will also be able to participate in monthly compliance calls. In addition, Compliance team will check in with Client at least weekly.

8. Pre-audit/exam preparations and assistance for one scheduled standard Federal (CFPB, FDIC, OCC or FRB) Supervisory Compliance Exam/Audit. The pre-audit/exam preparation and assistance will include 10 hours on-site and an additional 10 hours off-site of audit/exam preparation/assistance, within the Standard Regulatory Services. Additional time needed or requested in connection with pre-audit/exam preparation and assistance will be billed hourly.

9. Fair Lending

Will assist in providing data for fair lending regression analysis and perform an analysis 1x per on a pricing and underwriting first level analysis. Will provide interpretations, recommendations, and necessary policies, procedures and training. Volume in excess of 2500 loans may involve additional fees.

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2 The Full Compliance Program includes five (5) state jurisdictions. Additional state jurisdictions can be added for $40 per month per jurisdiction.
10. Agency Audits, Quality Control Audits, and Disaster Recovery Preparation

a. Fannie and Freddie Audit
   Assist in preparing all policies and procedures for Fannie and Freddie audit. For additional $2500, SCP will act as onsite leading during Fannie and Freddie audit.

b. Internal and Quality Control Audit Plans
   Prepare internal and quality control audit plans.

c. Disaster Recovery Plans
   Prepare disaster recovery plans.

d. Audit QC plans
   SCP will arrange a 10% post-close QC review of files and based upon the review, audit the efficacy of the Client’s quality control plan. This service is subject to a per file fee for the QC review of $135/file, subject to adjustment depending on volume and file conditions.

11. Compliance Officer Support Services

To assist in the compliance implementation plan, you will have the use of your compliance team up to 25 hours per quarter (on a use it or lose it basis). In addition to general questions and assistance, the support services can address questions and/or provide assistance with any compliance matters. In response to inquiries, your SCP Compliance Team will respond to inquiries within 24 hours generally. Once the 100 support hours has been exhausted, support services will be billed at $235 per hour.

12. Training

The SCP Training Program includes online compliance courses. Each course is written and vetted by compliance professionals, attorneys and education specialists. Courses are delivered as a SCORM compliant course through our online training center. Each course will be approximately 30 – 45 minutes and will include an exam at the end of the course.

*SCP Developed Compliance Course Curriculum includes:*

- Advertising Compliance
- Anti-Money Laundering (AML)
- ATR and QM – 2014 Updates
- Equal Credit Opportunity Act — Regulation B
- Ethics in Lending
- Fair and Accurate Credit Transactions Act (FACTA) and Fair Credit Reporting Act (FCRA) Overview
- Fair Lending Overview
- Gramm-Leach-Bliley (GLB) Privacy Act
- Home Mortgage Disclosure Act — Regulation C
- The Homeowners Protection Act (HPA)
- Initial Disclosures
- Mortgage Acts and Practices – Advertising
- Real Estate Settlement Procedures Act (RESPA) — Regulation X
- Red Flags Rule
- S.A.F.E. Mortgage Licensing Act – Regulation H
- Service members Civil Relief Act (SCRA)
- Security and Consumer Privacy Protection
- Truth in Lending Act — Regulation Z
- TILA RESPA Integrated Disclosure
- Unfair Abusive, Deceptive Act and Practices - UDAAP
**Periodic Course Updates**
SCP will provide periodic updates to all SCP Core Compliance Courses as regulatory changes take place. Regulatory change is any change that is made to an existing regulation that would require substantive changes to the course content. Changes would include new regulations affecting an existing regulation, change in citations, or a change to an existing regulation which establishes new requirements such as processes, dates, record keeping or overall general changes that should be communicated to personnel.

**Training Administrator Account**
Each client is provided with one administrator account. The administrator receives instructions on how to utilize the SCP Training Portal. Videos, templates and written instructions are available within the SCP Training Portal advising how to organize the courses and communicate the SCP training system to staff.

**Employee Account**
Each employee is assigned their own employee account which they use to login to the training portal. The administrator is able to view which courses the staff member has completed and the results of their exams. Employee training accounts may be licensed for a $10 one time per employee fee.

**Online NMLS CE**
NMLS CE may be added and administered online and made available for delivery as requested. SCP will make the 8 hour NMLS CE available for the price of $45 per student.

**Course Exams:**
All SCP Real Time Compliance Courses include an end of course test. The test must be passed by a minimum of 70%. Employees are allowed to review the course material and re-take the test as many times as they would like. Employees must complete the entire course and pass the end of course test with at least a 70% passing score in order to show that they have completed the course.

**Course Length:**
Most SCP Real Time Compliance Courses are approximately 45-60 minutes in length. Courses do not have to be completed in one session. The system will automatically record where the student left off and allow them to start at that section when they log back into their account. Courses are not timed and do not have to be completed within any certain timeframe.

13. Webinars
SCP Full Compliance program includes periodic webinars to assist you with compliance. All webinars will be recorded and placed into the administrator account for viewing and playback.

14. Fee Arrangement
The standard pricing for the SCP Full Compliance Program is for a 12-month period. Monthly Fee is $5,925 per month. $40 per month for each additional state policy beyond the one state policy guide which is included in this package. $10 per employee one-time fee for training. Depending on volume may require an additional fee for outsourced regression analysis if above 2500 loans annually. If lenders want to perform regression analysis on their own, above monthly price is subject to 3.5% reduction.