RETRAINEE - JOB CREATION

Training Proposal for:

Broker Solutions, Inc. dba New American Funding

Agreement Number: ET15-0399

Panel Meeting of: March 27, 2015

ETP Regional Office: San Diego **Analyst:** J. Davey

PROJECT PROFILE

Contract Attributes:	Retrainee Job Creation Initiative	Industry Sector(s):	Financial Services Priority Industry: ☐ Yes ☒ No
Counties Served:	Multiple	Repeat Contractor:	☐ Yes ☒ No
Union(s):	☐ Yes ☒ No		

Number of Employees in:	CA: 1,099	U.S.: 1,410	Worldwide: 1,410
Turnover Rate:	13%		
Managers/Supervisors: (% of total trainees)	2%		

FUNDING

Program Costs	-	(Substantial Contribution)	(High Earner Reduction)	=	**Total ETP Funding**
$310,250		$0	$0		$310,250

In-Kind Contribution:	100% of Total ETP Funding Required	$380,000

TRAINING PLAN TABLE

Job No.	Job Description	Type of Training	Estimated No. of Trainees	Range of Hours		Average Cost per Trainee	Post-Retention Wage
				Class / Lab	CBT		
1	Retrainee	Commercial Skills, Computer Skills	810	8-200	0-28	$225	$15.07
				Weighted Avg: 15			
2	Retrainee Job Creation Initiative	Commercial Skills, Computer Skills	200	8-200	0-28	$640	$12.33
				Weighted Avg: 32			

Minimum Wage by County: Job Number 1: $16.44/hr in Alameda, Contra Costa, San Mateo, Santa Clara counties; $15.97/hr in Los Angeles County; $16.02/hr in Orange County; $15.93/hr in San Diego County; $15.07/hr in Humboldt, Riverside, San Bernardino, Solano counties

Job Number 2(Job Creation): $13.70/hr in Alameda, Contra Costa, San Mateo, Santa Clara counties; $13.31/hr in Los Angeles County; $13.35/hr in Orange County; $13.28/hr in San Diego County; $12.33/hr in Humboldt, Riverside, San Bernardino, Solano counties

Health Benefits: ☒ Yes ☐ No This is employer share of cost for healthcare premiums – medical, dental, vision.

Used to meet the Post-Retention Wage?: ☒ Yes ☐ No ☐ Maybe

Up to $0.96 per hour may be used to meet the Post-Retention Wage.

Other Compensation: In addition to base wages, Sales Staff earn commission income. Managers/Supervisors, Operations and Servicing/Secondary Marketing/Compliance can earn bonus income. However, neither is needed to meet ETP wage requirements.

Wage Range by Occupation		
Occupation Titles	Wage Range	Estimated # of Trainees
Job Number 1		
Administrative Staff		61
Managers/Supervisors		16
Operations Staff		278
Sales Staff		401
Servicing/Secondary Marketing/Compliance Staff		54
Job Number 2		
Administrative Staff		25
Managers/Supervisors		9
Operations Staff		65
Sales Staff		88
Servicing/Secondary Marketing/Compliance Staff		13

INTRODUCTION

Founded in 2003 and headquartered in Tustin, Broker Solutions, Inc. dba New American Funding (NAF) is a national mortgage banker/broker. Between 2010 and 2012, NAF established a Retail-Based Lending Division, a Wholesale Division, and a Builder Division. These divisions allow loan officers, borrowers, and builders to coordinate financing throughout the new home construction loan process. The Company is approved by Fannie Mae, Freddie Mac and Ginnie Mae as a seller/servicer. Training will take place at the Company's five regional operations centers in California, at 35 current and proposed new locations.

NAF has implemented more efficient systems and is on a path of continuous growth. NAF has opened 75 branches nationwide in the last 24 months and has hired an average of 50 employees per month for the last 12 months in California. Overall, NAF reports that business has nearly doubled every year since 2010.

During this period, the Company added new loan products, including fixed and variable rate loans such as, 15- and 30-year term. These new products require training for sales staff. In addition, NAF has added to and upgraded company software (loan origination, sales, mobile application, customer relations) to keep pace with the business and staff growth. Because of business growth and expansion of products, NAF has determined that it has reached a critical stage where formalized training is mandatory for all employees.

PROJECT DETAILS

Training will provide staff the necessary skills to qualify, originate and process home loans for a variety of customers and markets. Training will also ensure the skills to comply with all Federal home loan lending rules and regulations.

Retrainee - Job Creation

The Panel offers incentives to companies that commit to hiring new employees. Under the Retrainee-Job Creation program, training for newly hired employees will be reimbursed at a higher rate and trainees will be subject to a lower post-retention wage.

NAF has committed to hiring 200 new employees (Job Number 2). NAF represents that the date-of-hire for all trainees in the Job Creation program will be within the three-month period before contract approval or within the term of contract. The Company also represents that these trainees will be hired into "net new jobs" as a condition of contract.

NAF reports that it has opened or is currently opening new plants, and is expanding and upgrading existing facilities. The Company recently opened operation centers in San Diego and Campbell and has expanded its headquarters facility in Tustin. The Company has aggressive plans to expand in California and other states. It recently purchased additional new space in Temecula and Riverside to handle expected growth.

In addition, the Company is expanding existing business capacity by adding newly hired employees to existing loan sales and servicing functions as part of the above-mentioned expansion plans.

Training Plan

NAF will provide class/lab and E-Learning to staff.

Commercial Skills (20%): Training will be offered to all occupations in job-specific skills including Loan Origination, Processing, Funding, Qualifying, Marketing, Communication, Customer Service, and Product/Service Knowledge. Training will give each worker the necessary skills to perform their specific job, and will give newly hired trainees the skills needed to assume their new job.

Computer Skills (30%): Training will be offered to all occupations in job-specific software skills including Automated Underwriting Engines, Appraisal Management, Sales & Marketing, Loan Administration, Mortgage Servicing Platform, Intermediate MS Office and Network Administration & Management. Training is essential to improve performance and meet financial compliance requirements.

E-Learning (50%): E-Learning will be delivered to the more distant, smaller NAF offices, primarily in Northern and Central California. For time-saving and travel purposes it is more cost-effective to deliver training using this methodology. Training will mirror all class/lab courses.

Computer-Based Training (CBT)

NAF will provide up to 28 hours in CBT to all occupations in many of the same skills identified in class/lab above. CBT training will provide a method to reinforce the training taught through the class/lab and E-Learning methodologies. In addition, some compliance training requires CBT so it can be tracked and certified. Trainees will receive no more than 50% of total training hours in CBT.

Commitment to Training

NAF has provided training in CBT, Commercial, Computer, Continuous Improvement, and Business Skills in loan origination and processing, underwriting, sales and marketing, operations and other job-related skills. NAF spends approximately $200,000 annually per California facility on training and training related expenses.

NAF represents that ETP funds will not displace the existing financial commitment to training. Safety training is provided in accordance with all pertinent requirements under state and federal law.

- Training Infrastructure

NAF has a dedicated trainer for the five regional operation centers and individually at retail locations. The Company recently hired a subject-matter expert in loan origination and processing who will also provide training. In addition, the Company plans to hire two employees to track and administer ETP training.

RECOMMENDATION

Staff recommends approval of this proposal.

DEVELOPMENT SERVICES

Training Funding Source in Seal Beach assisted with development of this proposal for a flat fee of $15,000.

ADMINISTRATIVE SERVICES

Training Funding Source will also perform administrative services for a fee not to exceed 13% of payment earned.

TRAINING VENDORS

To Be Determined

Exhibit B: Menu Curriculum

Class/Lab Hours

8-200 Trainees may receive any of the following:

COMMERCIAL SKILLS

- Lending Guidelines
- Loan Origination, Processing, Funding
- Locking Loans
- Qualifying Homebuyers
- Secondary Marketing
- Operational Challenges
- Communication Skills
- Customer Service
- Leadership Skills
- Performance Management
- Process, Policies and Procedures
- Product/Service Knowledge
- Time Management
- Problem Solving

COMPUTER SKILLS

- ADP Payroll Systems
- Automated Underwriting Engines
- Appraisal Management Company Sites
- Bankerview CRM (Proprietary Marketing Tool)
- Encompass (Sales, Processing, Underwriting, Funding, Post Closing, Accounting)
- PolyCom\I3 Telephony
- Loan Administration
- Mavent Compliance Engine
- Black Knight Mortgage Servicing Platform – Software to Manage Servicing Portfolio
- MS Office Intermediate Skills
- Network Admin & Management

E-Learning Hours

8 – 200

COMMERCIAL SKILLS

- Lending Guidelines
- Loan Origination, Processing, Funding
- Locking Loans
- Qualifying Homebuyers
- Secondary Marketing
- Operational Challenges
- Communication Skills
- Customer Service
- Leadership Skills
- Performance Management
- Process, Policies and Procedures
- Product/Service Knowledge

- Time Management
- Problem Solving

COMPUTER SKILLS

- ADP Payroll Systems
- Automated Underwriting Engines
- Appraisal Management Company Sites
- Bankerview CRM (Proprietary Marketing Tool)
- Encompass (Sales, Processing, Underwriting, Funding, Post Closing, Accounting)
- PolyCom\I3 Telephony
- Loan Administration
- Mavent Compliance Engine
- Black Knight Mortgage Servicing Platform – Software to Manage Servicing Portfolio
- MS Office Intermediate Skills
- Network Admin & Management

CBT Hours
0 – 28

COMMERCIAL SKILLS

- Loan Origination in the World of Fair Lending (1 Hour)
- Processing Loans Considering Anti Money Laundering Policies and Procedures (1 Hour)
- Originating Mortgages Following Rules of Unfair Deceptive Abusive Acts or Practices (1 Hour)
- Red Flags when Processing and Originating Mortgage Loans (1 Hour)
- Customer Service Representative (1 Hour)
- Home Mortgage Processing after the Financial Crisis (2 Hours)
- Uniform Residential Loan Applications (2 Hours)
- Residential Mortgage Banking & Finance (2 Hours)
- Mortgage Loan Processing 101 (2 Hours)
- Understanding the Appraisal Process (1 Hours)
- The FHA Factor in Mortgage Lending (2 Hours)
- Underwriting Home Mortgages (2 Hours)
- Originating Loans under The Truth in Lending Act (1 Hour)
- Protecting Consumers through the Fair Credit Reporting Act (1Hour)
- Plain & Simple – Step-by-Step New Integrated Disclosure to Consumers (1 Hour)
- How to Process a Title Insurance Report (1 Hour)
- Ethical Dilemmas, The Fight Against Fraud (1Hour)
- Originating Loans Considering the Equal Credit Opportunity Act (1 Hour)
- General Mortgage Industry Knowledge (2 Hours)
- Privacy of Consumer Financial Information (2 Hours)

Note: Reimbursement for retraining is capped at 200 total training hours per trainee, regardless of the method of delivery. CBT is capped at 50% of total training hours, per trainee.