



RETRAINEE - JOB CREATION

Training Proposal for:

loanDepot.com, LLC

Agreement Number: ET16-0407

Panel Meeting of: March 25, 2016

ETP Regional Office: San Diego

Analyst: K. Campion

PROJECT PROFILE

| | | | |
|--|---|---------------------|--|
| Contract Attributes: | Retrainee Job Creation Initiative Veterans | Industry Sector(s): | Financial Services Priority Industry: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Counties Served: | Orange | Repeat Contractor: | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Union(s): | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | | |
| Number of Employees in: | CA: 1,200 | U.S.: 5,000 | Worldwide: 5,000 |
| Turnover Rate: | 18% | | |
| Managers/Supervisors: (% of total trainees) | 5% | | |

FUNDING DETAIL

| | | | | | |
|---------------|---|----------------------------|-------------------------|---|--------------------------|
| Program Costs | - | (Substantial Contribution) | (High Earner Reduction) | = | Total ETP Funding |
| \$372,330 | | \$0 | \$0 | | \$372,330 |

| | | |
|-----------------------|------------------------------------|-----------|
| In-Kind Contribution: | 100% of Total ETP Funding Required | \$555,155 |
|-----------------------|------------------------------------|-----------|

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, Business Skills, Computer Skills, Cont. Imp. | 834 | 8 - 200 | 0 - 18 | \$150 | *\$16.51 |
| | | | | Weighted Avg: 10 | | | |
| 2 | Retrainee Job Creation | Commercial Skills, Business Skills, Computer Skills, Cont. Imp. | 285 | 8 - 200 | 0 - 18 | \$820 | *\$13.76 |
| | | | | Weighted Avg: 41 | | | |
| 3 | Retrainee Veterans Job Creation | Commercial Skills, Business Skills, Computer Skills, Cont. Imp. | 15 | 8 - 200 | 0 - 18 | \$902 | *\$13.76 |
| | | | | Weighted Avg: 41 | | | |

*It will be made a condition of contract that the trainees in this Agreement will never be paid less than the statewide minimum wage rate as in effect at the end of retention (Final Payment) regardless of the wage expressed in this table.

Minimum Wage by County: Job Number 1: \$16.51 per hour for Orange County; Job Number 2 (Job Creation): \$13.76 per hour for Orange County; Job Number 3 (Veteran): \$13.76 per hour for Orange County

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 \$3.95 per hour of Health Benefits in Job Number 1 and up to \$3.76 per hour in Job Numbers 2 & 3 may be used to meet the post retention wage. Additionally, up to \$3.76 per hour in Commission may be used for Servicing/Secondary Marketing/Compliance Staff, Operations Staff and Loan Officers.

| Wage Range by Occupation | | |
|--|------------|-------------------------|
| Occupation Titles | Wage Range | Estimated # of Trainees |
| Job Number 1 | | |
| Administrative Staff | | 74 |
| Servicing/Secondary Marketing/Compliance Staff | | 67 |
| Operations Staff | | 343 |
| Loan Officer | | 310 |
| Supervisor/Manager | | 40 |
| Job Number 2 | | |
| Administrative Staff | | 44 |
| Servicing/Secondary Marketing/Compliance Staff | | 44 |

| | | |
|--|--|-----|
| Operations Staff | | 48 |
| Loan Officer | | 140 |
| Supervisor/Manager | | 9 |
| Job Number 3 | | |
| Administrative Staff | | 1 |
| Servicing/Secondary Marketing/Compliance Staff | | 1 |
| Operations Staff | | 2 |
| Loan Officer | | 10 |
| Supervisor/Manager | | 1 |

INTRODUCTION

Founded in 2009, loanDepot.com, LLC (loanDepot) (<http://www.loandepot.com>) is a national mortgage banker and direct consumer lender that packages mortgage loans nationwide. The Company has three Orange County facilities in Foothill Ranch, Costa Mesa and Lake Forest. This project will target Foothill Ranch and Lake Forest where training will take place.

loanDepot qualifies for ETP funding as a Mortgage Banker/Lender and the Company has certified that all proposed trainees hold positions that are directly related to the lending, servicing, packaging/selling of mortgage loans.

loanDepot reports that it started with 40 workers in 2009 and has grown to over 1,200 in California, and has experienced a 62% growth in Origination Loan business from 2014 to 2015. It is now the nation's second largest non-bank lender, closing more than 13,000 loans a month coinciding with industry growth of 21%. loanDepot's mission is to become "America's consumer lending platform", and projects its future loan volume business to steadily increase over the next several years. To support this expansion, as well as support the industry and technological changes required by the Consumer Financial Protection Bureau, loanDepot must ensure its workforce is trained and skilled in the most current industry standards and technology to be competitive in a rapidly changing industry.

Retrainee - Job Creation

In 2015, loanDepot hired over 600 California workers and opened a new 100,000 sq. foot building in Lake Forest. loanDepot's projected loan volume increases calls for the Company to hire and train approximately 1,000 new employees over the next 12 months, of whom 300 are included in this proposal (Job Numbers 2 and 3).

Further, loanDepot has spent over \$2.5 Million in software and equipment for its new Point-of-Sale (POS) system, its new Customer Interaction Monitoring system and new software updates mandated by Consumer Financial Protection Bureau. Training in the new systems is critical for the workforce.

loanDepot 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.

Veterans Program

The Panel has established a higher reimbursement rate and other incentives for training California veterans. All Veteran trainees will be classified as Job Creation, therefore, will be hired under the benchmark period set forth in the Retrainee Job Creation guidelines.

loanDepot reports that it hires Veterans on a regular basis and is committed to hiring and training at least 15 Veterans under this Agreement (Job Number 3).

This training project will provide veterans with necessary skills to enter the workforce and improves their opportunities for advancement in high wage, secure jobs in the mortgage banking industry.

PROJECT DETAILS

To support the Company's rapid growth, ensure that newly-hired workers are properly trained and its current employees are up-to-date with new products and changing business processes, a comprehensive training effort across the entire organization is planned. Some new hire trainees will receive a 10-week training course through the Company's Accelerated Career in Excellence Sales (ACES). This program teaches workers that are new to the mortgage business how to become a lending officer. The class/lab portion (approximately 40 hours) is included as part of the Retrainee Job Creation training plan.

Incumbent workers need training in new product offerings and new mortgage lending practices, and computer technology systems. The majority of training will be delivered via class/lab. A small percentage will be delivered via Computer-Based training (CBT), to support the class/lab training.

Training Plan

Commercial Skills (48%): This training will be provided to all occupations. ETP will fund the class/lab portion of the ACES training, approximately 40 – 60 hours of newly-hired mortgage banking training. Incumbent workers need training to provide industry updates in Mortgage Banking functions.

Business Skills (22%): This training will be provided to all occupations. Workers will train in new and existing product lines and will be able to offer products that match customer needs. All customer-facing Loan Officers and Operations Staff within the Direct Lending division will receive training on the Company's new customer interaction monitoring system, Click-2-Coach.

Computer Skills (20%): This training will be provided to all occupations. New multiple system-wide software changes took place in October 2015, mandated by the Consumer Financial Protection Bureau. Trainees will learn the loan origination systems to maintain update knowledge of systems and industry updates to increase operation efficiencies. Some trainees will receive training in the Company's new internally-developed POS system.

Continuous Improvement (10%): This training will be provided to all occupations. Topics include Leadership Skills, Performance management Skills, Process and Performance, Quality Improvement and Team Building.

Impact/Outcome

This training project will provide a new career path to individuals who are new to this industry, as well as provide increased job skills to industry veterans. loanDepot projects that ETP training will lead to greater efficiency, productivity, and engagement resulting in increased business and perpetuating a cycle to create additional jobs and attract talent.

Commitment to Training

loanDepot currently spends approximately \$1.5M per year on training including new hire orientation, sexual harassment prevention, IT safety training, annual license renewal training (Loan Officers), wage and hour policy training, basic job skills training and floor support production training. This training will continue.

loanDepot represents that ETP funds will not displace the existing financial commitment to training.

ETP training will help loanDepot defray the high training costs associated with maintaining a highly skilled workforce, so that loanDepot may continue to provide ongoing training on current practices.

➤ Training Infrastructure

The VP of Learning and Development will have program oversight and will be assisted by an Executive Assistant who will work with training staff to ensure all training is properly documented. In-house instructors will deliver the majority of ETP training. loanDepot has 24 full-time trainers and plans to hire more trainers as needed. loanDepot will utilize an administrative subcontractor for enrolling and tracking trainees in the ETP online systems.

RECOMMENDATION

Staff recommends approval of this proposal.

DEVELOPMENT SERVICES

Training Funding Source (TFS) in Seal Beach assisted with development for a flat fee of \$9,500.

ADMINISTRATIVE SERVICES

TFS will also perform administrative services for an amount not to exceed 10% 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

- Loan Origination, Processing, Funding
- Locking Loans
- Mortgage Lending Guidelines
- Operational Challenges and Techniques
- Qualifying Homebuyers
- Secondary Marketing

BUSINESS SKILLS

- Advanced Sales Skills
- Communication Skills
- Customer Service/Customer Interaction Monitoring (Click-2-Coach)
- Process, Policies and Procedures
- Product/Service Knowledge
- Time Management

COMPUTER SKILLS

- Automated Underwriting Systems
- Appraisal Management Company Sites
- Contacts Management Software TRID Skills
- Doc Portal Software Skills
- Loan Administration Software Application Skills
- Local Area Network/Wide Area Network
- MS Office Sales Presentations
- Point-Of-Sale Software Platform Engine

CONTINUOUS IMPROVEMENT

- Leadership Skills
- Performance Management
- Problem Solving
- Process Audit
- Process and Performance Improvement Skills
- Profit and Productivity improvement
- Quality Improvement
- Team Building

CBT Hours

0 – 18

COMMERCIAL SKILLS

- Anti-Money Laundering (30 minutes)
- Call Recording and Disclosure (.5 hour)
- Cancel v. Decline (.5 hour)
- Credit Report Policy (.5 hour)
- Disability and Temporary Income (.5 hour)
- Electronic Funds Transfer (.5 hour)

- Equal Credit Opportunity (30 minutes)
- Fair Credit Reporting (.5 hour)
- Fair Debt Collection Practice (.5 hour)
- Fair Lending Policy (30 minutes)
- Financial Elder Abuse for Consumer Lending (.5 hour)
- General Mortgage Industry Knowledge (20 Min)
- Home Ownership Equity Protection HOEPA (.5 hour)
- How to Originate Loans considering the Equal Credit Opportunity Act (.5 hour)
- Home Mortgage Disclosure (30 minutes)
- IT Security (30 minutes)
- Loan Origination in the World of Fair Lending (20 Min)
- Loan Origination Considering Anti Money Laundering Policies and Procedures (30 Min)
- Mortgage Knowledge (.5 hour)
- Mortgage Fraud (30 minutes)
- New Integrated Disclosures to Consumers (1.5 Hours)
- Originating Mortgages and avoiding Unfair Deceptive Abusive Acts or Practices (.5 hour)
- Privacy of Consumer Financial Info (20 Min)
- Protecting Consumers Through the Fair Credit Reporting Act (20 Min)
- Qualified Mortgage (.5 hour)
- Right to Cancel (.5 hour)
- Truth in Lending for Consumer Lending (.5 hour)
- Real Estate Settlement Procedures & Integrated Disclosures (.5 hour)
- Unfair, Deceptive or Abusive Acts or Practices UDAAP (30 minutes)

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.