

# Plaza's Certified Loan Program A Client Case Study: Federal Savings Bank



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*~ Chuck Smith, Head of Federal Savings Bank's Secondary Marketing Operations*

## Certified Loan Program at a Glance

- Free and available to all Plaza correspondents
- Covers entire potential loss (- \$10,000 deductible + premium over par)
- Requires loan review

## Protects against repurchase demand due to:

- Borrower or employee fraud and misrepresentations
- Miscalculations of income, occupancy & undisclosed debt
- Manufacturing defects
- Underwriting errors, guideline violations
- Appraisals discrepancies
- Compliance violations (including TRID)

## Federal Specific Example

Total Loss ..... **\$75,953.93**

Unpaid Balance **\$868,000**

Total Client Paid **\$23,054.40**

Savings ..... **\$52,899.53**

Federal Savings Bank is a federally chartered, OCC-regulated bank, headquartered in Chicago. The bank originates about \$4 billion a year, mainly VA, FHA, and conventional loans. They have been a National Correspondent client of Plaza Home Mortgage for more than five years, and an early adopter of Plaza's Certified Loan Program, and use it on all the loans they sell to Plaza.

In 2015, that program paid off in spades. Chuck Smith, the Head of Federal's Secondary Marketing Operations, explains: “You don't know how important something like Certified is until you need it. If my memory serves me correctly, Certified kicked in one time in a very big way. It was on a high balance loan which was two or three times the size of our average deal. Without Certified, we would have been on the hook for a significant loss, but for around \$20,000 we were able to get out of an \$850,000 loan that had gone into default.”

“The reality is, if you haven't used Certified, you don't know how important it is. And when you do use it, you're like ‘Whoa! Wow! I'm glad we have that.’”

Smith continued: “I run Secondary so we do a lot of trading and a lot of things electronically but ironically the more things become electronic, the more personal touch and personal relationships matter and can make a difference. Plaza's Certified Loan Program is a good example of that. It validates the relationship and the willingness of Plaza to differentiate itself from its competitors and to go the extra mile for its clients. And what that does is build up loyalty.”

“In a business like ours price always matters.” He continued. “But successful partnerships go beyond just money. They are more complex, more nuanced. What a program like Certified shows is, ‘you've got our backs.’ And this gives me ammunition when I'm fighting up the food chains, explaining price and money shouldn't be the only considerations.”

“Our relationship with Plaza was here yesterday, today and it will be here five years from now.”

## The Bottom Line

**By applying Plaza's Certified Loan Program to this loan, Federal Savings Bank saved more than \$52,000!**

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