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Audit Report Number 2008-LA-1013
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TO: Brian D. Montgomery, Assistant Secretary for Housing, Federal Housing  
Commissioner, H

Henry S. Czauski, Acting Director, Departmental Enforcement Center, CV

*Joan S. Hobbs*

FROM: Joan S. Hobbs, Regional Inspector General for Audit, Region IX, 9DGA

SUBJECT: First Magnus Financial Corporation Violated the Real Estate Settlement  
Procedures Act When Paying Incentives to Brokers for Generating Federal  
Housing Administration Mortgages

## **HIGHLIGHTS**

### **What We Audited and Why**

We audited the mortgage origination and business practices of the First Magnus Financial Corporation's (First Magnus) corporate office in Tucson, Arizona. The objective of the audit was to determine whether First Magnus violated U.S. Department of Housing and Urban Development (HUD) requirements by paying its brokers volume-based incentives for originating and processing Federal Housing Administration (FHA) mortgages.

### **What We Found**

First Magnus violated the Real Estate Settlement Procedures Act (RESPA) when it paid quality incentives, also known as volume-based incentives, to brokers for originating and processing FHA mortgages.

## **What We Recommend**

We recommend that HUD's Assistant Secretary for Housing require First Magnus, for any current or future FHA mortgage operations for which First Magnus may exercise management control, to ensure that the practice of issuing incentive payments to brokers for originating and processing FHA mortgages is discontinued. Also, we recommend that First Magnus have their active status and approval to perform FHA business removed. Finally, we recommend that the HUD's Acting Director for the Departmental Enforcement Center pursue administrative actions against the principal owners and management of First Magnus for allowing the improper practice of issuing incentive payments to brokers for originating and processing FHA mortgages.

For each recommendation without a management decision, please respond and provide status reports in accordance with HUD Handbook 2000.06, REV-3. Please furnish us copies of any correspondence or directives issued because of the audit.

## **Auditee's Response**

We discussed the report's contents with responsible HUD officials, and their views were considered. Due to the closure of First Magnus and its subsequent bankruptcy, we were unable to obtain a formal response from the auditee. However, the finding in this report was discussed with First Magnus officials during the audit, and their views were also considered in preparing the report.

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# BACKGROUND AND OBJECTIVE

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## Background

First Magnus was a wholesale lender that was incorporated and approved by HUD as a nonsupervised lender in 1996. Its corporate office was located in Tucson, Arizona. As of June 30, 2008, First Magnus had 13 active branch offices and sponsored 1,961 FHA-approved loan correspondents. As a wholesale lender, First Magnus underwrote and funded mortgages received by its loan correspondents and other brokers.

First Magnus operated First Magnus Lender Services, which provided the following services to its customers: full-service credit reporting, flood determination, appraisals, full-service insurance, and title/escrow. In addition, First Magnus operated Charter Funding (Charter), the retail-lending arm of the mortgage company. Charter's corporate office was located in Tucson, Arizona. Charter had affiliates in Arizona that provided the following services to its customers: appraisals, insurance, credit reporting, and title/escrow.

During the period January 1, 2003, and December 31, 2005, First Magnus' Tucson corporate office issued \$102,840 in quality incentives or bonuses to brokers for originating and processing 326 federally related mortgages (non-FHA-insured and FHA-insured) totaling more than \$48 million. Of the payments made to brokers, \$58,571 in quality incentives was paid for originating and processing 169 FHA-insured mortgages totaling more than \$24 million for First Magnus.

## First Magnus Filed for Bankruptcy

On August 16, 2007, the state of Arizona Department of Financial Institutions suspended First Magnus' Arizona mortgage banker license. On August 21, 2007, First Magnus closed and filed for Chapter 11<sup>1</sup> bankruptcy. Therefore, this report is being addressed to HUD since First Magnus has closed its doors and is unavailable to respond to the report.

## Objective

Our objective was to determine whether First Magnus violated HUD requirements by paying its brokers volume-based incentives for originating and processing FHA mortgages.

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<sup>1</sup> Named after the U.S. bankruptcy code 11 entitled Reorganization, Chapter 11 bankruptcy is ordinarily used by commercial enterprises that desire to continue operating a business and repay creditors concurrently through a court-approved plan of reorganization.

## RESULTS OF AUDIT

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### Finding 1: First Magnus Violated the RESPA When Paying Incentives to Brokers for Generating FHA Mortgages

First Magnus paid brokers \$58,571 in quality incentives, also known as volume-based incentives, to originate and process more than \$24 million in FHA mortgages for the lender. It disregarded HUD rules and requirements when originating and processing FHA mortgages. Specifically, the mortgage company violated RESPA, which prohibits any inducements associated with the origination and processing of FHA mortgages. RESPA was created to prevent companies associated with the real estate industry from engaging in improper business practices that would have negatively affected buyers' housing related transactions such as obtaining a mortgage and purchasing a home. For example, First Magnus executed agreements with brokers that required them to originate and process a certain number of mortgages in exchange for a predetermined fee. The intent of the agreements was to reward brokers based on the volume of mortgages originated and processed within a designated month. As a result, this improper practice raised concerns that brokers were not practicing due diligence in ensuring that homebuyers received mortgages that were appropriate for their housing purchasing needs.

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#### **First Magnus Issued Quality Incentives to Brokers for Originating and Processing FHA Mortgages**

During the period January 1, 2003, to December 31, 2005, First Magnus issued 22 payments, totaling \$58,571 in quality incentives or bonuses, to seven brokers for originating and processing 169 FHA-insured mortgages totaling more than \$24 million for First Magnus (see appendix A). The practice of paying brokers incentives for originating and processing FHA mortgages violates RESPA.

RESPA states that in determining whether the compensation paid to a mortgage broker is reasonably related to goods or facilities actually furnished or services actually performed, HUD will consider all compensation, including any volume-based compensation. RESPA goes on to state that there may be no payments merely for referrals of business. In addition, HUD generally has held that when the payment is based on the volume or value of business transacted, it is evidence of an agreement for the referral of business, unless it is shown that payments are for legitimate business reasons unrelated to the value of the referrals. Regulations at 24 CFR (*Code of Federal Regulations*) 3500.14(b) of RESPA state that no person shall give and no person shall accept any fee, kickback, or thing of value pursuant to any agreement or understanding, oral or otherwise, that business

incident to or part of a settlement service involving a federally related loan, or a FHA mortgage, shall be referred to any person.

First Magnus established a Quality Incentive program that rewarded brokers for originating and processing mortgages (e.g., FHA, U.S. Department of Veterans Affairs (VA), conventional, etc.). Brokers entered into either verbal or written agreements with First Magnus to participate in the program. Both types of agreements followed the same objective of rewarding brokers for mortgage volume generated for First Magnus. Brokers were rewarded based on either a percentage point of the mortgage volume generated or through a tiered bonus system. For the period reviewed, it appeared that the percentage point system was the most commonly used method to reward brokers for mortgages generated.

Under the percentage point system, First Magnus paid its brokers a percentage point of the mortgage volume (e.g. FHA, VA, conventional, and niche product loans) processed and originated on a monthly basis. The agreed-upon percentage point paid ranged from .125 percent to .25 percent of mortgage volume generated by the broker during the month. For example, in December 2003, First Magnus paid a broker \$1,122 in quality incentives for processing and originating four mortgages totaling \$448,981. As part of the agreement, the broker received .25 percent of the \$448,981 in mortgage volume generated, or \$1,122 (\$448,981 times .25 percent).

Under the tiered bonus system, First Magnus paid its brokers incentives based on mortgage volume earned per millions in dollars generated for the month. Brokers received bonuses using the following monetary criteria:

Volume	Earned incentives
\$0 - \$999,999	\$0
\$1 million	\$500
\$1,000,001 - \$3 million	\$2,000
\$3,000,001 - \$5 million	\$3,000
\$5,000,001 - \$10 million	\$8,000
\$10,000,001 and over <sup>2</sup>	\$0

For example, in May 2004, a broker received \$2,500 in incentives for mortgage volume totaling more than \$1 million. Using the tiered bonus chart above, the broker received \$500 for the first \$1 million in mortgage volume and another \$2,000 for the remaining mortgage volume within the \$1,000,001 to \$3 million range.

Discussions with various First Magnus regional managers revealed that quality incentives were issued to brokers based on mortgage volume, not the type of mortgage originated and processed. All mortgages (e.g., FHA, VA, conventional,

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<sup>2</sup> Under the Quality Incentive program, brokers did not receive incentives for mortgage volume that exceeded \$10,000,001.

etc.) were treated equally, with no particular type of mortgage receiving a higher incentive than another.

## Conclusion

From the information reviewed, we concluded that First Magnus' practice of paying brokers in exchange for volume of FHA mortgages originated and processed was evidence of an agreement for referral of business from brokers to the lender. First Magnus appeared to pay brokers incentives for originating and processing FHA mortgages on a nationwide basis. As a result, First Magnus violated RESPA by issuing volume-based incentive payments to brokers in exchange for originating and processing FHA mortgages. The RESPA violation applies to federally related mortgages, including FHA-insured mortgages.

First Magnus' practice exposed HUD's insurance fund to unnecessary risk due to brokers' originating and processing FHA mortgages based on volume, without ensuring due diligence that the homebuyer received a mortgage that was appropriate for their needs. Accordingly, HUD should require that all current and future practices of issuing incentive payments to brokers for originating and processing FHA mortgages be discontinued. Also, we recommend that First Magnus have their active status and approval to perform FHA business removed. Finally, we recommend that HUD pursue administrative actions against the principal owners and management of First Magnus for allowing the improper practice of issuing incentive payments to brokers for originating and processing FHA mortgages.

## Recommendations

We recommend that the Assistant Secretary for Housing-Federal Housing Commissioner

- 1A. Require First Magnus to discontinue the practice of issuing incentive payments to brokers for originating and processing FHA mortgages should it continue to perform FHA business.
- 1B. Remove the active status and approval for First Magnus to perform FHA business.

We recommend that the Acting Director for the Departmental Enforcement Center

- 1C. Pursue administrative action against the principal owners and management of First Magnus for allowing the improper practice of issuing incentive payments to brokers for originating and processing FHA mortgages.

## SCOPE AND METHODOLOGY

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We performed audit work from October 2005 through May 2006. The audit period covered January 2003 through December 2005.

To accomplish our objective, we

- Interviewed First Magnus employees,
- Interviewed employees from other mortgage companies,
- Interviewed state and federal government agency employees,
- Reviewed First Magnus financial records, and
- Reviewed public records and databases.

We performed our review in accordance with generally accepted government auditing standards.

# INTERNAL CONTROLS

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Internal control is an integral component of an organization's management that provides reasonable assurance that the following objectives are being achieved:

- Effectiveness and efficiency of operations,
- Reliability of financial reporting,
- Compliance with applicable laws and regulations, and
- Safeguarding of assets.

Internal controls relate to management's plans, methods, and procedures used to meet its mission, goals, and objectives. Internal controls include the processes and procedures for planning, organizing, directing, and controlling program operations. They include the systems for measuring, reporting, and monitoring program performance.

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## Relevant Internal Controls

We determined the following internal controls were relevant to our audit objectives:

- Reliability of mortgage documents used to approve FHA-insured mortgages.
- Origination and processing of FHA-insured mortgages in compliance with HUD rules and regulations.
- Safeguarding FHA-insured mortgages from high risk exposure.

We assessed the relevant controls identified above.

A significant weakness exists if management controls do not provide reasonable assurance that the process for planning, organizing, directing, and controlling program operations will meet the organization's objectives.

## Significant Weaknesses

Based on our review, we believe the following item is a significant weakness:

- First Magnus disregarded applicable HUD rules and regulations when it paid brokers volume-based incentives for originating and processing FHA mortgages.

## APPENDIX

### Appendix A

#### SCHEDULE OF QUALITY INCENTIVES PAYMENTS

	Broker	Payment Date	FHA Number	Mortgage Amount	Quality Incentive Earned
1	Greentree Mortgage	June 24, 2005	249-4994862	\$267,452.00	\$669.00
2	Greentree Mortgage	June 24, 2005	351-4687966	\$181,989.00	\$455.00
3	Greentree Mortgage	June 24, 2005	381-7530960	\$89,218.00	\$223.00
4	Greentree Mortgage	June 24, 2005	381-7569302	\$140,646.00	\$352.00
5	Greentree Mortgage	June 24, 2005	481-2497865	\$75,516.00	\$189.00
6	Greentree Mortgage	June 24, 2005	541-7176844	\$161,168.00	\$403.00
7	Greentree Mortgage	June 24, 2005	351-4690790	\$89,162.00	\$223.00
8	Greentree Mortgage	June 24, 2005	352-5369016	\$182,990.00	\$457.00
9	Greentree Mortgage	June 24, 2005	441-7565428	\$220,964.00	\$552.00
10	Greentree Mortgage	June 24, 2005	351-4653332	\$125,861.00	\$315.00
11	Greentree Mortgage	June 24, 2005	381-7592393	\$95,773.00	\$239.00
12	Greentree Mortgage	June 24, 2005	352-5361137	\$284,707.00	\$712.00
13	Greentree Mortgage	June 24, 2005	351-4688535	\$155,769.00	\$389.00
14	Greentree Mortgage	June 24, 2005	351-4692450	\$137,367.00	\$343.00
15	Greentree Mortgage	June 24, 2005	351-4692444	\$114,783.00	\$287.00
16	Greentree Mortgage	June 24, 2005	352-5366481	\$200,970.00	\$502.00
17	Greentree Mortgage	June 24, 2005	105-2220764	\$92,474.00	\$231.00
18	Greentree Mortgage	June 24, 2005	137-3186308	\$140,845.00	\$352.00
19	Greentree Mortgage	June 24, 2005	441-7626402	\$109,149.00	\$273.00
20	Greentree Mortgage	June 24, 2005	351-4695860	\$198,432.00	\$496.00
21	Greentree Mortgage	June 24, 2005	374-4456397	\$293,070.00	\$733.00
22	Greentree Mortgage	June 24, 2005	351-4693780	\$145,078.00	\$363.00
23	Greentree Mortgage	June 24, 2005	351-4694661	\$130,970.00	\$327.00
24	Greentree Mortgage	June 24, 2005	381-7591687	\$130,530.00	\$326.00
25	Greentree Mortgage	June 24, 2005	137-3191366	\$140,500.00	\$351.00
26	Greentree Mortgage	June 24, 2005	381-7566249	\$115,090.00	\$288.00
27	Greentree Mortgage	June 24, 2005	071-0995574	\$188,411.00	\$471.00
28	Greentree Mortgage	June 24, 2005	441-7636337	\$101,804.00	\$255.00
29	Greentree Mortgage	June 24, 2005	351-4694530	\$127,170.00	\$318.00
30	Greentree Mortgage	June 24, 2005	351-4690148	\$124,010.00	\$310.00
31	Greentree Mortgage	June 24, 2005	281-3154780	\$63,845.00	\$160.00
32	Greentree Mortgage	June 24, 2005	441-7624453	\$77,647.00	\$194.00
33	Greentree Mortgage	June 24, 2005	351-4687683	\$129,920.00	\$325.00
34	Greentree Mortgage	June 24, 2005	351-4686143	\$131,036.00	\$328.00
35	Greentree Mortgage	June 24, 2005	381-7582417	\$87,797.00	\$219.00

	Broker	Payment Date	FHA Number	Mortgage Amount	Quality Incentive Earned
36	Greentree Mortgage	June 24, 2005	381-7594914	\$112,517.00	\$281.00
37	Greentree Mortgage	June 24, 2005	381-7352016	\$158,500.00	\$396.00
38	Greentree Mortgage	June 24, 2005	351-4693427	\$140,188.00	\$350.00
39	Greentree Mortgage	June 24, 2005	352-5367934	\$266,691.00	\$667.00
40	Greentree Mortgage	June 24, 2005	137-3192072	\$113,760.00	\$284.00
41	Greentree Mortgage	June 24, 2005	352-5371656	\$257,302.00	\$643.00
42	Greentree Mortgage	June 24, 2005	541-7224904	\$153,772.00	\$384.00
43	Greentree Mortgage	June 24, 2005	381-7478825	\$147,050.00	\$368.00
44	Greentree Mortgage	June 24, 2005	105-1772589	\$138,825.00	\$347.00
45	Greentree Mortgage	June 24, 2005	249-4975886	\$192,607.00	\$482.00
46	Greentree Mortgage	June 24, 2005	441-7640456	\$122,782.00	\$307.00
47	Greentree Mortgage	June 24, 2005	441-7638787	\$121,769.00	\$304.00
48	Greentree Mortgage	June 24, 2005	441-7638872	\$162,907.00	\$407.00
49	Greentree Mortgage	June 24, 2005	541-7235291	\$203,355.00	\$508.00
50	Greentree Mortgage	June 24, 2005	105-2145937	\$112,157.00	\$280.00
51	Greentree Mortgage	June 24, 2005	352-5379042	\$222,500.00	\$556.00
52	Greentree Mortgage	June 24, 2005	351-4697391	\$217,122.00	\$543.00
53	Greentree Mortgage	June 24, 2005	351-4702485	\$88,240.00	\$221.00
54	Greentree Mortgage	June 24, 2005	441-7640150	\$112,638.00	\$282.00
55	Greentree Mortgage	June 24, 2005	351-4702541	\$221,270.00	\$553.00
56	Greentree Mortgage	June 24, 2005	352-5371078	\$198,577.00	\$496.00
57	Greentree Mortgage	June 24, 2005	105-2283437	\$91,000.00	\$228.00
58	Greentree Mortgage	June 24, 2005	351-4697385	\$235,250.00	\$588.00
59	Greentree Mortgage	June 24, 2005	351-4694179	\$130,935.00	\$327.00
60	Greentree Mortgage	June 24, 2005	351-4703565	\$84,904.00	\$212.00
61	Greentree Mortgage	June 24, 2005	352-5378791	\$180,899.00	\$452.00
62	Greentree Mortgage	June 24, 2005	441-7639015	\$150,118.00	\$375.00
63	Greentree Mortgage	June 24, 2005	441-7639622	\$96,932.00	\$242.00
64	Greentree Mortgage	June 24, 2005	261-8903353	\$138,040.00	\$345.00
65	Greentree Mortgage	June 24, 2005	105-2260842	\$174,275.00	\$436.00
66	Greentree Mortgage	June 24, 2005	381-7603234	\$111,548.00	\$279.00
67	Greentree Mortgage	June 24, 2005	381-7568450	\$166,255.00	\$416.00
68	Greentree Mortgage	June 24, 2005	483-3520059	\$144,359.00	\$361.00
69	Greentree Mortgage	June 24, 2005	441-7648443	\$101,200.00	\$253.00
70	Greentree Mortgage	September 27, 2005	541-7259818	\$172,550.00	\$431.00
71	Greentree Mortgage	September 27, 2005	061-2851588	\$105,763.00	\$264.00
72	Greentree Mortgage	September 27, 2005	381-7609933	\$149,816.00	\$375.00
73	Greentree Mortgage	September 27, 2005	351-4712611	\$125,234.00	\$313.00
74	Greentree Mortgage	September 27, 2005	351-4713249	\$180,000.00	\$450.00
75	Greentree Mortgage	September 27, 2005	352-5391775	\$184,000.00	\$460.00
76	Greentree Mortgage	September 27, 2005	351-4704956	\$92,060.00	\$230.00

	Broker	Payment Date	FHA Number	Mortgage Amount	Quality Incentive Earned
77	Greentree Mortgage	September 27, 2005	441-7665096	\$79,779.00	\$199.00
78	Greentree Mortgage	September 27, 2005	351-4711543	\$236,241.00	\$591.00
79	Greentree Mortgage	September 27, 2005	483-3551590	\$75,922.00	\$190.00
80	Greentree Mortgage	September 27, 2005	481-2511403	\$88,000.00	\$220.00
81	Greentree Mortgage	September 27, 2005	441-7670362	\$93,532.00	\$234.00
82	Greentree Mortgage	September 27, 2005	483-3559116	\$83,686.00	\$209.00
83	Greentree Mortgage	September 27, 2005	351-4720749	\$199,486.00	\$499.00
84	Greentree Mortgage	September 27, 2005	352-5398954	\$305,515.00	\$764.00
85	Greentree Mortgage	September 27, 2005	351-4688427	\$113,680.00	\$284.00
86	Greentree Mortgage	September 27, 2005	352-5401396	\$206,008.00	\$515.00
87	Greentree Mortgage	September 27, 2005	351-4722047	\$183,001.00	\$458.00
88	Greentree Mortgage	September 27, 2005	352-5403295	\$233,805.00	\$585.00
89	Greentree Mortgage	September 27, 2005	351-4718042	\$232,615.00	\$582.00
90	Greentree Mortgage	September 27, 2005	351-4721715	\$227,321.00	\$568.00
91	Greentree Mortgage	September 27, 2005	351-4669151	\$153,569.00	\$384.00
92	Greentree Mortgage	September 27, 2005	351-4703352	\$129,412.00	\$324.00
93	Greentree Mortgage	September 27, 2005	105-2268449	\$144,333.00	\$361.00
94	Greentree Mortgage	September 27, 2005	483-3537054	\$83,510.00	\$209.00
95	Greentree Mortgage	September 27, 2005	351-4706298	\$139,055.00	\$348.00
96	Greentree Mortgage	September 27, 2005	351-4707692	\$165,445.00	\$414.00
97	Greentree Mortgage	September 27, 2005	137-3197714	\$161,303.00	\$403.00
98	Greentree Mortgage	September 27, 2005	071-0998196	\$147,428.00	\$369.00
99	Greentree Mortgage	September 27, 2005	281-3161121	\$50,115.00	\$125.00
100	Greentree Mortgage	September 27, 2005	352-5383660	\$284,707.00	\$712.00
101	Greentree Mortgage	September 27, 2005	093-5915781	\$152,720.00	\$382.00
102	Greentree Mortgage	September 27, 2005	441-7651617	\$133,726.00	\$334.00
103	Greentree Mortgage	September 27, 2005	351-4707295	\$190,510.00	\$476.00
104	Greentree Mortgage	September 27, 2005	442-2538986	\$62,930.00	\$157.00
105	Greentree Mortgage	September 27, 2005	483-3548874	\$130,833.00	\$327.00
106	Greentree Mortgage	September 27, 2005	351-4710213	\$190,500.00	\$476.00
107	Greentree Mortgage	September 27, 2005	352-5385582	\$258,825.00	\$647.00
108	Greentree Mortgage	September 27, 2005	351-4710452	\$243,600.00	\$609.00
109	Greentree Mortgage	September 27, 2005	241-7622493	\$141,491.00	\$354.00
110	Greentree Mortgage	September 27, 2005	441-7661751	\$139,500.00	\$349.00
111	Greentree Mortgage	September 27, 2005	352-5396556	\$221,030.00	\$553.00
112	Greentree Mortgage	September 27, 2005	381-7620442	\$125,012.00	\$313.00
113	Greentree Mortgage	September 27, 2005	105-2309096	\$127,890.00	\$320.00
114	Greentree Mortgage	September 27, 2005	381-7643177	\$113,883.00	\$285.00

	Broker	Payment Date	FHA Number	Mortgage Amount	Quality Incentive Earned
115	Greentree Mortgage	September 27, 2005	351-4711292	\$226,348.00	\$566.00
116	Greentree Mortgage	September 27, 2005	105-2274943	\$107,376.00	\$268.00
117	Greentree Mortgage	September 27, 2005	381-7625658	\$109,137.00	\$273.00
118	Soma Financial	March 7, 2005	331-1223505	\$90,735.00	\$227.00
119	Soma Financial	March 7, 2005	331-1222834	\$172,296.00	\$431.00
120	Soma Financial	December 1, 2004	331-1219496	\$107,574.00	\$269.00
121	NV Mortgage	November 19, 2003	331-1196480	\$153,975.00	\$385.00
122	NV Mortgage	December 10, 2003	331-1197802	\$89,949.00	\$225.00
123	NV Mortgage	December 10, 2003	331-1197746	\$108,698.00	\$272.00
124	NV Mortgage	February 13, 2004	331-1161597	\$119,836.00	\$300.00
125	NV Mortgage	February 13, 2004	331-1200221	\$159,803.00	\$400.00
126	NV Mortgage	February 13, 2004	331-1192285	\$145,125.00	\$363.00
127	NV Mortgage	February 13, 2004	331-1202881	\$108,349.00	\$271.00
128	NV Mortgage	February 13, 2004	331-1191591	\$137,283.00	\$343.00
129	NV Mortgage	March 8, 2004	331-1204652	\$189,235.00	\$473.00
130	NV Mortgage	March 8, 2004	331-1195558	\$133,726.00	\$334.00
131	NV Mortgage	March 8, 2004	331-1192046	\$150,919.00	\$377.00
132	NV Mortgage	March 8, 2004	331-1203598	\$103,278.00	\$258.00
133	NV Mortgage	March 8, 2004	331-1204666	\$158,891.00	\$397.00
134	NV Mortgage	March 8, 2004	331-1204462	\$113,921.00	\$285.00
135	NV Mortgage	March 8, 2004	331-1187703	\$102,350.00	\$256.00
136	NV Mortgage	March 8, 2004	331-1203307	\$157,632.00	\$394.00
137	NV Mortgage	May 7, 2004	331-1187125	\$124,468.00	\$311.00
138	NV Mortgage	May 7, 2004	331-1206411	\$118,681.00	\$297.00
139	NV Mortgage	May 26, 2004	331-1204955	\$158,047.00	\$395.00
140	NV Mortgage	May 26, 2004	331-1209056	\$91,923.00	\$230.00
141	NV Mortgage	June 22, 2004	331-1208992	\$102,902.00	\$257.00
142	NV Mortgage	June 22, 2004	331-1211860	\$125,820.00	\$315.00
143	NV Mortgage	August 6, 2004	331-1212679	\$153,846.00	\$385.00
144	Southwest Funding	December 19, 2005	491-8672794	\$150,117.00	\$375.00
145	Southwest Funding	May 5, 2005	491-8567820	\$58,974.00	\$147.00
146	Southwest Funding	May 5, 2005	491-8626748	\$83,685.00	\$209.00
147	Southwest Funding	May 5, 2005	491-8604397	\$150,220.00	\$376.00
148	Coastal Lending Corp	June 25, 2003	495-6477582	\$155,726.00	\$195.00
149	Coastal Lending Corp	June 25, 2003	495-6482494	\$168,236.00	\$210.00
150	Coastal Lending Corp	June 25, 2003	495-6504646	\$160,801.00	\$201.00
151	Coastal Lending Corp	June 25, 2003	495-6503434	\$76,886.00	\$96.00
152	Coastal Lending Corp	June 25, 2003	495-6507101	\$110,685.00	\$138.00
153	Coastal Lending Corp	June 25, 2003	495-6530980	\$156,716.00	\$196.00
154	Coastal Lending Corp	June 25, 2003	495-6605544	\$78,865.00	\$99.00
155	Coastal Lending Corp	June 25, 2003	495-6685384	\$125,012.00	\$156.00
156	Coastal Lending Corp	June 25, 2003	495-6689681	\$99,216.00	\$124.00

	Broker	Payment Date	FHA Number	Mortgage Amount	Quality Incentive Earned
157	Tri Coast Funding	Funded April 1-30, 2004	495-6798497	\$74,196.00	\$208.00
158	Tri Coast Funding	Funded April 1-30, 2004	495-6911945	\$78,764.00	\$208.00
159	Tri Coast Funding	Funded April 1-30, 2004	495-6933895	\$133,941.00	\$208.00
160	Tri Coast Funding	Funded May 1-31, 2004	495-6942562	\$120,128.00	\$208.00
161	Tri Coast Funding	Funded May 1-31, 2004	495-6990805	\$110,027.00	\$208.00
162	Tri Coast Funding	July 29, 2004	495-7004880	\$126,004.00	\$158.00
163	Tri Coast Funding	July 29, 2004	495-6974476	\$137,837.00	\$172.00
164	Tri Coast Funding	July 29, 2004	495-6989982	\$136,852.00	\$171.00
165	Tri Coast Funding	July 29, 2004	495-6943154	\$165,791.00	\$207.00
166	Tri Coast Funding	Funded July 1-31, 2004	495-6986898	\$166,388.00	\$208.00
167	Tri Coast Funding	Funded October 1-31, 2004	491-8510639	\$102,454.00	\$128.00
168	Professional Mortgage Alliance	December 1, 2004	052-3584464	\$184,110.00	\$460.00
169	Professional Mortgage Alliance	December 1, 2004	052-3568099	\$196,910.00	\$492.00
			<b>TOTAL</b>	<b>\$24,512,362.00</b>	<b>\$58,571.00</b>