

MWF NON-DELEGATED CORRESPONDENT SELLERS GUIDE



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MWF NON-DELEGATED CORRESPONDENT SELLERS GUIDE GENERAL



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1. General

MWF's Correspondent Lending Program is designed for lending institutions such as mortgage lenders, banks, and credit unions. This Non-Delegated Correspondent Sellers Guide ("Sellers Guide" or "Guide") is designed to assist approved Sellers in conducting correspondent lending with Mountain West Financial, Inc. (MWF) in the most efficient and profitable manner. Additionally, the Guide sets forth, along with the Loan Purchaser and Sale Agreement ("LPSA" or "Agreement"), the terms and conditions governing a Seller's participation with MWF's Correspondent Lending Program.

MWF's Correspondent Lending Department strives to provide purchase quality loans that have been prudently underwritten by quality partners.

All loans purchased by MWF are subject to programs, matrices, guidelines, policies, and regulations in effect at the time of loan purchase.

Founded in 1990, MWF is an industry-leading Retail, Wholesale, and Correspondent Mortgage Lender that provides a diverse range of lending products. Headquartered in Redlands, California, MWF is an approved seller and servicer of Fannie Mae, Freddie Mac, and Ginnie Mae products.

1.1. Key Lending Policies

This section of the Guide provides an overview of MWF's general policies related to the Correspondent Lending Program. Sellers will find product-specific requirements and guidelines on the MWF website.

1.2. Credit Policy

MWF purchases eligible loans regardless of the borrower's race, color, religion, sex, ethnic origin, familial or disabled status, marital status, or any other prohibitive basis.

MWF purchases eligible loans that meet MWF's established product guidelines. Only loans which comply with all product requirements, features, restrictions, and required documentation are eligible loans.

MWF requires that all loans must close in compliance with requirements, restrictions, and laws set forth by applicable agencies, federal, state, and local municipalities.

Sellers must provide all loan applicants with all required disclosures. The fees charged must be appropriate to assure compliance with applicable federal and state predatory lending laws.

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1.3. Fee Policy

MWF does not purchase loans that are high-cost loans, loans subject to HOEPA, or loans that would be deemed predatory for the jurisdiction where the property is located. As such, MWF audits loan costs as part of the purchase process. Sellers will receive a notification if the fees are in excess of allowable amounts; however, any testing performed by MWF does not waive Seller's obligations regarding allowable or statutory fees with regard to any loan.

Fees must follow the guidelines of each individual loan program.

1.4. High-Cost Loans / Predatory Lending Policy

Selected states have passed laws prohibiting predatory lending, which may be referenced by any of these terms: "high-cost," "high rate," "high point," "subprime," "non-prime," etc. Loans that fall into this category are not eligible loans for sale to MWF's Correspondent Lending Program.

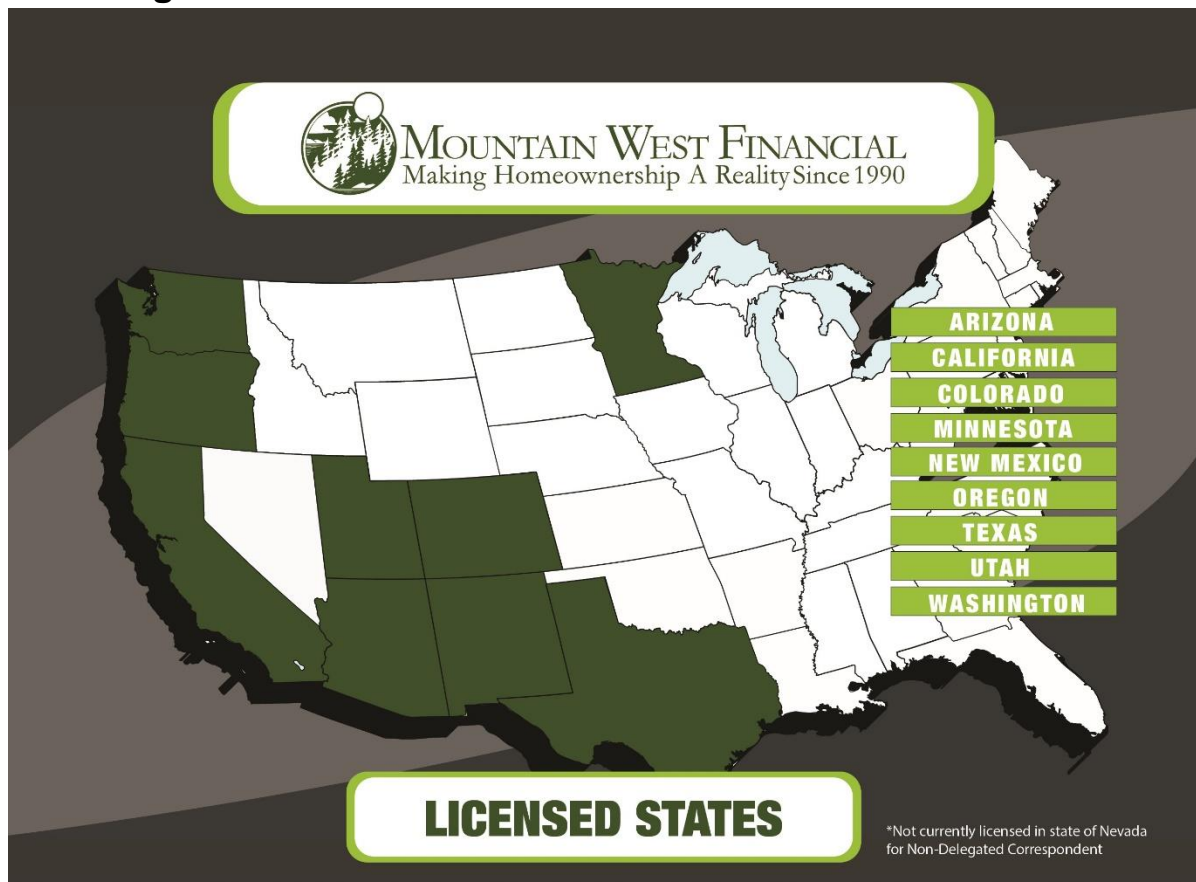
It is each Seller's responsibility to understand state-specific laws and lending requirements and to follow the requirements for specific disclosures and documentation, including but not limited to, the net tangible benefit requirement. Some states may require documentation of the net tangible benefit to the borrower or other disclosures related to refinance transactions to prove they are not high-cost loans. Refer to state restrictions for additional specific requirements.

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1.5. Eligible States



We are pleased to be able to assist our clients with their home loan needs in the states above.

*Since **1990** our professional staff uses cutting edge technology to deliver person to person service that exceeds the expectations of our valued customers.*

1.6. Escrow Waiver

MWF will allow escrow waivers on conventional loan products. To be eligible for an escrow waiver, conventional loans must be made for primary residences with an LTV less than or equal to 80% (90% for California) unless otherwise limited by state law. The pricing for loans with escrow waivers may include increases to rate and/or pricing depending on specific program guidelines. H06 and food insurance, if required, must also be escrowed per program guideline LTV limits.

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1.7. Quality Control / Due Diligence Review

MWF will apply its Quality Control Policy and Procedures to loans originated by Sellers and will report findings, as appropriate, to Sellers for their use in the prevention of similar occurrences. MWF requires that Sellers perform quality control procedures, as specified in the plan submitted to MWF, to assure the quality of the originations submitted to MWF for underwriting and purchase.

If any irregularities or discrepancies are identified during MWF's routine review, MWF may expand the scope of the quality control reviews or loan samples on a Seller's loans to ensure all problem areas are uncovered in the Quality Control review process.

MWF will provide audit review reports to Sellers at MWF's sole discretion. Sellers will be required to respond to any findings of moderate-risk or greater or to any indications of trends indicating moderate to high-risk findings. Sellers should investigate and must provide a written response to the report addressing each item noted and the corrective action taken by the Seller.

Serious issues with quality, adverse, material findings, or failure to respond to the report findings can result in termination of the Seller's approval with MWF.

1.8. Home Mortgage Disclosure Act (HMDA)

HMDA Universal Loan Identifier (ULI) and the Lender Identity Identifier (LEI) must be obtained from MWF. The lender making the credit decision is responsible for creating the ULI.

For non-delegated correspondent transactions where MWF underwrites the loan it is MWF making the credit decision, and therefore MWF will report the loan and the correspondent lender does not.

For HMDA reporting purposes, MWF will report loans that are underwritten and purchased by MWF as originated on MWF's Loan Application Register (LAR). In the case of an application that does not result in an origination, MWF will report the action taken on that application if a credit decision was made. If an application is withdrawn after submission to MWF the loan will be reported as withdrawn.

It is required for the Lender to accurately provide MWF with all HMDA reportable fields. All government monitoring information must be completed on all loan applications delivered to MWF.

1.9. Prepayment Penalty Options

MWF does not offer products with prepayment penalty terms.

1.10. State Specific Requirements & Licensing

If a Seller is not exempt from licensing, the Seller must meet all licensing requirements for the state where the property is located. This includes the institution and the originator listed on the mortgage application.

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All states and many local municipalities have passed laws regarding mortgage lending activities. Sellers must follow all the laws in effect where the subject property is located and are responsible for all required documentation related to state-specific requirements.

1.11. Appraisal Independence Requirements

The Federal Housing Finance Agency (FHFA) issued its Appraiser Independence Requirements (AIR) effective on November 1, 2010. MWF's appraisal policy adheres to the requirements set out by AIR developed by Fannie Mae and Freddie Mac.

Failure to comply with Appraisal Independence Policy will result in disciplinary actions that can lead up to, and include, suspension or cancelation of the Seller's relationship with MWF. There is zero tolerance for any violation of these guidelines.

MWF prohibits any Seller, or employee of the Seller, from placing undue influence or pressure including coercion and/or bribery and other similar actions designed to cause an appraiser to base the appraised value of the property on factors other than the appraiser's independent judgment. Appraisers are prohibited from having a financial or other interest in the property of the credit transaction. The Appraisal Management Company (AMC) is responsible for verifying the appraisal process, financial interest, and all other requirements of appraiser independence rules are met. Seller's employees are responsible for notifying MWF and AMC if they have knowledge of the appraiser having a financial or other interest in the property or transaction. If an appraiser is found to have an undisclosed financial interest in the transaction, the appraiser will be added to the MWF Exclusionary List.

MWF will not accept appraisals or approve appraisers who are on exclusionary lists such as the HUD LDP/GSA, FHFA Suspended Counterparty Program (SCP) list, or other investor lists.

Appraisers must have a valid license for the state where the property is located and current Errors and Omissions (E&O) insurance. Appraisals must be in the Seller's name at the time of submission to MWF.

1.12. Seller Approval

Sellers are required to obtain and maintain MWF Correspondent Approval to deliver loans for purchase by MWF. Seller must complete a Correspondent Application, meet Correspondent Criteria, and be Approved by the MWF Correspondent Lending Program prior to delivering loans to MWF.

Note: Please see Exhibit "A" for Correspondent Application Package Requirements.

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MWF's Correspondent Lending Program will review Correspondent Application documents along with external due diligence reports ordered on applicant Sellers. Upon review, MWF will contact Seller Applicants with any questions in regard to findings. These findings include, but are not limited to, any disruptions of state licenses, underwriting and compliance staff resumes, loan product guidelines, and violations, if any cited, and how they were cured as well as procedures set in place for compliance of regulatory requirements. Sellers are approved solely at the discretion of MWF's Management Review.

1.13. Seller Criteria

- Be properly licensed and authorized to originate and sell loans meeting MWF's product line and underwriting requirements.
- Company must be engaged and currently active in Correspondent Lending for at least three years. In the case of newer firms, an experience level of key management is considered.
- Uphold a good reputation in the industry with proven references, a high level of professionalism, and strong ethical standards.
- Maintain a minimum tangible and verifiable net worth of (a) \$50,000 for Non-Delegated Correspondents or (b) \$1,000,000 for Delegated Correspondents derived from financial statements.
- Maintain a current Errors & Omissions Insurance Policy and Fidelity Bond with a minimum coverage of \$300,000 per occurrence, or such insurance as required under then in effect Agency Guidelines.
- Uphold a "good standing" rating with all governmental licensing and revenue collection agencies, including a public record clear of any civil or criminal judgments. A Seller whose firm has been suspended is currently under investigation by any governmental agencies or has an open judgment in excess of \$10,000 will not be approved and will not be renewed to do business with MWF.
- All principal officers, owners, and/or partners must have an acceptable personal credit profile. In the case of corporations, the entity must have a satisfactory corporate report. Past credit difficulties will be reviewed on a case-by-case basis. A letter from the Seller explaining the derogatory item(s) is required. Financial institutions subject to oversight by the FDIC, NCUA, OTS, Federal Reserve or Comptroller of the Currency may have this requirement waived.
- Seller must have written employment policies which include reviews of employees and employee candidates against the FHFA SCP List.
- Maintain a written quality control program in line with Fannie Mae/Freddie Mac requirements and Agency recommendations.
- Applicant must maintain a warehouse line of credit.

MWF NON-DELEGATED CORRESPONDENT SELLERS GUIDEPRICING AND LOCK POLICY



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1.14. Loan Fraud Zero Tolerance

Each approved Seller must be aware that a Mortgage Lender bears the responsibility for all actions of his or her employees or licenses. The Seller is responsible for the content and quality of each application taken and each loan submitted to the MWF Correspondent Lending Program.

1.15. Annual Review and Recertification

An annual review and recertification of the Seller will be conducted requiring audited financials and any changes, or updates from prior approval. In addition, the Seller is obligated to provide MWF with notice of any changes or updates that occur between reviews. The Seller is required to immediately update and forward any material financial, organizational, and procedural changes to MWF.

Seller must immediately advise MWF of any suspension or termination of its licensing or lending authority. If the Seller is under investigation or suspended from any governmental agencies or trade group, the Seller must immediately notify and forward such notices or documentation to MWF. Seller is required to re-execute the LPSA reflecting any updates by MWF.

2. Pricing and Lock Policy

2.1. Lock Policy

MWF's Correspondent Lending Lock Policy outlines the terms under which Sellers can commit loans for purchase to MWF. Rate lock commitments made to Sellers by MWF offer a specific interest rate for a defined time and expiration date. Whenever a rate lock commitment is granted to the Seller, Seller's price is guaranteed for the duration of the commitment. The committed Correspondent Loan must be received by the Correspondent Lending Operations on or before the expiration date of the locked commitment.

This policy addresses Seller registration and pricing requirements including rate lock and delivery options for Best Effort commitments. MWF delivers a Best Effort Rate Sheet on a daily basis to approved Sellers.

2.2. Lock Desk

The Pricing Desk shall be responsible for reviewing lock requests, validating loan pricing, maintaining the pricing engine, managing lock exception requests, and confirming rate locks.

FLOW lock requests are accepted during Lock Desk hours of operation.

2.3. Hours of Operation

Loans may be locked Monday through Friday (except on Company holidays) between the hours of 8:30 AM PT and 4:30 PM PT.

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2.4. Best Effort Pricing

Pricing reflected on MWF's Best Effort Rate Sheet is indicative of specific market conditions and is subject to changes throughout the business day without prior notice. Rates and prices are valid until 4:30 PM PST the same day.

Rate sheets include loan-level price adjustments (LLPAs) as applicable to specific loan features.

Note: Product eligibility is not determined by LLPAs; refer to product matrices and underwriting guidelines for available programs.

Pricing for Best Effort commitments include the Service Release Premium (SRP).

2.5. Pricing Information

2.5.1. Daily Rate Sheets

MWF Rate Sheets are distributed to Sellers through BOLT.

Rate Sheets are generally available and distributed by 8:30 AM PST each day. MWF reserves the right to change rates at any time during the day.

2.5.2. Intra-Day Price Changes

MWF reserves the right to publish new product pricing based on market movements. Sellers are subject to Intra-Day price changes at any time. MWF will distribute updated Rate Sheets for each Intra-Day price change.

2.6. Rate Lock

2.6.1. Rate Lock Programs

MWF offers the following rate lock commitments:

Acceptable lock periods are 15, 30, 45, and 60 days.

2.6.2. Registration/Rate Lock and Lock Confirmation

To lock a loan, MWF requires the rate lock request to be submitted through BOLT or, by exception only, a complete Lock Request Form can be faxed to the Capital Markets Department at 909-307-8604. Verbal requests are not accepted.

A rate lock request does not become a rate lock commitment until it has been processed and accepted by the Lock Desk. The Lock Desk will confirm rate lock commitment by sending a Lock Confirmation notice to Seller. Sellers are expected to use every effort to have all loans purchased for which they have received a rate lock commitment within the allotted time frame; failure to do so may have a negative impact of the future pricing that a Seller may receive.

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Note: Confirmation of a rate lock does not constitute loan approval. All loans must meet MWF loan criteria including due diligence or underwriting review.

2.7. Best Effort Commitments

Seller commits to deliver an individual mortgage loan of a specified principal amount and program criteria to MWF. The Seller makes a best effort to deliver the loan to MWF prior to the commitment expiration date.

Upload FNMA 3.4 data file by using MWF's correspondent portal to register and price the loan with appropriate LLPA's.

Loans are subject to 100% due diligence review.

Closed loans are to reflect terms of original commitment.

Final audits are conducted to ensure loans are funded as expected. Sellers are notified of any pricing adjustments needed at time of loan purchase if pricing is incorrect due to audit findings.

Note: To the extent a loan closes, failure to deliver the closed loan will result in a "pair-off" fee. Refer to the Pair-Off Fee section below for more information.

2.8. Loan Term Discrepancies

2.8.1. Changes - Loan Parameters

Once a loan is locked, changes in the locked loan's features may result in a change in the locked price. Such changes include, but are not limited to changes in:

- Loan Amount.
- Subject Property Purpose.
- Borrower or co-borrower FICO score, determined by the lowest of the middle FICO score for all borrowers.
- Sales Price or Appraised Value.
- Property Type.
- Structure Type.
- LTV/CLTV.
- HCLTV.
- DTI; and/or
- Impounds.

The following items cannot change on a loan for which a lock commitment has been issued by the Lock Desk:

- Borrower's and co-borrower's name(s), other than corrections for typographical errors.

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- Borrower's and co-borrower's social security number(s); and/or
- Property address, city, state, or zip code.

Any change in one of the foregoing items will be treated as a new application and will be priced using the current pricing.

2.8.2. Loan Program Changes

A locked loan, prior to its expiration, can be changed to another product at the prevailing price for that product on the original day it was locked. To secure such pricing, a request must be sent to the Lock Desk as soon as it is known that the product is to be changed, and it will be re-priced based upon the original rate sheet.

A loan program change does not constitute a new lock request and Seller is cautioned against submitting a new lock with the new loan program.

2.8.3. Interest Rate Changes

A locked loan can be changed to any available rate/point combination that was available on the original rate sheet on the date the loan was locked.

2.8.4. Lock Expirations

If rate lock expiration falls on a Saturday, Sunday, or holiday in which the capital markets and banks are closed, the lock commitment will expire the following business day. In all cases, MWF must purchase a loan within a 10-day grace period from date of delivery, so long as the loan was delivered by the original lock expiration date. Loans not purchased within the lock period, or the 10-day grace may result in re-pricing which is the lower of original lock price and current market price.

Loans delivered under a Best Effort Commitment that are not purchased by the revised lock expiration date are subject to the re-lock policy below.

2.8.5. Lock Extensions

MWF believes that it is the responsibility of the Loan Originator to secure a lock term that is sufficient to cover the time needed to close the loan. Current turn times should be considered when locking all loans.

We also understand that circumstances may arise that require the extension of a lock period. To allow for these circumstances MWF will grant lock extensions under the following guidelines and prices.

Free Extensions Up To 7 Days

These 7 free days extensions are available regardless of market movement, program type, and loan stage.

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Login to BOLT to take advantage of the 7 free days. Loan Officers, Processors, Production Coordinators, Closing Technicians, and Funders have the ability to use the free extensions.

Lock extensions may be requested during standard Lock Desk Hours. All free extensions up to 7 days must be requested in BOLT. If a loan requires more than 7 days, please refer to the lock extension costs.

- **Lock Extension Costs**

- 0.02 per day, or:
- 0.10 for 7 days
- 0.20 for 15 days
- 0.40 for 30 days

Lock extensions may be requested at any time after the loan has been locked.

Lock extensions will be added on to the existing lock period.

Lock extensions may be requested during standard Lock Desk Hours. All requests must be made via email to locks@mwfinc.com

2.8.6. Expired Rate Locks/Re-Locks

A lock that has been expired for less than 30 days can be relocked for either 15 days or 30 days. Relock pricing shall be calculated as worse case pricing (original lock vs current market) plus a relock fee based on the number of days requested for the relock.

Relock Fees:

15 Days = 0.125

30 Days = 0.250

A lock that has been expired for at least 30 days shall be locked at current market pricing.

2.8.7. Renegotiation

Renegotiations are reviewed and approved case-by-case with management.

MWF NON-DELEGATED CORRESPONDENT SELLERS GUIDEPRICING AND LOCK POLICY



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2.9. Pair-Off Fees

2.9.1. Best Effort Commitments

If a closed loan is delivered for purchase on a Best Efforts Commitment and the Seller decides to withdraw or cancel the loan, MWF will assess a withdrawal or pair-off fee of 12.5 BPS. However, this fee will not be charged if the loan delivered for purchase does not meet MWF eligibility requirements and is rejected for purchase or if the loan does not close and the lock is canceled.

2.9.2. Commitment Management

Seller is solely responsible to ensure only authorized persons enter into commitments with MWF.

Note: MWF does not maintain active lists of authorized employees for the Seller.

MWF relies on the Seller to provide accurate data with all commitment requests. Loans locked with inaccurate information are subject to a pair-off fee if MWF cannot purchase the loan due to the inaccurate information.

2.9.3. Miscellaneous Pricing Information

MWF reserves the right to charge an upfront fee for delivery commitments to Sellers with excessive fallout, as defined by MWF in its exclusive description. Confirmed double Best Effort commitments will be subject to a pair-off fee. Renegotiation of loan terms and pricing of any existing delivery commitment is not allowed.

2.9.4. Cancellations/Fallout

If Seller knows a loan will not close within the lock period, Seller should notify the Pricing Desk and modify the lock as soon as possible.

Excessive cancellations, fallout, or pair-offs will be grounds for review and reconsideration of Seller approval. MWF will review canceled Best Effort Commitments; should MWF determine the loan did close, the Seller will be assessed a pair-off fee for the non-delivery of the full commitment amount.

2.9.5. Errors and Omissions

MWF is responsible for providing updated loan program information and accurate pricing. MWF reserves the right to correct any published pricing or product guideline error. The pricing adjustment matrix should not be used to determine product eligibility.

MWF NON-DELEGATED CORRESPONDENT SELLERS GUIDE UNDERWRITING POLICIES AND PROCEDURES



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3. Underwriting Policies and Procedures

3.1. Automated Underwriting

Sellers are responsible for submitting the loan application through an approved automated underwriting system, either Desktop Underwriter (DU) or Loan Product Advisor (LPA).

3.2. Submission to DU

Sellers shall complete DU submission using their loan origination software to access to Fannie Mae DU. Seller must complete the AUS underwriting process and generate a final DU Underwriting Determination and Underwriting Analysis report to be submitted with the Underwriting Submission Package to MWF for review. Only loans that have a Risk Class or Eligibility decision of Approved/Eligible from DU are eligible for purchase by MWF. Loan data contained in the DU Underwriting Determination must match the loan documentation exactly. Any deviations in loan data from the DU Underwriting Determination require the Seller to re-run DU to correct any errors which could delay or prevent the loan from being approved.

3.3. Submission to LPA

Sellers shall complete LPA submission using their own loan origination software access Freddie Mac LPA. Sellers must have the final LPA Full Feedback Certificate with a Risk Class or Eligibility decision of Accept. Loans with an LPA decision of Caution are not eligible for purchase by MWF. Loan data contained in the LPA Full Feedback Certificate must match the loan documentation exactly. Any deviations in loan data from the LPA Loan Product Advisor Feedback Certificate require the Seller to re-run LPA to correct any errors which could delay or prevent the loan from being approved.

3.4. Credit Package Submission Minimum Standards

Documentation types are referenced in the Product and Eligibility Guidelines on the MWF website. The type of loan documentation used to verify the borrower's employment, income and asset information in the loan application varies depending on the loan program and program requirements. Always refer to the specific loan product and the AUS findings report to determine documentation eligibility.

In addition to any AUS or program requirements, MWF also requires documentation in each file submitted for underwriting. Missing items will be conditions to be met prior to purchasing the loan.

3.5. IRS Form 4506-C

Seller is required to submit a completed, signed, and executed IRS Form 4506-C at application with applicable transcripts in the credit file for underwriting. The closed loan file must contain an additional IRS Form 4506-C completed and signed at closing.

MWF NON-DELEGATED CORRESPONDENT SELLERS GUIDE UNDERWRITING POLICIES AND PROCEDURES



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For Fannie Mae and Freddie Mac W2 or 1099, IRS transcripts are not required for:

(1) wage-earner borrowers; (2) fixed income, such as long-term disability, social security, retirement, etc. (if alternative documents such as the award letter, SS benefits letter, 1099, bank statements are provided); or (3) commission income less than 25% of the borrower's total earnings.

IRS tax transcripts are required when qualifying with any of the following:

1) self-employed income; 2) commission income greater than 25% of the borrower's total earnings; 3) rental income documented on schedule E; 4) employed by a family-owned business; or 5) fixed income when the 1040s are used in lieu of alternative documentation.

Tax transcripts are still required when the following are used to qualify: 1) non-taxable income is grossed up; 2) other income types such as auto allowance, capital gains/losses, dividend/interest, or farm income/loss; 3) handwritten income documentation; 4) loan files where there is a relationship between the borrower and an interested party of the subject transaction such as Seller, or Loan Officer, or employee of a Lender; or Seller has a relationship to the Loan Officer.

Additional guidance for certain scenarios:

- If AUS requires the 1040s for any reason, full transcripts will be required.
- If the borrower's current home is a multi-family or the borrower owns rental property, full transcripts are required.
- For borrowers that are filing taxes jointly, if one (1) borrower is W2 and one borrower is receiving nontaxable income that is grossed up, full transcripts are required

3.6. Fannie Mae LQI Compliance Documentation

All loans must have evidence of compliance with FNMA's Loan Quality Initiative, including but not limited to updated credit report prior to closing, verification from MERS regarding borrower and property liens, third-party fraud checks prior to closing, and data integrity check on AUS findings.

POA Closings

For any loan closing with a Power of Attorney (POA), a copy of the POA must be included in the credit package. In addition, the following requirements must be met.

3.7. POA requirements for ALL loans:

- Must be a Specific POA.
- Specific POA means a POA with language explicitly stating that the purpose of the POA is the real estate transaction for the subject property.

MWF NON-DELEGATED CORRESPONDENT SELLERS GUIDE UNDERWRITING POLICIES AND PROCEDURES



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- Initial URLA must be signed by the borrower.
- Statement that the Attorney-In-Fact has no financial interest in the transaction (i.e., real estate agent, broker).
- No exceptions to POA and guaranteed first lien position in the title commitment.
- POA must be notarized and include a notary acknowledgment.

3.8. Disclosure Package Process

Sellers are responsible for delivery of required disclosures within the statutory timeframes and for all always managing communication with the borrower(s) until MWF purchases the loan. Sellers will be responsible for submitting data to the AUS and for gathering the documentation as required by the program guidelines and AUS findings.

3.9. Minimum Non-Delegated Submission Standards

All loan files must be submitted with documents as listed on the Correspondent Submission Checklist.

Fully completed and executed URLA, Completed Submission Form, all required disclosures, property executed, AUS findings, required disclosures, properly executed, included full credit package per product guidelines, signed and Executed IRS 4506-C, W2s, 1040s, 1065, and 1140s, as applicable, for the past two years. For retired borrowers, the most recent Social Security/Pension/Annuity Award letter(s)

Sales Contract and any required addenda or disclosures along with earnest money deposit check and source of funds, Current Mortgage Statement, Hazard Insurance Policy, Payoff Demand, and Preliminary Title Report.

MWF NON-DELEGATED CORRESPONDENT SELLERS GUIDECLOSING POLICIES AND PROCEDURES



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4. Closing Policies and Procedures

4.1. Closing the Loan

MWF will purchase loans only when all underwriting and closing conditions have been met and cleared by MWF's Purchaser, Underwriter, or designated agent for Contract Due Diligence, as applicable. Loans closed without these conditions cleared may be ineligible for purchase by MWF. Closed loans submitted for purchase to MWF must comply with the standards described in this section.

4.2. Escrow Holdback Policy

MWF does not allow for escrow holdbacks at this time.

4.3. Prepaid Interest Policy

On an exception basis, MWF will purchase loans with interest credits not to exceed five (5) business days, not including weekends and holidays. Sellers are responsible for the collection of any payments due, that may be required prior to the purchase date of the loan.

4.4. Impound/Escrow Accounts

Impound and escrow accounts will be maintained as a general rule on all loans. Program guidelines may allow the waiver of escrows of taxes and insurance in specific instances. There may also be an additional fee for the waiving of escrow accounts. Refer to program guidelines and pricing policy for up-to-date program-specific impound and escrow guidance.

Sellers are responsible for all escrow payments due to insurance providers, county tax recorders, and mortgage insurance carriers (as applicable), until MWF's first payment date.

4.5. Requirements for Trust Closings

4.5.1. Inter Vivos (Revocable) Trust

MWF will purchase loans held in Inter Vivos "Living" Trusts provided trust review conditions have been met and approved by the MWF Underwriter. All loans closing in the name of Trusts must meet all of the following requirements.

The complete trust documents, or trust certification from the title company, must be received prior to document drawing or funding of the loan designated for sale to MWF.

Note: Some products restrict the closing of loans in Trusts. Review product guidelines for eligibility.

MWF NON-DELEGATED CORRESPONDENT SELLERS GUIDECLOSING POLICIES AND PROCEDURES



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4.5.2. Requirements for all Trusts

- Allowed for primary or second homes only.
- Borrower(s) must be the creator(s) of the Trust. (The creators are usually called the Grantor(s), Settler(s), or Trustor(s)).
- Borrower(s) must be the Trustee(s) of the Trust.
- The Trust must be revocable.
- The Borrower(s) must be the primary beneficiaries of the Trust.
- The Trustee(s) must have the authority to borrow money and pledge the Trust property as security.

For any loan closing in the name of an Inter Vivos Trust, the following documents are required for submission to underwriting:

- Copy of Trust and Certification Letter, if required or permitted under state law
- Title commitment showing complete 12-month history. The commitment must identify the transfer dates, all lenders, all buyers, and all sales prices.

Trust documents or a Trust Certification, if required or permitted under state law, by the title company is required for review and must meet MWF and Agency requirements for approval.

MWF requires the following for signatures on loans closing in Trusts. Incorrectly signed documents will result in the loan not being eligible for purchase and could require the loan documents to be re-executed and re-recorded with an endorsement to the title policy. Costs to cure any issues will be the sole responsibility of the Seller.

4.5.3. Required Signatures

All Trustees of the Trust must sign the Note and Addenda (regardless of if they are individual borrowers on the Note), because the loan is closing in the Trust.”

4.5.4. Formats for Signatures

Signatures must include the name and date of the Trust as well as the name and title of Trustees. Those individuals on the Trust as borrowers must sign both as an individual, Trustee, and as the settlor:

- Jane Doe, individually, and as Trustee of the Jane Doe Revocable Trust under Trust instrument dated month, day, year for the benefit of Jane Doe.

Any individual who is a Trustee but NOT a borrower will sign only as a Trustee:

- John Doe, Trustee of the Jane Doe Revocable Trust under instrument dated month, day, year for the benefit of Jane Doe.

MWF NON-DELEGATED CORRESPONDENT SELLERS GUIDECLOSING POLICIES AND PROCEDURES



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If there is a borrower on the Note who is not a Trustee of the Trust that the loan is closing in, that Borrower must sign as an individual only.

Example: John Jones (Borrower 1) is not a Trustee or Co-Trustee of the Trust that the loan is closing in. Jane Jones (Borrower 2) is the only trustee of the Trust that the loan is closing in.

Signature lines should be as follows:

- John Jones, Individually
- Jane Jones, Individually, and as Trustee for the Jane Jones Revocable Trust under Trust instrument dated month, day, year for the benefit of Jane Jones.

MWF does not allow the use of a POA for any Trustee or Co-Trustee.

4.6. Insurance Requirements

The closed loan file must contain insurance policies with effective dates no later than the closing date on the Final Closing Disclosure.

4.6.1. Property Insurance

MWF requires property insurance in an amount established by MWF's Underwriter to ensure MWF's interest in a property is adequately protected. This usually equates to the cost estimator, provided directly from the insurance company, showing they believe there is adequate coverage to ensure rebuilding costs. This can also be confirmed with a 100% guaranteed replacement cost insurance policy. The insurance coverage will include at a minimum hazard insurance and flood insurance for properties in a designated flood zone.

For attached condominium and PUD projects, the file must contain a copy of the project master policy ("blanket" policy) and a "walls-in" hazard insurance coverage policy (commonly known as HO- 6 policy) unless Seller can document that the master insurance policy of the HOA covers the interior of the unit covering betterments and improvements. The HO-6 policy must provide coverage as determined by insurer with a 5% maximum deductible. Additionally, the "walls-in" policy must be escrowed on any loan where impounds are required. Flood insurance MUST be escrowed on all loans.

4.6.2. Escrow Requirements

When a loan has escrows for taxes, hazard insurance, or any other charges, MWF will also require the escrow of flood insurance premiums and fees. The HO-6 policy must be escrowed as well.

4.6.3. Insurance on Refinance Loans

Refinance loans must have a minimum of four (4) months remaining coverage on all policies at the time the Seller funds the loan.

MWF NON-DELEGATED CORRESPONDENT SELLERS GUIDECLOSING POLICIES AND PROCEDURES



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4.6.4. Hazard Insurance Deductibles

For single-family and multiple-unit properties, the maximum deductible may be up to 5% of the amount of the policy, unless a higher maximum amount is required by state law. If individual deductibles apply to losses from named perils (such as fire, water not caused by flooding, or wind), then each deductible may not exceed 5% of the dwelling coverage. The deductible must apply to either fire or extended coverage, or both.

4.6.5. Flood Insurance

Sellers must provide a Standard Flood Hazard Determination (flood certificate) for all loans. MWF requires Life of Loan Certificate coverage on all loans purchased. Flood insurance is required if all or part of the property improvements are located in a Special Flood Hazard Area (SFHA). Flood insurance is required even if the mortgaged premises (such as a condominium unit on the fourth floor) are above the 100-year flood boundary.

The minimum amount of flood insurance required is the lesser of:

- 100% of the replacement cost of the insurable value of the improvements.
- the maximum insurance available from the NFIP.

4.6.6. Determining if a Property Requires Flood Insurance

Flood insurance coverage is required when a mortgage loan is secured by a property located in an SFHA. The following table describes how to evaluate a property to determine if flood insurance is required.

IF	THEN FLOOD INSURANCE
any part of the principal structure on a property securing the mortgage loan is located in an SFHA	Is required
the principal structure on a property securing the mortgage loan is not located in an SFHA, but a residential-detached structure attached to the land that serves as part of the security for the mortgage loan is located within the SFHA	Is required for the residential-detached structure
the principal structure on a property securing the mortgage loan is not located in an SFHA, but a non-residential detached structure attached to the land that serves as part of the security for the mortgage loan is located within the SFHA	Is not required

MWF NON-DELEGATED CORRESPONDENT SELLERS GUIDECLOSING POLICIES AND PROCEDURES



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the principal structure on a property securing the mortgage loan is not located in an SFHA, but a detached structure attached to the land that does not serve as part of the security for the mortgage loan is located within the SFHA	Is not required
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4.6.7. Communities that Participate in the Emergency Program of the NFIP

For communities that participate in the Emergency Program of the NFIP, the borrower must obtain private insurance or a supplemental private policy in conjunction with an NFIP Emergency Program policy that fully meets Fannie Mae's flood insurance coverage requirements in situations where the NFIP Emergency Program only provides limited coverage.

4.6.8. Acceptable Flood Insurance Policies

Flood insurance must be in one of the following forms:

- A standard policy issued under the NFIP.
- A policy that meets NFIP requirements, such as those issued by licensed property and casualty.
- Issued through an insurance company authorized to participate in the NFIP's "Write Your Own" program; or
- A policy issued by a private insurer (Conventional loans only), so long as:
 - the terms and amount of coverage are at least equal to that provided under an NFIP policy, and
 - the insurer meets MWF's rating requirements as specified in Property Insurance Carrier Rating Requirements.

A Policy Declaration page is acceptable evidence of flood insurance.

4.6.9. Hazard Policy Ratings

The Seller must ensure at all times, that any required property insurance coverage is maintained to protect MWF's interest in the mortgage loan.

Policies covering 1–4-unit properties must meet one of the following eligibility criteria:

Be covered under a Fair Access to Insurance Requirements Plan (FAIR) Plan if it is the only coverage available at a reasonable cost. FAIR Plan is a program established within a state to provide access to insurance for property owners in designated areas of high risk.

MWF NON-DELEGATED CORRESPONDENT SELLERS GUIDECLOSING POLICIES AND PROCEDURES



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4.6.10. Title Insurance

The title policy must name the Seller, ISAOA, as the insured. Title must be vested in the mortgagors' names, or in the name of an eligible Inter Vivos Trust if allowed under program guidelines.

4.6.11. Chain of Title Review

The title policy and/or title work must include a 12-month history of property ownership from the effective date of the policy or preliminary report to be reviewed.

The title policy must ensure that the title is generally acceptable and that the mortgage constitutes a lien of the required priority on fee simple or leasehold estate in the property.

The title policy also must list all other liens and state that they are subordinate to MWF's mortgage lien.

4.6.12. Effective Date of Coverage

The effective date, of the title insurance coverage written on forms that do not provide the gap coverage included in the 2006 ALTA policies, may be no earlier than the later of the date of the final disbursement of loan proceeds or the date the mortgage was recorded.

Because the 2006 ALTA forms provide protection for the time between loan closing and recordation of the mortgage, policies written on those forms may be effective as of loan closing.

4.6.13. Amount of Coverage

If a mortgage is registered with MERS and is originated naming MERS as original mortgagee of record, solely as nominee for the lender named in the security instrument and the Note, and the lender's successors and assigns, then the "insured mortgage" covered by the title insurance policy must be identified in the title insurance policy as the security instrument given to MERS, solely as nominee for the lender and lender's successors and assigns. However, under no circumstances may MERS be named as the insured of a title policy.

The title insurance coverage must include an environmental protection lien endorsement (ALTA Endorsement 8.1-06 or equivalent state form provides the required coverage).

References are to the ALTA 2006 form of endorsement, but state forms may be used in states in which standard ALTA forms of coverage are, by law or regulation, not used, provided that those endorsements do not materially impair protection to MWF. As an alternative to endorsements, the requisite protections may be incorporated into the policy. For loans originated prior to January 1, 2008, endorsement forms that meet MWF's requirements at the time of origination are acceptable.

MWF NON-DELEGATED CORRESPONDENT SELLERS GUIDECLOSING POLICIES AND PROCEDURES



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Title policies may not include the Creditors' Rights Exclusion language that ALTA adopted in 1990.

4.7. Mortgage Electronic Registration Systems (MERS®)

Loans must be closed using Original Mortgagee (MOM) documents, and Sellers are responsible for the MERS transactions and using the MIN associated with the loan and registration in MERS within seven (7) days of closing or prior to delivery of the closed loan file to MWF

Information is provided in this Non-Delegated Correspondent Sellers Guide regarding MERS requirements and transactions as a convenience to Seller. Additional details about registering loans and the available connections to MERS are outlined in the MERS Procedures/FAQ at this address:

<https://www.mersinc.org/join-mers/faq>

Sellers may contact MERS by mail, phone, or fax as follows:

MERS

1818 Library Street, Suite 300

Reston, VA 20190

Phone: (800) 646-6377

Fax: (703) 748-0183

4.7.1. Transferring a Mortgage Using MERS

The Sellers must use MERS when selling loans to MWF. The Seller is responsible to generate a "MIN" number that is assigned to them as a MERS member. The MIN number must be listed on the appropriate Closing Documents and is responsible for registering the loan with MERS and transferring the beneficiary and/or servicing rights to MWF.

4.7.2. Registering a Loan with MERS

Loans delivered to MWF must be registered by the Sellers with MERS at the time of delivery. A MERS transfer of beneficial rights (TOB) and transfer of servicing rights (TOS) must be initiated by the Seller to MWF (ORG ID#1001546), within two (2) business days of purchase by MWF.

4.7.3. Transfer of Servicing and Beneficial Rights 1, 2

Seller must be named as the servicer and investor at the time of registration. Once Seller receives the purchase advice from MWF, Seller must initiate the MERS TOB and TOS to MWF. Seller must email MWF Post Closing at MWFMERS@mwfinc.com once the MERS transfer has been initiated.

MWF NON-DELEGATED CORRESPONDENT SELLERS GUIDE PRE-PURCHASE PROCESS



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5. Pre-Purchase Process

5.1. Submission Process

Closed loan packages must be delivered by the lock expiration date. MWF requires loans to purchase within 10 calendar days of the completed review by loan purchaser. MWF requires all conditions met by Seller and ready for purchase before or on lock expiration date by 2:00 PM PST. A complete mortgage loan package should include the following critical documents in addition to all other documentation included in the application, processing, underwriting, and closing processes:

- Copy of the original mortgage note with intervening endorsements, endorsed "Pay to the order of Mountain West Financial, Inc. Without recourse".
- Copy of original Mortgage/Deed of Trust, and any Riders as indicated on the Mortgage/Deed of Trust. Deed of Trust copy must be stamped as a certified true copy of the original and include a signature along with the name of the company making the certification.
- Copy of the original Title Insurance Policy or if the original policy has not been issued, the Preliminary Title Commitment to issue the same.
- Copy of the Power of Attorney, if used to execute Note or Mortgage/Deed of Trust. Power of Attorney copy must be stamped as a certified true copy of the original and include a signature along with the company making the certification.
- Copy of the Private Mortgage Insurance Certificate, if required by program guidelines
- Evidence of adherence to all applicable state, local and federal regulations as well as compliance with all FNMA and FHLMC specific disclosures and forms.

If any part of the closed loan package is delivered electronically, it must not contain password protections or security permissions that will prevent MWF from opening or extracting documents.

See Post Purchase Documentation section of this Sellers Guide for requirements on Trailing Documents.

5.2. Documentation Deficiencies

Once the closed loan package has been reviewed and it is determined that the loan file contains missing and/or incorrect documentation, the loan file will be conditioned. The Purchaser will coordinate with the Seller to ensure timely clearance of conditions for purchase. If the lock expiration date is approaching or passed, Purchaser will communicate with the Seller that the rate will need to be extended. Sellers are subject to the cost associated with rate lock extensions, as described in Section 2 of this Guide.

MWF NON-DELEGATED CORRESPONDENT SELLERS GUIDEPRE-PURCHASE PROCESS



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It is the Seller's responsibility to manage their funding suspense pipeline to ensure that all outstanding loan issues are resolved, and the loan purchased/funded timely.

5.3. Collateral Delivery

A complete Collateral Package is required on all loans. Collateral Package documents must be organized and delivered to MWF's Document Custodian:

Mountain West Financial, Inc

Attention: Funding

1209 Nevada St., Suite 200

Redlands, CA 92374

The Collateral Package must have a label on the tab with the following:

- Mortgagor's Last Name and First Name Seller Loan Number.
Every Collateral Package must include, in the following order:
- Bailee (or equivalent). Should reference Loan Number, MIN Number, Borrower Name, and Note Amount. It should also reference the items listed below:
 - Receiving Bank
 - Receiving Bank Address
 - ABA Number
 - Account Name
 - Account Number
 - Attention
- Original Note (and applicable addenda), reflecting all applicable endorsements, including Original Allonge final endorsement from Seller, to "in blank".
- Certified Copies of the Note, DOT, POA and Trust Cert if applicable.

All outstanding collateral conditions must be satisfied before the Loan Purchase Advice is generated for funding. Once the MWF Operations Team validates the Collateral Package and the warehouse bank has certified the original Note, the MWF Funding Department will release the Purchase Advice and fund the loan.

5.4. Uniform Closing Dataset

MWF requires compliance with Fannie Mae and Freddie's Uniform Closing Dataset (UCD) mandate and requires Sellers to:

- Submit their UCD files directly to both Fannie Mae and Freddie Mac.
- Provide proof of a successful submission by including a copy of the UCD Feedback Certificate from both Fannie Mae and Freddie Mac in the closed loan package.

MWF NON-DELEGATED CORRESPONDENT SELLERS GUIDELOAN PURCHASE



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- All pages of the UCD Feedback Certificate must be provided, including all edit messages received.
- Closed loan files may not be submitted to MWF when the UCD Feedback Certification includes fatal edits.

6. Loan Purchase

6.1. Wire Detail

MWF will issue a Purchase Advice to Seller for each loan that is purchased detailing all financial calculations used to determine the final purchase price of the loan.

6.2. Net Escrow Funds from Purchase Wire

With the exception of any escrow payments that are the Seller's responsibility, the following items will be netted-out from the Seller's purchase proceeds for a loan with an escrow:

- Escrows deposited with Seller.
- Escrow amounts included in any payments due Seller.
- MWF fees as applicable.

Seller is also responsible for payment from the escrow account of any insurance or tax payments that were due or will be due by or before MWF's first payment date. If escrows have been waived and a bill for taxes or insurance is due, Seller is responsible for obtaining proof of payment from the borrower.

6.3. Real Estate Taxes

- All payment of real property taxes and special or supplemental assessments must be current prior to closing the mortgage loan. Adequate escrow funds, when required, must be collected in compliance with all applicable laws to ensure the payment in full of real estate taxes and all other taxes and assessments by the due date.
- Seller must pay any unpaid taxes that will become due within 60 days of the closing of the mortgage loan as shown on the Final Closing Disclosure, or 45 days from the purchase date of the mortgage loan.
- The Legal Document Package must include a fully completed Tax Information Sheet, itemizing tax payee, amount of taxes, and next due date. In addition, a copy of the payment history must be provided with the delivery of the loan file as verification prior to purchase. Example: California Loans – In cases/scenarios where taxes are due on the same day the first payment date of the mortgage is due, Purchaser requires evidence of those taxes paid.

MWF NON-DELEGATED CORRESPONDENT SELLERS GUIDELOAN PURCHASE



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- For any loan requiring Seller to pay a tax bill subsequent to the closing of the mortgage loan but prior to the purchase of the mortgage loan by Purchaser and the mortgage loan file must include reasonable evidence that such tax bill was paid. Mountain West Financial or its successors or assigns will pay all real estate taxes, which are not the responsibility of the Seller, as described in the preceding bullet points. Seller will be responsible for all tax penalties incurred by Purchaser arising from the delinquent payment of real estate taxes due.
- Seller must pay Purchaser within 45 days of the purchase of the applicable mortgage loan if such delinquency was caused by delays in procuring the available tax bills from the tax authorities. For mortgage loans with delinquent taxes prior to the purchase of the loan by Purchaser. Sellers must provide reasonable evidence that such taxes, together with any applicable penalties, have been paid in full.
- All funds collected for the purpose of paying real estate taxes by the Seller after the purchase of the loan by Purchaser or any third party must be submitted to Mountain West Financial within three (3) days after receipt of the funds

6.4. First Payment Issues

Seller is responsible to collect borrower's mortgage payments up to MWF Mortgage Servicer's first payment due date. If a payment for a loan is due during the same month in which MWF purchases the loan, MWF will require Seller to collect that payment and the loan purchase balance will reflect the reduced principal balance.

6.5. Loan History

A payment history will be required on all loans prior to purchase when payment could have conceivably been made to the seller. The payment history must show the loan is current at the time of purchase.

6.6. PMI for Conventional Loans

Seller must pay any escrowed PMI, financed or Seller paid lump sum mortgage insurance premiums prior to delivery of the closed loan package to MWF.

Evidence of payment in the form of a copy of the check payable to the mortgage insurance company is required.

6.7. Transfer of Servicing

With respect to mortgage loans sold to MWF servicing-released, Sellers must notify each borrower and applicable insurer within (5) days of the sale of the mortgage to MWF. All disclosure and notification to the borrower(s) must meet current applicable federal, state, local, and regulatory requirements, including but not limited to, RESPA notices of servicing transfer regulations. The effective date of transfer to be used on the borrower notice would be the first payment due date to MWF as noted on the Purchase Advice.

MWF NON-DELEGATED CORRESPONDENT SELLERS GUIDEPOST PURCHASE REQUIREMENTS



Search Tip: Use the CTRL+F Key to find words within this document.

7. Post Purchase Requirements

7.1. Seller Document Responsibilities

Sellers are responsible for the submission of final recorded documents and title policies with all endorsements after the loan has been purchased. MWF requires the submission of these documents in a timely manner and will notify Seller when documents have not been received within 60 days of the date of purchase.

MWF reserves the right to assess fees for documents not received within 120 days of the date of purchase per the LPSA. Such fees may be deducted and held in reserve from proceeds of other loan purchases until the documents have been received.

7.2. Post Purchase Documentation – Trailing Documents

Sellers are responsible for delivery of the following documents on all loans purchased by MWF:

- Original Recorded Security Instrument and all Riders.
- Any intervening Assignments of Mortgage required ensuring the interests of MWF.
- Title Policy and all endorsements

Note: Re-recording fees for inaccurate Security Instruments or for additional Assignments and any costs for additional endorsements are the responsibility of the Seller.

- Final Document Delivery Address:
Mountain West Financial, Inc
ATTN: C/O DocProbe
1820 Swarthmore Avenue
PO Box 2133
Lakewood, NJ 08701
Mwfin@docprobe.net

7.3. Sellers Transfer Responsibilities

Sellers are also responsible for the following:

- MERS transfer of servicing and beneficial interest transactions (TOS/TOB)
- Mailing "Goodbye Letter"/Transfer of Serving Rights to borrower - sample in Exhibit
- Notification to insurance providers of transfer to MWF, including, but not limited to, and as applicable the following:

MWF NON-DELEGATED CORRESPONDENT SELLERS GUIDEPOST PURCHASE REQUIREMENTS



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- Hazard, including fire, wind, condominium master and HO-6
- Flood Certification
- Flood Insurance
- Mortgage Insurance (MI) - Conventional Loans

7.4. Post Purchase Defects

Once the closed loan has been purchased and it is determined that the loan file contains a defect rendering the loan ineligible for sale to any Agency or other third party, the Purchaser will inform the Seller and coordinate a resolution to the defect.

If the Seller cannot cure the defect, an effective repurchase date will be set pursuant to Section 9.2 of the Sellers Guide and Section 7.0 of the Correspondent Loan Purchase and Sale Agreement.

If the Seller cannot cure the defect but is able to refinance the existing Mortgage Loan, the Purchaser reserves the right to recapture the original SRP, if any, paid by Purchaser with respect to such Mortgage Loan. Additional fees may be applicable if the refinance extends beyond the repurchase due date.

MWF NON-DELEGATED CORRESPONDENT SELLERS GUIDE TO DEFAULTS, REMEDIES & EARLY PAYOFF/PURCHASE PROTECTION



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8. Defaults, Remedies & Early Payoff/Purchase Protection

8.1. Default Occurrences

Any one or more of the following events constitutes a Default Occurrence:

- Seller has not complied with one or more of the requirements, terms, or conditions, or has breached a representation, warranty, or covenant, contained in this Sellers Guide or in the Program Documents.
- Seller or any guarantor changes its name or its DBA without prior written notice to MWF.
- Seller or any guarantor consolidates, merges, or enters into any analogous reorganization or transaction with any person without prior written notice to MWF.
- Any change in Seller's charter from federal to state or vice versa, if Seller is a bank, thrift, or savings and loan association, without prior written notice to MWF.
- Any conversion from one entity type to another (e.g., corporation to LLC) without prior written notice to MWF.
- Any guarantor revokes, purports to disavow, or contests the validity or enforceability of its guaranty or dies or becomes incapacitated.
- If seller or any guarantor undergoes a sale outside the ordinary course of business without prior written notice to MWF.
- Any changes in Seller's ownership whether by direct or indirect means, without prior written notice to MWF. Indirect means include any change in ownership of 50% or more of Seller's direct or indirect parent company.
- Seller or any guarantor admits in writing its insolvency or inability to pay debts; or any regulator determines or declares Seller insolvent or issues a notice of impending insolvency.
- The filing of a voluntary petition by Seller or any guarantor, or an involuntary petition or other insolvency proceedings against Seller or any guarantor under the federal bankruptcy laws or under any state bankruptcy or insolvency laws.
- Any assumption of control of Seller by the Federal Deposit Insurance Corporation (FDIC), the Office of the Comptroller of the Currency (OCC), or other similar governmental entity.
- The appointment of trustee or receiver for Seller or any guarantor or their respective property.
- The execution by Seller or any guarantor of an assignment for the benefit of creditors.
- Any other change in the financial or organization status of Seller or any guarantor that MWF in its discretion believes could adversely affect MWF or any loans sold to MWF.

MWF NON-DELEGATED CORRESPONDENT SELLERS GUIDE TO DEFAULTS, REMEDIES & EARLY PAYOFF/PURCHASE PROTECTION



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- Seller or any guarantor liquidates, winds down, or dissolves.
- Seller ceases to engage in the business of originating, purchasing or servicing loans (as applicable).
- Seller or any guarantor sells, assigns, or transfers all or substantially all of Seller's business or assets.
- The placement of Seller on probation or restriction of its activities in any manner by (a) a federal or state government agency, including Freddie Mac, Fannie Mae, or HUD, or (b) MERS.
- MWF determines in its discretion that Seller's or any guarantor's actual and contingent obligations to MWF are disproportionate to its capital and assets.
- Seller's or any guarantor's failure to deliver any documents required by MWF.

8.2. Continuation of Default Occurrences

- Seller's or any guarantor's misstatement or omission of any material fact on any application, certification, or other document delivered to MWF.
- Seller's failure to repurchase any Mortgage Loan within the required timeframe.
- Seller's inability to meet the approval standards of any insurer or other entity that provides insurance or credit enhancements in connection with the efforts of MWF to sell the loans based on the collateral value of the loans.
- Seller's failure to maintain a qualified loan origination, servicing, and quality control staff, and acceptable ongoing quality control program adequate facilities and written policies and procedures to ensure the investment quality of loans sold to MWF or the adequacy of the servicing of servicing-retained loans purchased by MWF.
- Seller's failure to meet any prescribed eligibility test.
- Seller fails to obtain private mortgage insurance.
- The private mortgage insurance is subsequently deemed invalid or rescinded by the private mortgage insurance company.

During the term of this Agreement, Lender shall maintain an Early Payoff Policy (EPO Policy) with regard to loans resulting from loan application packages MWF receives from Seller.

8.3. Early Loan Payoff/Purchase Price Protection

If a Loan prepays in full within the one hundred eighty (180) days following the purchase date by MWF, Seller shall, within twenty (20) days after receipt of notice from MWF, reimburse MWF the greater of either: (a) any premium paid in excess of par and Servicing Release Premium, or (b) 100 bps of the purchased loan amount by MWF for such Loan.

MWF NON-DELEGATED CORRESPONDENT SELLERS GUIDE REPURCHASE, REPURCHASE DEMAND, EARLY PAYMENT DEFAULT & TERMINATION



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9. Repurchase, Repurchase Demand, Early Payment Default & Termination

9.1. Early Payment Default Defined

On loans closed in Seller's name and sold to MWF, an Early Payment Default (EPD) occurs when any of the first six (6) payments due after purchase of the loan by MWF becomes 60 or more days delinquent.

9.2. Repurchase

MWF has the right to demand that Seller repurchase a loan (and its servicing, if the loan was sold on a servicing-released basis) if an Event of Default has occurred with respect to a specific loan or, on certain loans if an Early Payment Default has occurred with respect to a specific loan.

MWF has the right to demand that the Seller repurchase a loan for any other failure to comply with the requirements of the Sellers Guide including, but not limited to, Seller's Representations and Warranties with respect to fraud and misrepresentation and compliance with all laws.

If Seller discovers an Event of Default with respect to a loan, it must give MWF prompt written notice describing the breach. Upon receipt of this notice, MWF will review the materials and any additional information or documentation that Seller believes may influence MWF's decision to require Seller to repurchase the loan.

If MWF demands that Seller repurchase a loan, Seller agrees to repurchase the loan and its servicing if the loan was sold servicing released for the repurchase price within 20 days of receiving MWF's written demand.

If MWF determines in its discretion that repurchase of a loan and its servicing is not appropriate, Seller must pay MWF all losses, costs, and expenses, including reasonable attorney's fees and enforcement costs, incurred by MWF and the loan's servicer as a result of the Event of Default.

MWF is not required to demand repurchase within any particular time and may elect not to require immediate repurchase. However, any delay in making a repurchase demand does not constitute a waiver by MWF of any of its rights or remedies.

Upon Seller's satisfaction of its repurchase obligations, MWF will endorse the Note in blank and will deliver the Note and other pertinent loan documents that are in MWF's possession to Seller. If MWF has acquired title to any of the real property securing the loan pursuant to a foreclosure sale and has not disposed of such property, it will transfer such property to Seller on a "quit claim" basis, or if required by state law, a "warranty deed" basis.

MWF NON-DELEGATED CORRESPONDENT SELLERS GUIDE REPURCHASE, REPURCHASE DEMAND, EARLY PAYMENT DEFAULT & TERMINATION



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9.3. Repurchase Price

The Repurchase Price is the sum of the following amounts:

- The actual principal balance of the loan at the time of repurchase. If MWF purchased the loan at a discount, the repurchase price will be adjusted by subtracting from the actual principal balance the amount obtained by multiplying the discount percentage by the actual principal balance at the time of repurchase. If MWF purchased the loan at a premium, the repurchase price will be adjusted by adding to the actual principal balance the amount obtained by multiplying the premium percentage by the actual principal balance at the time of repurchase; PLUS
- All interest accrued but unpaid on the principal balance of the Loan from the paid-to-date of the Loan through and including the last day of the month in which the repurchase is made; PLUS
- All interest, principal, and other advances made to investors and all out of pocket costs and expenses of any kind incurred by MWF and the primary Servicer in connection with the loan, including, but not limited to, advances for taxes or insurance, and repair, foreclosure, and insurance costs and reasonable attorneys' fees; PLUS
- Cost of any transfer fees such as documentary stamp taxes, recording taxes, and transfer taxes; PLUS
- The original Servicing Release Premium paid by MWF with respect to such Loan; PLUS
- Any unpaid Early Payment Default fee due, as applicable; PLUS
- Any unreimbursed advances of taxes, insurance, or property preservation made by MWF with regard to such Loan as of the date of repurchase; PLUS
- Any additional amount that MWF is required to pay to repurchase the loan from any subsequent assignee; LESS
- The net amount of any proceeds realized by the owner of the loan upon the final liquidation of the loan or the Mortgaged Premises to an unrelated third party including any proceeds of mortgage insurance with respect to the Loan collected by MWF.

MWF NON-DELEGATED CORRESPONDENT SELLERS GUIDE REPURCHASE, REPURCHASE DEMAND, EARLY PAYMENT DEFAULT & TERMINATION



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9.4. Indemnification

Seller shall indemnify MWF from all liabilities, obligations, losses, damages, penalties, fines, forfeitures, court costs, and reasonable attorneys' fees, judgments, suits, and any other costs, fees, and expenses, directly or indirectly resulting from or arising out of (i) an Event of Default, (ii) any litigation or governmental proceeding that alleges any violation of local, state or federal law or an event which, if true, would be an Event of Default, by Seller or any other party in connection with the origination of a loan or the servicing of a loan prior to the sale of servicing to MWF, (iii) any breach of a representation, warranty, or covenant made by MWF in reliance upon any representation, warranty, or covenant made by Seller, or (iv) MWF's enforcement of the LPSA, including this Sellers Guide.

Seller must reimburse MWF within 20 days of receiving MWF's demand for indemnification. Except for notices of demand for indemnification, MWF is not required to give Seller notice of any events that may trigger Seller's indemnification obligations. Seller and its counsel must cooperate with MWF in connection with the defense of any litigation or governmental proceeding involving a loan. Seller has the right to control any litigation or governmental proceeding related to a loan, including choosing defense counsel and making settlement decisions, however, MWF will have to approve any settlements being made indirectly on its behalf.

9.5. Suspension, Inactivation, or Adverse Action Termination

Either party may terminate the Agreement and the Program Documents by giving the other party five days' written notice. Provided that no Event of Default has occurred, the suspension, inactivation, or termination will not apply to any loans that have been registered with MWF before the effective date of the suspension, inactivation, or termination.

MWF may suspend, inactivate, or terminate the Agreement and the Program Documents and Seller's ability to sell loans to MWF immediately if MWF has cause to believe an Event of Default has occurred. MWF may refuse to register or fund any or all loans after the effective date of the suspension, inactivation, or termination.

Inactivation, suspension, and termination does not affect Seller's obligations with respect to loans already sold or referred for underwriting and closing to MWF.

Upon any Event of Default, MWF may, without prior notice to Seller, set off and apply all or any amounts owed by MWF to Seller, including the Purchase Price for any loan, against any repurchase, indemnification, or other obligations owed by Seller to MWF. MWF will notify Seller within a reasonable time after any set-off, provided, however, that the failure of MWF to give such notification shall not affect the validity of the set-off.

MWF NON-DELEGATED CORRESPONDENT SELLERS GUIDESELLER REPRESENTATIONS, WARRANTIES & COVENANTS



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10. Seller Representations, Warranties & Covenants

Seller acknowledges that MWF has relied upon the accuracy, completeness, and truth of Seller's representations, warranties, covenants, and upon Seller's compliance with the terms and conditions set forth in the Program Documents.

All representations, warranties, and covenants are absolute, and Seller is fully liable for any breach of any representation, warranty, or covenant regardless of whether it or MWF had, or reasonably could have been expected to obtain, knowledge of the facts giving rise to such breach of representation, warranty or covenant.

The representations, warranties, or covenants pertaining to each loan are not affected by any investigation or review made by, or on behalf of, MWF except when expressly waived in writing by MWF. The representation, warranty, or covenants pertaining to each loan are applicable regardless of whether Seller serviced or performed any other actions with respect to the loan.

10.1. The Representations and Warranties:

- Apply to each loan in its entirety sold to MWF or referred to MWF for underwriting and closing.
- On loans closed in Seller's name and sold to MWF, are made as of the date the loan funded and continue after the purchase of the loan.
- On loans referred to MWF for underwriting and closing in the name of MWF, are made as of the date the loan closed and continue after the closing of the loan; AND
- Are for the benefit of MWF as well as the benefit of MWF's successors and assigns.

MWF reserves the right to require Seller to make additional representations, warranties, or covenants in writing.

10.2. Licensing, Due Organization, and Good Standing

The Seller is and shall continue to be duly organized, validly existing, and in good standing under the laws of the United States, and under the laws of each state in which the Seller is incorporated, chartered, organized, and conducting business.

The Seller, and as applicable each employee, officer, agent, and assignee of Seller:

- Has and shall continue to maintain all federal, state, and local licenses, registrations, and certifications necessary to carry on business; AND
- Is and shall continue to be licensed, qualified, and in good standing under the laws of the United States and each state where a Mortgaged Property and/or Borrower is located, as applicable; AND
- Will remain in good standing with state and federal authorities to the extent necessary to ensure enforceability of all Loans; AND

MWF NON-DELEGATED CORRESPONDENT SELLERS GUIDESELLER REPRESENTATIONS, WARRANTIES & COVENANTS



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- Has written policies and procedures in place to ensure the compliance of Seller, and as applicable each employee, officer, agent, and assignee of Seller, with all applicable federal, state, and local licensing, registration, and related disclosures and record retention requirements, at the entity level and the individual employee level; AND
- Are not on any FHFA, Government, or Investor suspended counterparty or exclusionary lists; AND
- Has not taken into account any "de minimus" licensing or registration exemptions to deliver any Loan to MWF.

The Seller has disclosed to MWF all final written reports, actions, and sanctions of all federal and state agencies and instrumentality reviews, investigations, examinations, audits, actions, and sanctions undertaken or imposed within 2 years prior to the Loan Purchase Agreement's effective date. Except as the Seller has disclosed to MWF and MWF has approved in writing, the Seller is not operating under any type of agreement or order (including, without limitation, a supervisory agreement, memorandum of understanding, cease and desist order, capital directive, supervisory directive, and consent decree) with or by any federal or state government agency, licensing, banking or regulatory authority, and the Seller is in compliance with any and all capital, leverage or other financial or regulatory standards imposed by any applicable regulatory authority.

10.3. Authority

The Seller has and will maintain full corporate and partnership power and authority, as applicable, to execute and deliver the Program Documents and perform in accordance with its terms, and the Seller has taken all requisite corporate or partnership action to make the Program Documents valid, binding and enforceable upon the Seller in accordance with its terms, subject as to enforcement or remedies, to bankruptcy, insolvency, reorganization, receivership or other laws affecting creditors' rights generally from time to time in effect and general equity principles. The Seller is duly and validly authorized to execute and deliver all documents, instruments, and agreements the Seller is required to execute and deliver under the terms of the Program Documents and to consummate the transactions contemplated by the Program Documents. The Program Documents and this Sellers Guide evidence the Seller's legal, valid, binding, and enforceable obligations.

10.4. Ordinary Course of Business

The transfer, assignment, and conveyance of loans closed in Seller's name and sold to MWF, including the notes and the security instrument by Seller pursuant to this Sellers Guide are in the ordinary course of Seller's business, and are not subject to Bulk transfer or any similar statutory provisions in effect in any applicable jurisdiction.

MWF NON-DELEGATED CORRESPONDENT SELLERS GUIDESELLER REPRESENTATIONS, WARRANTIES & COVENANTS



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Consummation of the transactions contemplated by the Program Documents and the terms of this Sellers Guide are in the ordinary course of the Seller's business, and the Seller's transfer, assignment, and conveyance of the Notes and the Mortgages pursuant to the Program Documents and the terms of this Sellers Guide are not subject to the Bulk transfer laws or any similar statutory provisions in effect in any applicable jurisdiction.

10.5. No Conflicts

The Seller's execution and delivery of the Loan Purchase Agreement, acquisition, making, and sale of the Loans, consummation of Loan Purchase Agreement contemplated transaction, fulfillment of and compliance with the terms and conditions of the Program Documents will not conflict with or result in a breach of any terms, conditions, or provisions of the Seller's articles of incorporation, charter, bylaws, partnership agreement or other organizational document, or of any legal restrictions of regulatory directive or any agreement or instrument to which the Seller is now a party or by which it is bound; nor will such actions by the Seller constitute a default or result in an acceleration under any of the foregoing results in the violation of any law, rule, regulation, order, judgment, or decree to which the Seller or any of its property is subject, impact the ability of MWF to realize on a Loan or impair its value.

10.6. Ability to Perform

The Seller has the ability to perform each, and every obligation contained in, and to satisfy each and every requirement imposed on the Seller, in the Program Documents and this Sellers Guide and no offset, counterclaim, or defense exists to the Seller's full performance of the Program Documents and this Sellers Guide requirements.

10.7. No Adverse Action

There is no action, suit, proceeding, inquiry, review, audit, or investigation pending or threatened by or against the Seller ("Adverse Action") that, either in any one instance or in the aggregate, could result in any material adverse change in the Seller's business, operations, financial condition, properties or assets or in any material liability on the Seller's part which would draw into question the validity or enforceability of the Program Documents, this Sellers Guide, any Loan, or any of the Seller's actions taken, or to be taken in connection therewith; or which would be likely to impair materially Seller's ability to perform under the Program Documents or this Sellers Guide terms. Seller shall advise MWF immediately, in writing, of any pending or threatened Adverse Action, or any pending or threatened action to revoke or limit any license, permit authorization, or approval issued or granted to the Seller by any federal, state, or local government or quasi-governmental body, or any agency or instrumentality thereof, which is necessary for the Seller to conduct its business, or to impose any penalty or other disciplinary sanction on the Seller, or any other sanction that would materially affect the Seller's business.

MWF NON-DELEGATED CORRESPONDENT SELLERS GUIDESELLER REPRESENTATIONS, WARRANTIES & COVENANTS



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10.8. No Consent Required

The Seller's execution and performance of, and compliance with, the Program Documents and this Sellers Guide; sale of any of the Loans; and consummation of any Program Documents transactions do not require the consent, approval, authority, or order of any court or governmental agency or body, or if required, the Seller has obtained such unconditional approval prior to the related Funding Date.

10.9. No Untrue Information

The Seller's Application, the Program Documents, the promises, agreements, Representations, and Warranties contained in this Sellers Guide, and all other statements, reports, and documents the Seller furnished or will furnish pursuant to the Program Documents and this Sellers Guide contain no untrue statement of material fact nor do they fail to contain a material fact necessary to make the statements contained therein not misleading.

10.10. No Accrued Liabilities

Except as the Seller has disclosed to MWF and MWF has acknowledged in writing prior to the Loan Purchase Agreement's effective date, there are no accrued liabilities of the Seller with respect to any of the Loans or circumstances under which MWF will be liable for any such accrued liabilities as the Seller's successor in interest in and to the Loans.

Origination & Servicing

The Loans have been legally, properly, prudently, and customarily originated in conformance with the highest standards of the residential mortgage origination and servicing business using Accepted Servicing Practices.

10.11. Inspection of Books and Records

The Seller shall allow MWF, or its agent or designee, upon five (5) business days' notice, to inspect all books and records of the Seller pertaining to its mortgage operations and to any Loans purchased by MWF from the Seller, and the Seller shall, upon MWF's reasonable request, or as provided for in the remedies provisions of this Sellers Guide, allow MWF to take possession of all files and other material relating to Loans purchased by MWF.

10.12. Compliance with Business and Property Laws

Seller has complied with, and shall continue to comply with, and has not violated and shall not violate any law, ordinance, requirement, regulation, rule, or order applicable to its business or properties, the violation of which might adversely affect the Seller's operations or financial conditions, or the ability of Seller to consummate the transactions contemplated by the Program Documents and this Sellers Guide.

MWF NON-DELEGATED CORRESPONDENT SELLERS GUIDEREPRESENTATIONS/WARRANTIES BY SELLER REGARDING INDIVIDUAL LOANS



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10.13. Compliance with Program Documents and Sellers Guide

Seller has and will comply with all applicable provisions of the Program Documents and this Sellers Guide and will promptly notify MWF of any occurrence, act, or omission regarding Seller, the loan, the mortgaged property, or the Mortgagor, which occurrence, act, or omission may materially affect Seller, the loan, the mortgaged property, or the mortgagor.

10.14. National Bank Guideline Compliance

If Seller is a national bank subject to the regulatory supervision of the Office of the Comptroller of the Currency (OCC), Seller is in material compliance with the standards set forth in Part III of the OCC's Guidelines Establishing Standards for Residential Mortgage Lending Practices, OCC 2005-3 as became effective April 8, 2005.

10.15. No Defenses

Seller has no judgment, court order, claim, counterclaim, and defense, right of set-off, or similar right against MWF. Furthermore, for each loan sold by Seller to MWF, Seller represents and warrants that there exists no condition or conditions which either individually or in the aggregate could give rise to a right of rescission, set-off, counterclaims, or defenses to the Note or Deed of Trust/Mortgage securing the Note.

10.16. Sale

On loans closed in Seller's name and sold to MWF, Seller will treat the sale of the loans to MWF as a sale of assets, and reflect it as such on its financial statements, tax returns, and business records.

10.17. MERS (Mortgage Electronic Registration Service)

Seller must close loans in MERS's name, with Seller named as Lender, and Seller puts its own MIN on the Security Instrument.

11. Representations/Warranties by Seller Regarding Individual Loans

Seller hereby makes the following representations, warranties, and covenants, and all other representations, warranties, and covenants found elsewhere in this Sellers Guide to MWF as to each loan closed in Seller's name and sold to MWF.

MWF NON-DELEGATED CORRESPONDENT SELLERS GUIDEREPRESENTATIONS/WARRANTIES BY SELLER REGARDING INDIVIDUAL LOANS



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11.1. Mortgage Loans as Described

No document, report, data, or material furnished to MWF relating to any Mortgage Loan (including, without limitation, the Mortgagor's Loan application executed by the Mortgagor) in any whether delivered in hard copy, electronically or otherwise, contains any untrue statement of fact or omits to state a fact necessary to make the statements contained in the Loan File not misleading.

11.2. Payments Current

The Mortgagor has made, and the Seller has credited all payments required to be made through the related Funding Date under the terms of the Note. No payment required under the Loan is delinquent nor has any payment under the Loan been delinquent at any time since the origination of the Loan. For the purposes of this paragraph, a Loan will be deemed to be delinquent if the Mortgagor did not pay any payment due within 15 days of such payment's due date.

11.3. No Outstanding Charges

The Mortgagor has not defaulted under the Loan terms, and has paid any and all taxes, including, without limitation, any and all transfer taxes due and payable to any state or municipality relating to the Mortgaged Property's transfer of ownership and occupancy interest. The Mortgagor has paid all governmental assessments, insurance premiums, water, sewer and municipal charges, leasehold payments and ground rents, and other charges that previously became due and owing or will become due and owing within sixty (60) days of the Funding Date, or the Mortgagor has established an escrow account sufficient to pay such charges.

11.4. No Advances

Except as the Seller has disclosed clearly and conspicuously in writing to MWF, and MWF has approved in writing to the Seller, prior to the Funding Date:

the Seller has not advanced funds or induced, solicited, or knowingly received any advance of funds by a party other than the Mortgagor, directly or indirectly, for the payment of any amount required under the Loan unless pursuant to an Agency eligible program or, except for interest accruing from the date of the Note or the proceeds disbursement date, whichever is later, to the day that precedes by 1 month the due date of the first installment of principal and interest; and the Mortgagor has, in compliance with the applicable Underwriting Guidelines, made any down payment required in connection with the Loan, and has received no concession from the Seller, the Mortgaged Property Seller, or any other third party, unless pursuant to an Agency eligible program.

MWF NON-DELEGATED CORRESPONDENT SELLERS GUIDE REPRESENTATIONS/WARRANTIES BY SELLER REGARDING INDIVIDUAL LOANS



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11.5. Original Terms/ No Release

No person or entity has impaired, waived, altered, or modified in any respect, except by a written instrument that MWF has approved, the original Note and Mortgage terms. Any related MI Policy issuer and the title insurer have approved the substance of any Note and Mortgage term waiver, alteration, or modification, to the extent required by the respective policies. No Mortgagor has been released, in whole or in part.

11.6. No Defense

The Loan is not subject to any unexpired right of rescission, set-off, counterclaim, or defense, including, without limitation, the defense of usury. The operation of any of the Note or the Mortgage terms, or the exercise of any right thereunder, will not render either the Note or the Mortgage unenforceable, in whole or in part, or subject to any right of cancellation, set-off, counterclaim, or defense, including, without limitation, the defense of usury, and no such right of cancellation, set-off, counterclaim, or defense has been asserted with respect to the Note or the Mortgage.

11.7. Hazard Insurance

The Seller represents, warrants, and covenants the following to MWF as to each Loan offered for sale under the Program Documents:

Pursuant to the terms of each Loan, hazard insurance policies meeting MWF and Agency minimum requirements insure all buildings or other improvements upon the Mortgaged Property and obligates the Mortgagor to maintain such hazard insurance policies at the Mortgagor's cost and expense, and upon the Mortgagor's failure to do so, or to provide evidence thereof, authorizes the Mortgagee to obtain and maintain such insurance at the Mortgagor's sole cost and expense, and to seek reimbursement from the Mortgagor. Each hazard insurance policy is the valid and binding obligation of the insurer, is in full force and effect, and will be in full force and effect, to MWF's benefit upon the consummation of the transactions contemplated by the Program

Documents and this Sellers Guide. The Seller has not engaged in and has no knowledge of the Mortgagor having engaged in, any act or omission that would impair the coverage of any hazard insurance policy, the benefits of the endorsement provided for herein, or the validity and binding effect of either. The Loan terms permit the maintenance of an escrow account to pay the premiums for the above-mentioned insurance, and the Mortgagor has not waived the requirement for such escrows unless otherwise permitted by MWF or required by applicable law. Each Loan File delivered on the Funding Date contains any required guaranteed initial Flood Zone Determination documentation.

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All improvements upon the Mortgaged Premises are insured by a qualified insurer (as determined by MWF at its sole discretion) against loss by fire and other hazards as required by this Sellers Guide, with extended coverage and such other coverage as would be required by each of the GSEs for their purchase of the same loan.

Refer to Chapter 4 of this Sellers Guide for more detailed information.

11.8. Flood Insurance

To the extent required by the Flood Disaster Protection Act of 1973 and the 1994 National Flood Insurance Reform Act, each as amended, and their implementing regulations, the Mortgaged Premises is covered by a flood insurance policy which complies with such laws, and the borrower has been given all notices that may be required by such laws. The policies must contain a mortgagee clause to MWF.

11.9. MERS Assignment

On loans closed in Seller's name and sold to MWF, for each loan registered with MERS, all rules and procedures of MERS have been complied with regarding the Security Instrument, and (i) if the Security Instrument relating to such loan identifies MERS as the original mortgagee of record, such Security Instrument provides that the Security Instrument is given to MERS solely as nominee for Seller and its successors and assigns and such Security Instrument has been properly executed, acknowledged, delivered and recorded in all places necessary to perfect the security interest on the mortgaged premises in favor of MERS, solely as nominee for Seller and its successors and assigns; or if MERS is not the original mortgagee of record, an assignment to MERS has been prepared, duly executed and recorded and the chain of assignments is complete and recorded from the original mortgagee to MERS.

Refer to the Chapter 4 of this Sellers Guide for more information.

11.10. No Redemption

The Mortgaged Premises are not subject to a redemption period by a previous owner under applicable state law.

Leasehold

Except as may be permitted under MWF's Underwriting Guidelines or this Sellers Guide, the mortgaged premises are not subject to a Leasehold Estate.

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11.11. Appraiser Independence Requirements

Each appraisal conducted in connection with single-family loans must be obtained in compliance with the Appraiser Independence Requirements (AIR). Under the Fannie Mae and Freddie Mac AIR. Borrowers must be provided a copy of any appraisal report concerning the subject property promptly upon completion at no additional cost to the borrower, and in any event no less than three (3) business days prior to closing. Borrowers may waive the three (3) business day requirement if such waiver is obtained at least (3) days prior to closing. Revised appraisals and information as to the nature of any revisions may be provided at closing, as long as the revisions had no impact on value.

On loans closed in Seller's name and sold to MWF, the lender on the Note must provide to the borrower a copy of all appraisal reports no less than three (3) days prior to the closing of the loan unless a waiver is obtained.

11.12. Escrow

On loans closed in Seller's name and sold to MWF, any escrow arrangements established with respect to the loan are in compliance with all applicable local, state, and federal laws and are in compliance with the terms of the Note. With respect to escrow deposits and escrow payments, if any, required pursuant to the loan documents, all such payments are in the possession of, or under the control of, Seller and there exist no deficiencies in connection therewith for which customary arrangements for repayment thereof have not been made. No escrow deposits or escrow payments or other charges or payments due to Seller by the borrower have been capitalized under the Security Instrument or the related Note.

11.13. Origination, Underwriting, and Servicing Compliance

The originating, closing and, prior to MWF becoming responsible for the Loan servicing, the Seller affirms the servicing of the Loan was in compliance with, and to the extent that it is within the Seller's control will continue to be in compliance with:

- All applicable laws, rules, regulations, decrees, pronouncements, directives, orders, and contractual requirements with respect to the origination, closing, underwriting, processing, and servicing of each Loan; AND
- Any and all other applicable federal, state, county, municipal, or other local laws, including, without limitation, those laws relating to truth-in-lending, real estate settlement procedures, consumer credit protection, usury limitations, fair housing, equal credit opportunity, collection practices, and real estate appraisals, and valuations; AND
- All applicable anti-money laundering laws and regulations, including but not limited to the Bank Secrecy Act and its subsequent revisions and enhancements, the Customer Identification Program requirements of the USA Patriot Act, Office of Foreign Assets Control requirements (collectively

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the "Anti-Money Laundering Laws"), and has established an anti-money laundering compliance program as required by the applicable Anti-Money Laundering Laws, and maintains, and will maintain, sufficient information to identify the applicable Mortgagor for purposes of the Anti-Money Laundering Laws.

11.14. Loan Status

No person or entity has satisfied, canceled, subordinated, or rescinded, in whole or in part the Mortgaged Property and no person or entity has released, in whole or in part, the Mortgage Property from the Mortgage lien, nor executed any instrument that would affect any such release, cancellation, subordination, or rescission. There is no assumption, loss draft, or payoff pending on the Loan nor has the Seller received a request for approval of, or notice of any proposed assumption, loss draft, or payoff of the Loan.

11.15. Mobile Home Mortgage Loans

No Mortgage Loan is secured by a mobile home, regardless of whether such mobile home has been converted to real property, is permanently affixed to real property, or has had its title certificate canceled, or surrendered.

11.16. Location and Type of Mortgaged Property

The Mortgaged Property is located in the state identified in the Loan File and, unless otherwise provided for in the Program Documents, this Sellers Guide or any applicable Underwriting Guidelines consists of a single parcel of real property with a single-family residence erected thereon, or a 2–4-unit family dwelling, or an individual unit in a planned unit development, or condominium project. No portion of the Mortgaged Property is used for commercial purposes in such a manner that knowledgeable and sophisticated investors active in the residential secondary mortgage market would consider the Mortgaged Property commercial, rather than residential property.

11.17. Valid First Liens Secured by Real Property

The Mortgage is a valid, existing, and enforceable first lien on the Mortgaged Property; on all buildings on the Mortgaged Property; on all installations and mechanical, electrical, plumbing, heating, and air conditioning systems located in or affixed to such buildings; and on all additions, alterations, and replacements made at any time with respect to the foregoing. Any mortgaged property that has any existing or simultaneous lien that takes priority over the first mortgage is not eligible for purchase. This includes but is not limited to liens that utilize the municipal tax assessment process or a utility company to ensure payment. The Mortgage lien is subject only to:

- Current real property taxes and assessment liens are not yet due and payable.

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- Covenants, conditions, restrictions, rights of way, easements, and other matters of public record which as of the date of the lien's recording are or were acceptable to mortgage lending institutions generally, are specifically referred to in the Title Policy or, as permitted by MWF and applicable state law, an attorney's opinion of title, delivered to the Loan originator, and: (a) were referred to or otherwise considered in the appraisal made for the Loan originator or (b) do not adversely affect the Mortgage Property's appraised value set forth in such appraisal; OR
- Other matters to which like properties are commonly subject, which other matters do not materially interfere with the benefits of the security intended to be provided by the Mortgage, or the use, enjoyment, value, or marketability of the related Mortgaged Property.

11.18. Loan Documents

All loan documents are genuine and complete in all respects, and each is the Mortgagor's legal, valid, and binding obligation enforceable in accordance with its terms. All parties to the Note and the Mortgage had legal capacity to enter into the Loan, to execute and deliver the Note and the Mortgage, and did duly and properly execute the Note and the Mortgage. The person who or entity which originated the Loan used the then-current and valid Agency forms and documents unless MWF expressly permitted or required in writing other documents

11.19. The Full Disbursement of Proceeds

The full principal amount of the loan proceeds have been advanced to borrower, either by payment directly to such borrower or by payment made on such borrower's request or approval and there is no requirement for future advances in the loan documents. The unpaid balance of the Loan is as represented by the Seller. All costs, fees, and expenses incurred in making or closing the Loan and recording the Mortgage were paid, and the Mortgagor is not entitled to any refund of any amounts paid or due under the Note or the Mortgage.

11.20. Ownership of Loans

The Seller is the sole owner and holder of the Loan. Except for the security interest of a Warehouse Lender, which security interest the Seller has disclosed in writing to MWF, the Loan is not assigned or pledged. The Seller has good and marketable title to the Loan and has full right to transfer and sell the Loan to MWF free and clear of any encumbrance, equity, participation interest, lien, pledge, charge, claim, security interest, right, option, assignment, or servicing agreement with any third party whatsoever, except pursuant to the Program Documents and this Sellers Guide, and the Seller has full right and authority (subject to no interest or participation of, or agreement with, any other party) to sell and assign each Loan pursuant to the Program Documents and this Sellers Guide.

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11.21. LTV/MI Policy

Each Loan's LTV does not exceed the maximum LTV permitted by the applicable Underwriting Guidelines. All MI Policy provisions have been and are being complied with. Each MI Policy is written with a private mortgage insurance company acceptable to MWF, Fannie Mae, or Freddie Mac, is the binding obligation of such insurer, is in full force and effect, and has had all premiums due thereunder paid. The Seller has not engaged in any act or omission, and the Seller has no knowledge of any act or omission by or on the Mortgagor's behalf or any other person's or entity's behalf, which act, or omission would impair any such MI Policy's coverage or validity, the benefit of the endorsement provided for in, or the validity or binding effect of either. Any loan subject to a MI Policy obligates the Mortgagor under the MI Policy to maintain such MI Policy to the extent required by law and to pay all required premiums and charges. The loan interest rate is net of any such insurance premiums.

11.22. Title Insurance

The Seller is the sole insured under the Title Policy. The Title Policy is in full force and effect, will be in full force and effect upon the consummation of the transactions contemplated in the Loan Purchase Agreement and in this Sellers Guide, and is in conformance with applicable Agency requirements. No claims have been made under such Title Policy, the accuracy of any attorney's opinion of title has not been disputed, and no prior Loan holder, including the Seller, has done, by act or omission, anything that would impair the coverage of such Title Policy or the accuracy of such attorney's opinion of title. The attorney's opinion of title, if permitted by MWF or required by state law, is in a form and substance acceptable to investors purchasing loans and mortgage lending institutions making loans in reliance upon such attorney's opinions of title.

11.23. Closing Protection Letters

The Seller obtains insured Closing Protection Letters (CPL) for all closings. Insured closing letters offer financial protection in the form of a claim to the title insurer in the event loan proceeds, or borrower funds collected at closing, are misappropriated, and not disbursed according to the closing instructions. The letter references the borrower's name, property address, and loan number of the transaction.

In the State of Washington Errors & Omissions (E&O) Insurance and the Fidelity Bond is provided in lieu of the CPL. The E&O policy should include a per incident claim amount that is at least as high as the amount of the loan and the total E&O coverage should be at least \$1,000,000.

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11.24. No Defaults

There is no default, breach, violation, or event of acceleration existing under the Mortgage or the Note, and, to the best of the Seller's knowledge, no event has occurred, or condition exists that, with the passage of time or with notice and the expiration of any grace or cure period, would constitute a default, breach, violation, or event of acceleration, and neither the Seller nor its predecessors has waived any default, breach, violation, or event of acceleration.

11.25. No Mechanic's Liens

Unless fully covered by a Title Policy acceptable to MWF, there is no mechanic's or similar lien or claim filed for work, labor, or material (and no rights are outstanding that under applicable law could give rise to such a lien or claim), affecting the related Mortgaged Property, which is or may be a lien prior to, or equal with, the related Mortgage's lien.

11.26. Improvements Locations; No Encroachments

All improvements the underwriter considered in determining the Mortgaged Property's appraised value at the origination lie wholly within the Mortgaged Property's boundaries and building restriction lines and no improvements on adjoining properties encroach upon the Mortgaged Property (except those encroachments which the title insurer has affirmatively insured over). No improvement located on or being part of the Mortgaged Property is in violation of any applicable zoning law or regulation. All Mortgaged Property improvements, including new construction, have been completed in full compliance with any applicable laws, regulations, or building codes and standards, and the improvements comply with the laws, regulations, or building codes and standards as of the Funding Date.

11.27. Origination Terms

The person or entity originating the Loan originated and processed the Loan in accordance with the Loan Purchase Agreement's and this Sellers Guide's terms, and the Loan was underwritten in accordance with the applicable Underwriting Guidelines in effect when the Loan was originated and processed.

11.28. Customary Provisions

The Loan contains enforceable provisions that give the Mortgage-holder rights and remedies to realize against the collateral as expeditiously as applicable law allows, including without limitation, in the case of a Mortgage designated as a Deed of Trust, by trustee's sale. Otherwise, by non-judicial foreclosure, if applicable, and if not applicable, by judicial foreclosure to the extent permissible under applicable law, the Mortgagor or any other necessary party has waived any homestead or other exemption available to a Mortgagor or other necessary party which would interfere with the right to sell the Mortgaged Property at a trustee's sale or with the right to foreclose the Mortgage.

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11.29. Occupancy Certifications

The Mortgaged Property is lawfully occupied under applicable law. The Seller has made or obtained from the appropriate authorities all inspections, licenses, and certificates required to be made or issued with respect to all occupied Mortgaged Property portions, or with respect to the Mortgaged Property's use and occupancy (including, without limitation, certificates of occupancy and fire underwriting certificates).

11.30. No Additional Collateral

The Note is not and has not been secured by any collateral except the corresponding Mortgage lien and the security interest of any applicable security agreement or chattel mortgage, the existence of which the Seller previously disclosed to MWF and MWF approved in writing.

11.31. Deeds of Trust

In the event, the Mortgage constitutes a Deed of Trust, a trustee, duly qualified under applicable law to serve as such, has been properly designated and currently so serves and is named in the Mortgage, and no fees or expenses are or will become payable by MWF to the trustee under the Deed of Trust, reconveyance of the Deed of Trust.

11.32. Acceptable Investment

There is no circumstance or condition with respect to the Mortgage, the Mortgaged Property, the Mortgagor, or the Mortgagor's credit standing, that can reasonably be expected to cause investors to regard the Loan as an unacceptable investment, cause the Loan to become delinquent, or adversely affect the Loan's value or marketability.

11.33. Condominium Project Units and Planned Unit Developments (PUD)

As to each condominium unit located in a condominium project or planned unit located in a PUD:

- All Loans secured by units in condominiums or PUDs comply with the applicable condominium or PUD requirements set forth in this Sellers Guide and/or appropriate Agency guidelines. With respect to any lien held by a homeowners association, special district, or similar organization for assessments, maintenance fees or similar charges against the Mortgaged Property which is, or appears to be, equal to or prior to the Mortgage Loan, the homeowners association, special district or similar organization have agreed to give at least 60 days written notice before foreclosing on the lien and the Seller will forward such notice to the holder of the Mortgage Loan at least 45 days before foreclosure.

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11.34. Loan Recording and Transfer

The Seller has timely recorded the Mortgage, and the Note if necessary to protect MWF's interests. The Seller has either closed the Loan with MERS as the named nominee or has assigned the

Loan to MERS as the nominee prior to MWF's purchase of the Loan. If applicable, the Assignment of Mortgage from Seller to MERS has been timely recorded, and validly transfers the Loan, free and clear of any pledge, lien, encumbrance, or security interest, and the Seller will not assign or transfer any interest in the Loan to any person or entity other than MWF or MERS.

11.35. Due-on-Sale

When, and to the extent, allowed by applicable law, the Mortgage contains an enforceable provision for acceleration of the Loan's unpaid principal balance in the event that the Mortgagor sells or transfers the Mortgaged Property without the Mortgagee's prior written consent.

11.36. No Graduated Payments or Contingent Interest

Unless otherwise expressly provided for in the Program Documents or this Sellers Guide, none of the documents evidencing or securing the Loan is a graduated payment Loan, and the Loan does not have a shared appreciation or other feature providing for contingent interest or contingent principal.

11.37. Mortgaged Property Undamaged; No Condemnation

The Mortgaged Property is undamaged by waste, fire, earthquake or earth movement, windstorm, flood, tornado, or other casualty so as to affect adversely the Mortgaged Property's value as security for the Loan or the use for which the premises were intended. The Mortgaged Property is in good repair. There are no condemnation proceedings by any federal, state, or local authority pending or, to the best of the Seller's knowledge, threatened against the Mortgaged Property.

11.38. Collection Practices; Escrow Deposits

The collection practices used with respect to the Loan have been in accordance with Accepted Servicing Practices and have been in all respects legal and proper. With respect to escrow deposits and escrow payments, all such payments are in Seller's possession and there exists no deficiency in connection with the escrow deposits and Escrow Payment for which customary arrangements for repayment have not been made. No escrow deposits or escrow payments, or other charges or payments due the Seller, have been capitalized under the Mortgage or Note. All Loans delivered for Funding shall contain the HUD required Initial Escrow Account Disclosure Statement.

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11.39. No Other Hazards

To the best of the Seller's knowledge, the Mortgaged Property is not exposed to Environmental Hazards which are not covered by fire and extended coverage insurance or other available insurance.

Environmental Hazards refer to any natural or man-made characteristics that are present in, or affect, the Mortgaged Property or neighborhood, including but not limited to, hazardous wastes, toxic substances, radon gas, asbestos-containing materials, urea-formaldehyde insulation, sulfur-containing drywall (also known as Chinese drywall), except as the Seller has specifically and fully remediated and such remediation has been inspected by a professional qualified to verify that the Environmental Hazard has been satisfactorily corrected, prior to MWF purchasing the loan.

11.40. Homeownership Counseling Disclosure

Evidence of compliance with the homeownership counseling information provision of the Consumer Financial Protection Bureau (CFPB), Final Rule High-Cost Mortgage and Homeownership Counseling Amendments to the Truth in Lending Act (Regulation Z), and Homeownership Counseling Amendments to the Real Estate Settlement Procedures Act (Regulation X) is required on every loan.

11.41. Real Estate Appraisals and Valuations

Each appraisal or valuation conducted in connection with a Loan complies with applicable federal and state law, and applicable Agency requirements; and with respect to any appraisal requirements imposed by or pursuant to the Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA"), as amended from time to time, the related Loan is eligible for purchase by a financial institution subject to FIRREA, and, in the case of Conforming Balance Loan sizes, by the Agencies. Each appraisal is made by an appraiser who meets all the following requirements:

- Is either a licensed or certified residential appraiser or a certified general appraiser, by the state, as required for the particular appraisal.
- Is in good standing with the applicable state appraisal licensing agency.
- Is independent of the Seller, and the Seller's affiliates and subsidiaries, and is not involved in the Loan transaction in any way except as the appraiser.
- Does not have any present or prospective direct or indirect interest, financial or otherwise, in the property or transaction that is the subject of the appraisal report.
- Has no personal bias, or interest with respect to any of the parties involved in the transaction relating to the appraisal, including but not limited to the Seller or the Seller's directors, officers, employees, or agents.
- Made a personal inspection of the property that is the subject of the appraisal report.

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- Was not assigned the appraisal based on any required or expected minimum or specific valuation of the appraised property, and whose compensation was not based upon reporting a predetermined value of the appraised property or any other information contingent upon some event which, at the time of the appraisal, had not occurred.
- Was not assigned the appraisal by the same person responsible for the sole approval authority for granting the loan request.
- Demonstrates sufficient experience and education in the appraisal of properties similar to the subject property.

11.42. Bankruptcy or Insolvency

To the best of the Seller's knowledge, the Mortgagor is not a debtor in any state or federal bankruptcy or insolvency proceeding. In the event the Mortgagor was a debtor in any state or federal bankruptcy or insolvency proceeding and the Loan offered for sale under the Program Documents is a refinance of a loan debt included in the bankruptcy or insolvency proceeding, the loan debt was reaffirmed, to the extent required under the applicable state law and United States Bankruptcy Code, during said proceedings.

11.43. Additional Fannie Mae or Freddie Mac Warranties

For all Loans originated under either the Fannie Mae or Freddie Mac conventional mortgage programs, all warranties, representations, and obligations required under the Agencies' respective selling programs including but not limited to rules imposed by Federal Housing Finance Agency (FHFA), are hereby referenced, made a part of, and incorporated in their entirety into this Sellers Guide.

11.44. Error or Fraud

Neither the Mortgagor nor any other person or entity involved in the Loan transaction or in its underwriting or documentation (including without limitation, any appraiser, broker, third-party originator, credit reporting agency, or other provider of underwriting information) has made any false representation and/or has failed to provide information that is true, complete and accurate in connection with such transaction whether or not the Seller was a party to or had knowledge of such misrepresentation or incorrect information, and no error, omission, misrepresentation, negligence, fraud or similar occurrence with respect to the Loan has taken place on the part of the Seller or any other party involved in the Loan's origination or in the application of any insurance in relation to such Loan.

11.45. No Options

No other party has any option or right of first refusal or other arrangement to acquire directly or indirectly any of the Loans offered to MWF for purchase.

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11.46. Loan Payments

The Seller has not made, directly or indirectly, any payment on the Loan or on any other Loan of the Mortgagor from any other person or entity; the Seller has also not made any agreement with any Mortgagor providing for any variation of the mortgage interest rate, the schedule of payment or other Loan terms and conditions.

11.47. Adverse Selection

The Seller used no adverse selection process or procedures in selecting the Loans to be sold to MWF.

11.48. Loans Rejected by Prior Investor

Regardless of seasoning, MWF restricts loans previously rejected by a different investor. Exceptions may be considered on a case-by-case basis for loans that meet all MWF and investor guidelines, subject to evidence of rejection reason and last stipulation sheet from the previous investor. Exceptions are subject to complete analysis which may result in a longer time to review.

11.49. Predatory Lending/Home Ownership and Equity Protection Act/High-Cost Loans

No Mortgage Loan is subject to the Provisions of the Home Ownership and Equity Protection Act of 1994 as amended or is considered a "high cost", "covered" or "predatory" loan under any applicable state, federal, or local laws or ordinances.

11.50. Fair Lending / Equal Credit Opportunity Act

To the best of Seller's knowledge, Seller and its agents have treated all borrowers in a fair and consistent manner. All borrowers have received the same level of assistance, on whether to apply for credit, how to best qualify for credit, how to resolve any issues relating to creditworthiness, and other aspects in the credit extension process. Seller has complied with all provisions of the Equal Credit Opportunity Act and the Fair Housing Act.

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11.51. Fair Pricing Policy

All Mortgage Loans comply with MWF's Fair Pricing Policy, which does not allow the funding of any "High Cost" mortgage loans. All mortgage loans have passed a High-Cost Mortgage Test, whether or not they are covered by high-cost mortgage regulation, HOEPA (section 226.32 of Regulation Z), or any state or local high cost, covered, or predatory lending law or ordinance. This includes owner-occupied refinances, non-owner-occupied refinances, and purchase money transactions. Interest rates and other pricing terms reasonably reflect the costs and risks of originating the mortgage loan. All mortgage loans comport to Seller's established policies with respect to maximum points and charges, overages, yield spread premiums or other compensation vehicles, and established limits on total broker and lender compensation.

11.52. No Arbitration Clause

None of the documents evidencing or securing the Loan provide for or contain an arbitration clause of any kind or require any other non-judicial procedure to resolve any controversy or settle any claims arising out of the Loan.

11.53. Prohibited Practices

Seller and its third-party originators or agents have not engaged in any of the following practices with respect to loans purchased or to be purchased by MWF:

- Encouraging a borrower to default on an existing loan in connection with the refinance of all or part of the existing loan.
- Financing, directly or indirectly, premiums or fees for single premium credit life, disability or unemployment insurance products, or any other accident, loss-of- income, life, or health insurance, with the proceeds of the Mortgage Loan.
- Refinancing of a Special Subsidized Mortgage. A "Special Subsidized Mortgage" means a residential mortgage loan that is originated or subsidized by or through a state, local, or tribal government or nonprofit organization and that in some circumstances does not have to be completely repaid or requires only partial payments be made. Examples include, but are not limited to, a mortgage granted by organizations such as Habitat for Humanity or a local housing authority.
- Contracting for a prepayment penalty on any product or loan unless specifically allowed within MWF product guidelines as described in the Sellers Guide and properly disclosed on the Loan Estimate and Closing Disclosure.
- Executing documents to evidence or secure the loan which contain an arbitration clause.
- Payment to a home improvement contractor from the proceeds of the Mortgage Loan other than by a check made payable either to the consumer,

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or jointly to the consumer and the home improvement contractor or through an independent third-party escrow agent.

- Payment of Mortgage Loan payments in advance from the loan proceeds.
- Contracting for an increase in the interest rate upon default of the loan at a level not commensurate with risk mitigation.

11.54. Responsible Lending; Benefit to Borrower; Capacity to Repay

- Seller agrees to use best efforts to ensure that each loan offered to a borrower is consistent with his or her needs, objectives, and financial situation.
- Each Mortgage Loan, the proceeds of which have been used to refinance a previous mortgage loan, offers a documented, demonstrable, tangible net economic benefit to the borrower.
- Appropriate assessment and documentation have been performed of the borrowers' capacity to repay each Mortgage Loan in accordance with its terms.
- Timely, sufficient and accurate information has been provided to borrowers concerning each Mortgage Loan's terms, costs, risks, and benefits including but not limited to disclosure of: The existence of a prepayment penalty, if applicable, prior to closing disclosure, on products containing a prepayment penalty, of the availability of similar products with no prepayment penalty, AND on limited documentation products, disclosure of the availability of a lower interest rate in exchange for higher levels of documentation.

11.55. Loan Originator Compensation

In compliance with the federal Truth-in-Lending Act, including 12 CFR 1026.36(d) and (f), as amended, Seller represents and warrants that with respect to every Mortgage Loan:

- Neither Seller nor any other party has paid compensation to any Loan Originator based on a prohibited term (or proxy of a term) of the Mortgage Loan or multiple Mortgage Loans.
- If Seller acts as a Loan Originator, Seller has not received compensation based on a prohibited term (or proxy term) of the Mortgage Loan or multiple Mortgage Loans.
- If any Loan Originator has received non-deferred profits-based compensation, that amount does not exceed 10% of the Loan Originator's total compensation. Based upon information obtained from criminal background checks, credit reports, and other sources, all Loan Originators meet all qualification requirements efficiently. AND
- All Loan Originators and have demonstrated financial responsibility, character, and general fitness to warrant a determination that they will

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operate honestly, fairly and have received periodic training covering Federal and State law requirements that apply to their loan origination activities.

11.56. Private Transfer Fees

No Conforming Loan is secured by property that is encumbered by or subject to a "private transfer fee" or "private transfer fee covenant", as those terms are defined by and prohibited by 12 C.F.R. Part 1228, as amended.

11.57. Ability to Repay and Qualified Mortgages, Residual Income Evaluation

At the time of consummation, based on verifiable documentation, the Loan is a Qualified Mortgage (QM) as defined under the ability-to-repay provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act, which amended the Truth-in-Lending Act (TILA), and the implementing regulations.

If the loan is a QM that is subject to a rebuttable presumption of compliance as defined under TILA, the Seller warrants that the consumer has sufficient residual income to meet their monthly reoccurring expenses.

MWF will only purchase the loan if it meets the definition of a "Qualified Mortgage" as set forth in 12 CFR Section 1026.43(e)(2) and complies with all ability to repay standards. Loans that are not subject to 12 CFR section 1026.43 will only be purchased if they meet all applicable agency and program guidelines. Evidence to demonstrate compliance must be included in the loan file to MWF, any breach of these requirements shall be deemed material and adversely affect the value of the loan and will require repurchase of the affected loan.

In order to comply with the High-Cost and ATR/QM Rules requirement and to accurately evaluate points and fees on all loans, MWF will require that a complete itemization of all points and fees be provided in the closed loan package.

11.58. Bona Fide Discount Points

MWF will allow exclusion of eligible bona fide discount points from the total points and fees as provided for in the Consumer Financial Protection Bureau (CFPB), ATR/QM and High-Cost rules.

MWF will require evidence of the undiscounted rate ("Par Rate"). Acceptable forms of evidence include a copy of the rate sheet, a screen print from LOS and/or Pricing Engine, a lock agreement with the borrower, or a lock confirmation.

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11.59. Document Signed Using E-Sign Technology

The Seller hereby represents and warrants as to the individual Mortgage Loans that as of the purchase date of any Mortgage Loan containing Electronic Application Documents signed via E-Sign Technology, the following statements are true:

- The Electronic Application Documents and Seller's E-Sign Technology will fully comply with the signature, presentment, delivery, Loan file documentation, and retention requirements of all applicable Federal and State laws and regulations.
- Except as otherwise required by applicable law or regulation, Seller will undertake its best efforts to maintain its E-Sign Technology in accordance with the Standards and Procedures for electronic Records and Signatures (SPeRS) Version 1 .0 (September 2003)
- The process and technology used by Seller results in an effective, valid, and enforceable borrower signature on the Electronic Application Documents, including the Uniform Residential Mortgage Loan Application (Freddie Mac Form 65) for each of the Mortgage Loans, and complies with all applicable State and/or Federal laws, rules, and regulations.
- The Seller and the Mortgage Loan comply with all eSignature and eDelivery requirements set forth in this Sellers Guide.

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12. Definitions

For purposes of this Guide, the following capitalized terms shall have the respective meanings set forth below. Capitalized terms used in this section, but not immediately defined, are defined elsewhere in this Section.

Agency

Fannie Mae and/or Freddie Mac.

Agreement

This Loan Purchaser and Sale Agreement, including all exhibits, schedules, amendments, and supplements hereto.

AIR Policy

Appraiser Independence Requirements – Seller must maintain the highest levels of quality and integrity for all aspects of real estate financing, including meeting all AIR requirements. As such, the Seller is required to maintain strict adherence to the AIR requirements. Sellers must be aware of methods used for appraiser engagement and avoid all improper influences on appraisers.

Allonge:

Allonge is an additional paper attached to a document, (such as a Promissory Note), to provide room for further endorsements.

Appraised Value

With respect to any Mortgaged Property, the lesser of (i) the value thereof as determined by an appraisal made for the originator of the related Mortgage Loan at the time of origination of such Mortgage Loan by an appraiser who meets the minimum Agency appraisal requirements and the appraisal requirements set forth herein, or (ii) the purchase price (plus added value of documented improvements) of such Mortgaged Property paid by the Mortgagor at the time of origination of such Mortgage Loan.

Assignment of Mortgage

An individual assignment of a Mortgage, a Notice of Transfer, or equivalent instrument in recordable form sufficient under the laws of the jurisdiction wherein the related Mortgaged Property is located to give record notice of the sale of the related Mortgage Loan to MWF.

Bailee Letter

A letter or other document from a Warehouse Lender to MWF, satisfactory in form and content to MWF in its sole discretion, which relates to a Mortgage Loan to be sold to MWF hereunder and which contains a release, upon the occurrence of certain events, of such Warehouse Lender's right, title and interest (including without limitation security interests) in and to such Mortgage Loan.

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Best Efforts Commitment

A borrower and property-specific obligation of Seller, specified in the related Lock Confirmation, to use its best efforts and exercise good faith and fair dealing to sell to MWF hereunder the Mortgage Loan specified in such Lock Confirmation. If such a Mortgage Loan funds and closes but is not submitted to MWF for purchase pursuant to the related Best-Efforts Commitment, then such Best-Efforts Commitment shall be considered as and treated for all purposes as, a Mandatory Commitment and subject to any applicable Pair Off Fee.

Business Day

Any day other than a Saturday, a Sunday, or a day on which banks in the United States are authorized or obligated by federal law or executive order to be closed.

Closing

The final step in the loan process when loan documents are signed at an escrow or title company.

Condemnation Proceeds

All awards, compensation, and settlements relating to a taking of all or part of a Mortgaged Property by exercise of the power of condemnation or the right of eminent domain.

Deed of Trust (Security Instrument)

A security instrument between the borrower and the lender, recorded in public records as a lien on the subject property. It differs from a mortgage in that the bank can foreclose on the property without judicial proceedings.

Due Date

The first day of each month.

Flow Delivery

Occurs when a Correspondent Lender sells and locks single loan at a time with an investor.

Impound/Escrow Payments

The amounts constituting ground rents, taxes, assessments, water charges, sewer rents, fire, wind, hazard, and flood insurance premiums, and other payments required to be impounded or escrowed by the Mortgagor with the Mortgagee pursuant to the terms of any Mortgage Note or Mortgage.

Insurance Proceeds

With respect to each Mortgage Loan, proceeds of insurance policies insuring the related Mortgaged Property.

Investor

An entity to which MWF sells a Mortgage Loan or any other entity which subsequently purchases such Mortgage Loan.

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Liquidation Proceeds

Amounts, other than Insurance Proceeds and Condemnation Proceeds, received in connection with the liquidation of a defaulted Mortgage Loan through trustee's sale, foreclosure sale, or otherwise, other than amounts received following the acquisition of REO Property.

Loan Purchase

Is the purchase of a closed loan by the investor.

Loan Purchase Date

The date on which MWF purchases a Mortgage Loan and pays the Loan Purchase Price for such Mortgage Loan, as set forth in the related Lock Confirmation.

Loan Purchase Price

The net amount paid for a Mortgage Loan on the applicable Loan Purchase Date by MWF to Seller, as calculated in accordance with the related Lock Confirmation.

Loan-to-Value Ratio or LTV

With respect to any Mortgage Loan as of any date of determination, the lesser of the ratio on such date of (i) the outstanding principal amount of such Mortgage Loan to the Appraised Value of the related Mortgaged Property; or (ii) the outstanding principal amount of such Mortgage Loan to the sales price of such Mortgaged Property, if such a sale occurred at origination of such Mortgage Loan.

Lock Confirmation

An electronic document sent by MWF to Seller which sets forth, with respect to each Mortgage Loan, the terms of such Mortgage Loan, the price to be paid by MWF for such Mortgage Loan, and other information relating to the sale of such Mortgage Loan by Seller to MWF.

Make Whole Amount

An amount calculated, to satisfy a Make Whole.

Make Whole Demand

A demand by an Investor or MWF to be made whole in connection with any loss sustained, at any time, in connection with a Mortgage Loan.

Mandatory Commitment

An obligation of Seller, specified in the related Lock Confirmation, to sell to MWF hereunder the Mortgage Loan specified in such Lock Confirmation. Unless an obligation is designated in a Lock Confirmation as a Mandatory Commitment, such obligation shall be deemed to be a Best-Efforts Commitment.

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Mandatory Commitment Amount

The original commitment amount specified in the applicable Mandatory Commitment Lock Confirmation.

MERS - Mortgage Electronic Registration Systems, Inc.

MERS is an American privately held company that operates an electronic registry designed to track servicing rights and ownership of mortgage loans in the United States.

MERS Mortgage Loan

Any Mortgage Loan registered with MERS on the MERS System.

MERS System

The system of recording transfers of mortgages electronically maintained by MERS.

MIN - Mortgage Identification Number

(MIN) Originated by MERS, the Mortgage Identification Number (MIN) is a unique 18-digit number used to track a mortgage loan throughout its life, from origination to securitization to pay off or foreclosure

Monthly Payment

With respect to each Mortgage Loan, the scheduled combined payment of principal, interest, and impound/escrow payments (if required) payable by the Mortgagor under the related Mortgage Note on the applicable Due Date.

Mortgage

The Mortgage, Deed of Trust, or other instrument creating a first or a closed-end second lien on Mortgaged Property securing the related Mortgage Note.

Mortgage File

The file of documents, which may be physical, electronic, or both, and which includes all the underwriting and closing documents and all other related documents pertaining to the origination of the Mortgage Loan, including without limitation, the related original Mortgage Note, Assignment of Mortgage and Bailee Letter.

Mortgage Loan

A mortgage loan which is the subject of a Lock Confirmation, and which is sold, assigned and transferred to MWF pursuant to this Agreement, including, without limitation, the related Mortgage File, the Monthly Payments, all prepayments of principal, and/or interest, Liquidation Proceeds, Condemnation Proceeds, Insurance Proceeds, REO Disposition proceeds, and all other rights, benefits, proceeds, and obligations arising from or in connection with such Mortgage Loan.

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Mortgage Note

The original executed Promissory Note or other evidence of the Mortgage Loan indebtedness of a Mortgagor.

Mortgaged Property

The real property securing repayment of a related Mortgage Note, consisting of a fee simple interest in real property improved by a Residential Dwelling.

Mortgagee

The mortgagee or beneficiary named in the Mortgage and the successors and assigns of such mortgagee or beneficiary.

Mortgagor

The obligor on a Mortgage Note, the owner of the related Mortgaged Property and the grantor or mortgagor named in the related Mortgage, and such grantor's or mortgagor's successors in title to the Mortgaged Property.

Non-delegated Underwriting

The Lender does not underwrite and decision the loan. The loan is submitted to the investor for underwriting and upfront validation.

Package Due Date

The date specified on the applicable Lock Confirmation by which the complete original Mortgage File (including without limitation the related Assignment of Mortgage (for Mortgage Loans that are not registered with MERS), Mortgage Note, and, if applicable, Bailee Letter) must be received by MWF in full compliance with all of its Underwriting Guidelines, in order to ensure that the related Mortgage Loan will be purchased at the price stipulated in the related Lock Confirmation.

Pair Off Fee

A monetary assessment charged to Seller whenever a Mortgage Loan which is the subject of a Mandatory Commitment is not purchased by MWF hereunder due to (i) any failure of such Mortgage Loan to satisfy the Conditions (as defined in Section 15.1), or (ii) any failure of Seller to satisfy any other requirement hereunder relating to such Mortgage Loan.

Pair Off Fee Assessment Date

The date which is specified in the applicable Lock Confirmation for the expiration of the lock period.

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Pair Off Fee Calculation

As of the Pair Off Fee Assessment Date, the product of: (a) the difference between the (i) Mandatory Commitment Amount (less the Pool Tolerance, as set forth in the applicable Lock Confirmation) and (ii) the Purchased Principal Balance and (b) the difference between (i) the Loan Purchase Price Percentage specified in the original related Lock Confirmation, and (ii) the final buy price that would have been specified for such Mortgage Loan had such final buy price been calculated on such Pair Off Fee Assessment Date.

Premium

The portion of the Loan Purchase Price attributable to the principal balance of the related Mortgage Loan, which portion exceeds par. Par is expressed as 100%. Accordingly, if the amount paid for the principal balance of such Mortgage Loan is 101.5%, the Premium would equal 1.5% of such principal balance.

Purchased Principal Balance

As to each Mortgage Loan the original principal amount of such Mortgage Loan minus all payments of principal received with respect to such Mortgage Loan on or before the Cut-Off Date for such Mortgage Loan.

REO Disposition

The final sale by MWF, or its assignee, of any REO Property.

REO Property

A Mortgaged Property acquired as a result of the liquidation of a Mortgage Loan's mortgage loan.

Repurchase Demand

A demand by an Investor or MWF to repurchase a Mortgage Loan.

Repurchase Obligation

An obligation of Seller to repurchase a Mortgage Loan or any other provision of this Agreement.

Residential Dwelling

Any one of the following: (i) a detached one-family dwelling, (ii) a detached two-to-four-family dwelling, (iii) an attached single-family dwelling, or (iv) certain approved attached two-to-four-family dwellings.

RESPA

The Real Estate Settlement Procedures Act, 12 U.S.C. § 2601-2617.

Securitization Transaction

The sale or transfer of some or all the Mortgage Loans to a trust or other entity as part of a publicly issued and/or privately placed, rated, or unrated mortgage pass-through or other mortgage-backed securities transaction.

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Servicing Transfer Date

With respect to each Mortgage Loan, the date or dates set forth in the related Lock Confirmation (or as otherwise agreed in writing by MWF and Seller) upon which the actual transfer of servicing responsibilities for any Mortgage Loan subject to such Lock Confirmation is transferred from Seller to MWF or its designee.

SRP

The Service Release Premium, or SRP, is the payment received by a lending institution, such as a bank or retail mortgage lender, on the sale of a closed mortgage loan to the secondary mortgage market. The secondary mortgage market purchaser is typically a Wall Street investment bank, Fannie Mae, Freddie Mac, or Ginnie Mae, as the first step in the creation of a mortgage-backed security (MBS). Today, virtually all mortgages closed are purchased by the US government through the GSE Mortgage-Backed Securities Purchase Program.

Underwriting Guidelines

MWF's underwriting guidelines in effect for the applicable loan program, which may be amended from time to time, in MWF's sole discretion. If the Parties hereto agree to use a different set of underwriting guidelines for a Mortgage Loan, such agreement must be set forth in writing in the related Lock Confirmation.

Warehouse Lender / Bank

A financial institution who supply's funds to a loan originator to fund a mortgage that a borrower initially used to buy a property. The bank owns the collateral from the time it is funded to when the loan is sold into the secondary market, whether directly or through a securitization.

Warehouse Line

A warehouse line of credit is a credit line used by mortgage bankers. It is a short- term revolving credit facility extended by a financial institution to a mortgage loan originator for the funding of mortgage loans.