CORRESPONDENT MODEL



Correspondent Lending Guide JANUARY 31, 2020

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Compliance

Compliance Requirements QC Requirements

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CHAPTER 1 : PURPOSE OF THIS GUIDE

The purpose of the MFM Correspondent Seller's Guide is to provide the correspondent seller with information regarding ongoing support, seller approval, criteria, loan program requirements, pricing policies and loan operation procedures.

In reference to any loans sold to MFM and in addition to the Seller Loan Purchase Agreement and any other agreements between MFM and Seller, the Seller is bound by all of the provisions of the guide. The seller is responsible for adhering to all requirements contained within the guide as well as the MFM posted program guidelines and all policies/procedures.

UPDATES AND REVISIONS TO THE SELLER'S GUIDE

MFM will update and revise the guide based on pertinent changes to policies, program guidelines, federal and state laws and regulations. MFM will communicate to the seller's designated personnel about any updates any revisions to the company policies and procedures via email. All policies, programs and products are subject to change at any time, this guide will be updated periodically.

CHAPTER 2 : OFFICE LOCATIONS WESTERN DIVISION:

Member First Mortgage, LLC 5300 Democracy Drive, Suite 200 Plano, TX 75024 Correspondent Lending Division

2.1 : MANAGEMENT

CORPORATE HEADQUARTERS: Tony McCullough AVP of Operations (E. Division) tony.mccullough@memberfirstmortgage.com 616.588.9784

Pam Trudeau AVP of Underwriting pam.trudeau@memberfirstmortgage.com 616.301.3369

WESTERN DIVISION:

John Daly Correspondent Account Executive john.daly@memberfirstmortgage.com 469.409.5776

Randy Shannon VP of Correspondent Lending randy.shannon@memberfirstmortgage.com 469.409.5773

CORPORATE HEADQUARTERS:

Member First Mortgage, LLC 616 44th Street SE Grand Rapids, MI 49548 Correspondent Lending Division

Ken Wiersum Secondary Marketing Specialist Manager ken.wiersum@memberfirstmortgage.com 616.301.6280

Carmen Sherman Chief Operating Officer carmen.sherman@memberfirstmortgage.com 616.301.6272

Michelle Wright VP of CU Sales michelle.wright@memberfirstmortgage.com 469.409.5774

Linda Clampitt EVP of CU Sales & Production linda.clampitt@memberfirstmortgage.com 469.409.5771



Aisha Howard VP of Operations aisha.howard@memberfirstmortgage.com 469.409.5780

Wallace Jones VP of Training wallace.jones@memberfirstmortgage.com 469.409.5775

2.2 : DESIGNATED CORRESPONDENT COORDINATOR

MFM will designate a regional sales representative as well as a correspondent liaison to serve the needs of the seller. The seller's loan-level needs are serviced by designated team members that include a correspondent liaison. The liaison is the seller's main point of contact for issues and questions. The designated team members include Auditors, Compliance Analysts and Funders. Each seller's team processes all the seller's loan transactions.

CHAPTER 3 : LOAN PURCHASE PROGRAM REQUIREMENTS

To qualify as a Delegated MFM Correspondent Seller, the following criteria must be met:

- Two-year operating history
- Experienced senior management in key roles
- Positive retained earnings history
- Strong liquidity
- Current Errors and Omissions (E&O) insurance policy, surety bond and fidelity bond coverage of at least \$300,000
- Satisfactory production profile and performance ratings with current investors
- Satisfactory Quality Control (QC) policies and procedures supported by recent audit findings and management responses
- Appropriate authorization to originate loans that meet guidelines
- If approved to originate FHA mortgage, FHA Neighborhood Watch compare ratio should be less than 150%
- If approved for VA, staff underwriter should be approved LAPP/ SAR and are required to have a minimum of two years history of underwriting VA loans
- If approved for FHA Direct Endorsement (DE), underwriters on staff must have a minimum of two years experience and a satisfactory HUD record.

To qualify as a Non-Delegated MFM Correspondent Seller, the following criteria must be met:

- Two-year operating history
- Experienced senior management in key roles
- Positive retained earnings history
- Strong liquidity
- Current Errors and Omissions (E&O) insurance policy, surety bond and fidelity bond coverage of at least \$300,000
- Satisfactory production profile and performance ratings with current investors
- Satisfactory Quality Control (QC) policies and procedures supported by recent audit findings
 and management responses
- Appropriate authorization to originate loans that meet guidelines



3.1 : SELLER APPLICATION REQUIREMENTS

Please include the following in your Correspondent Application Package:

- 1. Completed Correspondent Application packet
- 2. Master Services Agreement and Correspondent Services Addendum executed by authorized individuals.
- 3. DU/DO Sponsorship Agreement (if applicable)
- 4. Delegated Underwriting Agreement (Delegated clients only)
- 5. Anti-Money Laundering (AML) Policy
- 6. A Corporate Resolution or Secretary's Certificate listing the names of the individuals authorized to execute the agreements, notes, assignments and all other legal documents.
- 7. Please provide most recent two years audited financial statements if not available through the NCUA.
- If Delegated Correspondent, please provide a copy of your Institution's quality control plan and most recent two
 months quality control reports, compliance monitoring policies, appraisal management policy and, if
 applicable, vendor management policy.
- 9. Evidence of errors and omissions insurance, fidelity bond and surety bond (with \$300,000 minimum coverage)
- 10. If Delegated Correspondent, please provide resumes for key corporate officers and operations staff
- 11. Copies of FHA, VA and DE Automatic Approval Letters, LAPP/SAR numbers as applicable
- 12. Evidence of MERS ID number (if applicable)
- 13. Sample loan documents for initial disclosures, re-disclosures and closing documents
- 14. Underwriting Approval process (if Delegated)
- 15. If MFM is sponsoring for VA, please complete the VA Application form and send a check for \$100.00 (annual fee for VA) payable to: U.S. Department of Veterans Affairs, and mail to Member First Mortgage at:

Member First Mortgage, LLC 616 44th Street SE Grand Rapids, MI 49548 Attn: Executive Admin.

3.2 : ANNUAL RENEWAL REQUIREMENTS

MFM requires all sellers to participate in an annual recertification and renewal process. If there have been any changes to the items listed below, it is the responsibility of the Correspondent Client to notify MFM immediately.

- Updated Contact Information Sheet
- NMLS Registration (company or individual)
- Wire authorization form
- Appraisal Valuation Regulation (AIR) Policies and Procedures
- QC policy and procedures or executed contract with an outside QC firm
- If there have been any changes, provide an updated organizational chart and resumes of key personnel
- Evidence of insurance: errors and omissions, fidelity bond and surety bond with \$300,000 minimum coverage
- Updated government agency approval letters, if applicable



3.3 : PRIOR NOTIFICATION OF EVENTS

The Seller is required to notify MFM immediately if a change occurs or is anticipated to occur:

- Ownership, executive management and/or corporate structure
- Name of licensing of company
- Main point of contact
- Financial condition of company
- Credit vendor changes

Seller must immediately notify MFM in writing if seller's company, individual or entity owner(s) (10% or 25% or greater respectively), principal officer(s) or principal director(s):

- Fails to maintain any applicable license or registration in each jurisdiction governing seller's company activities;
- Becomes subject to any enforcement and/or investigative proceeding by any licensed or regulatory authority or agency;
- Is named as a party or becomes involved in any material litigation;
- Is placed on Fannie Mae's or Freddie Mac's exclusionary list, HUD's limited denial of participation list or any other agency or private investor's exclusionary list;
- Becomes the subject of bankruptcy or has incurred or is likely to incur a material, adverse change in its/their financial condition;
- Is party to any investigative actions, proceedings or lawsuits that relate to or concern Seller's agreement with MFM or any mortgage loans subject to that agreement;
- Is party to an investigation, proceeding, litigation or other event which, if resolved adversely, could have a material adverse effect on Seller's ability to originate loans or perform Seller's obligations under Seller's agreement with MFM.

If there is a change in an authorized signatory, submit a revised Wire Authorization and Certification form to avoid purchase delays.

Seller must notify MFM of examination ratings of "3" or below (less than satisfactory), any adverse audit reports issued by a state or federal regulator, government agency, or government sponsored entity within 15 business days of receipt. The Seller must immediately notify MFM if, at any time, the Seller is notified of any disciplinary action taken by any such regulator, agency, or enterprise agency, including any formal enforcement actions, suspension or termination of the Seller's selling or servicing right. Seller to include summary of findings and corrective action prescribed.

NOTE: MFM reserves the right to terminate eligibility and or cancel registered or active loans in the pipeline if seller fails to maintain MFM eligibility requirements.



CHAPTER 4 : PRICING POLICY

MFM's Lock Desk hours are 9:00am - 5:00pm (Eastern Time), Monday through Friday. The Lock Desk will be closed on Saturdays, Sundays, and the following holidays:

• New Year's Day

Presidents Day

- Martin Luther King Day
- Independence Day
- y Labor Day
 - Columbus Day
- Memorial Day
- Veterans Day
- Thanksgiving Day
- The day after Thanksgiving
- Christmas Day

Rates are published at approximately 10:30am ET each day the company is open for business.

The company reserves the rights to suspend rates at any time. Upon the suspension of rates the ability to lock a loan in the system will be restricted. Due to the volatile nature of the secondary market pricing, our pricing is subject to change at any time and without notice.

4.1 : LOCKS

All locks are permanently affixed to the subject property on which a borrower applies for a loan. A loan may only be locked when there is a specific property identified. The "Application Date" will be defined for lock purposes as the day the property address is determined with all other applicable data as defined by RESPA. Only one lock at a time per property is allowed.

The preferred Lock Desk contact method is via email at secondary@memberfirstmortgage.com. Do not send any personal borrower data in an unsecured email format. The Lock Desk may also be reached via telephone at 616.301.3351.

4.1.1 : LOCK PERIODS

Lock periods may vary from program to program and investor to investor. Please refer to the rate sheet and/or Optimal Blue for the lock period that is available for a particular loan product.

4.1.2 : LOCK TYPES

- a. Float A Float is an application that is not locked by 11:59pm on the first business day. A Floating loan may be locked any time after the daily rate sheet is issued until 5:00pm in the time zone of the Credit Union. This policy applies to conforming, government, bond and credit union commitments. Private Market loans may only be locked up until 5:00pm ET.
- b. New Lock Submission A loan that is locked by 5:00pm local Credit Union time on the first business day of the lock submission.
- c. Overnight Protection A lock that is not submitted prior to 5:00pm local Credit Union time on the first business day of the submission may be locked up until 11:59pm ET – OR – after 6:00am ET up until a new rate sheet is issued. Overnight Protection does not apply to Private Market loans.

4.2 : LOCK METHODS

Original locks are to be entered by an originator or authorized Credit Union employee within the POS/LOS or Optimal Blue, as may be applicable. A Commitment Confirmation is MFM's written communication to the Credit Union



confirming that the Credit Union's commitment request is accepted and outlining the additional terms and conditions applicable to MFM's potential purchase of the Ioan.

Rate Lock Extensions may be requested for up to 30 days (fees may apply). Requests must be submitted through the Lock Desk on or before the lock expiration date. Extension requests beyond 30 days from the original lock expiration will only be considered on a case-by-case basis and must be requested directly through Optimal Blue or your Account Executive. Upfront fees or higher extension fees may be required for any exceptions to our standard extension policy.

4.3 : LOCK CHANGES PRODUCT/COMMITMENT CHANGES - CONFORMING AGENCY

Loans locked under agency commitments may be swapped freely among these programs, (as long as they are with the same investor) utilizing original lock date rate sheet pricing. When changing programs on conforming commitments, the lock expiration will remain the same.

4.4 : PRODUCT/COMMITMENT CHANGES - PRIVATE MARKET

Loans locked in under a Private Market investor commitment may be subject to product/commitment change availability. Since this varies from investor to investor, please contact your AE/Lock Desk for accurate pricing.

4.5 : LOCK TRANSFERS

Transferring out of a conforming commitment may only be done because of an underwriting denial. A loan transferring for any other reason other than an underwriting denial will result in a re-lock fee. This amount will be equal to the discount equivalent of the change in price for the applicable conforming commitment plus a re-lock fee.

Transferring into a conforming or private investor commitment will be considered a float and pricing will be determined using the current rate sheet.

Transferring out of a private investor commitment will be subject to any market penalties and/or pair off fees charged by the investor.

Transfers from a conforming, government or private investor market lock to a credit union commitment done for any reason other than an underwriting rejection will result in a pair off fee being assessed.

4.6 : EXPIRATIONS AND RELOCKS

If a relock on an individual Best Effort Commitment is requested on an expired lock, the loan will be relocked subject to worse case pricing comparison and the applicable relock fee. See "Lock Extension Policy" and "Relock Policy" in Exhibits section.

4.7 : ESCROW WAIVERS

When the Credit Union elects to waive escrows for property tax and hazard insurance, wind, earthquake and HO-6 on a loan, certain restrictions and price adjustments may apply. To be eligible to waive the property tax and homeowners insurance escrow, the loan must meet program eligibility guidelines and qualifications. Any applicable fee for escrow waivers will be factored into the price as calculated in the POS/LOS and/or Optimal Blue. There will not be an escrow waiver fee assessed on portfolio loans.



4.8 : EXCEPTIONS

Exceptions to this pricing policy may only be authorized by the Secondary Marketing department. Any subject or issue not covered in this policy should be considered an exception item.

CHAPTER 5 : UNDERWRITING GUIDELINES AND LENDING REQUIREMENTS

This section takes into consideration general underwriting parameters, process and procedures for submitting loans and details on policies that may not be covered in the program guidelines.

5.1 : CREDIT POLICY

MFM follows the Automated Underwriting System (AUS) findings and all applicable Government Sponsored Enterprise (GSE) guidelines with a few overlays. All loans should be manufactured to the standards set forth within the applicable Fannie Mae Selling Guide, Freddie Mac Selling Guide, HUD 4000.1, VA Lenders Handbook and USDA 1-3550 Handbook. All loans must adhere to all MFM guidelines and must be in good credit quality and comply with all state, federal, regulatory and compliance requirements.

5.1.1 : EACH FANNIE MAE OR FREDDIE MAC LOAN REQUIRES UNIFORM CLOSING DATASET (UCD) SUBMISSION

To process the UCD submission the Seller must:

- Set up a seller/non-seller access account within Fannie and/or Freddie UCD portal
- Add the relationship between Member First Mortgage LLC (Seller Servicer) and client
- See Resource center for reference material for signing up with the GSE's

5.1.2 : DELEGATED AUTHORITY

When a seller receives delegated authority to sell loans to MFM, the Seller has delegated underwriting authority. The seller is required to underwrite loans to MFM credit and eligibility standards. Delegated authority will be indicated on the seller approval letter. Full disclosure of representations and warranties are defined in the seller's Loan Purchase Agreement.

- FHA loans (all programs): as per HUD requirements, the seller's Direct Endorsement (DE) Underwriter or approved staff will be held solely responsible for the file diligence and integrity.
- VA loans (all programs): As per the VA Lender Handbook, the sellers VA LAPP underwriter will be held solely responsible for the file diligence and integrity.
- USDA loans: As per USDA requirements, the seller's underwriter will be held solely responsible for the file diligence and integrity.
- Conventional Conforming (all programs): As per appropriate agency, state and federal requirements, the Seller will be held solely responsible for the file diligence and integrity.

5.1.3 : DELEGATED SUBMISSION PROCESS

MFM requires the follow with all loan submissions:

- A Fannie Mae 3.2 file uploaded to MFM LOS
- Submission package must include all standard documentation per the MFM Loan Submission Checklist.
- Loan locked through Optimal Blue



5.1.4 : DESKTOP ORIGINATOR SPONSORSHIP AND DESKTOP UNDERWRITER SUBMISSIONS

MFM values our Seller relationships with Sellers with or without direct access to Fannie Mae's Desktop Underwriter system. MFM will sponsor clients who <u>do not</u> have direct access to Fannie Mae DU or Freddie Mac LP.

5.1.5 : HOW TO REQUEST DO SPONSORSHIP

See "How to Request DO Sponsorship" guide in Exhibits section.

5.2 : INCOME VALIDATION

In alignment with industry best practices and agency recommendations, MFM requires the Seller to obtain 4506-T tax transcripts on Government loans and any private investor loans to validate borrower income. We will not require 4506-T tax transcripts for Fannie Mae or Freddie Mac loans. IRS transcripts should be reviewed to ensure income is calculated properly.

IRS TRANSCRIPT POLICY

All Loans	Transcripts
Self-Employed Borrowers	1-2 most recent years 1040's (As required per AUS findings)
*SE-filing 1065's and 1120S'	1-2 most recent years business returns (As required per AUS findings)

In addition, in cases where a tax extension has been filed, the extension must be confirmed in addition to 4506T results stating, "no record of return filed" for the given tax year.

5.3 : VA FEES

MFM follows Department of Veteran Affairs guidance regarding fees charged to the veteran on a VA loan. For complete details refer to MFM's VA Fee policy. In summary, the policy states:

- All itemized fees and charges must be reasonable and customary, disclosed to the borrower in accordance with the compliance disclosure requirements and the origination fee may not exceed a one percent flat charge. Reasonable discount points may be charged.
- If the Seller charges the full one percent loan origination fee (for IRRRLs, the one percent flat charge is based on the principal balance of the current mortgage), the Seller cannot charge unallowable fees. If less than one percent origination is charged, then unallowable fees may be charged up to the one percent cap. Unallowable fees are those that are not expressly specified in 38 CRF 36.4313.
- VA requires that both credit report charges and AUS charges are substantiated by evidence with corresponding invoices. A maximum of \$100.00 applies for the combined total of the credit report and AUS charges.

5.4 : APPRAISALS

MFM requires Sellers to adhere to their Appraisal and Review Policy.

5.4.1 : QUALIFIED APPRAISER

An "appraiser" must be, at a minimum, licensed or certified by the State in which the property is to be appraised. The appraiser must be qualified and competent, and not subject to any conflict of interest. The appraiser may not be on the Freddie Mac or LDP/GSA watch list.



5.4.2 : COMPLIANCE

Seller must comply with all laws and regulations that relate to the appraisal process including, but not limited to:

- Uniform Standards of Professional Appraisal Practice (USPAP)
- Home Ownership and Equity Protection Act (HOEPA)
- Truth in Lending Act (TILA)
- HR 4173 (Dodd-Frank Financial Reform Bill)
- Appraisal Independence Requirements (AIR)

Seller's written appraisals and valuations must adhere to the Consumer Financial Protection Bureau's (CFPB) "ECOA Valuations Rule" which applies to applications taken on or after January 18, 2014.

5.4.3 : POLICIES AND PROCEDURES IN COMPLIANCE WITH AIR

Seller must have documented policies and procedures in compliance with the Appraiser Independence Requirements (AIR) that include but are not limited to:

- The appraiser must not have a direct or indirect interest, financial or otherwise, in the property or in the transaction.
- The Seller's selection criteria should ensure that the appraiser is independent of the transaction and can render an unbiased opinion. Additionally, the borrower, property seller, real estate agent or other interested party is not allowable to select an appraiser.
- An appraisal prepared by an individual who was selected or engaged by the borrower, property seller real estate agent or any other interested party is not acceptable.
- "Re-addressed appraisals" or appraisal reports that are altered by the appraiser to replace any references to the original Seller with the Seller's name are not acceptable.
- The Seller shall have effective internal controls that require only qualified and adequately trained personnel, who are not involved in the loan production process, review appraisals.
- To maintain independence, the Seller's qualified personnel must not directly report to someone involved in loan production.
- The Seller's qualified personnel must confirm the independence of the appraiser in addition to a comprehensive technical review of the appraiser's analysis prior to making a final credit decision.

5.4.4 : APPRAISAL DATASET

Sellers must subscribe to the Uniform Appraisal Dataset and Uniform Collateral Data Portal (UCDP) for the submission of electronic appraisal data provided to Freddie Mac and Fannie Mae. Clients are required to provide successful submission to both portals to MFM. If the client is delegated for FHA, submission of all appraisals to the Electronic Appraisal Delivery Portal (EAD) is required.

5.4.5 : APPRAISAL QUALITY CONTROL

MFM will continually monitor for compliance of applicable laws and regulations. MFM will complete Post Closing Quality Control "QC" reviews on selected loan files; all reviews shall include review of the appraisal(s). Any deficiencies found in the Post Closing QC reviews will be directed, in writing, to the Seller.

5.4.6 : REFERRAL OF APPRAISAL MISCONDUCT REPORTS

Any Seller with a reasonable basis to believe an appraiser or appraisal management company is violating applicable



laws, or is otherwise engaging in unethical conduct, must promptly refer the matter to the applicable state appraiser certifying and licensing agency or other relevant regulatory bodies.

If MFM believes that an appraiser or an AMC is violating applicable laws, or is otherwise engaging in unethical conduct, the issue will be immediately directed to MFM's Chief Operating Officer and VP of Compliance. After an appropriate review of the facts and circumstances, MFM will promptly refer the matter to the applicable state appraiser certifying and licensing agency or other relevant regulatory bodies.

5.4.7 : APPRAISAL ASSESSMENT

Seller is responsible for ensuring that appraisal reports are complete and that any changes to the report are made by the appraiser who originally completed the report. If the Seller has concerns with any aspect of the appraisal that result in questions about the reliability of the opinion of the market value, the Seller must attempt to resolve its concerns with the appraiser who originally prepared the report. If the Seller is unable to resolve its concerns with the appraiser, a replacement report must be obtained prior to submitting the loan for purchase consideration.

Any request for change in the opinion of market value must be based on material and substantive issues and must not be made solely on the basis that the opinion of market value as indicated in the appraisal report does not support the proposed loan amount.

5.5 : CONDO PROJECT REVIEW PROCEDURES (NON-DELEGATED SELLERS)

Conventional loans that require a Condo Project Manager (CPM)/Full review, MFM will review the project to determine eligibility and ensure the project meets investor guidelines. Delegated Sellers in need of condo review support should contact their sales representative. To expedite the review process, please ensure packages are complete as per the applicable checklist.

CONVENTIONAL:

- Condo Questionnaire, Condo Declarations and Bylaws
- Appraisal, Budget and Liability Insurance

The MFM Correspondent Coordinator will contact you if additional documentation is needed or upon project approval.

MFM LOANS IN PROCESS:

CPM/Full review may be requested by:

- Sending the required Condo documentation per MFM checklist to: underwriters@memberfirstmortgage.com and CC your Correspondent Coordinator.
- Reference the Loan Number, borrower last name and type of review needed in the subject line.

FOR PROPOSED LOANS NOT YET IN PROCESS:

CPM Full review may be requested by:

- Sending the required Condo documentation per MFM Checklist to your Correspondent Coordinator.
- Reference "CPM/Full Condo Review" in the subject line and specify this is for a proposed loan not yet in process.



THE CONDO REVIEW PROCESS TAKES (NON-DELEGATED):

- Approximately 48 hours for initial review
- Upon review, MFM will provide notification if any additional documentation is required.
- Allow for an additional 24 hours upon receipt of the additional documents for a final decision.
- You will be notified by the MFM Liaison and in Loan notes of the decision.

CHAPTER 6 : CLOSED LOAN DELIVERY

The purchase review is an audit of the Seller's closing package and validation of all QC requirements. The audit ensures correct documents were utilized, are complete and are accurate.

If, after purchasing the loan, a deficiency is discovered, it is the Seller's responsibility to provide any required documentation or correct any errors within 72 hours of notification. Trailing documents must be provided within 120 days from purchase. The Seller is solely responsible for all representations and warranties per the Loan Purchase Agreement.

6.1 : CLOSING DOCUMENTS REVIEW PROCESS

All closed loan packages must be delivered to MFM prior to lock expiration for purchase consideration. The purchase expiration date is 5 calendar days after the lock expiration date. The loan package should include all documentation listed on the MFM loan submission checklist.

The audit review process includes, but is not limited to, the following:

- Confirm legal documents are complete and conform to requirements
- Review final Closing Disclosure, for completeness and accuracy
- Confirm Annual Percentage Rate (APR) accuracy and execute all applicable compliance tests using an automated compliance tool
- Validate compliance with Qualified Mortgage (QM) AND Ability to Repay (ATR) requirements.
- Validate loan collateral (Note)
- Allonge Validation:
 - Address, borrower name(s), loan amount and Note date are correct (matches the Note)
 - Seller loan number present
 - Executed by the seller, with typed/printed name
 - Must show "without recourse"
 - Seller name matches entity name exactly as shown on the Note
- Endorsement to MFM is correct (all punctuation must be present): Member First Mortgage, LLC
- Endorsement on allonge must be legible
- No duplicate endorsement/allonge allowed. Only 1 per Note is acceptable
- No dates, other than Note date, can be present



6.2 : INELIGIBLE TO PURCHASE

Every effort is made to approve loans for purchase submitted by the Seller based on documentation provided. If MFM determines not to purchase the loan, the Seller is notified and the file will be suspended. MFM will allow a maximum of 48 hours for the Seller to provide additional documentation for a reconsideration analysis. If the loan is denied for purchase consideration, MFM will provide a notification to the Seller prior to changing the status of the loan in the system. The lock will be cancelled once the file has been changed to a denied or cancelled status. If MFM is in receipt of the original collateral (Note), the Note endorsement will be cancelled, and the Note returned to the Seller's Warehouse Bank (or it's Document Custodian).

6.3 : CLOSING REQUIREMENTS

Seller must adhere to the following closing requirements:

- Per diem interest is based on 365 days per year.
- Ownership type must be fee simple. MFM does not support/service Leasehold properties without prior approval.
- Allowable vesting options include: individually, as join tenants in common and Trust
- The collateral (Note) should contain:
 - The licensed originator's NMLS number per CFPB requirements
 - Seller's loan number
 - If applicable, the FHA or VA case number
- Verbal Verification of Employment (VVOE) must be completed by the Seller within agency guidelines and within ten (10) days of the Seller's funding date for Conventional loans, and five (5) days for Government loans.
- Seller must adhere to Regulation Z and Truth in Lending Act (TILA) tolerance levels which include, but are not limited to:
 - Finance charge and APR disclosed correctly within Regulation Z tolerance levels.
 - Section 32 (HOEPA) and other federal and state specific "high cost loan" or "predatory lending" laws
 - APR accuracy and compliance with QM APOR thresholds and fee cap
- When applicable, provide evidence the upfront FHA mortgage insurance premium (MIP), VA funding fee or USDA guarantee fee has been paid.
- Maximum late charges include: 4.00% for FHA, VA and USDA loans; 5.00% for conventional loans unless state law dictates otherwise.
- When applicable, provide documentation of principal reductions and the servicing history
- Escrow disbursements due the current month or the month following the purchase date must be paid by the Seller prior to purchase.
 - Evidence the escrow item has been paid
 - Documentation of the borrower's pay history showing the current escrow balance and disbursements
- The Note and security instrument must reflect the Seller's loan number and MERS registered MIN number (if MERS system is utilized)
- When applicable, the Note and Deed of Trust must reflect the FHA or VA case number and the FHA ADP code.



6.3.1 : MERS: MORTGAGE ELECTRONIC REGISTRATION SYSTEM- NOT REQUIRED

If using MERs, Seller must register each Loan, prior to sale to MFM, with the Mortgage Electronic Registration Systems (MERS). Each Loan is to be a "MOM Loan" for which MERS appears as the record mortgagee or beneficiary on the related Mortgage. Seller must comply with all requirements of MERS and maintain its membership with MERS, in good standing. The related assignments of mortgage to MERS must be properly recorded. The Seller must confirm it has not received any notice of liens or legal actions with respect to the Loan and no notices have been electronically posted by MERS. Seller must transfer the Mortgage Identification Number (MIN) to MFM as of the date of purchase.

- If the Seller has registered the loan in the MERS system, the loan will be eligible for purchase consideration
- The beneficial and servicing rights to the loan must be transferred within the MERS system to MFM within one day
 of purchase: MFM Originator ID #1006376

The website evidence of the transfer should be uploaded with the loan file.

6.3.2 : ELECTRONIC SIGNATURES

MFM allows for a borrower's digital signature on some loan documents. Refer to MFM's complete Electronic Signature Policy located in the Resource Center. In summary the policy includes but is not limited to:

The Seller is required to validate that their document delivery company is contracted to deliver initial disclosures to the consumer with the option for Electronic Signatures in compliance with the Electronic Signatures in Global and National Commerce Act (E-Sign Act), The uniform Electronic Transactions Act (UETA), and the IRS's IVES Participant Guidelines for the 4506T.

6.3.3 : REAL ESTATE TAXES

Delinquent taxes, special assessments and taxes due within 60 days of closing must be paid in full before or at closing. Evidence of payment must be included in the closing documents. If the property is located in an area where homeowners are required to complete a Homestead Exemption form for reduced property taxes, the borrower must be informed of this requirement at closing.

6.3.4 : NATURAL DISASTERS

When natural disasters occur (i.e., hurricanes, tropical storms, tornadoes, wildfires) steps must be taken to assure that the "security" on each loan is protected. Any loan with a Note date within 120 days of a disaster, an inspection or reinspection will be required by the Seller to validate the property value determined prior to the date of the natural disaster. These requirements apply to all loans regardless of processing style or appraisal requirements. It is the Sellers responsibility to monitor the FEMA website for ongoing updates. These policies apply even if MFM does not issue a specific alert.

MFM will re-check the FEMA website prior to purchasing the loan. MFM will alert the Seller if the property is determined to be in a declared disaster area.

Additional documentation may be required per program requirements below:



PROGRAM	FEMA: Disaster inspections if funding is less than 90 days from declared date
DU/LP	HARP with PIW: Disaster Inspection or Fannie Mae 2075 Conventional Non-Harp: Appraisal dated after disaster declared or 1004D
FHA	Appraisal dated after disaster declared or 1004D
FHA Streamlines	Disaster Inspection or Fannie Mae 2075 to state no damage
VA	Appraisal dated after disaster declared or 1004D
VA IRRRL	Disaster Inspection or Fannie Mae 2075 to state no damage
USDA	Appraisal dated after disaster declared or 1004D
Non-Agency	Appraisal dated after disaster declared or 1004D

6.3.5 : ESCROW ACCOUNTS

MFM will purchase loans with and without taxes and homeowner's insurance escrowed or impounded. For loans purchased with escrows or impounds, the Seller must provide the borrower with an initial escrow disclosure statement indicating all items to be escrowed and monthly payment amount. The escrow account and appropriate reserves must be established at the time of closing, as evidenced by the Closing Disclosure.

- An escrow or impound account is required on conventional loans in all states except California when the LTV exceeds 80%.
- In California, an escrow or impound account is required on conventional loans when there is only a first lien and the LTV exceeds 90%. In California an escrow or impound account is required on conventional loans with a first and second lien and the LTV that exceeds 80%.
- An escrow or impound account is required on all FHA, VA and USDA loans in all states regardless of LTV.

6.3.6 : AGGREGATE ESCROW ANALYSIS

MFM requires aggregate escrow analysis and all initial escrow account disclosure states to be calculated and prepared in full compliance with the requirements of RESPA and all relevant state law. A positive aggregate escrow analysis is not allowed.

6.4 : INSURANCE

A valid, in-force hazard insurance policy must be provided on all closed loans at time of submission for purchase consideration. The Seller must be listed as mortgagee on the hazard insurance policy with an effective date prior to or on the date of closing. The insurance company issuing the policy must meet all agency guidelines. The insurance company must be authorized by law or licensed in the appropriate state in which the property is located.

The mortgaged property and all improvements there on must be insured against loss by fire and other hazards that are customary in the area where the mortgaged property is located. The policy coverage should contain but is not limited to fire and hazard insurance with extended coverage.

6.4.1 : HAZARD INSURANCE

A valid, in-force hazard insurance policy for a property securing a first mortgage, including blanket policies for condos an PUDs, must be written by a carrier that meets the following rating requirements. The carrier only needs to meet one



of the following rating categories, even if it is rated by more than one agency:

- Carriers rated by the A.M. Best Company, Inc. must have either:
 - "B" or better Financial Strength Rating in Best's Insurance Reports, or
 - "A" or better Financial Strength Rating and a Financial Size Category of "VIII" or greater in Best's Insurance Reports Non-US Edition
- Carriers rated by Demotech, Inc. must have an "A" or better rating in Demotech's Hazard Insurance Financial Stability Ratings.
- Carriers rated by Standard and Poor's must have a "BBB" or better Insurer Financial Strength Rating in Standard and Poor's Ratings Direct Insurance Service.

Policies underwritten by a state's Fair Access Insurance Requirements (FAIR) plan, if it is the only coverage that can be obtained. Policies obtained through state insurance plans- such as Florida's Citizens Property Insurance Corporation, or other state-mandated windstorm and beach erosion insurance pools- if that is the only coverage that is available. For a first mortgage secured by a property on which an individually held insurance policy is maintained, coverage equal to the lesser of the following is required:

- 100% of the insurable value of the improvements, as established by the property insurer; or
- The unpaid principal balance of the mortgage, as long as it at least equals the minimum amount (80% of the insurable value of the improvements) required to compensate for damage or loss on a replacement cost basis. If it does not, then coverage that does provide the minimum required amount must be obtained.

Under no circumstances shall the amount of the insurance required exceed the amount allowed by law.

PURCHASE TRANSACTIONS:

Hazard insurance policies that include optional coverage that is not required my MFM are acceptable, provided that MFM is not obligated to renew any part of the optional coverage, if, at some point in time, MFM is required to pay any premiums due.

REFINANCE TRANSACTIONS:

The borrower's current policy must be paid in full as evidence by the paid receipt, Closing Disclosure or evidence insurance showing no payment is due. Within 10 days of purchase, the Seller is required to send a notice to the insurance company advising of the change in the loss payee to MFM. An updated hazard insurance policy listing the appropriate MFM mortgagee clause must be received within 90 days of purchase.

CONDOMINIUM AND PUD INSURANCE REQUIREMENTS:

A master or blanket policy covering the project, and a certificate of insurance for each individual unit is required. HO-6 policies (contents only) must be obtained by the borrower or evidence in master hazard policy for the project and be paid through escrow or collected with impounds if required.

The HOA Hazard Insurance Policy must contain the borrowers name and unit. In addition, the homeowner's association must maintain a policy that covers the common areas, fixtures, equipment, personal property, and supplies of the project. PUD Insurance requirements will be dependent on each investor.

• The Certificate of Insurance policy must contain the borrower name and unit.



- Seller must verify that liability coverage of \$1,000,000 is in force for the entire project before the mortgage loan is delivered to MFM
- For attached PUDs and condominiums, the amount of hazard insurance coverage must be at least equal to 100% of the insurable replacement cost endorsement or a replacement cost endorsement satisfies

6.4.2 : FLOOD INSURANCE

The National Flood Insurance Reform Act requires that life of Ioan flood insurance is obtained on any property that is determined to be located within a special flood hazard area and indicated by the required flood certificate. The Seller is required to provide a Life of Loan Flood Certificate at time of submission of the file to MFM. All flood insurance policies must comply with the National Flood Insurance Program (NFIP) The minimum amount of flood insurance coverage is:

- The unpaid balance of the mortgage if replacement cost coverage is not available, or
- The maximum insurance available under the NFIP, or
- 100% of the full replacement cost of the insurable improvements

Borrower must sign the Flood Notification Disclosure prior to close.

If flood insurance is required, within 10 days of purchase, the Seller is required to send a notice to the insurance company advising of the change in the loss payee to MFM. An updated flood insurance policy listing the appropriate MFM mortgagee clause must be received within 90 days of purchase.

The hazard insurance mortgage clause must read: Member First Mortgage, LLC

ISAOA/ATIMA 616 44th Street SE Grand Rapids, MI 49548

6.4.3 : PRIVATE MORTGAGE INSURANCE

Mortgage insurance is required on all conventional loans with an initial loan to value ratio more than 80%. Seller must follow AUS findings and individual mortgage insurance company requirements for coverage. AUS findings will identify the specific coverage amount required. MFM does not allow for reduced MI (with loan-level price adjustment), standard MI coverage applies.

Mortgage insurance guidelines can change at any time. It is the Seller's responsibility to check the applicable guidelines and order the MI Certificate at the time of underwriting and prior to submitting the file for purchase consideration.

The mortgage insurance certificate should reflect the Seller's name, address, loan number, and all applicable loan information. The certificate must reflect the final loan amount at closing date. Any amount due on the certificate must reflect paid at closing on the final Closing Disclosure or other evidence of payment is required.



Types of Mortgage Insurance policies:

MORTGAGE INSURANCE PRODUCT	CONVENTIONAL	
Borrower Paid Monthly	Eligible	
Borrower Paid Single	Eligible	
3rd Party (Seller or Builder) Paid Single	Eligible	
Financed Single Premium (Non-Refundable)	Eligible	
Lender-Paid Single	Eligible	
Financed Single Premium (Refundable)	Not Eligible	

Approved Mortgage Insurance companies:

APPROVED MORTGAGE INSURANCE COMPANY	CONVENTIONAL NEW POLICY	HARP TRANSFERRED POLICY
Essent	Eligible	Eligible
CMG	Eligible	Eligible
Genworth	Eligible	Eligible
MGIC	Eligible	Eligible
National MI	Eligible	Eligible
Radian	Eligible	Eligible
RMIC	Not Eligible	Eligible
Triad	Not Eligible	Eligible
Ticor	Not Eligible	Eligible
ARCH	Eligible	

HOME AFFORDABILITY REFINANCE PROGRAM (HARP) LOANS WITH MORTGAGE INSURANCE DROPPED IF the AUS approval shows mortgage insurance is required, Seller must provide, for MFM review and approval, a letter from the former mortgage insurance company and from the current servicer indicating mortgage insurance coverage is no longer required and why such is the case.

6.4.4 : TITLE INSURANCE

Each title insurer must be qualified to do business in the jurisdiction in which the subject property is located. Each policy shall insure the Seller, its successors and assigns to the first (or, if indicated by Seller, second) priority of the mortgage, and shall be in the amount of the original principal of the mortgage loan.

Seller warrants that they are the named insured and sole insured of such title policy and that the assignment to MFM of Seller's interest in such title insurance does not require the consent of or notification to the insurer, and that such insurance policy is and will remain in full force and effect and will insure to the benefit of MFM and if MFM assigns upon the consummation of the transaction contemplated by the Agreement and any subsequent assignments by MFM. Seller warrants that no claims have been made under such title insurance policy and neither Seller nor any prior holder of the mortgage has done anything which would impair the coverage of such title insurance policy and that nothing



contemplated in the Agreement, or any transfer to MFM, will impair the coverage of such title insurance policy. If a married borrower wishes to take title to the mortgaged property without his or her spouse, the lien created by the mortgage must be superior to any interest in the mortgage property the spouse may have under the law or otherwise.

Only the borrower(s) applying for a mortgage loan can be on the Note and security instrument. Any borrower(s) applying for a mortgage loan must appear on title. A spouse can sign the security instrument (Mortgage or Deed of Trust) to be added to title without applying for a mortgage loan.

6.4.5 : TITLE COMMITMENT REQUIREMENTS

The title commitment must meet the following requirements:

- Proposed insured dollar amount must be equal to the loan amount referenced in the Deed of Trust or Mortgage
- Legal description of the property agrees with the Deed of Trust or Mortgage and appraisal
- Copy of the survey or plat map, if required by the title company
- Alta Address Supplement, if available in subject state
- Attorney's Opinion Letter, if applicable in the state in which the property is located
- Environmental protection lien and endorsement for all loans
- Latest ALTA form of title insurance policy (required post-closing). In states where ALTA forms are not used, similar coverage is required.
- Twelve months of property ownership evidenced by the chain of title
- Title commitment cannot show any exceptions unless permitted by applicable agency (Fannie, Freddie, FHA, VA, USDA)
- First Lien Letter or Closing Protection Letter- similar coverage is required in states that do not use a Closing Protection Letter

SURVEY REQUIREMENTS

Unless it is covered by a master title insurance policy that insures against loss due to survey-related matters, a plat or improvement survey must be provided. The survey must indicate the location of the subject plot, any easements, encroachments, building lines, street lines, boundary lines, structures and/or improvements.

ENDORSEMENT REQUIREMENTS

- All loans: 8.1 Environmental Protection
- Condominiums: ALTA 4-06 or 4.1-06 or CLTA 115.1
- PUD: ALTA 5-06 to 5.1-06 or CLTA 115.2
- Comprehensive Endorsement: ALTA 9 or CLTA 100 or its equivalent
- Location Endorsement: ALTA 22.1 or CLTA 116 or its equivalent
- ALTA 7 Manufactured Home



6.5 : LOAN DOCUMENTATION PACKAGE

The closing documents submitted for purchase consideration must include executed instruction necessary to convey all rights, title and interest in and to each loan. Evidence of property insurance is required on each loan. All taxes and any assessments that became due and owing prior to the closing date on the subject property must be evidenced as paid through closing. This includes but is not limited to: property taxes, hazard insurance premiums, flood insurance premiums, past due homeowner associations dues, any liens evidenced on title, etc. Refer to the Collateral File Checklist for a complete list of required documents. The most current Closing Disclosure, Fannie Mae and Freddie Mac forms that are correct for the jurisdiction, loan program, mortgage and property type must be used.

6.5.1 : FINAL CLOSING DISCLOSURE

Seller must provide the final Closing Disclosure executed by the appropriate party on the mortgage property location as outlined below:

- Escrow state (Dry Alaska, Arizona, California, Hawaii, Idaho, Nevada, New Mexico, Oregon, and Washington) the file must include:
 - A Closing Disclosure or other closing statement signed by the borrowers and property seller, if applicable; and
 - A final Closing Disclosure or other closing statement signed by the Escrow Officer
- Non-escrow state (Wet), the file must include:
 - A final Closing Disclosure or other closing statement signed by all parties to the transaction and evidencing all costs to the homebuyer and seller
- Final Closing Disclosure or other closing statement must include the borrower(s) name, property address, and loan amount.
- Proof of Delivery of the CD to the borrower(s)

Any and all appropriate HUD, federal, state, and lender documents must be appropriately executed with conforming signatures to the parties involved in the transaction. All borrowers on the note and documents must be part of the FHA Connection case file.

6.5.2 : REQUIRED RIDERS

If riders are required, they must also be recorded with the Mortgage or Deed of Trust, with a certified copy included in the purchase package. For a rider to be made a part of the Mortgage or Deed of Trust, the applicable rider box must be checked on the Mortgage or Deed of Trust.

The following riders are required, as noted:

- Condo Rider: properties located in a condominium project
- PUD Rider: properties either located in a planned unit development or subject to assessment from a homeowner's association
- Second Home Rider: properties that will be occupied by the borrower as a second or vacation home
- Applicable 1-4 Rider: properties held for investment and not the borrower's primary residence
- Applicable ARM riders to Note and Deed of Trust
- Manufactured Home Rider
- State Specific Riders



6.5.3 : ORIGINAL NOTE

An original, properly endorsed Note (or original Note with appropriately executed allonge) must be executed by each borrower and delivered to:

WESTERN DIVISION:

Member First Mortgage, LLC 5300 Democracy Drive, Suite 200 Plano, TX 75024 Correspondent Lending Division

CORPORATE OFFICE:

Member First Mortgage, LLC 616 44th Street SE Grand Rapids, MI 49548 Correspondent Lending Division

The original Note must include the following:

- Date that matches the date of the Deed of Trust or Mortgage
- Property address that matches the address of the Deed of Trust or Mortgage, appraisal, and preliminary title report
- Correct loan amount and interest rate, both written and numeric
- Correct lender name and maturity date
- Correct payment amount, using Fannie Mae/Freddie Mac factors to calculate the principal and interest payment
- Accurate first payment information that does not exceed 62 days from the funding disbursement date
- A grace period that does not exceed 15 days, except where prohibited by state law.
- Late Charge that does not exceed 5% (Conventional loans) or 4% (Government loans) of the payment amount, or the maximum allowable in that state, whichever is less
- Borrower's names typed exactly as listed on the Preliminary Title Report
- Signature of all borrowers, exactly as typed on the Note. The borrowers may over sign but never under sign
- All applicable Note Riders/Addendum. All applicable ARM terms must be correct
- Correct Government FHA/VA case number and correct FHA ADP code
- Full licensed name and NMLS Identification number of mortgage originator

6.5.4 : WIRING INSTRUCTIONS

Funds will be wired per the wire instructions provided by the Seller with the collateral package. Wire instructions must be submitted with each purchase package. MFM cannot accept verbal wire instructions. MFM will only wire funds to an approved Warehouse line rather than to company operating accounts.

Note: Depository institutions and their wholly owned subsidiaries are exempt from the above requirement, providing that the wholly owned subsidiary uses the parent company's operating account.

6.5.5 : COLLATERAL PACKAGES

The collateral package will require all or some of the following:

- Original endorsement Note and Allonge
- Certified copy of the original Note with endorsement, Note may be endorsed in blank. An allonge may be used as long as the form and content comply with all applicable state, local or federal laws governing the use of an allonge and result in an enforceable and proper endorsement to the Note.



6.5.6 : COLLATERAL DELIVERY TO MFM

Delivery address:

WESTERN DIVISION:

Member First Mortgage, LLC 5300 Democracy Drive, Suite 200 Plano, TX 75024 Correspondent Lending Division

CORPORATE OFFICE:

Member First Mortgage, LLC 616 44th Street SE Grand Rapids, MI 49548 Correspondent Lending Division

6.5.7 : TRANSFER/SERVICING HISTORY

A Notice of Servicing Transfer that meets all regulatory requirements must be given to the borrower at least 15 days before the effective date of the servicing transfer (the date the first payment is due to the new servicer). Provide the following information to the new servicer:

SEND MORTGAGE PAYMENTS TO:

Member First Mortgage, LLC Dept. # 771502 Detroit, MI 48277 (866) 636.1052

MAIL CORRESPONDENCE TO:

Member First Mortgage, LLC 616 44th Street SE Grand Rapids, MI 49548 (866) 636.1052

If any schedule payments were due prior to the purchase date, a mortgage payment history and updated principal balance must be submitted by the Seller. Payments on the loan must be current as of the date of purchase. Payment reconciliation will display on the Purchase Advice issued by MFM when funding the loan.

6.6 : POST FUNDING FINAL DOCUMENTATION

The Seller is responsible for obtaining, reviewing, correcting (if applicable), and submitting all applicable final documents. Final documents must be mailed to one of the following address:

WESTERN DIVISION:

Member First Mortgage, LLC 5300 Democracy Drive, Suite 200 Plano, TX 75024 Attn: Post Closing

CORPORATE OFFICE:

Member First Mortgage, LLC 616 44th Street SE Grand Rapids, MI 49548 Attn: Post Closing

6.6.1 : POST CLOSING REQUIREMENTS

The Seller must issue all borrower notifications no less than 15 days before the effective date of the transfer of servicing. The following information must be indicated and delivered to the borrower(s):

- Indicate the date on which the servicing duties are to be transferred, which shall be the same date as the date which payments are to commence to the servicer
- Identify the date Seller will no longer accept payments on the mortgage loan
- · Identify the date on which payments will commence to the servicer
- Identify the complete information of the new servicer
- Direct the borrower(s) to forward all future payments to the Servicing Department
- Notify the borrowers the transfer does not affect any terms nor conditions of the mortgage loan other than the change in servicing



6.6.2 : INSURANCE CERTIFICATE

The Seller is required to provide the following evidence of insurance coverage:

- FHA: MIC certificates are due to MFM no more than 15 days after MFM purchases the loan. Seller must register Mortgagee Record Change with HUD within 15 days of MFM's purchase date.
- Conventional: Transfer of Mortgage Insurance is completed by MFM after purchase of the loan.
- VA: LGC is due to MFM no more than 15 days after MFM purchases the loan.
- USDA: Executed USDA Loan Note Guarantee form #RD1980-17 is due to MFM within 15 days of MFM's purchase date.

MFM IDENTIFICATION NUMBERS:

- HUD: 7784700004
- USDA: Tax ID 38-3616059
- Fannie Mae: 251760004
- Freddie Mac: 143167
- Ginnie Mae: 4176

Seller is required to upload the above applicable items to the loan file via the MFM LOS. If for any reason the loan cannot be insured or guaranteed within the timeframes specified above, the Seller must contact MFM.

It is the Seller's responsibility to make any monthly MIP payments for any customer payment(s) collected by or due to the Seller prior to MFM purchasing the loan.

6.6.3 : FINAL DOCUMENTS

Final Closing Documents include, but are not limited to, the following:

- Original recorded mortgage, all applicable riders/addendums are due within 120 days of purchasing
- Original Title Insurance Policy and any required waivers, attorney's opinion, and /or applicable endorsements
- Certified copy of the recorded Power of Attorney, when and if applicable

CHAPTER 7 : COMPLIANCE

The Seller must operate in compliance with all federal, state and local laws and regulations. This Guide is provided as information only and is not to be interpreted as legal advice. While it is MFM's intent to always have this Guide reflect the most current information, there may be times when it does not. It is the Seller's responsibility to comply with legal and regulatory requirements promulgated by all federal, state and other government entities and to be and remain current regarding those standards.

Any information and guidance contained in this document regarding policies and procedures to utilize while doing business with MFM should in no way be construed as MFM providing the Seller with legal advice. For legal determination, the Seller should seek independent legal opinions from qualified sources. MFM's Correspondent Lending Division provides helpful tools, policies, procedures and requirements that the Seller should follow when seeking the purchase of a closed loan.



7.1 : COMPLIANCE REQUIREMENTS

MFM will purchase FHA and VA qualified mortgages and Federal QM loans that meet safe harbor requirements. Seller must originate each mortgage loan in compliance with the applicable agency underwriting guidelines and in compliance with all applicable governing statutes and regulation as amended and in effect at the time the loan was made, including, but not limited to, the following:

- Equal Credit Opportunity Act (ECOA and Regulation B)
- Fair Housing Act
- Unfair, Deceptive, or Abusive Acts or Practices (UDAAP)
- Consumer Credit Production Act
- Fair Credit Reporting Act (FCRA)
- Truth-in-Lending Act (TILA and Regulation Z), including but not limited to Ability to Repay/Qualified Mortgage requirements (ATR/QM)
- Mortgage Disclosure Improvement Act (MDIA)
- USA PATRIOT Act
- Real Estate Settlement Procedures Act (RESPA- Regulation X)
- Home Mortgage Disclosure Act (HMDA- Regulation C)
- Home Ownership and Equity Protection Act (HOEPA)
- Secure and Fair Enforcement for Mortgage Lending Act (SAFE Act)
- Appraisal Independence Requirements (AIR)
- Regulations issued by the Office of Foreign Asset Control (OFAC)
- Dodd-Frank Act (DFA)
- Seller is required to close loans in compliance with their own specific licensing regulations
- Sellers are required to report HMDA information on all loans sold to MFM. For HMDA purposes, MFM is considered a Mortgage Bank
- Seller must keep MFM abreast of any company licensing changes that may affect the purchase of a closed loan prior to MFM purchasing.
- MFM will not purchase loans that surpass state and federal "high cost" and "predatory loan" thresholds (TILA Section 32, and equivalent state "high cost" or "predatory loan" laws) or are considered predatory as defined under various state, federal or local laws. MFM follows government agency, Fannie Mae and Freddie Mac requirements, lending guidelines and principles regarding responsible lending and fee limitations. All loans will run through a compliance audit to validate the loan meets all requirements.
- All loan files must include a fully executed 1003
- The Note and security instrument must include the following items:
 - Loan Originator's Company Name
 - Loan Originator's Company NMLS number
 - Loan Originator's Name and NMLS number (this information must follow all applicable state and federal regulations)



7.2 : QC REQUIREMENTS

The Seller is responsible for maintaining quality control (QC) procedures as required by Fannie Mae, Freddie Mac, Ginnie Mae, FHA, VA, USDA, federal and state regulators.

MFM's minimum QC requirements include, but are not limited to the following:

- 1. Validated QC: Generate an electronic fraud detection report for each loan transaction utilizing nationally recognized vendors such as Interthinx Fraudguard, Corelogic, Lexus Nexus, or DRIVE
- 2. IRS 4506T: Validation of borrower's transcripts as per MFM's Income Validation Policy is required
 - a. Completed and fully executed 4506T Request Form is required in the initial credit package and included in the final closing documents
 - b. Seller may choose to order a "Record of Account" from the IRS if the borrower has filed amended returns. Please allow the IRS approximately six to eight weeks to issue a transcript for an amended return.
- 3. Social Security Number: validation is often used in conjunction with the credit report, borrower documentation or the electronic QC report. Social Security validation is required when a SSN discrepancy exists.
- 4. Loan Quality Initiative (LQI): All conventional loans must comply with the FNMA/FHLMC Loan Quality Initiative. Requirements include:
 - a. Confirmation that all parties to the mortgage transaction meet certain qualifications
 - b. Determination that all borrowers' debts are included in the qualification for the mortgage loan
- 5. Limited Denials of Participation (LDP) and General Services Administration Lists (GSA)
- 6. Seller must provide confirmation that no parties, including third party vendors such as appraisers, are on the LDP/ GSA excluded parties list. For complete details, please refer to MFM's Excluded Parties Policy.
 - a. LDP printouts are obtained through the HUD LDP webpage
 - b. GSA printouts are available through http://www.sam.gov/portal/public/SAM
- 7. Appraisal Quality Control: For complete details regarding appraiser independence requirements (AIR), refer to the Fannie Mae Appraiser Independence Requirements.

Exhibits



EXHIBITS

- E-Signature Policy
- Condominium Questionnaire
- Delegated Submission Checklist
- Non-Delegated Closing Checklist
- How to Transfer an LP
- How to Request DO Sponsorship
- Renegotiation Policy
- Lock Extension Policy
- Relock Policy
- Goodbye Letter (sample)



E-Signature Policy



MFM CORRESPONDENT LENDING E-SIGNATURE POLICY

MFM has approved the use of e-signatures on all documents except those requiring a wet signature, notarization, or to meet the requirements of third parties. Therefore, MFM will;

- Acquire and maintain the ability to substitute e-documents for paper wherever it is cost-effective, including legal documents and regulatory disclosures.
- Encourage members to avail themselves of e-delivery, but will not force e-delivery on any member who cannot or will not provide informed demonstrable consent, or members who have consented but subsequently withdraw that consent.
- Follow the ESIGN-prescribed consent procedures in lieu of (any) UETA(s) that may exist in state(s) where MFM operates.
- Retain records as required to document consent to receive electronic documents, copies of provided documents, and evidence of delivery of the documents.
- Develop and maintain appropriate procedures, controls, and quality control reviews to assure compliance with this policy.

Seller use of E-Signature must comply with the Electronic Signatures in Global and National Commerce Act (ESIGN) as outlined by the CFPB.

How to Transfer an LP



HOW TO TRANSFER AN LP FROM AN APPROVED CORRESPONDENT SELLER TO MFM

Step 1. Once you have selected your loan click on Assign loan

	Select Loan
Loan Product Advisor Main	
View Loan	
View Results	Please Note:
View All Loan Transactions	To view all transactions for this loan, select a loan, then select View All Loan Transactions in the left navigation bar.
Assign Loan 🛛 🔸	navigation bal.
Release Loan	
Assignment Log	Please select a loan transaction and choose the appropriate option. PREVIOUS PAGE NEXT PAGE

Step 2. On the assign loan screen choose final assignment

Step 3 Select Member First from the dropdown and click confirm

	Assign Loan
oan Product Advisor Main oan File Setup	 Initial Assignment Select a wholesaler from the list below. Select Confirm to confirm the assignment. If you choose to confirm this request, you will retain Modify Access and the selected wholesaler will gain View Access.
oan Application Data	
A	Final Assignment
equest Services	Select a wholesaler or wholesaler/mortgage service provider (MSP) pair from the list below. Select Confirm to confirm the assignment. If you choose to confirm this assignment, you will have View Access only.
	 MSP Assignment Select an MSP from the list below. Select Confirm to confirm the assignment. If you choose to confirm this assignment, you and the MSP will share Modify Access.
	Wholesaler

The loan will now be in Member First's pipeline.



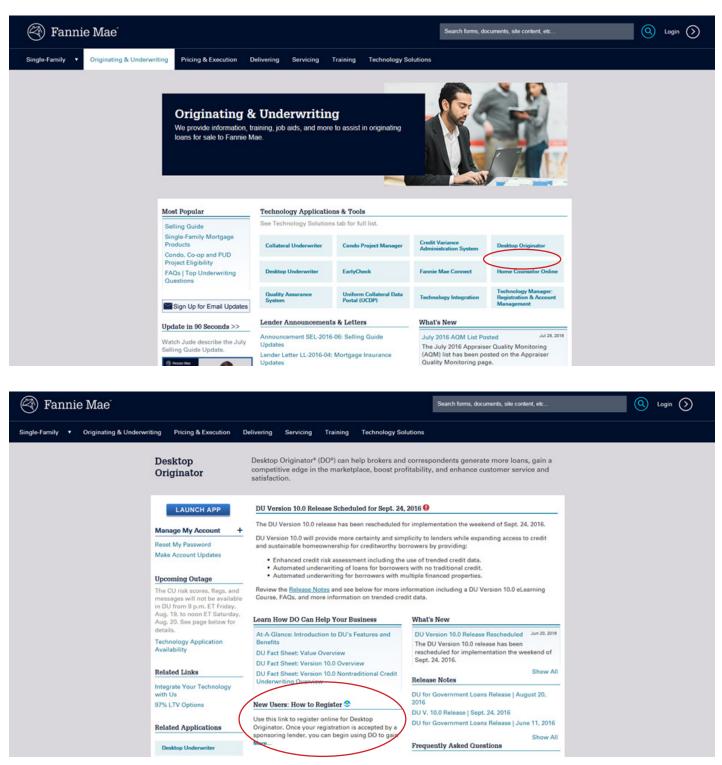
Step 4. If you need the TPO to make changes, click release loan on the Select Loans page

Loan Product Advisor Main						
View Loan						
View Results	Please Note:					
View All Loan Transactions	To view all transactions for this loan, select a loan, then select View All Loan Transactions in the left navigation bar.					
Assign Loan	- navigation bar.					
Release Loan						
Assignment Log	- Please select a loan transaction and choose the appropriate option. PREVIOUS PAGE NEXT PAGE					





HOW TO REQUEST DO SPONSORSHIP





Single-Family Originating & Underwriting Pricing & Execution Delivering Servicing Training Technology Solutions Desktop Originator Desktop Originator Desktop Originator ² (DO ²) can help brokers and correspondents gener. competitive edge in the marketplace, boost profitability, and enhance or satisfaction. LAUNCH APP Manage My Account + Manage My Account + Reset My Password + Make Account Updates DU Version 10.0 release has been rescheduled for implementation the wee OU version 10.0 will provide more certainty and simplicity to lenders while exp and sustainable homeownership for creditworthy borrowers with not traditional credit - Automated underwriting of loans for borrowers with not traditional credit - Automated underwriting of loans for borrowers with not traditional credit - Automated underwriting of loans for borrowers with not traditional credit - Automated underwriting of loans for borrowers with not traditional credit - Automated underwriting of loans for borrowers with not traditional credit - Automated underwriting of loans for borrowers with not traditional credit - Automated underwriting of loans for borrowers with not traditional credit - Automated underwriting of loans for borrowers with not traditional credit - Automated underwriting of loans for borrowers with not traditional credit - Automated underwriting of loans for borrowers with not traditional credit - Automated underwriting of loans for borrowers with not traditional credit - Automated underwriting of loans for borrowers with not traditional credit - Automated underwriting of loans for borrowers with no traditional credit - Automated underwriting	
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Manage My Account + Reset My Password + Make Account Updates DU Version 10.0 will provide more certainty and simplicity to lenders while exp and sustainable homeownership for creditworthy borrowers by providing: Upcoming Outage - The CU risk scores, flags, and messages will not be available in DU from 9 p.m. ET Friday, Aug. 19. to noon ET Saturday, Aug. 20. See page below for details. - Technology Application Availability At-A-Glance: Introduction to DU's Features and Benefits What's New DU Version 10.0 Version 10.0 Overview DU Version 10.0 Overview DU Version 10.0 release has been rescheduled for implementation the week and sustainable homeownership for creditworthy borrowers by providing: . - - - . - - - . - - - . - - - . - - - . - - - . - - - - . - - - - . - - - - - . - - - - -	
Integrate Your Technology with Us Underwriting Overview Release Notes 97% LTV Options New Users: How to Register DU for Government Loa 2016 Ulder this link to repieter online for Decitor DU V. 10.0 Release Sep	anding access to credit Version 10.0 eLearning e Rescheduled Jun 20. 2016 lease has been hentation the weekend of Show All ns Release August 20, t. 24, 2016 ns Release June 11, 2016 Show All estions iter V 10.0 Release

🛃 FannieMae.

Step 1: Software Subscription Agreement

To accept the Terms and Conditions for Desktop Originator please check the checkbox next to the statement indicating your agreement and enter your name in the "Signed By" field.
* indicates required information

Technology Manager

Application Name:

THE ABOVE-NAMED APPLICATION IS LICENSED BY FANNIE MAE UNDER THE TERMS AND CONDITIONS SET FORTH IN THE MOST RECENT VERSION OF THE FANNIE MAE SOFTWARE SUBSCRIPTION AGREEMENT BETWEEN FANNIE MAE AND THE LICENSE (THE "AGREEMENT") AND ITS DESKTOP ORIGINATOR SCHEDULE (THE "SCHEDULE"), BOTH ATTACHED HERETO. BY EXECUTING THIS FORM, LICENSEE ACKNOWLEDGES READING THE AGREEMENT AND THE SCHEDULE AND AGREES TO BE BOUND BY ALL THEIR TERMS AND CONDITIONS.

Click below to view, download or print the Terms & Conditions for this application

Terms & Conditions

*I understand and agree that, by clicking on this check-box and entering my name in the space below, I am indicating that: (a) I am a duly authorized officer or delegate of the company I identify in this registration process, (b) the company represents and warrants that the information in this form is complete and accurate and Fannie Mae is entitled to rely on it and (c) the company intends to be bound by my electronic signature just as if it were an ink signature on paper.

Signed By Name of Authorized Officer/Delegate: *



🛃 FannieMae. **Technology Manager** Step 2: Enter Company Information Type your company information, including the name, address, e-mail address, and phone number of the person in your company who will be the point of contact for Desktop Originator, then click continue. Avoid use of special characters or leading spaces when entering in the first name and last name. Company Name: * **Company Point of Contact Information** First Name: * MI: Last Name: * Address Line 1: * Address Line 2: State: Zip Code: City: Phone: Fax: E-Mail: Verify E-mail: Previous Cancel Clear Fields Continue

🛃 FannieMae

Technology Manager

Technology Manager

Step 4: Credit Card Authorization

Credit Card Transaction Successful You have successfully completed your transaction. Please click continue to go to the next step. Card Type : Visa Card Number : ********************************** Expiration Date : 08-2019

Cancel Continue

🔁 FannieMae

Step 5: Request User IDs

Each person in your company who will use the Desktop Originator application must have and use their own user ID. For each authorized person: Type the user information avoiding special characters or leading spaces in the user first name and last name In the Personal ID Number field, type is four cigot number, IGs sure to give this number to the user) To add another user, click 'Add New User' then click' Save User' To make changes to an added user, please use the options listed in the 'Actions' box. If you do not want to add another user, click Continue.

- * indicates required information
- Note: You are only allowed to request up to 5 users during registration. You may request additional users in Technology Manager after your sponsorship

request has been approved by a lender

First Name	M	Last Name	Title			Email	Phone	Pin	Actions
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Previous Cancel Continue



🕿 FannieMae.

Technology Manager

Step 6: Select Technology Manager User Administrator and Online Billing Service User

Select Users to perform the following functions for your company: Technology Manager User Administrator: This user will be authorized to register additional users in the company for access to Desktop Originator. You must select at least one user to perform this task. Online Billing Service User: This user will be authorized to review Fannie Mae invoices online and receive contract bulletins and other notices. You may only select no user to perform this

Please select a user for each function; you may assign the same user to perform both tasks for your company.

First Name	MI	Last Name	Job Title	Technology Manager User Administrator	Online Billing Service User
Lindsey		Rieth	Billing Point Of Contact		0
Lindsey		Rieth	Admin	2	۲

Previous Cancel Continue

🛃 FannieMae. **Technology Manager** Step 7: Select Sponsoring Lender(s) Select a Sponsoring Lender by selecting lender(s) from the 'Available Lenders' list. Search the lender by typing in their name in the Lender Name search box Use the 'Add option to add your selection to the 'Selected Lenders' list. To remove a selection, use the 'Remove' option. To undo an action, use the 'Undo Alf' option. ease Note: The lender may require a formal application package prior to approving your request, which could delay your sponsorship approval process. ected Lender vailable Lenders Lender Name + Lender Name • member fir MEMBER FIRST MORTGAGE, LLC No data Add > < Remove Undo All 鰔 🌒 1 of 1 🗼 📦 1 of 1 🐟 📦

Previous Cancel Continue

ect one item at a time, multi-select is not allowed.

Add Member First Mortgage using the "add" button and continue...once complete - MFM Technology Manager Admin will receive a notification to review and approve the pending request.

Use Ctrl + mouse click to multi-select



REQUESTING ADDITIONAL SPONSORING LENDERS

This document explains how to use the Desktop Originator® Online Registration application to request additional lender sponsorships. The length of the sponsorship acceptance process varies by lender, because some lenders may ask for additional information before approving your request. The acceptance of sponsorship requests is at the sole discretion of the lender.

Note: Before you can begin this process, you must already be a registered user of Desktop Originator (DO®). If you are not yet registered for DO, refer instead to the Registering online for desktop originator job aid.

- 1. Go to the Technology Manager Application Log In page
- 2. Enter your user ID and password, then click Log In
- 3. If you are a User Administrator, your view will look like the following. Click Request Additional Sponsorships

4. If you are NOT a User Administrator, your view will look like the following. Click Request Additional Sponsorships

🔁 FannieMae.	Technology Manager	Ban Cas I Lagrant at
External Technology User Home Page		
Subscriber ID - Name: [churgbring POC Text		
	A Would Like To	
	Update Ny Info	
	Request Additional Sponsorahips	



5. Select the applicable Institution and the Lender Name for the sponsorship request and click Add. Once selections are completed, click Continue

Note: If your organization has only one institution ID, it will be defaulted as the selected institution on the right. If your organization has more than two institution IDs, the applicable institution must be selected using the Add option.

🛣 FannieMae.	Te	chnology Manager	Carter (Carter)
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6. Click Confirm to submit your request

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7. The Thank You screen appears, indicating that your request has been submitted to the lender. You can print a copy for your records. Click the link to return to your homepage to close the window.

Note: A confirmation email is sent to the email address you specified, indicating that a sponsorship request was submitted to the lender. The email also includes a tracking number that you can use if you need to contact the lender to determine the status of your request.

Rannie Mae.		Technology Manager	And Cox 1 Logad
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Renegotiation Policy



MEMBER FIRST MORTGAGE RENEGOTIATION POLICY

To assist clients with managing their existing pipelines in a volatile market, Member First Mortgage will consider a renegotiation resulting in a lower interest rate of at least 0.125% in rate under the following conditions:

- Must be within 15 days of funding/delivery to MFM
- The original interest rate and lock period compared to current rate sheet must show a minimum of a 1.00 point price improvement
 - E.g.: Existing lock 3.75% at 100.250. Current market would need to show 3.75% at or above 101.250 to renegotiate.
- The renegotiated price for the loan can never improve from the original lock price. The renegotiated price will be the worst of the existing locked price compared to the current market price for the new interest rate. Examples:
 - Existing lock 3.75% @ 100.25. Renegotiating to current market 3.5% @ 100.75. New lock would be 3.5% @ 100.25.
 - Existing lock 3.75% @ 100.25. Renegotiating to current market 3.5% @ 100.00. New lock would be 3.5% @ 100.00.
- The loan must close, disburse and be received by MFM in 15 days
- If current expiration date exceeds the 15 day maximum on a renegotiation, MFM will adjust the expiration date of the lock to 15 days
- Rate and/or program cannot be changed and the loan cannot be relocked once renegotiation offer is accepted
- Should a renegotiation loan not close/fund within the 15 day period, any extensions/relocks will be at the sole discretion of MFM. The loan will also be subject to worst case pricing on the renegotiated rate as well as possible additional fees
- All renegotiation requests must be directed to the Secondary Marketing Lock Desk at: secondary@memberfirstmortgage.com - indicate "RENEGOTIATION" in the subject line
- Limit one renegotiation per loan

Please note that files locked with private investors will be considered separately based on the specific floatdown/ renegotiation policy of that investor (contact Secondary for these inquiries).

Lock Extension Policy



MFM LOCK EXTENSION POLICY

Lock extensions are allowed on unexpired locks only. Extension requests need to be submitted by midnight EST of the current lock expiration date. These requests will be considered valid if submitted through the loan system or via email to the MFM Secondary Marketing inbox.

Requests can be made for any number of days up to the maximum. All rate lock extensions are calculated in continuous calendar days. Extension requests that would expire on a weekend or holiday will roll forward to the next business day and incur the cost of these additional calendar days. Extensions submitted in error can be changed or removed within one business day of when the request was accepted by contacting the MFM Secondary department.

- The cost of an extension is 2 basis points (0.02) per day
- There is a maximum of either:
 - 3 extension requests per loan
 - 30 days of extensions per loan

Should either of these maximum limits be reached, or the lock be allowed to expire, the loan will be subject to the MFM Relock Policy. Exception requests can be submitted to the MFM Secondary Marketing inbox and should provide adequate detail of the situation to make an exception determination.

MFM has the right to refuse any extension requests at any time for a variety of reasons including but not limited to the availability of the product, changes in product eligibility/guidelines, or current market conditions.

Relock Policy



MFM RELOCK POLICY

Loans are subject to the relock policy for a variety of reasons, including but not limited to:

- An expired rate lock is being extended within 30 days of expiration
- A cancelled rate lock is being reinstated within 30 days of cancellation
- The maximum number of lock extension days has been exceeded
- The maximum number of lock extension requests has been exceeded
- Loans with changes that necessitate changing private investors

Portfolio loans that are switched to secondary-eligible loans, or loans with rate locks that have been cancelled/expired for more than 30 days, are treated as new locks and subject only to current market pricing.

The relock fee will be calculated using worst-case pricing between the current market price (at the original lock request days) against the last locked price, including any extension fees already incurred. Factoring any previous extension costs into the calculation helps to minimize the relock fee. The minimum relock fee is 0.25.

Examples:

- Scenario A
 - Current market price = 101.000
 - Last locked price = 100.500
 - Worst case is the last locked price, relock fee is 0.250.
 - New locked price is 100.250.
- Scenario B
 - Current market price = 100.125
 - \circ Last locked price = 101.000
 - Worst case is the current market pricing, relock fee is 0.875
 - New locked price is 100.125.

Relocked loans will have their lock expiration date set to the day the relock is approved and will need to be extended according to the MFM Lock Extension Policy. The relocked loan will be treated as a new lock for purposes of the Lock Extension Policy.

All relock requests need to be requested via email to the MFM Secondary Marketing inbox. MFM has the right to refuse any relock requests at any time for a variety of reasons including but not limited to the availability of the product, changes in product eligibility/guidelines, or current market conditions.

Note: Loans that are locked on agency/secondary pricing can be switched to Portfolio in the first 48 hours with no pair off cost. If this loan is then switched back to agency/secondary pricing at a later time, it will be subject to worst case pricing between current market and the original agency pricing.



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Member First Mortgage, LLC

616 44th Street SE | Grand Rapids, MI 49548 1.866.898.1818



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NMLS ID# 149532 | WWW.MEMBERFIRSTMORTGAGE.COM | 1.866.898.1818