

## LENDER MANAGEMENT

### GENERAL POLICY STATEMENT

A primary goal of NewRez is to ensure that each Correspondent Lender that it purchases loans from (referred to herein as “Lender” or “Lenders”) maintains sound practices in real estate loan originations while assuring investment loan quality, compliance with all applicable laws and regulations, and benefit to the borrower. All NewRez Lenders must demonstrate the financial ability, the experience, and the commitment to originate mortgages consistent with this philosophy.

NewRez's monitoring procedures include a review of all the required documentation both at application and at time of recertification to insure compliance with all NewRez, Agency, investor, and regulatory requirements. The required components include, but are not limited to, financial statements, licenses, insurance policies, a QC Policy, and two months of the most recent QC results reported to Lender Management.

Additionally, NewRez's QC monitoring includes loan reviews which take place both prior to loan purchase and after loan purchase. Lenders with QC results that reveal significant exceptions are responsible for responding to issues in a timely manner. A loan that is determined not to meet NewRez guidelines may require correction of the violation, indemnification, return of Service Release Premium (SRP), excess premium and/or reimbursement of losses or loan repurchase. Additionally, issues not resolved within the required time frames could result in suspension or termination of the relationship.

### ETHICAL STANDARDS AND RESPONSIBLE LENDING

Both NewRez and Lender must adhere to the highest level of ethical standards to ensure that as financial services organizations we maintain the trust of our customers, employees, and investors. NewRez is committed to fair, responsible, and ethical lending and we expect our Lenders to manage their institutions with the same commitment and focus. To ensure these standards are met, the Lenders are expected to:

- Comply with all regulatory or legal obligations
  - Adhere to NewRez's Fair Lending and Fairness Policies and not discriminate against any loan applicant
  - Fully understand the applicant's lending needs and financial circumstances and ensure that the product and loan obligations are fully explained to all applicants
  - Deliver appropriate levels of service and product quality to all customers
  - Protect the privacy of all applicants and ensure that any applicant information is appropriately protected
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- Perform in a manner that respects the lending industry, their relationship with NewRez, and preserves the reputation of both NewRez and their own organization

## LENDER ELIGIBILITY

Eligible Lenders must meet the following minimum requirements for approval:

- Be financially and operationally sound
- Be duly organized and in compliance with all applicable federal, state and local regulations and duly licensed
- Exhibit an acceptable level of mortgage lending experience
- Have been actively engaged in residential mortgage lending for a minimum of two years preceding submission of Lender's application to NewRez
- Provide resumes of all key personnel showing experience levels acceptable to NewRez.

### Net Worth Minimum Requirements:

- \$500,000 for Non-Delegated Agency and Government loans
- \$1,000,000 for Non-Delegated Smart Series and Dream Big loans
- \$1,500,000 for Delegated Agency loans

NewRez Correspondent Lending Division (CLD) will purchase Third Party Originated (TPO) Conventional and Government loans on a very limited basis with Lenders who possess the following minimum requirements:

- **Conventional Loans:**
    - Only regulated financial institutions or mortgage companies wholly owned by a financial institution will be eligible to sell TPO loans to NewRez (CLD).
    - Tangible net worth of \$5,000,000 and tangible liquidity of \$1,000,000 are required to sell conventional Conforming loans to NewRez (CLD) that has been Third Party Originated. NewRez (CLD) counterparty Lenders are required to perform all underwriting on TPO loans.
  - **Government Loans:**
    - Only regulated financial institutions or mortgage companies wholly owned by financial institutions will be eligible to sell government TPO loans to NewRez (CLD).
    - Tangible net worth of \$5,000,000 and tangible liquidity of \$1,000,000 are required to
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sell FHA, VA and Guaranteed Rural Housing to NewRez (CLD) that has been Third Party Originated (TPO). Lenders must also possess applicable Agency approvals (FHA Direct Endorsement, VA Automatic Approval and USDA Approval) to participate in NewRez (CLD) TPO program.

- NewRez (CLD) counterparty Lenders are required to perform all underwriting on TPO loans.

NewRez (CLD) reserves the right to review Lender's:

- Experience (5 years' minimum) in executing a (TPO) business strategy
- Maintaining its adequate capital levels
- Access to lines of credit and additional sources of liquidity
- Leverage
- Profit or loss sustainability
- Financial trends
- Compliance and regulatory capital requirements
- Volume of overall TPO deliveries
- Overall financial condition.

**\*Exceptions to these standards will be reviewed on a case-by-case basis and are at NewRez (CLD) sole discretion.**

Each Lender requesting "TPO" must complete the "TPO Questionnaire" and be approved by NewRez (CLD) for TPO. Lender must also:

- Maintain at least two warehouse lines of credit or funding source acceptable to NewRez (Financial institutions are exempt from this requirement if the institution uses its own funds for financing) See below Warehouse Lenders - Requirements
  - Have fiscal year-end financial statements prepared by an independent auditing firm
  - Provide a copy of an acceptable Quality Control plan and at least 2 recent monthly Quality Control Results evidencing compliance with NewRez requirements.
  - Carry Errors and Omissions Insurance and Fidelity Bond with minimum coverage of \$300,000 each
  - Execute the NewRez Correspondent Loan Purchase Agreement
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- Be a Mortgage Electronic Registration Systems, Inc. (MERS) member
- Recommend Lenders be an AllRegs member for on-going industry changes
- Have acceptable HUD Compare Ratios of less than 150 percent
- Be properly licensed or registered in NMLS

### **MAINTAINING ELIGIBILITY AND AUTHORITIES**

To maintain a Lender's eligibility to sell loans to NewRez, the Lender assumes certain responsibilities and agrees to provide specified information to NewRez annually and, if requested, on a quarterly basis. The Lender also agrees to immediately notify NewRez of events that may impact their ability to maintain their eligibility.

NewRez's Lender Management will perform a comprehensive review of each Lender's performance periodically.

Lenders will be given notice approximately 60 days prior to recertification date, which typically will fall 90 days following lender's fiscal year end.

Lenders will upload all requisite documents and updates directly into the Comergence portal. The Lender will be notified once the recertification is completed.

Failure to submit the required documents within the allotted time frame may result in a Lender's suspension.

In addition to recertification requirements, Lenders are required to provide NewRez with prior notification of events impacting the Lender's ownership, corporate structure, or financial capacity. Events or changes requiring prior notification to NewRez are detailed below.

Prior notification (unless prohibited by law) of change in corporate structure or management team must be provided to NewRez by notifying the Regional Account Manager. Notification must be given in writing and should include updated organization charts and resumes of key officers and owners. Upon receipt of the notification, NewRez will review and determine if there is any impact upon the Lender's eligibility to sell loans to NewRez.

Examples of such changes are listed below:

- Material change in ownership; merger, consolidation, or reorganization. Notice must be given to NewRez no less than 10 business days in advance of a planned corporate restructuring that would materially change the Lender's financial condition, except when such notice is prohibited by law or regulation.
  - Change in legal structure
  - Change in the business name, primary address, or telephone number
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- Change in principal management
- The Lender is to notify NewRez of any material changes to its financial condition as follows:
  - A material change in financial condition; financial strength, or rating has been downgraded
  - Any material change in the Lender's financial condition that is likely to impact its ability to perform its obligations under the Agreement and the Guide
  - Information related to repurchase, indemnification, or make-whole demands or billings received by investors other than NewRez

Other examples of a required notice include, but are not limited to those related as follows:

- An action notification from a warehouse lender, FHA, VA, HUD, USDA, Freddie Mac, Fannie Mae, or any other regulatory agency
- Administrative sanction, investigation, audit, examination, or review that resulted in possible regulatory action or formal agreement
- Court judgment or regulatory order
- Disqualification or suspension by an Agency or investor
- Subsequent to the sale of a loan to NewRez, a fact or circumstance rendering said loan to be ineligible for purchase by NewRez is discovered
- Any material changes in the Lender's operational conditions that may adversely impact the ability to perform any obligations as outlined in the Agreement
- An Agency, regulatory, or judicial finding or other determination of any noncompliance with applicable law (including, but not limited to, RESPA, SAFE Act, ECOA, etc.) by Lender, an affiliate of Lender, agent of Lender, or an employee of Lender
- Any breach of a Representation and Warranty with respect to the Lender or to a mortgage loan or of any covenant of Lender
- An Agency, regulatory or judicial finding, or other determination of any noncompliance with applicable appraiser independence requirements (including, but not limited to, the Appraiser Independence Requirements adopted by Fannie Mae or Freddie Mac and the Appraisal Independence Requirements set forth in Title XIV, Subtitle F, Section 1472 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203 and any regulations promulgated pursuant thereto) by Lender or an affiliate, agent, or employee of Lender.

In the event any internal audit or quality assurance reviews identify loan quality issues, NewRez requires the Lender to provide a copy of the findings report within 60 days.

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The Lender must notify NewRez immediately of any delay in the Lender's Quality Control reporting requirements as described in the Quality Control Plan Requirements section of this guide.

Notifications may be sent to the following address:

**NewRez Correspondent Division**  
**Attn: Quality Control**  
**1000 Oliver Road**  
**Monroe, LA 71201**

It is the Lender's responsibility to notify NewRez, in writing within fifteen days of any contact information changes. Contact change information can be e-mailed to [lendermgt@NewRez.com](mailto:lendermgt@NewRez.com).

NewRez may provide information about loan performance to the Lender. This information is provided for the sole purpose of assisting the Lender with internal Quality Control review of their processes, procedures, and loan quality as it relates to the loans purchased by NewRez. This information is confidential and should be maintained as such and used only in compliance with the law. In accepting this data, the Lender agrees that there shall be no contact made with the borrower(s) by the Lender or affiliates, agents, or employees of Lender regarding delinquency information. To the extent that the Lender or its affiliates, agents or employees:

- Contact the borrower(s) notwithstanding this agreement not to do so or
- Use this information other than in compliance with law and
- In either event NewRez suffers a loss therefrom, the Lender agrees to be fully liable for, and indemnify NewRez for all losses to NewRez
- Information regarding lender specific loan activity and performance will be available on the LION portal

## **UNDERWRITING OPTIONS**

### **Delegated**

NewRez will purchase conventional loans within conforming loan balances that receive DU Approve/Eligible or LP Accept recommendations that have been underwritten and approved by Lenders with specific prior Delegated Underwriting Authority, provided the following criteria are satisfied:

- Minimum \$1,500,000 for Agency loans
  - Must have an experienced underwriter on staff that is not involved in the origination process.
  - History of satisfactory loan performance
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Delegated loans are reviewed in accordance with NewRez's Quality Control Policy. Loans with deficiencies are tracked through monthly reports and made available to the delegated Lender by e-mail. Delivering loans that do not meet the guidelines set forth in this Guide can result in an underwriter's delegated authority being limited, suspended, or rescinded.

A written response from Lender is required for all High or Medium risk findings. Responses are required to be returned to NewRez's QC within five business days by e-mail along with supporting documentation. Lenders not in compliance with response procedures will be subject to suspension of delegated lending authority.

### **Non-delegated**

Refer to Underwriting for complete guidelines.

NewRez must underwrite all High Balance Extra, Jumbo loans and Smart Series.

### **Government – DE Underwriting**

FHA DE and VA Automatic underwriting authority must be issued through HUD or VA. Any Lender requesting approval for government loans must have an FHA Direct Endorsement (DE) or VA Staff Appraisal Reviewer (SAR) and/or Lender Appraisal Processing Program (LAPP) approved underwriter on staff. NewRez does not issue government delegated authority.

### **Government – Authorized Agent and Sponsorship of an FHA Approved Lender**

HUD allows a Principal/Authorized Agent relationship or a Sponsorship relationship between two lenders to share in the underwriting of an FHA loan. NewRez offers underwriting on FHA loans under an Authorized Agent or a Sponsorship relationship (FHA Approved Title II Non-Supervised or Supervised Lenders only) under the following terms:

- Both the Principal (Lender) & NewRez must have unconditional DE approval for the type of loan being originated
- For Sponsorship, the Sponsored Lender must have FHA Approval (either Title II Non-Supervised or Supervised Lender)
- The Principal (Lender) or Sponsored Lender must originate and close the loan in accordance with Authorized Agent's (NewRez) and FHA guidelines
- NewRez must underwrite the loan
- Loans will be closed in the name of the Principal (Lender) or Sponsored Lender

NewRez will request the insurance from HUD. The Principal (Lender) or Sponsored Lender agrees to execute and deliver such instruments and take such actions as the other party requests in order for the loan to meet all FHA requirements necessary to issue the Mortgage Insurance Certificate (MIC). *Ultimately, it is the responsibility of the Principal (Lender) or Sponsored Lender to ensure that FHA issues the MIC within the prescribed time frame (refer to the Post Funding Documents Section).*

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**Government – Sponsorship of a VA Approved Lender**

VA allows lenders, such as NewRez, to request VA recognition of an ongoing relationship with its correspondent lender, called “agent”. If approved, NewRez may designate any individual or entity as an agent to perform loan related functions on its behalf or in its name. The extent of the relationship between the lender (NewRez) and its correspondent (agent) is at the sole discretion of NewRez.

- Agent must have VA Lender ID number issued by the Agent’s local VA office.
- Agent must request approval for VA Sponsorship and complete VA Recognition of Agent with NewRez. (Refer to Exhibit – Request for VA Recognition of an Agent Form).
- If NewRez approves Agent for VA Sponsorship, NewRez will submit VA Recognition of an Agent Form and \$100 check from the lender made payable to the Department of Veteran Affairs for VA approval. Once VA has approved Lender/Agent relationship, Agent will be notified to submit VA loans.
- Agent must originate and close the loan in accordance with VA and NewRez guidelines.
- Agent is required to pay an initial \$100 VA Recognition Fee made payable to the Department of Veterans Affairs and a \$100 renewal fee every calendar year.

**FICTITIOUS NAME REQUIREMENTS**

Strict adherence to the requirements outlined in this section is required for all loans made by a Lender using its fictitious name and sold to NewRez.

In the event a Lender originates a loan or generates a loan document using a fictitious name (defined as a trade name, doing business as (DBA) name, or any name other than the actual legal name of the Lender, as stated in the Lender’s Articles of Incorporation or charter), NewRez must be provided with the following documentation for each state where the Lender transacts business using a fictitious name.

- A copy of the Fictitious Name Certificate, Regulator Notice and/or Approval or Registration Statement issued by the applicable state or local regulatory agency authorizing the Lender to transact business under the fictitious name
- Lenders must promptly advise NewRez, in writing, of any changes in its use of a fictitious name, including, but not limited to, changes regarding registration or licensure of a fictitious name and any renewals to such fictitious names.

Any Lender operating under a Fictitious Name represents and warrants NewRez:

- That any loan document bearing the Lender’s fictitious name is a legal, valid, and binding
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obligation of the obligor(s) there under.

- The loan is not subject to any defense, claim, or right of rescission of the obligor(s), due to the use of such fictitious name.
- The validity, enforceability, effectiveness of recording or priority of any mortgage is in no way affected using the Lender's fictitious name.
- The transfer or assignment of any loan or loan documents to NewRez confers upon NewRez the legal right of ownership and enforceability of any such loan or any such loan documents.

The Lender's obligations and liabilities regarding its use of a fictitious name should in no way imply the Lender is subject to any lesser degree of liability or obligations under the Agreement, including loans previously acquired by NewRez, for which a fictitious name was used.

Each Lender using a fictitious name must indemnify, defend, and hold harmless NewRez, its officers, directors, agents, employees, successors, and assigns, from and against:

- Any and all losses
- Damages
- Fines and/or
- Costs or expenses, including attorney's fees, incurred by NewRez as a result of any allegation, claim, action, or complaint alleging the improper or unlawful use of a fictitious name

## **WAREHOUSE LENDERS – REQUIREMENTS**

Prior to NewRez purchasing a loan from a Correspondent, the Correspondent must have a warehouse bank or funding source established so that proceeds from loan purchase may be wired to this account. The Correspondent will be responsible for providing wiring instructions with each loan submitted to NewRez for purchase. Wiring instructions must be provided on company letterhead complete with the name and address of the company.

NewRez assumes no responsibility for funds wired to an incorrect account provided they have followed the Correspondent's wiring instructions submitted with the loan file.

Additional requirements:

- Once approved with NewRez, Correspondent must ensure warehouse lender is notified and approves NRZ as the take-out investor before the Correspondent's application will be approved.
  - Any additional warehouse lenders obtained by the Correspondent must also be approved through NRZ's processes before delivering any loan funded on such line.
  - At loan closing, the warehouse lender information must be verified via Bailee, Seller Release
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wire instructions or wire authorization and must match the data most recently provided by the Correspondent.

- **Minimum total line amount is \$1 million.**
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