

We welcome you to NewRez Correspondent Lending! If you are a prospective client looking for a quality partnership, please review our Lender Guide to learn more about our programs. If you have just joined us as a new Correspondent we are dedicated to bringing expertise to the loan process so you can grow your capacity with speed and ease.

**TOLL FREE NUMBERS**

<i>Correspondent Lending Division</i>	<i>Servicing Toll Free Number</i>
1-855-368-6925	1-866-317-2347

### NewRez Correspondent Contacts

Department	Contacts
Lender Support	<a href="mailto:lendersupport@NewRez.com">lendersupport@NewRez.com</a> <a href="mailto:smcdowell@NewRez.com">smcdowell@NewRez.com</a> Sarah McDowell 318-321-0591
Lender Management	<a href="mailto:lendermgt@NewRez.com">lendermgt@NewRez.com</a> <a href="mailto:jthomas@NewRez.com">jthomas@NewRez.com</a> Juanita Thomas 318-321-0604
Lock Desk	<a href="mailto:registrations@NewRez.com">registrations@NewRez.com</a> <a href="mailto:kdaugherty@NewRez.com">kdaugherty@NewRez.com</a> Kristen Daugherty 610-629-6174
Underwriting	<a href="mailto:UWhelpdesk@NewRez.com">UWhelpdesk@NewRez.com</a>
Closed Loan Review	<a href="mailto:closedloanreview@NewRez.com">closedloanreview@NewRez.com</a> <a href="mailto:cknight@NewRez.com">cknight@NewRez.com</a> Cathy Knight 318-321-0587
Compliance Audit	<a href="mailto:complianceaudit@NewRez.com">complianceaudit@NewRez.com</a> <a href="mailto:mtarver@NewRez.com">mtarver@NewRez.com</a> Margie Tarver 318-321-0603
Smart Scenario Desk	<a href="mailto:smartscenario@NewRez.com">smartscenario@NewRez.com</a> Brandon Allen 571-354-0372 Debi Shaw 318-512-9995

**FREQUENTLY ASKED QUESTIONS (Revised 6/08/20)****Q) What is the minimum net worth requirement for becoming a NewRez Lender?**

A) The minimum net worth requirement for NewRez is \$500,000 for Non-Delegated and \$1,500,000 for Delegated Approval.

**Q) What is the application process for becoming a NewRez Lender?**

A) The application process is managed through the Comerence web portal. Comerence is a repository of documents which eliminates some of the document duplicity for members as well as providing the ability to upload document images in lieu of providing paper copies.

**Q) Is there a cost associated with Comerence?**

A) There is a minimum fee of \$99 per Lender for the initial application and \$39 for annual recertification. These fees are currently being borne by NewRez.

**Q) Do Lenders need to have an AllRegs subscription?**

A) No, NewRez strongly encourages all Lenders to have an AllRegs subscription to keep abreast of industry guideline changes.

**Q) What is the HUD "Supplemental" Information?**

A) This includes:

- HUD net worth calculation schedule
- Internal Control Certificate
- Certification of Policies and Procedures

**B) What is the prescribed process when there is a change in ownership, sale of a material amount of assets and/or dissolution of an approved Lender?**

A) Written notice to NewRez with a detailed explanation and pro-forma financial statements are required in all three above-mentioned events. Additionally, for a change in ownership, identification and resumes of new owners are required. For sale of material amount of assets and/or dissolution, Lenders must provide copy of filing with Secretary of State, different DBA (if applicable) and an executed copy of NewRez's assigned copy or Purchase and Sales Agreement. In the case of dissolution, NewRez must be assured that Lender will fulfill all obligations and that all final documents will be delivered. NewRez may hold any outstanding SRPs, premium pricing, etc. and take all other actions to assure compliance with Agreement.

**Q) What time of day are your rates posted?**

A) Rates for all Products will be published between 9:00 am CT and 9:30 am CT for each NewRez business day.

**Q) What is NewRez's Extension Policy?**

A) An approved Lender may extend a lock up to 3 times at a cost of 2 bps per day. If 4 or more extensions are requested, the cost is 4 bps per day.

**Q) Does NewRez offer Overnight Rate Protection for locking Loans?**

A) NewRez will allow Best Effort locks from the morning price release through 6:59 AM ET on the next business day.

**Q) How does NewRez handle Escrow Waivers?**

A) Escrow Waivers are allowed on Conventional Conforming Products if the LTV is equal to or less than 80 percent. Waivers are acceptable for hazard insurance only, property taxes only, or both hazard insurance and property taxes. There will be a loan level SRP deduction if monthly escrows are not established for property taxes regardless of the reason. Refer to our published rate sheet for the percentage that will be deducted from your SRP. Note: Partial Escrow Waivers are not allowed on the Jumbo products.

**Q) When must the Lender deliver a closed loan package?**

A) NewRez's lock periods provide an expiration date. It is the Lender's responsibility to close and deliver (upload) a loan in fundable condition on or before midnight on the lock expiration date. Loans must be delivered within 60 days of the Note date.

**Q) Is it necessary for loan amounts to be whole dollar amounts?**

A) Yes.

- Example: Loan Amount of \$145,625.00 is acceptable
- Example: Loan Amount of \$145,625.75 is not acceptable

***Note: that this FAQ is addressing the loan amount only for the Note purposes. TRID requires that the loan amount on the Closing Disclosures be rounded to the nearest whole dollar.***

**Q) Does NewRez accept loans closed with odd terms?**

A) All Loans sold to NewRez must be closed with terms of 5-year increments (10, 15, 20, 25, 30 years). Refer to [Products](#) for details on the terms allowed for each specific product.

**Q) What is your underwriting and/or loan purchase turn times?**

A) Turn times are published daily for both underwriting and loan purchase on NewRez's Correspondent website.

**Q) Are guideline overlays published?**

A) Please refer to the [Overlay Matrices posted](#) on [www.NewRezCorrespondent.com](http://www.NewRezCorrespondent.com).

**Q) Can a guideline exception be requested?**

A) Yes.

- Lenders may request a guideline exception by completing the NewRez Exception Request Form and submitting the completed form to [uwhelpdesk@NewRez.com](mailto:uwhelpdesk@NewRez.com).
- For Smart Scenario Desk please submit the completed form to [Smartscenariodesk@NewRez.com](mailto:Smartscenariodesk@NewRez.com).

**Q) How should a file be submitted for underwriting or loan purchase?**

A) The preferred delivery is via LION Portal delivery; however, the overnight delivery of a paper file is acceptable.

**Image Delivery:**

Files will be delivered through the LION Delivery system. Please refer to File Delivery for more information.

**Paper File Mailing Address:**

NewRez, LLC  
1000 Oliver Road  
Monroe, LA 71201  
Attn: Underwriting or Closed Loan

***Note: Files must be received by 3:30 pm CT to be considered received for that day. Any file delivered after 3:30 pm CT will be considered as received the next business day.***

**Q) How is a “rush” requested for underwriting or loan review for purchase?**

A) Lenders may request a “rush” review of a specific loan file at time of submission to underwriting or loan purchase. The fee for this request is \$125.00 and will guarantee a 24-hour response time. Please contact your Lender Support Specialist with your request.

**Q) Will you allow a transferred appraisal on a conventional loan?**

A) NewRez will not allow the transfer of an appraisal on a conventional loan. NewRez will allow the transfer of an appraisal on Smart Series.

**Q) Do you have a department that will review conventional condominium projects for approval?**

A) Condominium projects, whether new or existing, that require a full review may be submitted to NewRez to ensure compliance with NewRez and Agency guidelines. The required documents must be gathered and forwarded for review and approval to [projectreview@NewRez.com](mailto:projectreview@NewRez.com). The project review team will review the documents and provide a response within 48-72 hours of receipt. Lenders must submit a completed Condominium Approval Request along with all the required documents referenced on the Exhibit.

**Q) What are your policies regarding High Cost or Higher-Priced Mortgage Loans?**

A) Refer to Section 6 of the Guide for Compliance Topics for complete guidelines.

**Q) Do you have a list of fees that NewRez will count as prepaid finance charges in the APR?** A) Please refer to the [NewRez APR Finance Charge Matrix](#) for a list of prepaid finance charges.

**Q) Where should the original Note be delivered?**

A) The original Note should be sent overnight delivery to:

**Wells Fargo – Corporate Trust Services**

**NewRez LLC**

**1100 Virginia Drive**

**190-FTW 30 Suite 100 M**

**Fort Washington, PA 19034-3276**

**Q) How should the original Note be endorsed?**

A) We prefer the use of Allonges to the note but if a note is to be physically endorsed it should be as follows:

**WITHOUT RECOURSE PAY TO THE  
ORDER OF: NewRez, LLC (Seller Name)  
(Officer Name and Title)**

**Q) What address is to be used for the Loan Sale Notification?**

A) Send to:

**NewRez, LLC DBA Shellpoint Mortgage Servicing PO Box 10826**

**Greenville, SC 29603-0826**

**Customer Service 1-866-317-2347**

**Q) What is the address for payments due NewRez?**

A) Send to:

NewRez

PO Box 740039 Cincinnati,

OH 45274-0039 Loan #:

**Overnight Payments:**

NewRez

Att: Payment Processing

55 Beattie Place

Suite 500, MS-501

Greenville, SC 29601

**Q) What is NewRez's mortgagee clause for Hazard, Flood, Windstorm and Earthquake insurance?**

A) Send to:

**NewRez LLC**

**ISAOA ATIMA**

**PO Box 7050**

**TROY, MI 48007-7050**

**Q) What is NewRez's mortgagee clause for PMI?**

A) The clause is as follows:

**Shellpoint Mortgage Servicing**

**55 Beattie Pl #110**

**Greenville, SC 29601**

**Q) What address should tax bills be sent to?**

A) Send to:

**NewRez  
Financial PO Box  
10826**

**Greenville, SC 29603-0826**

**Q) What is NewRez's MERS Org ID number?**

A) MERS ORG ID # 1007544 (for both Investor and Servicer).

**Q) Once an FHA loan has been purchased by NewRez, what other notifications should a Lender make?**

A) Once a Lender has received the purchase advice, if the loan is an FHA insured loan, the Lender should complete the Mortgagee Record Change on FHA Connection.

**Q) What is NewRez's FHA ID number?**

A) NewRez's FHA ID number is 2557400002.

**Q) What is NewRez's FHA Sponsor ID for Case Assignment?**

A) NewRez's FHA ID number for Case Assignment is 2557400019.

**Q) What is NewRez's VA ID number?**

A) NewRez's VA Lender Identification number is 600171-00-00.

**Q) What is NewRez's Lender ID number to be used on Rural Housing Documents?**

A) NewRez's Lender ID number is 37-1542226.

**Q) What escrow cushion is required by NewRez?**

A) Two-month cushion is required for all loans except properties located in the following states. These states only require one-month cushion:

- Montana
- Utah
- Vermont

Unless in violation of applicable state law, the maximum cushion that the Lender may maintain in the escrow/impound account is two months, except the cushion for PMI which is zero months if the mortgage insurance is a ZOMP policy.

**Q) What is the maximum number of days allowed for interest credit?**

A) Interest credit is allowed when the disbursement date on the HUD-1/Closing Disclosure is equal to or less than the 5th business day of the month.

**Q) How is interest calculated?**

A) 365 days.

**Q) Are electronic signatures allowed on documents?**

A) Electronic signatures are allowed on all early disclosures.

**Q) How long do I have to deliver Final Documents?**

A) All Final Documents should be sent to NewRez no later than 90 days after the Note date.

**Q) Where do I send my Final documents?**

A) Final Documents along with the Final Doc Transmittal Summary should be sent to:

**Indecomm Global Services**  
**FD-NR-9915**  
**1260 Energy Lane**  
**1427 Energy Park Drive (Effective 6/29/20)**  
**St. Paul, MN 55108**

**Q) What will happen if I don't timely deliver all of my Final Documents?**

A) If final documents are not received within 120 days of the purchase date of the loan a \$125 late fee will be charged.

**Q) Who reports HMDA if a loan is underwritten by NewRez?**

A) NewRez will report all loan dispositions on loans underwritten by NewRez prior to loan closing. These loans will be reported as "originated" loans. All loans underwritten by the Lender under their Delegated authority will be reported as "purchased" loans by NewRez.

**Q) What is the "type of purchaser" code for NewRez when reporting HMDA?**

A) NewRez is coded as a "71".

**Q) Does NewRez allow a recast of an existing loan if a principal reduction is made?**

A) NewRez's recast policy is as follows:

- Only available on conventional loans
- Not allowed on government loans
- A minimum 10% reduction must be applied to balance
- A fee of \$300 for modification will be charged on any conventional loan that is recast

**EXCLUSIONARY APPRAISER LIST - Please log in the [LION Portal](#) to view list.**



**LENDER MANAGEMENT (Revised 3/16/20)****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
- 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.

NewRez Correspondent Lending Division (CLD) will purchase Third Party Originated (TPO) Conventional and Government loans on a very limited basis from Lenders after a satisfactory review which includes TPO approval and monitoring procedures.

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

**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 are required to be recertified annually and be given notice to do so. Notification will request that lenders will upload all requisite documents and updates directly into the Comerence 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
- 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.

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.

It is the Lender's responsibility to notify NewRez, of such changes by sending an email 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 lender meets all eligibility criteria.

Delegated loans are reviewed in accordance with NewRez's Quality Control Policy. 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).*

**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

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

wire instructions or wire authorization and must match the data most recently provided by the Correspondent.

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



## **HOURS OF OPERATION**

Locks will be accepted from the morning price release through 6:59 AM ET on the next business day through NewRez's [Correspondent site](#). The ability to lock will be restricted from 7 AM ET until the next pricing release. The Lock Desk is physically staffed from 8 AM to 8 PM ET Monday through Friday. Overnight locks are those that are received on any business day after 8 PM ET thru 7 AM ET of the following business day. Locks are accepted over the weekend and on holidays through NewRez online portal <https://lion.newrez.com/Default.aspx>.

For Approved Correspondents: Contact 1-855-368-6925 Or e-mail [lendersupport@newrez.com](mailto:lendersupport@newrez.com)

## **LOAN AMOUNT AND TERM RESTRICTIONS**

NewRez will only allow loan amounts to be in whole dollars:

- Loan Amount of \$145,625.00 is acceptable
- Loan Amount of \$145,625.75 is not acceptable

All Loans sold to NewRez must be closed with terms on 5-year increments (10, 15, 20, 25,30 years).

## **LOCKED LOANS**

A locked loan means a loan that has been registered for a guaranteed rate and price if delivered within a stipulated price term. The Lender is responsible for printing its Confirmation from the portal as evidence of the agreement entered into by NRZ and the Lender.

## **LOCK EXPIRATION DATE**

Various lock periods are published on our rate sheet each NewRez business day. The lock expiration date associated with each lock period is calculated by using the day after the lock date as day one. When the initial calculated lock expiration date falls on a weekend or NewRez holiday, the lock expiration date will automatically roll forward to the next NewRez business day.

## **FILE DELIVERY DEADLINE**

The lock expiration date that is associated with the various lock periods quoted for each product displayed on NewRez's daily rate sheet is the date by which all closed and disbursed loans committed by the Lender to NewRez are due for delivery. Imaged files must be successfully received by NewRez's system, and in fundable condition, by 3:30 pm CT on or before the lock expiration date.

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## **DUPLICATE LOCKS**

In the case there is a duplicate lock, the original lock will be the one that is honored.

## **LOCK LIMITS**

Maximum dollar volume of locked loans is limited to \$5,000,000 per Lender. This limit begins once our rate sheet is distributed each business day and ends at 8 PM EST. Overnight locks are those that are received on any business day after 8 PM ET thru 7 AM ET of the following business day.

## **OVERNIGHT RATE PROTECTION**

NewRez will allow Best Effort locks from the morning price release through 6:59 AM ET on the next business day.

## **PRODUCT SWITCHES**

- The Lender is responsible for tracking any changes to the structure of the loan that affect pricing, and providing proper notification to NewRez. Any changes to the structure of the loan that affect pricing will be validated by the NewRez Lock Desk. NewRez must be notified immediately if the Correspondent makes any changes to the mortgage loan that differ from the confirmed pricing structure. All loans must meet the terms of the latest Confirmation.
- On re-worked loans due to changing terms, the price impact will be applied to the lock and may impact premiums due to the Correspondent. If there is a product change on the existing lock, pricing will be determined based on the grid below. For product switches, the major product groups are VA, FHA, Conventional, Smart Series, and Non-Agency Jumbo.

To determine worst case pricing in a product switch scenario, the existing product pricing including all previously applied extension/relock fees is compared to current market pricing of the new product excluding all previously applied extension/relock fees. The lower price is considered the worst-case price.

<b>Switch From</b>	<b>Switch To</b>	<b>Pricing</b>	<b>Lock Dates &amp; Terms</b>
FHA	VA	Pricing from the last lock date	Expiration of last lock date
FHA	Conventional	Pricing from the last lock date	Expiration of last lock date
VA	FHA	Pricing from the last lock date	Expiration of last lock date
VA	Conventional	Pricing from the last lock date	Expiration of last lock date
Conventional	FHA	Pricing from the last lock date	Expiration of last lock date

Conventional	VA	Pricing from the last lock date	Expiration of last lock date
Conv/FHA/VA	Smart Series	Worst Case Pricing	New lock dates and term
Conv/FHA/VA	Non-Agency Jumbo	Worst Case Pricing	New lock dates and term
Smart Series	Conv/FHA/VA	Worst Case Pricing	New lock dates and term
Non-Agency Jumbo	Conv/FHA/VA	Worst Case Pricing	New lock dates and term

## POLICY ON OTHER CHANGES TO A LOCKED LOAN

- Changing the term on a Best Effort locked loan is allowed without affecting the lock should the change not result in changing the product.
- If changing the term necessitates changing the product, then NewRez rules concerning a product change must be enforced.
- Interest rate changes on Best Effort locked loans will result in the price associated with the new rate being derived from the initial.
- Borrower name changes are **only** allowed for typographical corrections or adding or deleting co-borrowers because a lock is borrower specific.
- Property address changes are **only** allowed for typographical corrections because a lock is property specific.

## EXTENSIONS

All rate lock extensions for Best Effort commitments must be exercised on or before the lock expiration date. Extensions are not available on loans where the lock has expired. NewRez reserves the right to not allow extensions based upon product guideline changes. The number of days selected for an extension will be added to the expiration date, and will not roll forward to the next business day should the new calculated date fall on a non-business day. NewRez will extend the date out to the next business day and assess the Lender a per day charge.

- Locks may be extended up to 3 times at a cost of 2 bps per day. If 4 or more extensions are requested, the cost is 4 bps per day.
- In no case may the original locked expiration date be extended a total of more than 60 days.

## RELOCKS

NewRez reserves the right to disallow a relock based upon a rate or product guideline availability.

- It is the responsibility of the Lender to relock an expired lock prior to delivering the closed loan package. Delivering a package that has an expired lock may delay the processing of that loan package, and NewRez will not be responsible for adverse market movement between the time of delivery and the time the Lender request a relock.
- If a relock occurs within 30 days of the lock expiration date or the lock cancellation date, relock pricing is based on either current market pricing at the desired lock term or the existing pricing minus the relock fees below, whichever is worse.

	< 3 Prior Extensions	>= 3 Prior Extensions
7 Days:	0.14	0.28
15 Days:	0.30	0.60
30 Days:	0.60	1.20
45 Days:	0.90	1.80
60 Days:	1.20	2.40

- The relock fees apply to each relock regardless of current market conditions.
- Relock requests for loans expired more **than 30 days** will be priced to the current market at the time of relock.
- Any previous extension or relock fees will be retained and deducted from the new price.
- The new expiration date is calculated from the date the loan is relocked.
- Non - Agency Jumbo and Smart Series may have separate re-lock policies. Please contact the Lock Desk for relock pricing.

## NON-DELIVERY PAIR OFF FEES (BEST EFFORTS COMMITMENTS)

Once a Lender closes a loan committed to NewRez under a best efforts lock, then that best efforts commitment becomes a mandatory delivery to NewRez. Failure to deliver a closed loan package will result in the Lender being assessed a Pair Off fee.

- The fee will be calculated by determining the difference between the seven-day price on the day after the commitment expiration date (use current day if the lock has not expired) and the price on the commitment.
- This fee will only be charged when the market has improved between the commitment price and the seven-day price used in the Pair Off calculation.
- In addition to the Pair Off fee calculated, a non-delivery penalty may be assessed.
- NewRez reserves the right to impose a minimum Pair Off fee or use the Pair Off calculation, whichever is greater.
- A minimum Pair Off fee may also be imposed when the market has remained flat or declined from the commitment price to the seven-day price used in the Pair Off calculation.

### **NPF Bulk Desk – Policies and Procedures**

Please send all bid lists to [bulkbids@newrez.com](mailto:bulkbids@newrez.com). Bid lists should include minimum loan elements for pricing, lock term (delivery date), and when bids are due.

Bid lists sent to NPF will generally be processed within one hour and will provide loan level pricing and corresponding strike prices. Operational hours are 9:00 AM – 4:30 PM EST.

Once the correspondent lender provides NPF with notification of hits, pricing will be refreshed for any market variance of greater than +/- 1 tick from original bid based on current coupon. NPF will provide final pricing confirmation with loan level pricing and corresponding strike prices. NPF will provide final trade confirmation containing NPF loan number as well as all trade related information.

All bulk trades are considered mandatory deliveries and cannot be cancelled, with no replacements allowed. Correspondents are responsible for managing their commitments. A pair-off will occur due to non-delivery by delivery expiration date, inability to cure suspended loans, or specific request from the correspondent to cancel. In the event of a pair-off, any money due to NPF will be based off the current strike price at time of pair-off vs. confirmed strike price at time of bid.

For all other topics, please refer to your correspondent policies and procedures.

#### **CURE PERIOD FOR SUSPENDED LOANS**

If NewRez detects a deficiency in the closed loan package during the funding review process, a Lender Suspense notification will be sent to the Lender. All prior to purchase conditions will be on the portal for review and uploading.

- All loans are expected to be delivered for purchase by the lock expiration
  - Once the loan is delivered for purchase, the Purchase by Date will become the new expiration and will be calculated as:
    - Greater of the lock expiration or 10 calendar days from date delivered for purchase
-

- If the deficiencies are not received by NewRez by the purchase by expiration date, the Lender will begin accruing an extension fee of 2 basis points per calendar day beginning on the day after the purchase by expiration date.
  - The purchase by expiration date may only be extended for a maximum of 30 calendar days.
  - If the loan is not in fundable condition by the end of the 30 calendar day expiration, the lock will be subject to a 15 day relock and the applicable relock fee, plus all extension fee charges that have accumulated.
  - NewRez reserves the right to return the closed loan package to the Lender and the Note (if applicable) to the appropriate party per the bailee agreement should the Lender fail to clear all the suspense items by the end of the 30 calendar days.
  - NewRez will not be obligated to purchase a loan should the Lender fail to deliver all the required suspense items within our allowed cure period.
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## National Correspondent Division Lender Guide

### UNDERWRITING OPTIONS

#### OVERVIEW

NewRez offers both Delegated and Prior Approval underwriting on conventional loan products. At this time, all Jumbo and SMART/Non QM products must be underwritten by NewRez.

NewRez will provide Prior Approval underwriting on FHA loan products if the Lender has been approved under an Authorized Agent relationship or a Sponsorship relationship. Please refer to Lender Management for requirements.

NewRez does not provide Prior Approval underwriting on VA or USDA-Rural Housing loans at this time. Lenders must have VA Automatic underwriting authority issued through VA or have USDA approval.

Lenders are responsible for ensuring that all loans submitted to NewRez for prior approval underwriting or loan purchase meet both NewRez guidelines.

Excluding Non-SMART series/Non QM loans, Effective for all loan applications dated on or after January 10, 2014, all loans sold to NewRez must be Qualified Mortgages (QMs) and meet the Ability to Repay (ATR) requirements below. Lenders are responsible for providing evidence of compliance with ATR-QM requirements. An income and debt worksheet detailing the information used to fully qualify the borrower(s) must be included in each loan file delivered for loan purchase to evidence compliance with the Ability to Repay Rule. Lenders are allowed to use their own internal forms at this time as long as the form allows the underwriter to provide a complete comprehensive analysis of how all income and debts were calculated.

- Applies to Primary Residences and Second Homes
- Applies to Investment if not used for business purposes (e.g. borrower intends to occupy for greater than 14 days in the year).
- The underwriter must determine a borrower's repayment ability using verified documented information with the following 8 underwriting considerations:
  - Current or reasonably expected income and assets
  - Current employment status
  - Credit history
  - Monthly payment for subject property
  - Monthly payment for simultaneous mortgages
  - Monthly payments for related expenses (taxes, MIP, insurance, HOA)
  - Current debt obligations including alimony and child support
  - Monthly debt-to-income ratio

**Note: The QM Temporary Provision allows a higher DTI for loans eligible for sale to the GSEs and**

## National Correspondent Division Lender Guide

**government insured transactions – Loans must meet Agency, FHA, VA and USDA guidelines as well as NewRez guidelines and overlays.**

### **Delegated Underwriting**

NewRez will purchase conventional loans within conforming loan balances that receive DU Approve/Eligible or LP Accept/Eligible recommendations that have been underwritten and approved by specific prior approved Delegated Underwriters.

Any Lender that is a regulated financial institution or a wholly owned subsidiary of a regulated financial institution may request Institutional Delegated Authority whereby individual underwriters do not have to be approved. Lenders requesting this authority must have at least one qualified, full-time underwriter on staff and should submit their resume at time of the request.

NewRez must underwrite all Jumbo or Smart Series/Non QM loans. At this time, Delegated Underwriting is not allowed.

Refer to **Section 3: Lender Management** for requirements.

### **Prior-Approval Underwriting**

All loans submitted to NewRez's underwriting team must contain sufficient documentation to make a loan decision. Underwriting will not review loans that do not have, at a minimum:

- A complete loan application (1003) for all borrowers
- A DU or LP Findings report reflecting correct loan terms and information
- A credit report
- Income & asset documentation (as required by the AUS)
- An appraisal (as required by the AUS) with XML

Please refer to the Conventional Underwriting Submission Checklist or the FHA Underwriting Submission Checklist of the Lender Guide for required documents.

Loans must be in a registered status prior to the submission to NewRez for prior-approval underwriting.

Underwriting will provide a loan decision to the Lender via the website.

If a loan is denied, the underwriter will contact the Lender directly by telephone to provide the reason for denial. A Notification of Loan Denial will be provided to the Lender via fax and a copy of the Notice will be available on-line.



All “Final Approval” underwriting conditions must be provided in the closed loan file delivered for loan purchase. In the event a condition has not been provided or the documentation provided is deemed unacceptable, the loan file will be suspended for purchase until the deficiency is resolved. If the deficiency cannot be resolved, the loan file will be denied for purchase.

### **FANNIE MAE EARLYCHECK™**

Fannie Mae’s EarlyCheck™ service assists Lenders in identifying and correcting potential eligibility and/or data issues as early in a Lender’s business process as possible. The goal is to help Lenders identify potential problems prior to loan delivery to Fannie Mae.

In order to ensure loan data quality, NewRez will perform an EarlyCheck™ review on all conventional loans delivered for purchase. Any discrepancies noted by the EarlyCheck™ report must be remedied before loan purchase.

To avoid loan purchase suspension, Lenders should ensure that all of the data on the “Final” DU Findings Report match the loan documents. Lenders are strongly encouraged to perform a review of all documents prior to loan closing to ensure data integrity.

### **Common Discrepancies Found:**

- First Time Homebuyer is reflected in DU; however, not reflected on Final 1003
- Social Security Number reflected in DU does not match information delivered
- DTI reflected in DU does not match final DTI on loan based on information delivered
- Property type in DU does not reflect PUD or Condo property type on appraisal
- Project classification does not match appraisal or project warranty form
- Loan purpose reflected in DU does not match information delivered (cash-out versus limited cash-out)

### **DATAVERIFY QUALITY REPORT**

Refer to **Section 6 of the guide Compliance – Fraud** or information regarding the Data Verify DRIVE report.

[Click Here to View Links to Product Profiles and Overlays for our Loan Programs](#)

[Click here to view links Smart Series Product Profiles](#)

### **Fannie Mae Guidelines**

Refer to the following Fannie Mae sites for all other underwriting guidelines and requirements.

## National Correspondent Division Lender Guide

- AllRegs Fannie Mae Single Family
- [www.efanniemae.com](http://www.efanniemae.com)

### Freddie Mac Guidelines

Refer to the following Freddie Mac sites for all other underwriting guidelines and requirements.

- AllRegs Freddie Mac Single Family
- [www.freddiemac.com](http://www.freddiemac.com)

### FHA Handbooks

Refer to the following FHA Handbooks for all other FHA guidelines and requirements:

- <http://www.fhahandbook.com/hud.php>
- Handbook 4155.1
- Handbook 4155.2
- TOTAL Scorecard User Guide
- Handbook 4150.2

### VA Lenders Handbook

Refer to the [VA Handbook](#) for all other VA guidelines and requirements.

### USDA – Rural Housing

<https://www.rd.usda.gov/publications/regulations-guidelines/handbooks>

Refer to the Rural Housing Guide and Administrative Notices for guidelines and requirements

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### COMPLIANCE

#### EXPECTATIONS

NewRez requires Lenders to comply with all applicable regulatory requirements related to the origination and closing of mortgage loans. Lenders should consult with their own legal or compliance counsel to ensure that all loans sold to NewRez are fully compliant with all applicable federal, state, and local laws and regulations.

In an effort to reduce the number of loan purchase suspensions, NewRez is providing the recommendations below. This information is being provided as a tool to assist Lenders in providing documentation required for loan purchase and is not intended to provide legal or compliance counsel relating to local, state, or federal requirements.

The inclusion of these documents does not release the Lender of its representations and warranties that all loans meet all regulatory and compliance requirements as they relate to mortgage lending.

The Lender Represents, Warrants, and Covenants that all loans sold to NewRez are in compliance with:

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

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

#### FAIR LENDING POLICY

NewRez's commitment to fairness and equal opportunity lending is clear and unequivocal. NewRez requires the application of fair and consistent origination and underwriting practices by the Lender as well. Discrimination based on race, color, sex, sexual orientation, disability, national or ethnic origin, marital or familial status, religion, or age is contrary to NewRez fundamental

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principle and commitment and is unlawful.

Lender covenants to treat all borrowers and prospective borrowers in a fair and consistent manner. All borrowers and prospective borrowers should receive the same level of service. Lender covenants to observe this commitment, in particular, in providing assistance to borrowers and prospective borrowers on whether to apply for credit, how best to qualify for credit, how to resolve any issues relating to creditworthiness and other aspects of the mortgage loan extension process. Lender covenants to underwrite all the properties offered to secure the borrowers' mortgage loans based on property type, occupancy status, and the appraised value, and not based on the fact that a property is located in an area with a predominant racial or ethnic population.

### **APPRAISER INDEPENDENCE REQUIREMENTS (AIR)**

All loans sold to NewRez must be AIR compliant.

Lenders must provide their internal policies and procedures regarding the ordering of the appraisals and management when applying for Lender approval.

#### **Transfer of Appraisals**

NewRez will not allow the transfer of an appraisal on conventional loans, regardless of Fannie Mae or Freddie Mac's acceptance based on certain documentation.

#### **Borrower Appraisal/Valuation Acknowledgement**

NewRez requires an Appraisal/Valuation Acknowledgement Form on all loans with an appraisal, regardless of product type.

The Appraisal Acknowledgement Form must contain the following:

- Borrower(s) name
- Property address
- Lender's name
- Acknowledgement that the borrower either received all appraisal reports or valuation reports at least three business days prior to loan closing OR acknowledgement that the borrower elected to waive their right to receive all appraisal reports or valuation reports at least three business days prior to loan closing
- The form must be signed and dated by all borrowers on or before the date of the Note

### **ANTI-MONEY LAUNDERING (AML) PROGRAM**

**INFORMATION** An AML program must be in writing and

include, at a minimum:

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- Policies, procedures, and internal controls reasonably designed to prevent, detect, and report potential money laundering and other suspicious activity
- The designation of an AML compliance officer (AML Officer)
- Ongoing AML employee training
- Independent testing of the Lender's AML program

For additional guidance on AML program requirements, refer to the FFIEC BSA Examination Manual at [http://www.ffiec.gov/bsa\\_aml\\_infobase/pages\\_manual/manual\\_online.htm](http://www.ffiec.gov/bsa_aml_infobase/pages_manual/manual_online.htm).

### **Suspicious Activity Report (SAR)**

Lenders are required to comply with the Bank Secrecy Act and are required to file SARs with FinCEN in accordance with this regulation.

### **DISCLOSURES**

Federal and state laws and regulations require applicable disclosures to be provided to the borrower(s) within prescribed time frames defined by these regulations and/or laws. It is the Lender's full responsibility to accurately prepare and deliver all applicable disclosures to the borrower(s) within the required time frames.

The failure to provide timely required disclosures could result in severe penalties for Lenders by federal and state regulatory agencies. The approval status of Lenders determined to be in violation will be terminated by NewRez.

Copies of all applicable disclosures must be included in the closed loan file delivered for purchase.

### **Homeownership Counseling Disclosure**

Effective with applications taken on or after September 1, 2014, a Homeownership Counseling Disclosure that includes a list of counseling agencies must be included in all loan files delivered for purchase.

The disclosure/list must comply with all CFPB requirements which include, but are not limited to:

- Data sources
  - Number of housing agencies
  - Data elements and contact information required for each housing counseling agency
  - Accompanying information must be included in the disclosure
-

***Note: A borrower's acknowledgement of receipt of the list of agencies may be provided along with the CFPB compliant list; however, this acknowledgement of receipt will not be acceptable in lieu of a CFPB compliant list of counseling agencies.***

This disclosure must be provided to the borrower within three business days of receiving the application and must include the date the list of ten HUD-approved housing counseling agencies was obtained based on the borrower's location by zip code.

## **FRAUD**

A general definition of "fraud" is:

- Intentional abuse of truth in order to induce another to part with something of value or to surrender a legal right
- An act of deceiving or misrepresenting

Anytime that fraud or misrepresentation is suspected relating to a loan transaction, NewRez Quality Control will be notified. A review of the loan will be conducted to determine the extent of the fraud or misrepresentation and the source.

Loan files with confirmed fraud or misrepresentation are not eligible for purchase by NewRez.

NewRez has a zero tolerance for any type of fraud or misrepresentation. In the event sufficient information is established to confirm a Lender's participation in the misrepresentation, the business relationship with the Lender will be terminated.

## **Data Verify Quality Report**

A Data Verify DRIVE (Data Risk Intelligent Verification Engine) report will be generated by NewRez on all loans at time of prior approval underwriting or loan purchase in an attempt to identify any additional risk elements that should be addressed. Information analyzed in the DRIVE report includes, but is not limited to, the following:

- Identity – Invalid SS# and SS# fraud alerts
- Application – Income, employment, occupancy, undisclosed debts
- Property – property characteristics, market trends, and foreclosure activity

Additional review or additional information may be required depending on the results of the DRIVE report.

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## HIGH COST LOANS

NewRez will not purchase any loan defined as a high cost or predatory mortgage loan.

A high cost test will be performed on all loans on a pre-purchase basis for compliance with the following:

- Federal law
- Investor/Agency requirements
- State law
- City/Village/Municipality Code
- County Ordinance

***Note: NewRez will not purchase any loan, regardless of occupancy type, that exceeds the threshold for the points and fees test.***

Any loan determined to be a “high cost” loan will be denied for purchase. NewRez will not allow a refund to the borrower for excessive fees in order to cure a loan for purchase.

Lenders are responsible for ensuring that all loans delivered to NewRez are in compliance with all applicable laws and regulations noted above. In the event a loan is inadvertently purchased by NewRez that is later determined to be a “high cost” loan, that loan will be subject to immediate repurchase.

It is the responsibility of the Lender to consult with their own legal or compliance counsel to develop internal policies and procedures necessary to prevent the closing of a high cost loan.

## HIGHER PRICED MORTGAGE LOANS (HPML)

### Definition of a HPML:

An HPML loan means a closed-end consumer credit transaction secured by the consumer’s principal dwelling with an annual percentage rate that exceeds the average prime offer rate for a comparable transaction as of the date the interest rate is set:

- By 1.5 or more percentage points, for a loan secured by a first lien with a principal obligation at consummation that does not exceed the limit in effect as of the date the transaction’s interest rate is set for the maximum principal obligation eligible for purchase by Freddie Mac
  - By 2.5 or more percentage points, for a loan secured by a first lien with a principal obligation at consummation that exceeds the limit in effect as of the date the transaction’s interest rate is set for the maximum principal obligation eligible for purchase by Freddie Mac (jumbo loans)
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NewRez will purchase HPML loans subject to all agency requirements for compliance. Escrow waivers are not allowed on any HPML transaction.

***\*NY Subprime and CT Nonprime mortgages are not eligible for purchase.***

Lenders represent and warrant that the mortgage complies in all respects with Regulation Z requirements for HPML loans, including the underwriting and consumer protection requirements.

Lenders must verify the borrower's ability to repay the mortgage in accordance with the requirements of Regulation Z. Borrower's income, assets and obligations must be verified.

Please refer to Section 16.15 for ATR-QM requirements.

***Note: Higher priced mortgage loan appraisal requirements apply for all "Smart" products. For Agency loans the rule is not applicable as NewRez only purchases QM loans. Loans originated on second homes or for investment or business purposes are exempt from the HPML rule.***

Lenders must include evidence documenting the borrower's Interest Rate Set Date on all loans delivered for purchase. Acceptable documents, in effect at time of closing, include:

- An unexpired lock agreement between the originating lender and the borrower OR
- A lender generated unexpired lock confirmation form

## **HMDA REQUIREMENTS**

Lenders are required to include a completed Initial Uniform Residential Loan Application (1003/65) as well as a completed Final Uniform Residential Loan Application (1003/65) in all loan files delivered for purchase. All borrowers, as well as the Mortgage Loan Originator (MLO), must sign and date both the Initial and Final Applications (1003/65).

All information required by the Home Mortgage Disclosure Act (HMDA) must be completed including, but not limited to, the Demographic Information Addendum(1003/65).

## **Know Before You Owe – TILA RESPA Integrated Disclosure Rule**

NewRez will not purchase loans that are not in compliance with the requirements of TILA / RESPA and the Integrated Disclosure Rule.

## **Loan Estimate and Early Disclosures**

Lenders must include the following in all loan files delivered for purchase:

- A complete and legible initial Loan Estimate dated within three business days of the initial application date
  - Any subsequent Loan Estimates issued to the borrower throughout the loan process
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- Documentation indicating a valid change of circumstance, for each subsequent Loan Estimate, if multiple Loan Estimates were issued
- Example of a RESPA Changed Circumstances Form
  - TRID requires that the final Loan Estimate be issued prior to Initial Closing Disclosure –NewRez requires that the final Loan Estimate be received at least one day prior to the Initial Closing Disclosure being generated
- If the borrower(s) is allowed to shop for services required by the Lender, then a Settlement Service Providers (SSP) List must be provided with the initial Loan Estimate
  - The SSP must provide a minimum of one service provider for each service
  - If the service provider is listed on the SSP, the company must still be in business

**Common Loan Estimate Suspense Issues**

- Missing the “Final” Loan Estimate, dated at least one day prior to the date of the Initial Closing Disclosure
- Not legible (due to print, fax or image issues)
- Not fully completed per TRID requirements
- Incorrect transfer taxes
- Not provided within three business days of application
- Transfer Taxes increased at closing and the fee on the Loan Estimate was less or not disclosed
- Owner’s Title Insurance was not included on a purchase loan
- All charges typically paid for by the borrower were not listed on the GFE
- Service Providers List was not included in the loan file
- Service Providers List contains companies no longer in business

**Common Changed Circumstance Suspense Issues**

- Changed circumstance documentation is not included
  - Changed circumstance documentation is included
    - Only provides information on what changed
    - Does not provide the reason for the change
  - Reason for changed circumstance was due to an omission on prior Loan Estimate
    - Borrower was charged the/an additional fee (or the credit was decreased), which is not
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acceptable

- Reason for changed circumstance does not agree with fee changes
- A fee increase, or a credit decrease in a tolerance category but a change in circumstance was not documented to support the increased fee or decreased credit
- A Loan Estimate was reissued after the changed circumstance, but not within three days of the changed circumstance
- Multiple Loan Estimates with the same print date
  - The information changed within the Loan Estimates – Change of Circumstance should be included in the loan file with each Loan Estimate in order to determine the order in which the Loan Estimates were issued

### **Tolerance Violations**

In the event a RESPA tolerance violation is discovered during the pre-purchase audit of the closed loan file, NewRez will require evidence of a refund to the borrower in order to cure the violation.

- If the tolerance violation was cured at closing, the Final Closing Disclosure must reflect the credit to the borrower accordingly.
- If the tolerance violation was not identified at closing but was discovered during the pre-purchase loan review, the Lender must provide the following documentation to support that the violation was cured within 60 calendar days from the Note date.
  - A copy of the refund check to the borrower
  - A copy of the letter sent to the borrower explaining the refund
  - Revised Closing Disclosure

***NOTE: If a tolerance violation is not cured within 60 calendar days of the Note date or documentation regarding the cure is not available, the loan is not eligible for purchase by NewRez.***

### **Closing Disclosure**

A complete and executed Final Closing Disclosure dated the date of the Note is required on all loans, regardless of occupancy. The Initial Closing Disclosure and any subsequent Closing Disclosures must be delivered to the borrower within the time frame mandated by the TILA RESPA Integrated Disclosure Rule.

### **Common Closing Disclosure Suspense Issues**

- A complete and legible Initial and Final Closing Disclosure are not included in the loan file
  - Closing Disclosure not completed properly or missing information
  - Disclosure not executed by all borrower(s) required to execute based on ownership rights /state
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requirements or insufficient proof that it was received 3 days or more before consummation

- Does not bear the same date as the Note
- APR not within the range of tolerances set by the federal regulatory agencies
- All prepaid finance charges charged to the borrower are not accurately reflected
- Escrow information does not match supporting documentation
- A breakdown from the Title Company or closing agent of seller/lender credits shown on Closing Disclosure was not included in the loan file

### **Common Prepaid Finance Charges**

- Courier/wire/delivery/messenger fee
- Attorney/settlement/closing/escrow fee
- Copy fee
- Subordination/subordination agreement fee
- Attendance fee
- Service fee
- Assignment fee
- Condo Questionnaire fee
- Closing Protection Letter fee
- Document Preparation/Document Review fee in Texas to the Attorney

***Note: This is not an all-inclusive list of prepaid finance charges; however, this is a list of charges that should be included that are frequently omitted.***

NewRez reviews loans both pre and post-purchase to ensure compliance with applicable federal and state laws and regulations. A list of the pre-paid finance charges that NewRez requires to be included in the APR calculation can be found in on the [APR Finance Charge Matrix](#).

***Note: This list is provided for information purposes only and may not be all-inclusive. Lenders are urged to consult with their own compliance or legal counsel for guidance.***

NewRez considers the disclosure of the Finance Charge amount accurate if it is understated by no more than \$100 on a purchase loan or a loan that does not require rescission. On a loan with a

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rescission, the tolerance is \$35, based on the foreclosure provision in Regulation Z (Section 1026.23 (h)(2)(i)).

In instances where the APR becomes overstated because a finance charge has been reduced, NewRez re-disclosure of the Closing Disclosure requirements are:

- If the APR decreases more than 1/8% due to a reduction in a finance charge (Rate, PMI, Origination Charges, Discount Points, etc.), then re-disclosure of the Closing Disclosure to the borrower is not required
- If the APR decreases more than 1/8% due to a change in terms (loan amount, term, loan product etc.), then re-disclosure of the Closing Disclosure to the borrower is required with new 3 day cool off period

Re-disclosure is required in instances where the APR increases by more than 1/8% as compared to the previously disclosed Closing Disclosure.

If a review of the loan file determines that certain fees were not disclosed as finance charges and the disclosure varies from the actual finance charges by more than the tolerances stated above, NewRez will require that the loan be remedied.

#### Purchase Transaction:

- The under-disclosed amount must be refunded to the borrower – a copy of the check to the borrower will be required
- A new copy of the Closing Disclosure disclosing the refund
- A copy of the letter to the borrower explaining the reason for the refund
- Proof of delivery of all above to the borrower – overnight carriers tracking information that confirms delivery or a USPS confirmation of receipt slip

#### Refinance Transaction:

- The under-disclosed amount must be refunded to the borrower – a copy of the check to the borrower will be required
  - A new copy of the Closing Disclosure disclosing the refund
  - Rescission must be reopened – provide a new Right to Cancel to each borrower
  - Wait three days or more after the borrower(s) receive the RTC, Corrected Closing Disclosure, and refund for the rescission period to end
  - A copy of the letter to the borrower explaining the reason for the refund
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- Proof of delivery of all above to the borrower – overnight carriers tracking information that confirms delivery or a USPS confirmation of receipt slip

### **Timing Requirements**

The “specific” definition of business days includes all calendar days except Sunday and the legal national holidays (same as rescission).

“Specific” business days’ definition applies to all of the various timing requirements under the Rule including the following:

- Counting the seven (7) business day waiting period before consummation following provision of a Loan Estimate
- To determine the four (4) business days prior to consummation by which the consumer must receive a revised Loan Estimate
- To determine the three (3) business day waiting period before consummation of the Closing Disclosure

The “general” definition of a business day is defined as a day on which the creditor’s offices are open to the public for carrying out substantially all of its business functions.

“General” business days’ definition applies to all of the various timing requirements under the Rule including the following:

- Counting the three (3) business days from application to providing the original Loan Estimate
- Counting the three (3) business days from an event to provide a revised Loan Estimate or Closing Disclosure
- Counting the three (3) business day period for receipt of a Loan Estimate not delivered in person. Please refer to the RESPA-TILA Integrated Disclosure Timing Chart Matrix for additional guidance.

### **Waiver of Waiting Period**

Although the Rule allows a waiver or modification of the three (3) business day waiting period after receipt of the Closing Disclosure, ***NewRez will not allow this practice.***

### **Who Must Receive**

If the loan transaction is rescindable, the Closing Disclosure must be given separately to each consumer who has the right to rescind the transaction. In transactions that are not rescindable, the Closing Disclosure may be provided to any applicant with primary liability on the obligation.

### **Proof of Receipt/Delivery**

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Please refer to the RESPA-TILA Integrated Disclosure Timing Chart Matrix for additional guidance. Proof of delivery is required for all parties that receive the Closing Disclosure.

### **RIGHT OF REDEMPTION**

Loans closed during the right of redemption period are eligible for purchase by NewRez. Please refer to Section 14 Collateral Audit and Funding for requirements.

### **SAFE ACT**

All loans delivered to NewRez will be audited pre-purchase for licensing and registration compliance of the Mortgage Loan Originator ("MLO(s)") as defined by applicable federal and state law.

Lenders must provide the following information on all loans:

- A completed initial 1003/65 signed and dated by the Mortgage Loan Originator (MLO)
- Provide the correct NMLS ID for both the Company and the Mortgage Loan Originator (MLO) who completed the application
  - NewRez requires the Main Company ID and not the Branch ID
- In the event there are multiple applications in the loan file signed by different Mortgage Loan Originators (MLO), a review will be conducted for each MLO

### **ABILITY TO REPAY – QUALIFIED MORTGAGES**

NewRez will only purchase loans that meet the definition of a Qualified Mortgage with the exception of certain loans that are exempt from this rule (closed-end loans for investment or business purposes) and for "Smart" products.

The ATR-QM Rule applies to:

- Primary Residences
- Second Homes
- Investment Properties – (Business purpose exclusion by exception consideration only)

It is the responsibility of the Lender to review and comply with the final rules issued by the Consumer Financial Protection Bureau (CFPB) to implement the Dodd-Frank Act, including but not limited to ATR- QM, Truth-in-Lending Act (TILA), Equal Credit Opportunities Act (ECOA), HPML and HOEPA.

Lenders should consult with their own legal or compliance counsel to ensure that all loans comply with the CFPB rules and regulations.

The underwriter must determine a borrower's repayment ability using verified documented information

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with the following 8 underwriting considerations:

- Current or reasonably expected income and assets
- Current employment status
- Credit history
- Monthly payment for subject property
- Monthly payment for simultaneous mortgages
- Monthly payments for related expenses (taxes, MIP, insurance, HOA)
- Current debt obligations including alimony and child support
- Monthly debt-to-income ratio not to exceed 43%
- The QM Temporary Provision allows a higher DTI for loans eligible for sale to the GSEs and government insured transactions – Loans must meet Agency, FHA, VA and USDA guidelines as well as NewRez guidelines and overlays.

The Lender must:

- Ensure that loans are originated, underwritten and closed in accordance with the ATR-QM regulations as well as NewRez requirements
  - Evidence compliance with ATR-QM rules by ensuring that the underwriting documentation clearly identifies how income, liabilities and DTI were calculated (An example Ability to Repay Worksheet can be found in the Exhibit Section of the Lender Guide)
  - Ensure that the loan is underwritten and documented according to the AUS findings, NewRez and Agency, FHA, VA and USDA guidelines (according to product type)
  - A clear itemization of all fees and of all credits that indicate paid to and paid by are required on all loans (A specific form is not required; however, an example Fee Detail Worksheet can be found in the Exhibit Section of the Lender Guide)
  - Information to support any discount points deemed to be bona fide and subsequently excluded from the test – Calculations used to determine which points were bona fide and supporting documentation to show they were bona fide are required (example: rate sheet and rate lock agreement)
    - Bona fide discount points may be excluded as follows:
      - Up to two bona fide discount points if the interest rate before the discount points does not exceed the Average Prime Offer Rate (APOR) by more than 1%
      - Up to one bona fide discount point if the interest rate before the discount points does not exceed the Average Prime Offer Rate (APOR) by more than 2%
      - NewRez determines the reduction per point requirement to be
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considered bona fide discount point at .25 percent

All Agency loans must pass the QM Points and Fees Test as outlined below:

Effective for loans closed after January 1, 2018, the following QM Points and Fees Test applies:

<b>Total Loan Amount</b>	<b>Points and Fees Threshold</b>
Greater than or equal to \$105,158	3%
Greater than or equal to \$63,095 but less than \$105,158	\$3,155
Greater than or equal to \$21,032 but less than \$63,095	5%

Note: Cures to the QM points and fees test allowed subject to 1026.43(e)(3)(iii). Excess points and fees must be refunded to the borrower within 210 days. Proof of cure required through copy of check, corrective CD and proof of delivery.

NewRez's "Smart" products are not subject to the QM Points and Fees limits. They are subject to the HOEPA thresholds as well as any state specific thresholds that fall below the HOEPA limits.

### **Safe Harbor and Rebuttable Presumption of Compliance**

NewRez will purchase Safe Harbor and Rebuttal Presumption QM loans as well as loans fitting into our Non Agency Guidelines ("Smart").

Qualified Mortgages can have two levels of liability protection. The level of protection is determined by comparing the loan's APR with the Average Prime Offer Rate (APOR) at the time that the interest rate was set with the borrower.

- Safe Harbor for General and Temporary QM loans – threshold aligns with the established HPML threshold of APOR plus 1.50 percent
- Safe Harbor for HUD QM loans – threshold is APOR plus the sum of the annual mortgage insurance premium and 1.15 percentage points
- Safe Harbor for VA loans must meet all of the following criteria
  - The loan being refinanced was originated at least 6 months before the new loan's closing date, and the veteran has not been more than 30 days past due during the 6 months preceding the new loans closing date
  - The recoupment period for all allowable fees and charges financed as part of the loan or paid at closing does not exceed 36 months
  - All other VA requirements for guaranteeing an IRRRL are met



- Rebuttable Presumption QM loans – loans exceeding the Safe Harbor thresholds above

**EQUAL CREDIT OPPORTUNITY ACT (ECOA)**

The Equal Credit Opportunity Act, Regulation B and similar federal and state laws, rules and regulations requires Lenders to promote the availability of credit to all creditworthy applicants without regard to race, color, religion, national origin, sex or sexual orientation, marital or familial status, or age (provided the applicant has the capacity to contract), source of income, disability, military status, to the fact that all or part of the applicant's income derives from a public assistance program; or to the fact that the applicant has in good faith exercised any right under the Consumer Credit Protection Act or any state law upon which an exemption has been granted by the CFPB. Lenders are prohibited from engaging in practices that discriminate on the basis of any of these factors or any other prohibited basis.

Lenders are also required to collect information about the applicant's race and other personal characteristics and provide applicants with copies of appraisal reports and other valuations used in connections with credit transactions.

**Fair Credit Report Act (FCRA)**

FCRA imposes on Lenders certain duties as a user of consumer reports and furnisher of credit information to consumer reporting agencies (CRA). FCRA also regulates the collection, dissemination and use of consumer information, including consumer credit information. FCRA requires consumer reporting agencies to adopt reasonable procedures for handling consumer information in a manner which is fair and equitable to the consumer with regard to the confidentiality, accuracy, relevancy, and proper utilization of consumer reports.

The Fair and Accurate Credit Transactions Act (FACTA) of 2003 amended FCRA and was established to serve the following purposes: 1) enhance the ability of consumers to combat identity theft, 2) increase the accuracy of consumer reports and 3) allow consumers to exercise greater control regarding the type and amount of marketing solicitations they receive.

Lenders must comply with the Fair Credit Report Act regarding all provisions related to users of credit reports and furnishers of credit information to consumer reporting agencies, as applicable to its loan origination and servicing activities. In addition, Lenders must comply with all applicable state laws and regulations regarding various disclosures and other requirements relating to obtaining credit reports and using credit reports.

**Privacy Policy**

Lenders are required to comply with federal and state laws and regulations pertaining to the protection of customers' nonpublic personal information. In addition, Lenders are required to comply with applicable disclosure requirements related to the protection of customers' nonpublic personal information and information sharing with third parties on all financial products. Customer nonpublic personal information means any information that is not publicly available about the person and that provides personally identifiable financial information about the customer such as social security numbers, bank statements, payroll information, tax returns, etc. Failure to properly maintain the confidentiality of this information could subject Lenders to regulatory enforcement and private

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litigation. As a result, Lender's employees have a responsibility to ensure the confidentiality and security of all customers' nonpublic personal information in electronic and hardcopy form at the office, at home, and in public places.

## **TRID Policy**

NewRez, LLC requires that Correspondents comply with all applicable requirements of the TILA-RESPA Integrated Disclosure Policy ("TRID") as governed by the Real Estate Settlement Procedures Act (Regulation X) and the Truth in Lending Act (Regulation Z) in order to avoid legal, financial and reputational risk; to ensure loan marketability; and to protect customers.

NewRez will not purchase any Mortgage Loan where the initial disclosures, including the initial Loan Estimate, were not delivered to the borrower within the required timeline from the receipt of the six pieces of information that comprise an application. The six pieces of information include the borrower's name, income, social security number, the subject property address, subject property value and the loan amount. Correspondents must provide evidence of timely delivery of the initial disclosure as well as any re-disclosure resulting from a valid change in circumstances as defined in the TRID Rule.

### **Loan Estimate Timeline:**

- **Loan Estimate:** The Correspondent is responsible for ensuring that it delivers or places in the mail the Loan Estimate form no later than the third business day after receiving the consumer's application and must provide evidence of timely delivery to NewRez.
- The Loan Estimate must also be delivered or placed in the mail no later than the seventh business day before consummation of the transaction.
- **Rate Locks** – The Correspondent will re-disclose within 3 days of lock (standard changed circumstance rules apply).

For any revised Loan Estimate due to a valid change in circumstance, the following timing requirements apply and compliance with the same must be evidenced by the Correspondent:

- The Loan Estimate will be provided within 3 business days of the changed circumstance
- The consumer must receive the revised Loan Estimate no later than 4 business days before consummation
- The Loan Estimate cannot be provided on or after the day on which the creditor provides the Closing Disclosure.

For loans that require a Loan Estimate and that proceed to closing, the Correspondent must provide a Closing Disclosure reflecting the actual terms of the transaction. The Correspondent will ensure that the consumer receives the Closing Disclosure no later than three business days before consummation of the loan. An additional three days applies if the Closing Disclosure was delivered by mail. Evidence of receipt of the Closing Disclosure by the borrower must be provided to NewRez.

The Correspondent must ensure that the consumer receives the Closing Disclosure no later than three business days before consummation having arranged delivery as follows:

- By providing it to the consumer in person
- By mailing, or by other delivery methods, including email. Three additional mail days must be used for delivery of the Closing Disclosure unless proof of receipt is obtained.

Consummation is the time that a consumer becomes contractually obligated on the credit transaction, this is considered to be the Note date. For purposes of providing the initial Closing Disclosure through the funding of the loan, three business days includes Saturdays, but not Sundays nor federal holidays.

The Correspondent must re-disclose terms or costs on the Closing Disclosure if certain changes occur to the transaction after the Closing Disclosure was first provided that cause the disclosures to become inaccurate. There are three categories of changes that require a corrected Closing Disclosure containing all changed terms:

- Changes that occur before consummation that require a new three-business-day waiting period as follows:
  - The disclosed APR becomes inaccurate
    - Increase on a fixed rate loan of more than .125% or ARM loan of more than .25% for any reason
    - Decrease by more than .125% fixed or .25% ARM loan when caused by something other than finance charges
  - The loan product changes
    - Changing from a fixed loan to ARM loan or ARM loan to fixed loan
- A prepayment penalty is added.
- Changes that occur before consummation and do not require a new three-business-day waiting period. If a new three-business day waiting period has not been triggered, the corrected disclosure will be provided to the borrower on the day of their closing.
- For changes that occur to fees subject to tolerance after the initial Closing Disclosure that do not trigger a new three-business-day waiting period and the loan does not close within 7 days, increased fees will be considered invalid and Lender cures must be issued. Evidence of payment of the cure along with proof of delivery to the borrower must be provided to NewRez.
- Changes that occur after consummation. Correspondents must deliver to NewRez, a copy of the revised Closing Disclosure and cover letter provided to the borrower along with evidence of delivery.

In any case where a Lender cure was issued to a borrower, evidence of payment of the cure must be provided to NewRez. This could include evidence of the cure as a credit on the Loan Estimate or Closing Disclosure if issued prior to closing. If the Lender cure is issued after closing, a copy of the check

along with the revised Closing Disclosure and a cover letter with evidence of delivery must be provided to NewRez.

***NOTE: Any guidance and information contained in this document should in no way be construed as an offer or legal advice by NewRez or its affiliates. Correspondents should contact their legal counsel for advice on complying with all regulations and laws.***

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### QUALITY CONTROL

#### EXPECTATIONS

NewRez's QC monitoring includes loan reviews which take place both prior to loan purchase and after loan purchase. All exceptions will be identified as to the level of risk the issue represents. Responses to issues of lower risk will not be required but will be tracked and reported to the Lenders should an excessive pattern or trend be identified.

A written response is required for all High or Medium risk findings. Audit findings and response instructions will be described in a summary sheet and forwarded to the Lender by e-mail communication. E-mail distribution provides a means to confirm delivery and receipt of the request. Responses are required to be returned to NewRez within five business days by e-mail along with supporting documentation. Any Lender not in compliance with response procedures will be reported to Senior Management in the monthly Quality Control Report.

A loan that is determined not to meet NewRez guidelines may require correction of the violation, indemnification, return of SRP, 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.

In the event the audit process reveals fraud or misrepresentation, a description of the type of fraud and recommendations for corrective action will be included in the monthly report to Senior Management and for further reporting to any required regulatory agency or investor. If there is sufficient information established to confirm a Lender participated in the misrepresentation, the business relations with the Lender will be terminated immediately including all loans in the NewRez pipeline from the Lender.

NewRez requires all Lenders to maintain a Quality Control Plan within their own company to help guard against errors, omissions, and fraud. A general overview of the components of a sound QC Plan are outlined below, however, detailed requirements of FHA, VA, FHLMC, FNMA, and USDA must be followed by all Lenders originating and selling loans under these products.

#### THE PLAN

The QC Plan must be written and maintained to current guidelines. It should be administered independently of the origination process and contain all Agency, Investor, and Regulatory requirements.

The Plan should clearly describe the:

- Sampling method
- Organizational structure
- Qualifications of review staff

- Plan for completing branch reviews
- Pre and post funding process
- Timing of reviews
- Method of reporting defects
- Calculation of the defect rate
- Process of distributing results to Senior Management
- Evaluation of reports and method to address issues with corrective action
- Requirement for agency notifications when necessary
- Procedures for maintaining records of reports, loan files and all related documents

It should also include a company's record retention policy and provide for review and oversight of the audit functions.

## **PREFUNDING REVIEWS**

An acceptable QC plan must include a process for auditing a sample of loans prior to loan closing to prevent closing loans with errors, misrepresentation, or insufficient documentation. Sampling methodology should include loans with higher risk characteristics. The process should also insure a representative sample of loans from all products, branches, and personnel. Loans should be evaluated for data integrity, accuracy of credit and collateral information, and to insure the loan meets all guideline parameters. Prefunding audit results should be included in tracking and trending reports along with post-funding results provided for executive review.

## **POST-FUNDING REVIEWS**

Post Funding reviews must comply with all agency requirements concerning timing, loan selection, sample size, and document re-verification. Audit processes must include a check of all credit documents, collateral documents, and closing documents for accuracy and compliance with eligibility criteria. The reviewer is also expected to validate the soundness of the underwriting decision and/or all requirements of the underwriter or AUS were included in the loan file.

Other required reviews:

- Early Payment Defaults
- Declined Loans
- Insuring Process

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- Branch Reviews
- Servicing Reviews
- Vendor Audits
- QC Process Review

### THE PROCESS

Within the sampling methodology, loans must be selected on a random, targeted, and discretionary basis. Discretionary samples should include higher risk characteristics such as product type, high ratio, high LTV, areas of high delinquency, or areas of decreasing property values. Targeted loans will be selected from loan categories meeting specific conditions (such as EPD's and EPO's).

Audits should include a re-verification of all underwriting documents in the credit file and a desk review of the appraisal. A field review of the appraisal must also be ordered on at least 10 percent of audits.

Other standard elements that the review should include are occupancy, underwriting decision, and loan approval conditions. The closing package must be reviewed for required documents, accuracy of information, and compliance with regulatory and agency requirements. All exceptions should be documented and scored on a uniform rating system based on the associated risk.

### REPORTING

An effective QC Plan must include consistent reporting of all results to Senior Management and an appropriate method for implementing corrective action to the findings. Reports should include sample selection, loan level findings, trending and management responses. Performance issues should be addressed based on the severity.



## **COLLATERAL AUDIT AND FUNDING (Revised 01/22/20)**

### **OVERVIEW**

NewRez requires the closed loan file to be delivered on or before the lock expiration date by 3:30 pm CT to be shown as received on that day. Any loan received after 3:30 pm CT will be logged in as received the following day. There are two ways of delivery method for the closed loan file. While we encourage the use of Image Delivery, NewRez will accept a hard copy.

Refer to [File Delivery](#) for requirements for delivery of the closed loan file. Failure to deliver the loan within the prescribed time frames as shown may result in a repricing of the loan.

The original Note must also be delivered on or before the lock expiration date to:

***Wells Fargo – Corporate Trust Services***

***NewRez LLC***

***1100 Virginia Drive***

***190-FTW 30 Suite 100M Fort***

***Washington, PA. 19034-3276***

Documents shown in this section must be included when delivering the closed loan file to NewRez. Refer to [Loan Purchase Submission Checklist](#) for a complete list of documents. NewRez reviews the documents prior to funding the loan. Please review the closed loan file for accuracy prior to deliver to avoid delays in funding.

### **ORIGINAL NOTE**

NewRez requires the delivery of the complete and correct original Note before purchase. The original Note must be received on or before the lock expiration date.

- The borrower(s) signature(s) and printed name(s) on the original Note must match the closing documents exactly. If over signed or under signed, a notarized Name Affidavit is required and must include all of the various signatures exactly.
  - Property address (including Unit # if applicable)
  - The Note must include all borrower(s) listed on the 1003.
  - Any strikethroughs to the original Note must be initialed by all borrowers prior to submitting the closed loan file to NewRez for purchase. White-outs and/or lift-offs are not acceptable.
  - Borrower(s) initials must be present if space is provided at bottom of page(s).
  - There cannot be more than 62 days between the date of closing (Note date) and the first payment date.
  - The Lender's name must read the same on the front of the Note and on the endorsement.
-

The following data must be listed on the original Note for primary and second home loans when the loan is delivered to NewRez. All data must appear EXACTLY as it appears in NMLS. Failure to include will result in non-purchase.

- Loan Originator Organization (LOO) company name
- Loan Originator Organization (LOO) company's NMLS identifier
- Name and NMLS ID (if any) of the individual Loan Originator, who under the LOO's policy, is primarily responsible for the transaction
- The names of the LOO and LO must appear EXACTLY as they appear in NMLS
- The LOO and LOO ID must be on the original Note when the closed loan is delivered for purchase
- The LO name and LO ID (if any) must be on the original Note when the closed loan is delivered for purchase

Original Note (including any applicable addenda and riders) must be endorsed as follows:

***WITHOUT RECOURSE PAY TO THE ORDER OF  
NewRez, LLC  
(Name of Seller)  
(Signature of Officer)  
(Officer's Name and Title)***

The endorsement cannot be abbreviated. Please ensure that systems are updated with the correct legal entity and notify your warehouse banks accordingly. If the Note is endorsed by the warehouse bank, a copy of the POA from the Lender to the warehouse bank giving the warehouse bank authority to endorse the Note must be included with the closed loan file.

NewRez requires the use of original signatures for endorsements on original Notes and Allonge. Facsimile signatures are not acceptable.

An Allonge to the Note is preferable to endorsement on the original Note. The Allonge must be original and must be referenced on the original Note as an attachment. The information below is required when using an Allonge:

- Borrower name(s)
  - Property address
  - Loan amount
  - Note date
  - Must be properly endorsed (refer to requirements above)
-

**MORTGAGE/DEED OF TRUST**

A certified, true copy of the Mortgage/Deed of Trust including any applicable Riders must be included in the closed loan package delivered to NewRez. The certification must be stamped on the document and read "Certified to be a true and exact copy of the original which is being recorded." It must be a "MOM" (MERS as Mortgagee) Security Instrument, including the Min # with complete MERS information signed by the borrower(s).

- Any strikethroughs to the Mortgage/Deed of Trust must be initialed by all borrowers prior to submitting the closed loan file to NewRez for purchase. White-outs and/or lift-offs are not acceptable.
- Borrower(s) initials must be present if space is provided at bottom of page(s).

The following data must be listed on the security instrument for primary and second home loans when the loan is delivered to NewRez. All data must appear EXACTLY as it appears in NMLS. Failure to include will result in non-purchase.

- Loan Originator Organization (LOO) company name
- Loan Originator Organization (LOO) company's NMLS identifier
- Name and NMLS ID (if any) of the individual Loan Originator, who under the LOO's policy, is primarily responsible for the transaction
- The names of the LOO and LO must appear EXACTLY as they appear in NMLS
- The LOO and LOO ID must be on the security instrument when the closed loan is delivered for purchase
- The LO name and LO ID (if any) must be on the security instrument when the closed loan is delivered for purchase

The following information must match the closed loan documents exactly:

- Borrower(s) names
  - Complete property address including the unit number, if applicable
  - Legal description
  - Dates of documents (closing, first payment date, maturity date, notary acknowledgement, etc.)
-

- Lender name and address
- Signatures must match typed names exactly
- MERS Identification Number (MIN#) must be included
- Notary acknowledgement information must be present and complete and correct

If applicable the following Riders must be executed and attached to the Mortgage or Deed of Trust:

- MERS Rider (Form 3158) if property in Montana, Oregon and Washington
- PUD Rider
- Condo Rider
- One- to Four-Family Rider
- ARM Rider
- Second Home Rider
- VA Rider
- Manufactured Home Rider

Texas Home Equity Affidavit and Agreement is required to be attached and recorded with the Texas Home Equity Security Instrument.

Refer to [Post Funding Documents](#) for delivery requirements for the recorded Mortgage/Deed of Trust.

## **NAME AFFIDAVIT**

A notarized Name Affidavit is acceptable when applicable. The borrower(s) typed name on all documents in the closed loan package should match the signature. If applicable, the Name Affidavit must be included in the closed loan file.

- A certified true copy of the Name Affidavit is acceptable if the original is not available. The certification must read, "Certified to be a true and exact copy of the original."
  - It must be notarized.
  - The name of the borrower, as it appears typed on the face of the security instrument and under the signature line, must be consistent with the closing docs.
  - The signature of the borrower must match exactly the name typed below the signature line. It is acceptable for the borrower to over sign or undersign the document (example:
-

- borrower's typed name under the signature line does not include a middle initial and the borrower's signature does include a middle initial OR borrower's typed name under the signature line does include a middle initial and the borrower's signature does not include a middle initial).
- Name Affidavits are not acceptable for errors. They must be corrected and the document re-recorded if necessary.

## **POWER OF ATTORNEY**

If applicable, a certified true copy of the POA must be included in the closed loan file. The certification must be stamped on the document and read "Certified to be a true and exact copy of the original which is being recorded."

- Borrowers name(s) must match exactly to the names on the 1003, Note, Mortgage, and closed loan package. If a refinance, the names must also match name currently vested in title.
  - The document must be specific to our property by referencing either the property address or legal description.
  - General POAs are not acceptable. The POA must be specific to the loan.
  - The POA must be recently executed, that is executed no more than 30 days prior to the date of the initial disclosures or the sales contract.
  - A letter of explanation from the borrower must provide the reason for the necessity of the POA .
  - If the initial disclosures were completed by POA, then the closing package cannot be executed by POA.
  - The Attorney-in-Fact may not be the lender, any affiliate of the lender, any employee of the lender or affiliate of the lender, loan originator, employer of the loan originator, any employee of the employer of the loan originator, title company or affiliate, real estate agent, seller, appraiser, broker, etc. or anyone with direct or indirect financial interest in the transaction.
  - The Grantor's signature must be notarized. (If executed outside of the U.S., it must be notarized by an American notary.)
  - POA must be executed and notarized with all blanks completed and be effective through the date of closing.
  - A separate POA must be executed for each borrower not present at closing.
  - The Attorney-in-Fact must execute all closing documents and must be signed exactly as typed and the name on the POA must match the closing doc exactly.
-

- The Final Title policy or commitment/binder must not contain any exceptions due to the use of the Power of Attorney.
- The POA must be executed prior to the closing documents and recorded prior to the recording of the Mortgage/Deed of Trust.
- A POA is not allowed on cash-out refinance transactions including Texas 50(a)(6), Jumbo and loans closed in the name of a Trust.

Note: At least one borrower must be present at closing unless Face-to-Face interview on 1003 for Jumbo loans.

### **TITLE COMMITMENT/BINDER/TITLE POLICY**

At a minimum, the title commitment/binder is required with the closed loan file. It must be the most current version of an ALTA loan policy or Iowa Title Guaranty Certificate (for Iowa properties only). Mortgage Policy of Title Insurance (Form T-2) is required for Texas 50(a)(6) loans.

- A Closing Protection Letter is required on Jumbo and Manufactured Home loans.
  - Effective date of the title commitment/binder must be dated before the Note date and cannot be dated more than 90 days from the Note date.
  - The amount of insurance coverage must be at least the loan amount.
  - Name of insured should be the closing lender, "it's successors and or assigns, as their interest may appear" if the policy's definition does not cover successors and assignees.
  - Proposed borrower(s) names must match closing docs.
  - Vested names must be in the sellers' names for purchase loans.
  - Vested names must be the borrower(s) names as they appear on the Mortgage/Deed of Trust on refinance loans.
  - All parties to be vested in title must have executed the Mortgage/Deed of Trust.
  - Anyone with an ownership interest in the property either due to vesting or due to rights afforded under state law is required to sign the Mortgage/Deed of Trust.
  - Legal description must be included and match all legal docs (i.e., Mortgage/Deed of Trust, etc.)
  - Any assessment(s) for a Homeowner Association on the Title Policy must state "paid current."
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- All taxes referenced must state “not yet due and payable,” “Paid,” or “paidcurrent.”
- Any liens and/or judgments that appear on Schedule B must be paid off at closing and deleted on the final policy. Proof these have been paid in full must be included in the closed loan file.
- Survey exceptions must be deleted.
- Title to the property has not been conveyed within the most recent 12 months. If title has been conveyed within most recent 12 months, NewRez may request additional documentation to be reviewed to ensure acceptability of transaction (not a flip sale).
- Loans closed during the right of redemption period are eligible for purchase by NewRez. If an exception is shown on the title commitment, the following will be required:
  - Notice to Borrower
  - Redemption Bond
- All loans require ALTA 8.1 (Form T-36) Environmental Protection Agency (EPA) Endorsement.
- The appropriate endorsements to the Title Policy must be included (Condo, PUD, ARM, Manufactured Home etc.).
- Any other appropriate endorsements to the Title Policy must be included to ensure NewRez is in a first lien position.
- Texas 50(a)(6) loans must include Equity Loan Endorsement (Form T-42) and Supplemental Coverage Equity Loan Mortgage Endorsement (Form T-42.1).
- It must be countersigned by an authorized agent.

In addition, for Condominium and PUD Unit Mortgages, the policy must include the following:

- Describe all components of the unit estate.
  - Reflect ownership of common areas if unit owners own the common areas of the project as tenants in common.
  - Ensure ownership of common elements, areas, or facilities of the project if they are owned by the homeowners’ association.
  - Show that title to common elements, areas, or facilities is free and clear of any objectionable encumbrances, including any mechanics’ liens for labor or materials.
  - Ensure that the Mortgage is superior to any lien for unpaid common expense assessments (HOA dues). There must be no uninsured exceptions to title lien position, including but not limited to, state specific HOA Super Lien exceptions that supersede the mortgage lien being delivered to NewRez.
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- Ensure that there will be no impairment or loss of title for past, present, or future violations of the covenants, conditions, or restrictions (CCRs).
- Ensure that the unit does not encroach on another or on any common areas.
- Ensure that the condo project was created in compliance with applicable laws and statutes.
- Ensure that taxes are levied only against the individual unit and its undivided interest in the common elements rather than the entire project.
- Ensure that the owner of a PUD unit is a member of the HOA and that membership is transferrable if the unit is sold.

**Waived Title Exceptions**

NewRez requires affirmative coverage over all defects unless the defect is subject to one of the following:

- Customary public utility subsurface easements in place and completely covered within the mortgaged property as long as they do not extend under any buildings or other improvements.
  - Above-surface public utility easements that extend along one or more of the property lines for distribution purposes or along the rear property line for drainage purposes, as long as they do not extend more than 12 feet from the property lines and do not interfere with any of the buildings or improvements or with the use of the property itself.
  - Mutual easement agreements that establish joint driveways or party walls constructed on the security property and on an adjoining property, as long as all future owners have unlimited and unrestricted use of them.
  - Restrictive covenants and conditions, and cost, minimum dwelling size, or set back restrictions, as long as the violation will not result in a forfeiture or reversion of title or a lien of any kind for damages, or have an adverse effect on the fair market value of the property.
  - Encroachments of one foot or less on adjoining property by eaves or other overhanging projections or by driveways, as long as there is at least a 10-foot clearance between the buildings of the security property and the property line affected by the encroachment.
  - Encroachments on adjoining properties, as long as those encroachments consist only of hedges or removable fences.
  - Outstanding oil, water, or mineral rights as long as they do not materially alter the contour of the property or impair its value or usefulness for its intended purpose.
  - Variations between the appraisal report and the records of possession regarding the length of the property lines, as long as the variations do not interfere with the current use of the
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improvements and are within an acceptable range. (For front property lines, a 2 percent variation is acceptable; for all others, 5 percent is acceptable).

- Rights of lawful parties in possession, as long as such rights do not include the right of first refusal to purchase the property. (No rights of parties in possession, including the term of a tenant's lease, may have duration of more than two years.)
- Minor discrepancies in the description of the area, as long as the Lender provides a survey and affirmative title insurance against all loss or damage resulting from the discrepancies.

Note: Properties with Agricultural Exemptions (Ag Exemptions) are not acceptable. This information may be found on either the tax certificate or title commitment.

Escrow holdback for Inheritance Taxes are not eligible for purchase.

Refer to [Post Funding Documents](#) for delivery requirements for the final Title Policy.

### **Short Form Title Policy**

In addition to the Title Commitment or Binder, NewRez will also accept Short Form Title Policies issued by ALTA Title Companies wherever state law allows. The policy must contain all applicable ALTA endorsements.

The policy must insure against loss or damage caused by the following:

- Violations of restrictions
- Encroachments or anything that may be disclosed by an accurate survey and
- Surface damage due to mineral extractions

Refer to [Post Funding Documents](#) for delivery requirements for the Short Form Title Policy.

### **SURVEY**

A current survey is required if the title policy contains any survey exceptions that will not be deleted from the final title policy. If the title company does delete any survey exception from the final title policy, a survey is not required. If required, the survey must be in the borrower(s) names.

### **FLOOD CERTIFICATION**

A Life-of-Loan Flood Zone Determination Certification is required on all loans. The flood certificate must reflect the information required on FEMA's Special Flood Hazard Determination form to determine if the property lies in a Special Flood Hazard Area (SFHA). The Flood Certificate must include the following:

- Borrower(s) name (must match closing docs)
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- Property Address (must match closing docs)
- Flood Zone
- NFIP Map, Panel, Suffix Number
- NFIP Map Date
- NFIP Community Name
- Community Status
- Name of the Flood Certification Vendor
- Vendor's Certificate Number
- Date of certification

The Flood Certification cannot be more than 90 days old on the date of the Note.

A flood zone determination can be obtained from any FEMA approved vendor as long as it is a Life-of- Loan determination.

For FHA Manufactured Home loans located in a SFHA (zone A or V), in addition to flood insurance under the NFIP being required, a FEMA National Flood Insurance program (NFIP) Elevation Certificate, prepared by a licensed engineer or surveyor, stating that the finished grade beneath the Manufactured Home is at or above the 100-year return frequency flood elevation is also required.

### **Nonparticipating Communities (Including Coastal Barrier Resource Systems Areas)**

NewRez does not purchase loans secured by properties located in Nonparticipating Communities or Coastal Barrier Resource Systems Areas (CBRS) if the property lies within a Special Flood Hazard Area (SFHA) OR if the property is not mapped and not participating in the NFIP.

### **Special Flood Hazard Notice**

A Special Flood Hazard Notice is required for properties located in a special flood hazard area (all zones in "A or V") which require flood insurance. It must be signed and dated by all borrower(s) at least one day prior to closing (defined for these purposes to be the Note date).

In addition, the Lender must comply with all flood requirements including, but not limited to, the content of and the timing of when the Notice is provided to the borrower.

### **HAZARD INSURANCE**

A current hazard insurance policy (Declarations Page, Certificate of Coverage, Evidence of Property

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Insurance, or Insurance Binder) is required on all loans and must include the following information and meet the following requirements:

- Borrower(s) names (exactly as closing docs)
- Property address (exactly as closing docs)
- Effective date and expiration date of policy
- Policy must be for one year only
- Policy number (does not apply to binders)
- Dwelling coverage amount
- Premium amount
- Agent name, address and phone number
- Paid receipt for premium amount reflected on the hazard policy or binder or Final Closing Disclosure indicating payment of the premium amount shown on the policy
- For refinance transactions, a "POC" on the Final Closing Disclosure is not an acceptable form of proof paid
- Mailing address is the same as property address except on second homes and investment properties; then, it should agree with home address shown

If the policy does not include windstorm and hail coverage, an additional policy is required. Windstorm coverage is generally included under the standard extended coverage policy through an endorsement. If the policy excludes or limits the windstorm coverage, it is not acceptable. The borrower must obtain a separate policy or endorsement from another commercial insurer that, with the existing policy, provides adequate total coverage. The maximum deductible for windstorm coverage may not exceed 5 percent of the limit maintained for dwelling coverage, or the maximum allowed under state law. The dwelling coverage for the windstorm policy must follow the same coverage requirements as the hazard policy.

If binder coverage is provided, it must be at least a 30-day binder and include the dates for the full year of coverage. It must have at least 20 days left on the binder at the time NewRez purchases the loan.

### **Coverage**

NewRez requires that properties be covered by a standard extended coverage endorsement, which includes wind, civil commotion (including riots), smoke, hail, and damages caused by aircraft, vehicle, or explosion in addition to common hazards such as fire. If these items are excluded, the borrower must obtain separate coverage from another acceptable commercial insurer.

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The homeowner's insurance dwelling coverage must meet at least one of the following requirements:

- 100% of the insurable value of the improvements as established by the insurer.
- The Dwelling Coverage on the policy (or Binder if a purchase transaction) must be greater than or equal to the total loan amount.
- The Dwelling Coverage on the policy (or Binder if a purchase transaction) must indicate that the policy/binder has "Guaranteed Dwelling Replacement Cost Coverage".
  - Dwelling Coverage does not include values listed for other structures or personal property.
- The Estimated Cost/New shown in the Cost Approach section of the appraisal.

If the Estimated Cost New is not provided on the appraisal or an appraisal is not required for the transaction, then A Cost Estimator from the insurance company is acceptable.

If the hazard insurance is not equal to at least one of the above minimum coverage amounts, then additional hazard coverage that meets the minimum coverage amounts must be obtained before the loan can be purchased.

### **Deductible**

The maximum allowable deductible is 5 percent of the face value of the policy for all hazards including fire, extended coverage, and windstorm insurance. When a policy provides for a separate wind loss deductible, or if a second policy for wind loss is obtained, the maximum deductible is also 5 percent.

Hazard insurance policies must be written with a 12 month term, except where mandated by state law.

Policies insuring personal property such as cars, boats, etc., are not acceptable. However, riders for coverage of personal items within the dwelling, e.g., furs, jewels, etc., will be accepted.

Insurance policies cannot be transferred from the seller to the borrower.

Elective insurance cannot be escrowed.

Sufficient impounds should be collected by the Lender to renew coverage at the due date.

Payment plans or installments are not acceptable.

Refinance Loans: Existing policy will be accepted provided correct number of month's escrow is collected on the Final Closing Disclosure.

Policy must provide for a 30-day written notice of cancellation, reduction in coverage, or other material change to the policy.

The policy for both hazard and windstorm must be underwritten by an insurer who is currently rated as

one of the following:

- B/III, A/II, or better in Best's Insurance Reports
- A or better by DEMOTECH, Inc
- BBB or better by Standard & Poor's

The insurer must also be authorized by law to conduct business in the jurisdiction where the mortgaged premise is located.

An insurance quote or completed application for hazard insurance is not acceptable. Only the actual documentation from the insurance provider is considered proof of insurance.

Note: NewRez does not allow hand-written information on any insurance policy.

If any insurance premiums are due in 30 days or less at the time of NewRez purchasing the loan, the Lender is responsible for the payment prior to the purchasing of the loan. The Lender is responsible for any penalties and/or interest due to late payment. The Lender is also responsible for any losses or damages that result from providing NewRez with incorrect premium and/or due date information.

A current pay history is required showing disbursement.

Evidence of change of mortgagee must be provided, if applicable and sent to the following address:

***Mortgagee Clause  
Shellpoint Mortgage Servicing ISAOA/ATIMA  
Box 7050  
Troy, MI 48007-7050***

## **CONDOMINIUM INSURANCE**

A multi-peril type of master/blanket policy covering the entire condominium project is required. The policy must provide fire and extended coverage and all other coverage that is normally included. The master/blanket policy covering the common elements of a condominium project must cover all of the general and limited common elements that are normally included in coverage such as fixtures, building service equipment, and common personal property and supplies belonging to the homeowners association.

Policies must provide coverage for either an individual project or multiple affiliated projects. The policy must require the insurer to notify in writing the homeowner's association and each first mortgage holder in the mortgagee clause at least 10 days before it cancels or substantially changes a condo project's coverage.

The policy must also insure fixtures, equipment, and other personal property inside individual units. The condominium owners association must maintain blanket "all risk" coverage for the following:

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- General and limited common elements within the condominium project
- Fixtures, machinery, equipment, and supplies maintained for the service for the condominium project
- Fixtures, improvements, alterations, (betterment) and equipment within the individual condominium units

The master/blanket policy must show the HOA as the name of insured and reference our borrower(s) names and our specific property address including the unit number.

A current master/blanket policy must be in effect on or before the Note date and in effect for at least 30 days at the time that New Rez purchases the loan.

If the current policy expires within 30 days of NewRez purchasing the loan, a renewal policy will be required before purchase.

### **Coverage**

Coverage must be on a replacement cost basis for at least 100 percent of the insurable value based on replacement cost for the complete project (interior and exterior units).

### **Deductible**

The deductible may be no greater than 5 percent of the replacement cost of the unit; however, if the policy provides for a wind-loss deductible (either in the policy itself or in a separate endorsement), that deductible must be no greater than 5 percent of the face amount of the policy.

### **Name of Insured**

The name of the insured stated under each required policy must be similar in form and substance to the following:

*"Association of Owners of the {name of condominium} for use and benefit of the individual owners" {designated by name}.*

### **Liability Insurance**

The HOA must have a comprehensive policy of public liability insurance, covering all the common elements, commercial spaces, and public ways in the condominium project. The insurance policy must contain a "severability of interest" endorsement, precluding the insurer from denying the claim of a condominium unit owner because of negligent acts of the HOA or other unit owners. Coverage must also include all other coverage in the kinds and amounts required by private institutional mortgage investors for projects similar in construction, location, and use. Liability coverage must be for at least \$1 million per occurrence for personal injury and/or property damage. For small condominium projects with only two to four units, liability coverage must be at least \$1 million per occurrence for personal

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injury and/or property damage.

### **HO-6/Walls-In/All-In**

All attached projects, including two to four units, must also contain a “walls-in/all-in” hazard insurance coverage policy (commonly known as HO-6/Walls-In/All-In) unless there is proof that the master/blanket insurance policy of the HOA covers the interior of the unit including any additions, improvements and betterments to its original condition in the event of a loss. The HO-6/Walls-In/All-In policy must be sufficient to repair the interior of the unit, including any additions, improvements, and betterments to its original condition in the event of a loss.

### **Coverage**

The policy must provide coverage to equal 100 percent of the insurable value between this policy and the master/blanket policy.

### **Deductible**

The deductible can be no greater than 5 percent of the face amount of the policy.

If the borrower must obtain his/her own HO-6/Walls-In/All-In policy, the policy must be escrowed on any loan where impounds are required. If Master/Blanket condo policy includes “Walls-In/All In” coverage including betterment and improvements, additional H06 policy cannot be escrowed.

If any insurance premiums are due in 30 days or less at the time that NewRez purchases the loan, the Lender is responsible for the payment prior to the purchasing of the loan. The Lender is responsible for any penalties and/or interest due to late payment. The Lender is also responsible for any losses or damages that result from providing NewRez with incorrect premium and/or due date information.

### **ATTACHED PUD INSURANCE**

In addition, the master (or blanket) insurance policy must cover all general and limited common areas and the project’s budget must confirm that the premiums are paid as a common expense. The policy must show the HOA to be the named insured. The master/blanket policy must reference our borrower(s) and our specific property address including unit number. It must cover all the general and limited common elements that are normally included in coverage such as fixtures, building service equipment, and common personal property and supplies belonging to the homeowners association. The policy must require the insurer to notify in writing the homeowner’s association and each first mortgage holder in the mortgagee clause at least 10 days before it cancels or substantially changes a condo project’s coverage. The policy must also insure fixtures, betterment coverage, equipment, and other personal property inside individual the unit.

The current master/blanket policy must be in effect on or before the Note date and in effect for at least 30 days at the time that NewRez purchases the loan.

If the current policy expires within 30 days of NewRez purchasing the loan, a renewal policy

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will be required before purchase.

A current pay history is required showing disbursement.

A detached PUD is considered to be its own separate building requiring its own separate insurance policy unless covered by a blanket/master policy. If not covered by a blanket/master policy, refer to the Hazard Insurance requirement above.

### **Coverage**

The policy must cover 100 percent of the replacement cost of the project improvements, including the individual units, by including either a Guaranteed Replacement Cost Endorsement or a Replacement Cost Endorsement.

### **Deductible**

The deductible can be no greater than 5 percent of the replacement cost of the unit; however, if the policy provides for a wind-loss deductible (either in the policy itself or in a separate endorsement), that deductible must be no greater than 5 percent of the face amount of the policy.

### **HO-6/Walls-In/All-In**

All attached projects, including two to four units, must also contain a “walls-in/all-in” hazard insurance coverage policy (commonly known as HO-6/Walls-In/All-In) unless there is proof that the master/blanket insurance policy of the HOA covers the interior of the unit including any additions, improvements, and betterments to its original condition in the event of a loss. The HO-6/Walls-In/All-In policy must be sufficient to repair the interior of the unit, including any additions, improvements, and betterments to its original condition in the event of a loss.

### **Coverage**

The policy must provide coverage to equal 100 percent of the insurable value between this policy and the master/blanket policy.

### **Deductible**

The deductible can be no greater than 5 percent of the face amount of the policy.

If the borrower must obtain their own HO-6/“Walls-In/All-In” policy, it must be escrowed on any loan where impounds are required. If Master/Blanket condo policy includes “Walls-In/All In” coverage including betterment and improvements, additional H06 policy cannot be escrowed.

If any insurance premiums are due in 30 days or less at the time that NewRez purchasing the loan, the Lender is responsible for the payment prior to the purchasing of the loan. The Lender is responsible for any penalties and/or interest due to late payment. The Lender is also responsible for any losses or damages that result from providing NewRez with incorrect premium and/or due date information.

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An individual hazard insurance policy is required for detached PUD properties. Refer to Hazard Insurance requirements above.

## **FLOOD INSURANCE**

Any property that has any part of a building, dwelling, structure, improvement, or land situated in a Special Flood Hazard Area (SFHA) requires flood insurance. These are all areas in "A" or "V" flood zones. Single family residences in a Special Flood Hazard Area that have additional buildings given more than \$5,000 value as determined by the flood insurance agent, must have adequate flood coverage for each additional building. An additional flood policy is not required if the file contains documentation clearly stating why the building is not insurable. (e.g., structure is not affixed to a permanent foundation, does not have two or more rigid walls, etc.)

Flood zone on the flood determination (a.k.a. "Flood Cert") in the loan file and the flood zone on the flood insurance policy must match. If there is a discrepancy, the borrower must obtain flood insurance for the flood zone listed on the flood determination.

For FHA Manufactured Home loans located in a SFHA (zone A or V), in addition to flood insurance under the NFIP being required, a FEMA National Flood Insurance Program (NFIP) Elevation Certificate, prepared by a licensed engineer or surveyor, stating that the finished grade beneath the Manufactured Home is at or above the 100-year return frequency flood elevation is also required.

Flood insurance may be waived only if FEMA has issued either a Letter of Map Amendment (LOMA) or Letter of Map Revision (LOMR). Complete documentation including revised Flood Certification with matching flood zone information must be included in the closed loan file.

Under the National Flood Insurance Reform Act of 1994, flood insurance escrows may not be waived when an escrow account is established for the payment of taxes, hazard insurance, mortgage insurance, assessments, or other similar items. There is no exception to this policy.

If flood insurance is required, a flood insurance policy or the application for such insurance, along with a paid receipt evidencing the first full year's premium has been paid in full must be included in the closed loan file. Insurance must be placed on a property located in an area where flood insurance is required by the National Flood Insurance Act of 1968, as amended. The policy/application must include the following information:

- Borrower(s) names (exactly as closing docs)
  - Property address (exactly as closing docs)
  - Effective date and expiration date of policy
  - Policy must be for one year only
  - Policy number (does not apply to binders)
-

- Dwelling coverage amount
- Premium amount
- Flood Zone (must match Flood Certification)
- Agent name, address and phone number
- Paid receipt for premium amount reflected on the hazard policy or binder or Final Closing Disclosure indicating payment of the premium amount shown on the policy
- For refinance transactions, a "POC" on the Final Closing Disclosure is not an acceptable form of proof paid
- Mailing address is the same as property address except on second homes and investment properties; then, it should agree with home address shown

Flood insurance escrows will be required on all loans purchased by NewRez regardless of the loan-to-value for the following:

- Properties located in a Special Flood Hazard Area (Zone A or V)
- Notes dated on or after January 1st, 2016
- Required for the Life of Loan

Note: NewRez does not allow hand-written information on any insurance policy.

Flood Insurance cannot be transferred from the seller to the borrower unless the policy is in our borrower's name and states "Grandfathered"-Yes. If it states "Grandfathered" – No, we will also need letter from borrower stating they are aware of possible premium increase due to not "Grandfathered" policy.

Elective insurance cannot be escrowed.

NewRez does not accept a binder or declaration page from Acord.

If any insurance premiums are due in 30 days or less of NewRez purchasing the loan, the Lender is responsible for the payment prior to the purchasing of the loan. The Lender is responsible for any penalties and/or interest due to late payment. The Lender is also responsible for any losses or damages that result from providing NewRez with incorrect premium and/or due date information.

A current pay history is required showing disbursements.

### **Coverage**

The minimum amount of coverage is required if the lower of any of the following:

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- Loan amount
- 100% of the replacement cost of the dwelling based on the Hazard insurance policy (Dwelling Coverage A).
- The maximum insurance available from the NFIP (National Flood Insurance Program), which is set currently at \$250,000 per dwelling

A detached garage covered through the Flood Policy is always covered at 10% of the Flood Dwelling coverage. As such, the Flood Dwelling coverage is lowered by this amount. The reduced coverage must still meet one of the requirements listed above; otherwise a separate flood policy will need to be obtained for the detached garage.

**Example:**

<b>Hazard Insurance Dwelling Coverage is</b>	<b>\$190,000</b>
<b>Flood Insurance Dwelling Coverage is</b>	<b>\$190,000</b>
<b>Detached Garage is included in the Flood</b>	
<b>Insurance Dwelling Coverage or 10%</b>	<b>\$ 19,000</b>
<b>Reduced Flood Insurance Dwelling Coverage</b>	<b>\$171,000</b>

In this example, the borrower would need additional coverage for the detached garage. Amount of coverage required for the detached garage must be obtained from Hazard Insurance agent as 10% coverage allotted on the Flood Policy for Dwelling may not be sufficient. Once obtained, the Flood Policy must be increased by the coverage amount determined to cover the detached garage. If the Flood Insurance Policy is at maximum allowed by NFIP (\$250,000), then the borrower would need to obtain a separate Flood Policy to cover the detached garage.

**Deductible**

The deductible cannot exceed the maximum amount currently allowed under the NFIP for the type of improvements insured.

The policy must be underwritten by an insurer who is currently rated as one of the following:

- B or better financial strength rating in Best's Insurance Reports
- A or better financial strength rating and a financial size category of VIII or better in Best's Insurance Reports International Edition

- A or better by DEMOTECH, Inc.
- BBB or better by Standard & Poor's

The insurer must also be authorized by law to conduct business in the jurisdiction where the mortgaged premises are located.

**Mortgagee Clause**

NewRez, LLC  
ISAOA/ATIMA  
Box 7050  
Troy, MI 48007-7050

**Nonparticipating Communities (Including Coastal Barrier Resource Systems Areas)**

NewRez does not purchase loans secured by properties located in Nonparticipating Communities or Coastal Barrier Resource Systems Areas (CBRS) if the property lies within a Special Flood Hazard Area (SFHA) OR if the property is not mapped and is not participating.

**CONDOMINIUM FLOOD INSURANCE**

Any project that has any part of a building, dwelling, structure, or improvement situated in a Special Flood Hazard Area (SFHA) requires flood insurance. These are all areas in "A" or "V" flood zones.

Note: NewRez does not allow hand-written information on any insurance policy.

Flood insurance may be waived only if FEMA has issued either a Letter of Map Amendment (LOMA) or Letter of Map Revision (LOMR). Complete documentation including a revised Flood Certification with matching flood zone information must be included in the closed loan package.

**Coverage****OPTION 1:**

Flood coverage is included in the condo master policy. The required flood insurance coverage has the following three components:

- Building coverage that equals 100 percent or more of the insurable value of the common elements and property (including repair or replacement of the foundation and its supporting structures, and machinery and equipment that are not part of the building). If there are multiple buildings in the complex, coverage for each building must be reflected individually.
  - Content coverage that equals 100% or more of the insurable value of all contents (including repair or replacement of the foundation and its supporting structures, and machinery and equipment that are not part of the building) and are owned in common by association members.
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Unit coverage, which should be the lesser of one of the following:

- \$250,000 per unit in the project.
- 100 percent of the insurable value (replacement cost) of each insured building in the project including amounts to repair or replace the foundation and its supporting structures (including all common elements and property).

Insurable Value is calculated as follows: Building Coverage listed on Hazard Insurance Declaration page divided by the number of units in the Condominium Complex. The lesser of this calculation or \$250,000 would be the required Flood Insurance coverage per unit.

#### **OPTION 2:**

Condo master policy does not include flood coverage. Borrower's individual flood coverage must be one of the following:

- Loan amount
- 100 percent of the replacement cost of the dwelling, based on the hazard insurance policy (Dwelling Coverage A)

*Example:*

*Dwelling Coverage replacement cost per unit = \$190,000*

*Flood Coverage Requirement must = \$190,000*

Note: A Master Association Flood Policy is required that provides 100 percent coverage for the common elements and amenities.

#### **Deductible**

The deductible cannot exceed the maximum amount currently allowed under the NFIP for the type of improvements insured.

#### **FIDELITY INSURANCE**

Fidelity insurance is required for any project consisting of more than 20 units. Blanket fidelity coverage must be maintained for anyone who either handles or is responsible for funds that the HOA holds and administers. The HOA must be the named insured and the project's budget must indicate that premiums are paid as a common expense. The policy must cover the amount of funds that in the custody of the HOA at any time, but in no event may be less than the sum of three months' assessments on the entire project. The policy must also provide for a minimum of 10-day notice to the HOA before it can be cancelled or substantially modified.

Fidelity coverage must be verified on all condominium projects, regardless of whether they are approved under the Limited Project Review or Expedited CPM Review process.

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**Carrier Requirements**

The policy must be underwritten by an insurer who is currently rated as one of the following:

- B or better financial strength rating in Best's Insurance Reports
- A or better financial strength rating and a financial size category of VIII or better in Best's Insurance Reports International Edition
- A or better by DEMOTECH, Inc.
- BBB or better by Standard & Poor's

The insurer must also be authorized by law to conduct business in the jurisdiction where the mortgaged premises is located.

**ATTACHED PUD FLOOD INSURANCE**

A PUD unit is considered to be its own separate building requiring its own separate flood policy unless covered by a blanket/master policy.

An individual flood insurance policy is required for detached PUD properties. Refer to Flood Insurance requirements above.

Any project that has common areas situated in a Special Flood Hazard Area (SFHA) requires flood insurance. These are all areas in "A or "V" flood zones.

Single family residences in a Special Flood Hazard Area that have additional buildings given more than \$5,000 value as determined by the flood insurance agent, must have adequate flood coverage for each additional building. An additional flood policy is not required if the file contains documentation clearly stating why the building is not insurable (e.g., structure is not affixed to a permanent foundation, does not have two or more rigid walls, etc.)

Flood insurance may be waived only if FEMA has issued either a Letter of Map Amendment (LOMA) or Letter of Map Revision (LOMR). Complete documentation including a revised Flood Certification with matching flood zone information must be included in the closed loan package.

If any insurance premiums are due in 30 days or less at the time of NewRez purchasing the loan, the Lender is responsible for the payment prior to the purchasing of the loan. The Lender is responsible for any penalties and/or interest due to late payment. The Lender is also responsible for any losses or damages that result from providing NewRez with incorrect premium and/or due date information.

**Coverage**

The minimum amount of coverage required is the lower of any of the following:

- Loan amount
-

- 100 percent of the replacement cost of the dwelling based on the Hazard Insurance policy (Dwelling Coverage A).
- The deductible cannot exceed the maximum amount currently allowed under the NFIP for the type of improvements insured.

Coverage must be provided on a replacement cost basis.

### **Deductible**

The deductible cannot exceed the maximum amount currently allowed under the NFIP for the type of improvements insured.

### **TAX INFORMATION SHEET**

NewRez requires a complete and accurate Tax Information Sheet or Tax Certificate in each loan file purchased whether an escrow account is setup or not. The following information must be included in either document:

- Borrower(s) name and property address (must match closing docs)
- All Parcel ID number(s)
- All taxing authorities and complete addresses
- Last date paid
- Last amount paid
- Next installment due date (Economic Due Date) - If the taxing authority offers a due date with a discounted amount NewRez requires this date to be used as the due date and escrows collected accordingly
- Next amount due
- Frequency due
- Escrows for ground rents, water, sewer and assessments not allowed

Sufficient escrow to pay all taxes when due is required on all escrowed loans and must be reflected on the Closing Disclosure.

All taxes due and payable at the time of closing must be paid and have proof of payment included in the closed loan file whether the taxes are being escrowed or not. Acceptable forms for proof of payment include:

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- Payment shown on Closing Disclosure (POCnot acceptable)
- Paid receipt from Taxing Authority

If any taxes are due in 30 days or less at the time that NewRez is purchasing the loan, the Lender is responsible for the payment of the taxes and proof of the payment prior to the purchase of the loan. The Lender is responsible for any penalties and/or interest due to late payment. The Lender is also responsible for any losses or damages that result from providing NewRez with incorrect tax information and/or due date information. Acceptable forms for proof of payment include:

- Paid receipt from taxing authority
- Copy of check payable to the taxing authority
- Current pay history showing disbursement(s)

If the tax bills are not available, NewRez requires information from the taxing authority stating that the tax bills are not available before loan purchase.

A corrected Tax Information Sheet is also required.

#### **Unimproved Taxes for New Construction**

Initial taxes on new construction homes rarely reflect an accurate tax assessment. Typically, the initial taxes are based upon unimproved or partially improved land. The discrepancy between the initial tax year assessment and the following tax year assessment (based upon the fully improved land) is often substantial. This discrepancy causes "payment shock" to the borrower when he or she is required to pay the larger tax amount.

For new construction loans, the borrower can elect to use the unimproved tax amount. The estimated unimproved amount must comply with RESPA guidelines. Consult your legal counsel concerning this issue. If the unimproved amount is used, the borrower is required to sign a statement "Notice of Payment Increase" acknowledging they are aware the next tax bills will be based off "Improved" tax rate at a much higher amount.

#### **TAX OPTION LETTER**

NewRez requires a Tax Option Letter in the following state, when applicable:

- Wisconsin (only when a tax escrow account is established)

#### **FINAL CLOSING DISCLOSURE**

The Lender should ensure that the Final Closing Disclosure, including all Certifications, complies with RESPA requirements. A Closing Disclosure, including all Certifications, must be signed and dated by all parties. If seller is signed by Power of Attorney, a copy of the Power of Attorney is required.

Interest Credit is allowed when the disbursement date on the Final Closing Disclosure is equal to or less

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than the fifth business day of the month. Note: Interest credit on Jumbo loans is not allowed.

A certified true copy of the Closing Instructions is required on all Jumbo and Manufactured Home loans. A copy of the Closing Protection Letter is required on Manufactured Homes.

NewRez does not purchase loans if the Final Closing Disclosure shows:

- Cumulative fees, including real estate commission plus any non-lien related disbursements for marketing expenses, finder's fees, referral fees, auction fees, consulting fees, or assignment of sale fees totaling more than 8 percent of the purchase price (Note: Broker/Finder fees are not allowed on Jumboloans)

Effective with loan applications dated on or after January 10, 2014, NewRez will require a complete itemization of all points and fees paid on the loan. The fee detail should include who each fee was paid to and who it was paid by. Lenders may use their own generic fee detail form or provide alternative forms generated by an LOS or compliance vendor that details this information.

#### **INITIAL ESCROW ACCOUNT DISCLOSURE (IEAD)**

The Lender must use aggregate accounting in the calculation of the escrow/impound account. Escrow/impound accounts for the payment of taxes, special assessments (only if taxing authority requires to be paid with the taxes), ground rents, hazard insurance, flood insurance, private mortgage insurance, Guaranteed Rural Housing Annual fee, etc. must be established. Adequate funds must be calculated and collected at closing by the Lender to ensure that a sufficient amount will be available to pay the next installment of taxes and insurance. If the taxing authority offers a discounted annual amount for paying on a particular payment schedule or a particular payment date, the escrow reserve account must be established accordingly. The account balance cannot go into the negative. The IEAD must be included in the closed loan file.

Unless in violation of applicable state law, the maximum cushion that the Lender may maintain in the escrow/impound account is two months, except the cushion for ZOMP PMI which is zero months. A two- month cushion should be collected for all states except the following:

- Montana (1)
- Utah (1)
- Vermont (1)

A two-month cushion is required on Rural Housing loans, regardless of state. An Initial Escrow Account Disclosure is not required on non-escrow loans.

#### **ESCROW WAIVER**

Escrow waivers are allowed on Conventional Conforming Products if the LTV is equal to or less than 80 percent (California less than 90 percent). Escrow waivers are not allowed on Government Products.

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Escrow waivers may or may not be available on other products so always refer to the specific product description to determine availability. Waivers are acceptable for hazard Insurance only, property taxes only, or both hazard insurance and property taxes. Escrows for flood insurance cannot be waived regardless of the loan-to-value or loan type. There will be a loan level price deduction if monthly escrows are not established for property taxes, regardless of the reason. Refer to our published rate sheet for the percentage that will be deducted from your price. Partial Escrow Waivers are not allowed on Jumbo loans.

### **CHANGE OF SERVICER/LOAN TRANSFER**

NewRez requires a copy of the Change of Servicer / Loan Transfer disclosure (Goodbye Letter) given by the Lender to the borrower(s) giving notice of the loan transfer and change of servicer. The Lender is required to notify the borrower in writing at least 15 days prior to the first payment due NewRez. The Notice must include all applicable information including the effective date of the transfer, the present Lender/servicer name address, and toll-free phone number, the date the present Lender/servicer will stop accepting payments, and the date NewRez will begin accepting payments.

NewRez Servicing Department Information:  
*NewRez, LLC DBA Shellpoint Mortgage Servicing*  
*PO Box 10826*  
*Greenville, SC 29603-0826*  
*Customer Service 1-866-317-2347*

### **FIRST PAYMENT LETTER**

A copy of the first payment letter from the Lender to the borrower must be provided with the closed loan file. Please include the borrower(s) mailing address if different than the property address (second home or investment property). All information below must be included:

- The breakdown of the monthly payment
- The date the first payment is due
- The address where to make the first payment

### **PAY HISTORY**

NewRez requires a current pay history when applicable. The history must include the following if one or more payments are due at the time of loan purchase:

- Must be on Lender letterhead
  - Borrower(s) name
  - Date payment(s) made
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- Any curtailments (not allowed on Texas 50(a)(6) loans)
- Amount of payment
- Breakdown of payment
- Current principal balance, escrow balance including any escrow disbursements

**W-9 FORM**

A W-9 is required for each borrower on all loans:

- Must include form for each borrower
- Must be signed and dated by borrower
- The form should reflect the borrower(s) SSN

**NOTICE OF RIGHT TO CANCEL**

NewRez requires a properly executed Notice of Right to Cancel on all primary resident refinance loans. Closed loan files should not be delivered to NewRez until the rescission period has expired.

- The notice must be given to all borrowers with an interest in the property even if the person does not sign the original Note
- All dates must be correct
- The notice must be signed and dated by all borrowers
- Notice of Right to Cancel is not required on the refinance of an investment property or second home
- Sundays and federal legal holidays cannot be included in the three-business day rescission period

The holidays include:

- New Year's Day
  - Martin Luther King, Jr. Day
  - Presidents' Day
-

- Memorial Day
- Independence Day
- Labor Day
- Columbus Day
- Veterans Day
- Thanksgiving
- Christmas

Note: Texas Home Equity Election Not to Rescind Form and Certificate of Non- Cancellation of Loan Form is required on Texas 50(a)(6) loans.

### **HIGH PRICE MORTGAGE LOAN**

A HPML loan means a closed-end consumer credit transaction secured by the consumer's principal dwelling with an annual percentage rate that exceeds the average prime offer rate for a comparable transaction as of the date the interest rate is set:

- By 1.5 or more percentage points, for a loan secured by a first lien with a principal obligation at consummation that does not exceed the limit in effect as of the date the transaction's interest rate is set for the maximum principal obligation eligible for purchase by Freddie Mac
- By 2.5 or more percentage points, for a loan secured by a first lien with a principal obligation at consummation that exceeds the limit in effect as of the date the transaction's interest rate is set for the maximum principal obligation eligible for purchase by Freddie Mac (jumbo loans)

NewRez will not purchase HPML loans on the following products:

- DU Refi Plus
- ARMs
- Jumbo

Lenders represent and warrant that the mortgage complies in all respects with Regulation Z requirements for HPML loans, including the underwriting and consumer protection requirements.

Lenders must verify the borrower's ability to repay the mortgage in accordance with the requirements of Regulation Z. Borrower's income, assets and obligations must be verified.

Please refer to Section 16.15 for ATR-QM requirements.

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Note: Higher priced mortgage loan appraisal requirements are not applicable as NewRez only purchases QM loans. Loans originated on second homes or for investment or business purposes are exempt from the HPML rule.

Lenders must include evidence documenting the borrower's Interest Rate Set Date on all loans delivered for purchase. Acceptable documents, in effect at time of closing, include:

- An unexpired lock agreement between the originating lender and the borrower
- A lender generated unexpired lock confirmation form

### **UPFRONT MIP**

The upfront Mortgage Insurance Premium (MIP) must be collected on the HUD-1 Settlement Statement/Closing Disclosure. Also, when the MIP is paid on a monthly basis, an escrow account must be established at closing. NewRez requires the printout from FHA Connection showing the correct upfront payment has been made. All information on FHA Connection must be correct and match the closing documents including, but not limited to, the borrower(s) names and property address.

### **Proof of Submission**

If there is 30 days or more from the Note date and the purchase date, NewRez requires the loan to state "Submitted" on the FHA Connection Case Query screen prior to the purchasing of the loan.

### **Proof of Insuring**

NewRez requires the Mortgage Insurance Certificate (MIC) before purchase if there are 60 days or more from the Note date and the purchase date.

Refer to [Post Funding Documents](#) for additional requirements.

NOTE: NewRez does not purchase loans that have a status of "NOR," "Firm Commitment," or "Cancelled."

### **VA FUNDING FEE**

The VA Funding Fee must be collected on the HUD-1 Settlement Statement/Closing Disclosure and must be paid by the Lender. A copy of the Funding Fee Receipt from the Funding Fee Payment System (FFPS) reflecting the correct amount paid is required.

NewRez requires the Loan Guaranty Certificate (LGC) before purchase if there are 30 days or more from the Note date and the purchase date.

Refer to [Post Funding Documents](#) for additional requirements.

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**USDA GUARANTY FEE**

The annual Guarantee Fee must be collected on the HUD-1 Settlement Statement/Closing Disclosure. A copy of the check or print out reflecting the correct amount paid is required. NewRez requires the Lender to collect two months of annual fee on the HUD-1 Settlement Statement/Closing Disclosure to be placed in the escrow account.

NewRez requires the Loan Note Guarantee (LNG) before purchase if there are 30 days or more from the Note date and the purchase date.

Refer to [Post Funding Documents](#) for additional requirements.

**RURAL HOUSING (USDA) Form 3555-21 and 3555-18**

Request for Single Family Housing Loan Guarantee (RD 3555-21) and Conditional Commitment (RD 3555-18) are required for all Rural Housing Loans (USDA). The forms must be complete and correct.

**PRIVATE MORTGAGE INSURANCE**

Mortgage insurance is required for all loans with an LTV in excess of 80 percent, based on the lower of the appraised value or sales price (see exception below for loans in the state of New York). NewRez requires that monthly mortgage insurance be constant renewal (declining MI is not allowed). Please refer to the DU Refi Plus product description for MI requirements on DU Refi Plus transactions.

NewRez accepts policies from the following private mortgage insurers:

- UGIC
- Genworth
- Essent Guaranty, Inc.
- MGIC
- NMI
- Radian
- Arch

**Coverage Requirements:**

MORTGAGE TYPE	LTV RANGE			
	80.01 – 85.00%	85.01 – 90.00%	90.01 – 95.00%	95.01 – 97.00%

<b>Fully amortizing, fixed rate, term &lt; 20 years</b>	<b>6%</b>	<b>12%</b>	<b>25%</b>	<b>35%</b>
<b>Fully amortizing, fixed rate, term &gt; 20 years and ARMs</b>	<b>12%</b>	<b>25%</b>	<b>30%</b>	<b>35%</b>

### **State of New York**

The mortgage insurance requirement for property located in New York is determined by calculating the LTV from the appraised value only.

### **Borrower Paid Mortgage Insurance**

The borrower may pay for mortgage insurance in one lump sum at closing. The following applies:

- One unit primary residence or second home only
- Fixed rate only
- Purchase or limited cash-out only

### **Financed Mortgage Insurance**

The borrower may finance the single premium mortgage insurance back into the loan amount up to the maximum LTV shown in the specific product description. The following applies:

- One-unit primary residence or second home only
- Fixed rate conforming loans amounts only
- Purchase or limited cash-out only

Note: For the purpose of pricing the loan, the LTV is based on the loan amount plus the financed MI.

### **Lender Paid Mortgage Insurance**

Lender Paid Mortgage Insurance (LPMI) is paid up front by the Lender on the borrower's behalf so that the borrower has no mortgage insurance premium. The cost is recovered by increasing the interest rate and using the difference in the spread to pay for the premium. The following restrictions apply to loans with LPMI:

- One unit primary residence or second home only
- Fixed rate only
- Purchase or limited cash-out only

### **Split Premium Mortgage Insurance**

Split Premium (Split MI) is for borrowers who elect to pay a lump sum amount up front in exchange for a lower amount of monthly mortgage insurance.

The following restrictions apply to loans with Split Premium MI:

- One-unit primary residence or second home only
- Fixed rate only
- Purchase or limited cash-out only

**Mortgagee Clause**

NewRez

Shellpoint Mortgage Servicing

ISAOA/ATIMA

P.O. Box 7050

Troy, MI 48007-7050

**PMI Disclosure**

A PMI Disclosure is required on all owner-occupied loans with PMI. Lender Paid MI, Investment and Second Home loans do not require.

**ESCROW HOLDBACK / COMPLETION ESCROW**

- Maximum LTV/CLTV/HCLTV for conventional loans is 95.00%
  - 15 and 30 year terms only
  - Owner-occupied only
  - Single-family detached properties only
  - New construction and existing construction allowed
  - Purchase and limited cash-out refinance transactions only (cash-out transactions are not allowed)
  - Not allowed on Jumbo, Texas Cash-Out 50(a)(6) Conforming Fixed Rate, or Manufactured Home loans
  - Allowed for minor repairs that cannot be completed due to inclement weather Examples: landscaping, driveways, walkways, flooring and painting
  - Repairs affecting livability, soundness or structural integrity are not allowed
    - Examples: foundation, roof, wells/septic systems, plumbing, electrical and mold
  - Swimming pool escrows are not allowed
  - A fully executed Escrow Holdback Agreement must be included in the closed loan file and the dollar
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CORRESPONDENT

## National Correspondent Division LenderGuide

amount must match the escrow amount reflected on the HUD-1/Closing Disclosure

- The escrow amount should equal 150% of the appraiser's cost to complete or the actual estimate, whichever is higher
  - The escrow amount cannot exceed 10% of the sales price or appraised value
  - HUD REO – HUD contract must state "eligible for escrow repair" and repair amount cannot exceed \$5,000
  - VA requires the escrow funds to come from the seller and not the borrower except in the instance of a foreclosed property (Refer to Circular 26-14-5)
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- Escrow funds must be monitored and disbursed by the title or escrow company
- A post purchase “to follow” condition for a satisfactory 1004D or HUD Form 92051 Compliance Inspection Report confirming completion will be placed on any loan with an escrow holdback
- The satisfactory 1004D or HUD Form 92051 confirming completion must be delivered to NewRez within 60 days of the Note date
- The Final Title Policy must ensure the priority of the first lien

**WIRE AND BAILEE LETTER**

All closed loan files must include the correct wiring instructions unless the original Note and Bailee letter are received from a warehouse bank. The following information must be included:

- Lender name and address
- Warehouse bank name, address, and phone number
- ABA Routing number (9 digits)
- Account name
- Account number
- For further credit to account name (if applicable)

**Wiring Instructions**

Wiring instructions included in a loan file must match with the instructions approved for the Lender at time of Lender approval.

When there is an addition or change of wiring instructions or warehouse banks, the following information must be sent to the Lender Management Department for prior approval before remitting the closed loan files. Refer to [Wire Bank Setup Form](#).

**MERS**

NewRez requires the Lender to use MERS (Mortgage Electronic Registration Systems, Inc.). The Lender will close loan with MERS as the nominee for the Lender. The Lender will be responsible to generate a MIN, register the loan with MERS, and transfer the beneficiary and/or servicing rights to NewRez.

The following information must be included in the Mortgage/Deed of Trust (i.e., MERS as original Mortgage or MOM loans):

- Place the Mortgage Identification Number (MIN) in a visible location on the first page of the
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security instrument, but not in any space reserved for the jurisdiction's recorder per jurisdictional requirements. The MIN number is a unique 18-digit number that can only be assigned to one loan.

- Additional verbiage must be included on the Mortgage/Deed of Trust. The appropriate verbiage has been approved by Fannie Mae and Freddie Mac. To obtain a copy of the applicable state's requirements, the Lender must contact the MERS corporate office.

### **Registering with MERS**

NewRez requires all loans delivered for purchase to be registered by the Lender with MERS within seven calendar days of the Note date for non-escrow states or the funding date for escrow states.

Note: The failure to register within the seven-calendar day time frame mentioned above will result in a penalty fee of \$25.00. This fee will be billed on a monthly basis to the Lender.

### **Transfer of Servicing and Beneficial Rights**

Lenders are reminded of their responsibility to initiate and complete a MERS transfer of the beneficial rights (TOB) and the servicing rights (TOS) within five days of purchase by NewRez. The NewRez **MERS ORG. ID number is 1007544**.

NewRez may charge a fee to the Lender for any loan not transferred correctly within the time frame mentioned above. This fee will be billed on a monthly basis to the Lender.

### **AGE OF LOANS**

NewRez will perform a prefund QC Audit on all loans that have a Note date over 30 days old at the time the closed loan is received.

If the Note date is over 60 days old (30 days for Jumbo loans) at the time the closed loan is received, the loan is not eligible for purchase.

NewRez does not purchase loans if the note date is over 75 days (45 days for Jumbo loans) old at time of loan purchase.

### **LENDER SUSPENSE NOTICE**

Once the loan has been audited and it is discovered there are missing and/or incorrect documents, a Lender Suspense Notice will be created and available on the website. The Notice will include the documents needed to clear the loan for funding and the due date all documents must be received to avoid repricing. Please upload all missing and/or incorrect documents through the LION Portal Delivery System. If the closed loan file was not delivered through LION delivery, please email all missing and/or incorrect documents to [ClosedLoanReview@NewRez.com](mailto:ClosedLoanReview@NewRez.com).

For additional information for LION delivery, please refer to [File Delivery](#). To avoid repricing of the loan, please make sure all missing, and/or incorrect documents are received timely. Please allow adequate

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time for review once the documents are received. Turn times for Lender Suspense loan conditions are posted daily on the website. Once all documents are received, reviewed, and conditions cleared, the loan will be moved to the Funding Queue and approved for purchase. If all documents are not cleared or additional information is required, a revised Lender Notice will be created and available on the website.

### **Repricing of Suspended Loans**

If all missing and/or incorrect documents are not received by the due date shown on the initial Lender Suspense Notice, the loan may incur extension fees or be subject to repricing.

Refer to [Registration and Pricing - "Cure Period for Suspended Loan"](#) for additional information for repricing of the Lender Suspense loans.

### **Non-purchase of Suspended Loans**

Once a loan has been in Lender Suspense for 30 calendar days it may not be eligible for purchase by NewRez. Refer to [Registration and Pricing - "Cure Period for Suspended Loan"](#) for additional information.

## **FUNDING**

Once the loan had been approved for funding, NewRez will net fund the loan, which includes collecting the escrow funds and any fees due NewRez. It will also include the payment of the Service Release Premium.

If a loan payment is due in 15 days or less, NewRez will purchase the loan at an amortized balance including the escrows,

OR

If a loan payment is already due (loans purchased on or before the 7th day of the month the payment is due), NewRez will purchase the loan at the amortized balance including the escrows without a payment history,

OR

If a payment is already due and we will be purchasing the loan after the 7th day of the month the payment is due, a current pay history is required. If FHA loan, we must have a copy of the print-out from FHA Connection showing that month or months of MIP have been remitted to HUD. The pay history should include the disbursement of the monthly MIP to HUD. The escrows collected by NewRez will not include the monthly MIP(s) or if monthly MIP has not been remitted to HUD, NewRez will deduct at time of funding to be placed in the escrow account for disbursement to HUD.

A Purchase Advice will be available on the website once the funding process is complete. Lenders are advised to review the Purchase Advice as soon as possible. If any discrepancies are found please contact Funding @ 1-855368-6925 or email to [ClosedLoanReview@NewRez.com](mailto:ClosedLoanReview@NewRez.com) within 48 hours of

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loan purchase.

#### **TEXAS CASH-OUT 50(A)(6) CONFORMING FIXED RATE**

***This product is only eligible for Texas Lenders that have prior approval to deliver these products to NewRez.***

Attorney's Opinion Letter will be required prior to loan purchase.

The closed loan package must be complete and include all Texas 50(a)(6) specific documents signed by all borrowers and spouses including documents signed prior to closing, at closing or after closing.

The three day Right of Rescission Notice of Non-Rescission and Election Not to Rescind forms are all required. These documents cannot be waived.

The Title Policy must be a Mortgage Policy of Title Insurance (Form T-2) and must include Equity Loan Endorsement (Form T-42) and Supplemental Coverage Loan Mortgage Endorsement (Form T-42.1). The following are not allowed:

- Power of Attorney
- Principal reductions
- Escrow holdback/completion escrows
- Closing in Trust

Please refer to product guidelines.

#### **NEW YORK CEMA'S (CONSOLIDATION, EXTENSION, MODIFICATION, AGREEMENT)**

CEMA loans are eligible for purchase by NewRez under the following requirements:

- Refinance loans only
- Eligible in the state of New York only (originating and closing)
- Eligible on conventional and government loans
- Eligible for primary, second home, and investment property types
- Loan amounts must be in whole dollar amounts
- Lost Note/Document Affidavits are not acceptable

In addition to the regular closed loan documents, the following documents are also required at the time

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the closed loan package is delivered:

- Original Consolidated Note and (if applicable)- original Gap/Advanced Money Note - if any new money associated with the loan
- Certified true copy of the GAP mortgage (MOM doc) and riders (if applicable), if any new money associated with the loan
- Certified true copy of the (CEMA) Consolidated, Extension, Modification Agreement (Fannie Mae/Freddie Mac Form #3172) (MOM doc) complete with all exhibits (including certified true copy of the Consolidated note and mortgage)
- From ALL previous loans (as listed on exhibit A of the CEMA) ORIGINALS of all notes, all original recorded mortgages, all original recorded Consolidated, Extension, Modification, Agreements (complete with all exhibits), all original recorded assignments.

### **FANNIE MAE SINGLE-CLOSING TRANSACTIONS**

Please refer to Agency guidelines for all underwriting -

requirements. **Documentation Requirements**

- Loan Modification Agreement must be FNMA Form 3179
  - The original Construction Note including the original Construction Addendum/Allonge. Original Note must be endorsed to NewRez, LLC – (Must be FNMA/FHLMC Note)
  - A copy of the Original Mortgage, including a copy of the Construction Loan Rider/ Addendum –(Must be a regular FNMA/FHLMC Mortgage) – Also need original recorded Mortgage if Mortgage date more than 90 days old at time of modification
  - Original Title Policy if Note date more than 90 days old at time of modification
  - Updated Title information from Title Company showing all construction liens and judgements paid in full or “none”
  - Updated Flood Hazard Determination Form (if Note date more than 90 days old at time of modification)
  - Updated Tax and Hazard/Flood Insurance – Need copy of current Tax Information Sheet and all current insurance policy(s) and paid receipts/copy of check (if applicable)
  - Current Initial Escrow Account Disclosure (if applicable) or Escrow Waiver Form (if applicable)
  - Current Pay Letter – with current monthly escrow information (if applicable)
  - Current Pay History (if applicable)
-

- A Final Inspection and photos of the subject once completed – the Final Inspection must provide the final value of the property

**TRUST REQUIREMENTS****Illinois Land Trusts are acceptable if the following is met:**

- All beneficiaries are individuals.
- The trust must be revocable.
- The mortgage applicant (s) must be one of the beneficiaries of the trust.
- The trustee must be a corporation or financial institution customarily engaged in the business of acting as trustee under Illinois land trust.
- The beneficiaries have sole power of direction over the land trust and trustee.
- All beneficiaries are obligated as individuals under the terms of the note.
- The mortgage applicants have been underwritten and are qualified borrowers under the requirements of the product.
- All such land trust mortgages are secured by owner occupied, 1-4 family properties.
- The term of the Trust Agreement is at least as long as the term of the Security Instrument.
- Legal title to the property must be held in the name of the trustee on behalf of the land trust and may not be other owners.
- The title commitment/binder may not contain any exceptions to coverage based on the mortgage being held by the trust.

***Document Requirements:***

- Complete copy of the executed trust agreement
  - Land Trust Rider to the Note
  - Land Trust Rider to the Mortgage/Deed of Trust
  - Security Assignment to Beneficial Interest in Land Trust
-

- The beneficiary must execute the Note and Land Trust Rider to the Note.
- The trustee must execute the Note, Mortgage, and both Land Trust Riders.
- The Note and Mortgage must include the number of the trust and the date the trust was created. This information should follow the name of the trustee on these documents.
- The Riders must be executed and dated the same day as the Note and Mortgage.
- The beneficiary must assign his/her beneficial interest on the Note and Trust Agreement to the Seller.

A Power of Attorney is not acceptable on trust loans.

**Living “Inter Vivos” Trusts are acceptable if the following is met:**

- Complete copy of the trust agreement/documents certified by the borrower to be accurate.
- An Attorney’s Opinion letter from the closing attorney is required verifying the following:
  - The trust was validly created and is duly existing under applicable law
- The trust is revocable
- The borrower is the settlor of the trust and the beneficiary of the trust
- The trust assets may be used as collateral for a loan
- The trustee is duly qualified under applicable laws to serve as trustee, is the borrower, is the settlor, and is fully authorized under the trust documents and applicable law to pledge or otherwise encumber the trust assets

In lieu of the Attorney’s Opinion letter and copies of the trust documents, a Trust Certification is acceptable if provided for under state law where the property is located in accordance with state and Agency requirements specific to Trust.

The borrower must be the settlor or the person who created the trust, and the beneficiary, or the person who is designated to benefit from the trust, and the trustee or the person who will administer the trust for the benefit of the beneficiary, the borrower.

An eligible borrower is:

- One or more borrowers with one living trust OR
  - Two or more borrowers with separate living trust OR
  - Multiple borrowers with one or more holding title as an individual and one or more holding title as a living trust
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**Document Requirements:**

- The note must be executed individually by the settlor and by the trustee on behalf of the trust.
- The date of the trust must be reflected on the note as part of the description below the trustee's signature, e.g. John Doe, Trustee of the John Doe Trust dated June 10, 2005.
- The mortgage or deed of trust is executed by the trustee on behalf of the trust. The Revocable Trust rider must be used with the mortgage or deed of trust.
- The title must be vested in the trustee on behalf of the trust.
- The title commitment/binder may not contain any exceptions to coverage based on the mortgage being held by the living trust.

A Power of Attorney is not acceptable on trust

**loans. MANUFACTURED HOME LOANS****Closed Loan Documentation Requirements:**

- "Manufactured Home Rider and Manufactured Home Affidavit of Affixation to Mortgage, Deed of Trust or Other Security Instrument" attached to and recorded with the Mortgage/Deed of Trust
  - Manufactured Home endorsement to Title Policy
  - Copy of Closing Instructions (Instructions should mention Manufactured Home endorsement to title policy)
  - Copy of Closing Protection Letter
  - UCC Financing Statement (must be filed with Secretary of State where debtor is located)  
(New York only)
  - Escrow Holdbacks are not allowed
  - For FHA Manufactured Home loans located in a SFHA (zone A or V), in addition to flood insurance under the NFIP being required, a FEMA National Flood Insurance Program (NFIP) Elevation Certificate, prepared by a licensed engineer or surveyor, stating that the finished grade beneath the Manufactured Home is at or above the 100-year return frequency flood elevation is also required
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**FILE DELIVERY (Revised 6/08/20)****INTRODUCTION**

The NewRez Image Delivery Program allows Lenders to deliver loan documents through secured electronic delivery on our website. The Original Note with Allonge, if applicable, remain required for funding.

Lenders have the ability to deliver documents to NewRez through our website. This document details the delivery policy requirements.

Image Delivery is structured to accept document images using NewRez's system. All images must conform to NewRez document standards as outlined within this Lender Guide.

**LENDER RESPONSIBILITY**

NewRez relies on the accuracy and completeness of imaged loan documents and data contained in imaged document submissions. It is the responsibility of the Lender to upload the correct documents for each loan. If incorrect documents are submitted, the loan will not be moved into the loan flow for purchase.

***All final documents should be mailed to our address at:***

***Indecomm Global Services***

***FD-NR-9915***

***1260 Energy Land***

***1427 Energy Park Drive(Effective 6/29/20)***

***St. Paul, MN 55108***

**IMAGE DOCUMENT STANDARDS**

NewRez accepts documents saved in Adobe Acrobat (.PDF) format.

All other file formats will be rejected by NewRez and may result in a late file delivery. ***It is the Lender's responsibility to ensure all documents and appraisal photographs received by NewRez are clear with high quality.*** NewRez strives to preserve the original formatting of all imaged files received. To facilitate this process, Lenders should follow the guidelines below when creating the file.

If NewRez receives a file that does not meet the document format requirements outlined below, depending on the issue, the loan will be suspended until such documents or photographs are received.

**Imaged Document Scanning Requirements Excluding Appraisals**

Uploaded documents should be scanned in 200 DPI. These documents should be black and white, no grayscale or color.

All security and overlays should be removed from any document uploaded to NewRez.

# National Correspondent Division Lender Guide

## **IMAGED APPRAISAL**

Appraisals should be first generation files from the appraiser with the photographs pages scanned in color.

Appraisal photographs must be original electronic images. They must be clear, identified and clearly show any completed improvements or conditions that have a material effect on the value of the subject property.

## **DOCUMENT ORIENTATION**

Portrait orientation on all documents is required. Documents should not mix formats when sent as a single file. For example, different page sizes or varying scan settings.

## **DOCUMENT SECURITY**

There can be no security features or password protection associated with the file, including the appraisal.

## **NEW LENDER ORIENTATION**

A new Lender orientation is required for companies that are not yet set up to deliver imaged documents to NewRez. Lenders should contact NewRez Lender Support at 1- 855 368-6925.

An individual NewRez Username and Password is required to access the NewRez System.

If you do not currently have an NewRez Username and Password, or access to the Image Delivery functionality, contact NewRez Lender Support.

## **FILE RECEIPT DEADLINE POLICY**

Imaged files must be successfully received by NewRez system, and in fundable condition, by 3:30 pm CT on or before the lock expiration date. All files received after 3:30 pm CT will be logged in the following day.

The original Note and other collateral documents must also be received by NewRez on or before the lock expiration date.

Failure to successfully deliver the loan in fundable condition or within the prescribed time frames outlined above may result in a re-pricing of the loan.

## **POST FUNDING DOCUMENTS (Revised 6/08/20)**

### **OVERVIEW**

Because some of the documents must be recorded or for some other reason the documents cannot be delivered at the time the loan is purchased, NewRez permits delivery of certain documents following the purchase of a loan. The time permitted varies according to document and each is addressed later in this section. It is important to understand that assuring timely delivery of documents to NewRez is very important. This will minimize unnecessary interruptions prompted by documents that are not delivered to NewRez within established time frames and to avoid the additional cost associated with collecting these documents.

While there are some other documents that may be delivered to the Post Funding Documents Department, typically Post Funding documents include the recorded security instrument, recorded POA, recorded modifications, recorded Acts of Correction, recorded CEMAs (Consolidation Extension Modification agreements) and the final title policy to include any applicable endorsements to coverage. Please remember that the final title policy must include the policy jacket with the authorized agent's signature. Typically, legible copies of the FHA MIC, VA LGC and USDA LNG are provided after the closed loan package is uploaded. In some instances, Lenders include the MIC, LNG or LGC with the closed loan documents upload. However, it is important that these documents are delivered SEPARATELY to avoid delays in posting to our system and thus removal from tracking reports.

### **TIMING OF DOCUMENT DELIVERY**

Lenders are reminded of their responsibility to REGISTER all closed loans on MERS (Mortgage Electronic Registration System) BEFORE submitting the closed loan to NewRez for purchase. Additionally, Lenders must create and submit a batch file to MERS transferring BOTH the beneficial rights (TOB) and the servicing rights (TOS) no later than 5 days after purchase by NewRez. NewRez's MERS Org. ID Number is 1007544. Proof of Government Loan Default Insurance or Guaranty must be provided to NewRez within 45 days of the Note date.

Lender must submit a legible copy of either the Mortgage Insurance Certificate (MIC), VA Loan Guaranty Certificate (LGC) or the USDA Rural Development Loan Note Guarantee (LNG) to NewRez as appropriate within 45 days of the Note date. NewRez requires that the VA LGC must be at least 25 percent of the lesser of purchase price or appraised value on purchase loans and 25 percent of the loan amount for refinance loans. VA loans purchased with less than the 25 percent guaranty will be subject to repurchase. FHA MIC / VA LGC / USDA LNG must be issued in the same name as appears on the note, must have the same property address, and must be signed by the appropriate signor for the agency.

The original or a clerk-certified copy of the recorded security instrument and appropriate riders together with the final title insurance policy must be submitted to NewRez within 90 days of the Note date. All security instruments and recorded power of attorney (if applicable) must be the most current forms required by the agencies. Any applicable riders to the security instrument must be attached and recorded prior to delivery to NewRez (i.e., Manufactured Home Rider, Condo Rider, PUD Rider, etc.)

The final ALTA title policy must be delivered within 90 days of the Note date with all appropriate endorsements.

Title policy endorsements include, but are not limited to:

- ALTA 4 (Condo)
- ALTA 5 (PUD)
- ALTA 6 (ARM)
- ALTA 8.1 (Environmental Protection)
- Manufactured Home Endorsement reflecting permanent attachment to real property

Should a security instrument require correction, a CLTA 110.5 (Mod. Endorsement) may be required. Any change in items material to the enforcement of the lien (i.e., loan amount, term, maturity) would require a correction, re-recording and endorsement to the title policy bringing coverage forward through the date of re-recording.

### **PROCEDURE FOR DELIVERY OF FINAL DOCUMENTS**

Final Documents must be delivered to NewRez for each loan sold within 120 days from the funding date. Final Documents (recorded security instruments with applicable riders, recorded POA, recorded assignment, any other recorded documents specific to the property type, and final title policy) along with the Final Documents Transmittal Summary, should be sent to

***Indecomm Global Services***

***FD-NR-9915***

***1260 Energy Lane***

***1427 Energy Park Drive (Effective 06/29/20)***

***St. Paul, MN 55108***

All questions or inquiries regarding final documents should be addressed to Indecomm at [NewRez.ViewPoint@Indecomm.net](mailto:NewRez.ViewPoint@Indecomm.net). Questions can also be directed to 651-766-2364.

NewRez will review all final documents for compliance and the terms of the commitment. NewRez may provide additional demand requiring corrections or additional final documents. Failure to deliver documents within the designated timeframe may give cause for NewRez, at its option, to instigate all or any of the following:

- Suspend Clients Approval Status
- Declare default for the affected loans and demand repurchase
- Charge penalty fees up to and including all costs incurred to obtain missing documents
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If final documents are not received within 120 days of the purchase date of the loan a \$125 late fee will be charged.

**DOCUMENT REPORTING****Government Default Insurance**

FHA Loans – NewRez will track the insuring of FHA loans for elapsed days in three situations:

- The number of days elapsed from the Note date until the Upfront Mortgage Insurance Premium (UFMIP) has been paid; NOTE: NewRez will NOT purchase any FHA loan until the UFMIP payment has been confirmed via the FHA Connection.
- The number of days elapsed from the Note date until the FHA loan has been submitted for insuring. NOTE: All FHA loans should be submitted to the HOC within 30 days of the Note date and
- The number of days elapsed from note date until insured. NOTE: NewRez begins tracking all FHA loans to be insured within 45 days of the Note date. If a loan is not insured within 60 days of the Note date, NewRez may elect to withhold the Servicing Release Premium (SRP) on one or more subsequent loans submitted for purchase until such time that the FHA Connection confirms loan is insured.

**FHA, VA and USDA Loans** – NewRez will track for the receipt of the MIC, LGC or LNG and expects to receive a copy of the MIC, LGC or LNG within 60 days of the Note date. Should the MIC, LGC or LNG not be received within 60 days of the Note date, NewRez may elect to withhold SRP on one or more subsequent loans submitted for purchase until such time that the MIC, LGC or LNG copy has been received.

**Outstanding Documents**

All Post Funding Documents should be received by NewRez within 90 days of the Note date.

**Penalties for Failure to Timely Deliver**

Should recorded documents and/or the final title policy remain outstanding for more than 150 days after the Note date, the Lender may be provided a notice that the document must be delivered within 30 days. If the document is not delivered by the indicated deadline, NewRez may engage the services of a third party to procure the documents. Any cost associated with procurement will be passed through to the Lender plus a \$50 fee per respective loan. Lenders should know that documents not delivered within guidelines are reported to the Division's Senior Management and could result in action including third-party vendor procurement charges, demand for delivery of any outstanding documents, withholding of SRP or, in extreme cases, demand for repurchase of the loan(s). If delivery within established guidelines will not occur for reasons beyond the control of the Lender, the Lender should contact either the Regional Account Manager, the LSS or [TrailingDocs@newrez.com](mailto:TrailingDocs@newrez.com) with an explanation of the reason for delay and the date of expected delivery. This information will help avoid unnecessary contact from NewRez and additional costs resulting from efforts to procure the documents.

## **REPRESENTATIONS, WARRANTIES, AND COVENANTS**

### **General Information**

The Lender makes the Representations, Warranties, and Covenants contained in this Guide for, and as to, the Lender, and each Loan sold by the Lender to NewRez as of the respective dates of the Agreement and each Commitment Letter, and as of each Funding Date. Such Representations, Warranties, and Covenants are the Lender's sole responsibility. Each Representation, Warranty, and Covenant continues in full force and effect for so long as any Loan purchased from the Lender remains outstanding and for so long as NewRez is subject to any risk of loss or liability as to any Loan purchased from the Lender. As is more fully set forth in this Guide, it is expressly understood and agreed that NewRez's rights in connection with the Lender's Representations, Warranties, and Covenants survive any particular Loan's Funding Date and any termination of any of the Program Documents, and are not affected by any investigation or review made by, or on behalf of, NewRez, except to the extent expressly waived in writing by NewRez. The word "Lender" whenever used in this Guide section shall include all of the pronouns used herein and shall include when appropriate, either gender and both singular and plural, and the grammatical construction of sentences shall conform thereto.

The Lender acknowledges that NewRez purchases the Loans in reliance upon: (i) the truth and accuracy of the Lender's Representations and Warranties set forth in the Program Documents and this Guide, all of which Representations and Warranties relate to a matter material to such purchase; and (ii) the Lender's compliance with each of the agreements, requirements, terms, Covenants, and conditions set forth in the Program Documents and this Guide. These Representations, Warranties, and Covenants shall inure to the benefit of NewRez's successors, affiliates, and assigns unless NewRez specifically waives a Representation, Warranty, or Covenant in writing.

Making the Representations, Warranties, and Covenants contained in this Section does not release the Lender from its obligations under any Representations, Warranties, or Covenants contained in other Guide sections, including the exhibits hereto, or in the Program Documents.

NewRez reserves the right to require the Lender as a condition to NewRez's purchase of a given Loan or groups of Loans to make additional Warranties in writing.

### **"Knowledge" Standard**

Whenever any representation, warranty, or other statement contained in the Agreement or this Guide is qualified by reference to a party's "knowledge" or "to the best of" a party's "knowledge," such

"knowledge" shall be deemed to include a party's knowledge of facts or conditions which the party, including (without limitation) any of such party's directors, officers, agents, or employees, either is actually aware or should have been aware under the circumstances with the exercise of reasonable care, due diligence, and competence in discharging its duties under this Guide and the Program Documents. All matters of public record shall be deemed to be known by the Lender. Any representation or warranty that is inaccurate or incomplete in any material respect is presumed to be made with the Lender's knowledge.

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**Representations, Warranties, and Covenants Concerning the Lender**

The Lender is and shall continue to be duly organized, validly existing, and in good standing under the laws of the United States, and under the laws of each state in which the Lender is incorporated, chartered, organized, and conducting business and will maintain full corporate or partnership power and authority. The Lender, and as applicable each employee, officer, agent, and assignee of Lender hereby makes the following Representations, Warranties, and Covenants to NewRez as follows:

- Has and shall continue to maintain all federal, state and local licenses, registrations and certifications necessary to carry on business, including, but not limited to, applicable mortgage broker, mortgage loan officer, debt collector, and consumer loan;
  - is and shall continue to be licensed, qualified, and in good standing under the laws of the United States and each state where a Loan and/or Borrower is located, as applicable;
  - will remain in good standing with state and federal authorities to the extent necessary to ensure enforceability of all Loans;
  - has written policies and procedures in place to ensure the compliance of Lender, and as applicable each employee, officer, agent, and assignee of Lender, with all applicable federal, state and local licensing, registration, and related disclosure and record retention requirements, at the entity level and the individual employee level;
  - has not taken into account any “de minimus” licensing or registration exemptions to deliver any Loans to NewRez;
  - has disclosed in writing to NewRez all final written reports, actions, and sanctions of all federal and state agency and instrumentality reviews, investigations, examinations, audits, actions, and sanctions undertaken or imposed within two years prior to the Agreement’s effective date;
  - is not operating under any type of agreement or order (including, without limitation, a supervisory agreement, memorandum of understanding, cease and desist order, capital directive, supervisory directive, and consent decree) with or by any federal or state government agency, licensing, banking or regulatory authority, and the Lender is in compliance with any and all capital, leverage or other financial or regulatory standards imposed by any applicable regulatory authority;
  - is duly and validly authorized to execute and deliver all documents, instruments, and agreements the Lender is required to execute and deliver under the terms of the Program Documents and to consummate the transactions contemplated by the Program Documents;
  - has the ability to perform each and every obligation, and to satisfy each and every requirement imposed on the Lender, in the Program Documents and this Guide and no offset, counterclaim, or defense exists to the Lender's full performance of the Program Documents' and this Guide's requirements;
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- the execution and delivery of the Agreement, acquisition, making and sale of the Loans, consummation of Agreement contemplated transactions, fulfillment of and compliance with the terms and conditions of the Program Documents will not conflict with, or result in a breach of, any terms, conditions, or provisions of the Lender's articles of incorporation, charter, by-laws, partnership agreement, or other organizational document, or of any legal restriction or regulatory directive or any agreement or instrument to which the Lender is now a party or by which it is bound; nor will such actions by the Lender constitute a default or result in an acceleration under any of the foregoing, result in the violation of any law, rule, regulation, order, judgment, or decree to which the Lender or any of its property is subject, impair the ability of NewRez to realize on a Loan, or impair its value;
  - no action, suit, proceeding, inquiry, review, audit or investigation is pending or threatened by or against the Lender ("Adverse Action") that could result in any material adverse change in the Lender's business, operations, financial condition, properties or assets or in any material liability on the Lender's part or which would be likely to impair materially Lender's ability to perform under the Program Documents' or this Guide's terms. Lender shall advise NewRez immediately, in writing, of any pending or threatened Adverse Action, or any pending or threatened action to revoke or limit any license, permit, authorization or approval issued or granted to the Lender by any federal, state, or local government or quasi- governmental body, or any agency or instrumentality thereof, which is necessary for the Lender to conduct its business, or to impose any penalty or other disciplinary sanction on the Lender, or any other sanction that would materially affect the Lender's business;
  - the transactions contemplated by the Program Documents and the terms of this Guide are in the ordinary course of the Lender;
  - the transfer, assignment, and conveyance of the Mortgage Notes and the Mortgages pursuant to the Program Documents and the terms of this Guide are not subject to the bulk transfer laws or any similar statutory provisions in effect in any applicable jurisdiction;
  - no consent, approval, authority, or order of any court or governmental agency or body is required for execution and performance of, and compliance with, the Program Documents and this Guide; sale of any of the Loans; and consummation of any Program Documents transactions, or if required, the Lender has obtained such unconditional approval prior to the related Funding Date;
  - the application, the Program Documents, the promises, agreements, Representations, Warranties, and Covenants contained in this Guide and all other statements, reports, and documents the Lender furnished or will furnish pursuant to the Program Documents and this Guide contain no untrue statement of material fact nor do they fail to contain a material fact necessary to make the statements contained therein not misleading;
  - there are no accrued liabilities of the Lender with respect to any of the Loans, or circumstances under which NewRez will be liable for any such accrued liabilities as the Lender's successor in interest in and to the Loans;
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- the Loans have been legally, properly, prudently, and customarily originated and serviced in conformance with the highest standards of the residential mortgage origination and servicing business using Accepted Servicing Practices;
- complied with, and shall continue to comply with, and has not violated and shall not violate, any law, ordinance, requirement, regulation, rule, or order applicable to its business or properties, the violation of which might adversely affect the Lender's operations or financial conditions or the Lender's ability to consummate the transactions contemplated by the Program Documents and this Guide;
- has and will comply with all provisions of the Program Documents and this Guide, and will promptly notify NewRez of any occurrence, act, or omission regarding the Lender, the Loan, the Loan or the Mortgagor, which occurrence, act, or omission may materially affect the Lender, the Loan, the Loan or the Mortgagor;
- shall allow NewRez, or its agent or designee, upon 24 hours' telephonic, electronic, or written notice, to conduct onsite inspections, inspect or take possession of all books and records of the Lender pertaining to its mortgage operations and to any Loans purchased by NewRez from the Lender; and
- if subject to the regulatory supervision of the Office of the Comptroller of the Currency (OCC) is in material compliance with the standards set forth in Part III of the OCC's Guidelines Establishing Standards for Residential Mortgage Lending Practices, OCC 2005-3 as became effective April 8, 2005.

### **Representations, Warranties, and Covenants Regarding Loans**

The Lender Represents, Warrants, and Covenants the following to NewRez as to each Loan offered for sale under the Program Documents:

#### **Mortgage Loans as Described**

- no document, report, data, or material furnished to NewRez relating to any Loan (including, without limitation, the Mortgagor's Loan application executed by the Mortgagor) in any Loan File contains any untrue statement of fact or omits to state a fact necessary to make the statements contained in the Loan File not misleading; and

#### **Payments Current**

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

- the Mortgagor has not defaulted under the Loan terms, and has paid any and all taxes, including, without limitation, any and all transfer taxes due and payable to any state or municipality relating to the transfer of ownership and occupancy interest in the Property; and
- the Mortgagor has paid all governmental assessments, insurance premiums, water, sewer and municipal charges, leasehold payments and ground rents and other charges that previously became due and owing or will become due and owing within the funding section of Lender's guide, or the Mortgagor has established an escrow account sufficient to pay such charges; and

**No Advances**

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

**Original Terms/No Release**

- no person or entity has impaired, waived, released, altered, or modified in any respect the original Mortgage Note and Mortgage terms except with the written approval of NewRez. Any related Mortgage Issuer and title insurer also must have approved the waiver, alteration, or modification to the extent required by the respective policies; and

**No Defense**

- the Loan is not subject to any unexpired right of rescission, set-off, counterclaim, or defense, including, without limitation, the defense of usury; and
- neither the terms of, nor the exercise of any right under, the Mortgage Note or the Mortgage, will render either the Mortgage Note or the Mortgage unenforceable, in whole or in part, or subject to any right of cancellation, set-off, counterclaim, or defense, including, without limitation, the defense of usury, and no such right of cancellation, set-off, counterclaim, or defense has been asserted with respect to the Mortgage Note or the Mortgage; and

**Hazard and Flood Insurance**

- valid and binding hazard insurance policies that meet all NewRez and Agency minimum requirements are in full force and effect and insure all buildings or other improvements upon the Mortgaged Property, and will continue to be in full force and effect for
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NewRez's benefit upon its acquisition of the Loan; and

- the Mortgage obligates the Mortgagor to maintain such hazard insurance policies at the Mortgagor's cost and expense, and upon the Mortgagor's failure to do so, or to provide evidence thereof, authorizes the Mortgagee to obtain and maintain such insurance at the Mortgagor's sole cost and expense, and to seek reimbursement from the Mortgagor; and
- Lender has not engaged in, and has no knowledge of the Mortgagor having engaged in, any act or omission that would impair the coverage of any hazard insurance policy, the benefits of the endorsement provided for herein, or the validity and binding effect of either; and
- the Loan permits the maintenance of an escrow account to pay the premiums for hazard insurance, and the Mortgagor has not waived the requirement for such escrows, unless otherwise permitted by NewRez or required by applicable law; and
- all Loans contain any required guaranteed initial Flood Zone Determination documentation; and
- if a Loan is in an area identified in the Federal Register by the Federal Emergency Management Agency as having special flood hazards, a flood insurance policy in a form meeting the requirements of the current guidelines of the Flood Insurance Administration was required at closing with respect to such Loan with a generally acceptable carrier in an amount representing coverage not less than the least of:
  - original outstanding principal balance of the related Loan
  - the minimum amount required to compensate for damage or loss on the maximum insurable value basis or
  - the maximum amount of insurance that is available under the Flood Disaster Protection Act of 1973, as amended; and

#### **Origination, Underwriting, and Servicing Compliance**

- the originating, closing and, prior to NewRez becoming responsible for the loan servicing, the servicing of the Loan was, and will continue to be, in compliance with all applicable federal, state, and local laws, rules, regulations, decrees, pronouncements, directives, orders, and contractual requirements with respect to the origination, closing, underwriting, processing, and servicing of each Loan; and
- Lender is in compliance with all applicable anti-money laundering laws and regulations, including, but not limited to, the Bank Secrecy Act and its subsequent revisions and enhancements, the Customer Identification Program requirements of the USA Patriot Act, Office of Foreign Assets Control requirements (collectively the "Anti-Money Laundering Laws"), and has established an anti-money laundering compliance program as required by the applicable Anti-Money Laundering Laws, and maintains, and will maintain, sufficient information to identify the applicable Mortgagor for purposes of the Anti-Money Laundering Laws; and

#### **Loan Status**

- no person or entity has granted or received a request for any Mortgage satisfactions,
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assumptions, loss drafts, payoffs, cancellations, subordinations, or rescissions, and no person or entity has released any portion of the Property from the Mortgage lien, nor executed any instrument that would affect any such release, cancellation, subordination, or rescission; and

**Location and Type of Property**

- the Property is located in the state identified in the Loan File and, unless otherwise provided for in the Program Documents, this Guide or any applicable Underwriting Guidelines, consists of a single parcel of real property with a single-family residence erected thereon, or a two- to four- family dwelling, or an individual unit in a planned unit development or condominium project; and
- no portion of the Property is used for commercial purposes in such a manner that would result in the Property being considered commercial, rather than residential property; and

**Valid First Liens Secured by Real Property**

- the Mortgage is a valid, existing, and enforceable first lien on (i) the Property; (ii) all buildings on the Property; (iii) all installations and mechanical, electrical, plumbing, heating, and air conditioning systems located in or affixed to such buildings; and (iv) all additions, alterations, and replacements made at any time with respect to the foregoing; and
- no Property has any existing or simultaneous lien that takes priority over the Mortgage, including but not limited to liens that utilize the municipal tax assessment process or a utility company to ensure payment; and
- all real property taxes and assessment liens on the Property are current with no taxes or assessments due and payable for at least 60 days after the Funding Date; and
  - all covenants, conditions, restrictions, rights of way, easements, and other matters of public record which as of the date of the Mortgage lien's recording are or were acceptable to mortgage lending institutions generally, are specifically referred to in the title policy insuring the Loan or, as permitted by NewRez and applicable state law, in an attorney's opinion of title, delivered to the Lender, and:
    - were referred to or otherwise considered in the appraisal made for the Lender or
    - do not adversely affect the Property's appraised value set forth in such appraisal; and
- The Mortgage lien is subject only to such other matters to which like properties are commonly subject, which other matters do not materially interfere with the benefits of the security intended to be provided by the Mortgage, or the use, enjoyment, value, or marketability of the related Property; and

**Loan Documents**

- all loan documents evidencing or securing a Loan are genuine and complete in all respects and each is the Mortgagor's legal, valid, and binding obligation enforceable in accordance with its terms. All parties to the Mortgage Note and the Mortgage had legal capacity to enter into the
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Loan, to execute and deliver the Mortgage Note and the Mortgage, and did duly and properly execute the Mortgage Note and the Mortgage; and

- the person who or entity which originated the Loan used the then-current and valid Agency forms and documents, unless NewRez expressly permitted or required in writing other documents; and

### **The Full Disbursement of Proceeds**

- the full principal amount of the Loan proceeds has been advanced to Mortgagor, either by payment directly to such Mortgagor or by payment made on such Mortgagor's request or approval and there is no requirement for future advances in the Loan documents; and
- the unpaid balance of the Loan is as represented by the Lender; and
- any and all requirements as to completion of any on-site or off-site improvements and as to disbursements of any escrow funds for such improvements have been complied with; and
- all costs, fees, and expenses incurred in making or closing the Loan and recording the Mortgage were paid, and the Mortgagor is not entitled to any refund of any amounts paid or due under the Mortgage Note or the Mortgage; and

### **Ownership of Loans**

- that the Lender is the sole owner and holder of the Loan except for the security interest of Lender's warehouse lender, which security interest the Lender has disclosed in writing to NewRez; and
- Lender has good and marketable title to the Loan, and has full right and authority to transfer and sell the Loan to NewRez free and clear of any encumbrance, equity, participation interest, lien, pledge, charge, claim, security interest, right, option, assignment, or servicing agreement with any third party whatsoever, except pursuant to the Program Documents and this Guide; and

### **Third-Party Compliance**

- no person or entity has performed any act for the Lender which the Program Documents or this Guide require the Lender to perform; and
- no person or entity other than Lender has had any interest in the Loan, whether as mortgagee, assignee, pledgee, or otherwise; and
- no Loans were originated by any third-party originators; and

### **LTV/MI Policy**

- each Loan's LTV does not exceed the maximum LTV permitted by the applicable Underwriting Guidelines; and
-

- each mortgage insurance policy is written with a private mortgage insurance company acceptable to NewRez, is the binding obligation of such insurer, is in full force and effect, has had all premiums due thereunder paid, and all policy provisions have been and are being complied with; and
- Lender has not engaged in any act or omission, and the Lender has no knowledge of any act or omission by or on the Mortgagor's behalf or any other person's or entity's behalf, which act or omission would impair any such mortgage insurance policy's coverage or validity, the benefit of the endorsement provided for in, or the validity or binding effect of either; and
- any Loan subject to a mortgage insurance policy obligates the Mortgagor under the mortgage insurance policy to maintain such mortgage insurance policy to the extent required by law and to pay all required premiums and charges; and
- the Loan interest rate is net of any such insurance premiums; and

**Title Insurance**

- for each Loan Lender holds a title policy insuring the Mortgage lien on the Property which is in full force and effect, the premium for which has been paid in full for so long as the Loan shall remain outstanding, which has an insurance limit at least as great as the outstanding principal balance of the Loan, which names the Lender, its successors and assigns as the sole insured party, and which will be in full force and effect upon the consummation of the transactions contemplated in the Agreement and in this Guide, and is in conformance with applicable Agency requirements; and
  - such title policy shall (i) insure the Mortgage lien is a valid and enforceable first lien on the Property, (ii) insure the absence of any lien of taxes and other assessments other than taxes not yet due and payable, (iii) insure that there are no encroachments on the Property from adjoining property and that all improvements on the Property are located within the boundaries of the Property and are in conformity with any applicable setback requirements, or in the alternative, Lender shall deliver to NewRez a current survey of the Property prepared by a duly licensed land surveyor and certified to Lender and its successors and assigns showing there are no encroachments onto the Property and the improvements are located on the Property within its boundaries and in conformity with any applicable setback requirements, in which case the title policy may except only that state of facts shown with respect to such survey, (iv) disclose whether all taxes and other assessments due as of the date of the policy have been paid in full, and (v) disclose all other matters to which like properties are commonly subject
  - no claims have been made under such title policy, the accuracy of any attorney's opinion of title has not been disputed, and no prior loan holder, including the Lender, has done, by act or omission, anything that would impair the coverage of such title policy or the accuracy of such attorney's opinion of title, and the attorney's opinion of title, if permitted by NewRez or required by state law, is in a form and substance acceptable to investors purchasing Loans; and
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**No Defaults**

- there is no default, breach, violation, or event of acceleration existing under the Mortgage or the Mortgage Note and, to the best of the Lender's knowledge, no event has occurred or condition exists that, with the passage of time or with notice and the expiration of any grace or cure period, would constitute a default, breach, violation, or event of acceleration, and the Lender has not waived any default, breach, violation, or event of acceleration; and

**No Mechanic's Lien**

- unless fully covered by a title policy acceptable to NewRez, there is no mechanic's or similar lien or claim filed for work, labor, or material (and no rights are outstanding that under applicable law could give rise to such a lien or claim), affecting the related Property, which is or may be a lien prior to, or equal with, the related Mortgage's lien; and

**Improvement Locations; No Encroachments**

- all improvements the underwriter considered in determining the Property's appraised value at origination lie wholly within the Property's boundaries and building restriction lines and no improvements on adjoining properties encroach upon the Property (except those encroachments which the title insurer has affirmatively insured over); and
- all Property improvements, including new construction, have been completed in full compliance with any applicable laws, regulations, or building codes and standards, and the improvements comply with the laws, regulations, or building codes and standards as of the Funding Date; and

**Origination Terms**

- the person or entity originating the Loan, originated and processed the Loan in accordance with the terms of the Agreement and this Guide and the Loan was underwritten in accordance with the applicable Underwriting Guidelines in effect when the Loan was originated and processed; and

**Customary Provisions**

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

**Occupancy Certifications**

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

**No Additional Collateral**

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

**Deed of Trust**

- with respect to any Mortgages that constitute a deed of trust, a trustee, duly qualified under applicable law to serve as such, has been properly designated and currently so serves and is named in the Mortgage, and no fees or expenses are or will become payable by NewRez to the trustee under the deed of trust, except in connection with a trustee's sale after default by the Mortgagor or reconveyance of the deed of trust; and

**Acceptable Investment**

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

**Condominium Project Units and Planned Unit Developments ("PUD")**

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

**Loan Recording and Transfer**

- Lender has timely recorded the Mortgage, and all other documents necessary to protect NewRez interests. The Lender has either closed the Loan with MERS as the named nominee, or has validly assigned the Loan to MERS as the nominee free and clear of any pledge, lien, encumbrance, or security interest prior to NewRez's purchase of the Loan, and the Lender will not assign or transfer any interest in the Loan to any person or entity other than NewRez or MERS; and
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**Due-on-Sale**

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

**No Graduated Payments or Contingent Interest**

- no Loan is a graduated payment Loan, and the Loan does not have a shared appreciation or other feature providing for contingent interest or contingent principal; and

**Property Undamaged; No Condemnation**

- the Property is undamaged by waste, fire, earthquake or earth movement, windstorm, flood, tornado, or other casualty so as to affect adversely the Property's value as security for the Loan or the use for which the premises were intended; and
- there are no condemnation proceedings by any federal, state, or local authority pending or, to the best of the Lender's knowledge, threatened against the Property; and

**Collection Practices; Escrow Deposits**

- the collection practices used with respect to the Loan have been in accordance with Accepted Servicing Practices, applicable law, and have been in all respects legal and proper; and
- all escrow deposits and escrow payments are in Lender's possession and no deficiency in connection with the escrow deposits and escrow payments exists for which customary arrangements for repayment have not been made; and
- no escrow deposits or escrow payments, or other charges or payments due the Lender, have been capitalized under the Mortgage or Mortgage Note; and
- all Loans delivered for Funding shall contain the HUD required Initial Escrow Account Disclosure Statement; and
- as of the Purchase Date, Lender has credited to the account of borrowers under the Loans all interest required to be paid by applicable law or by the terms of the related Mortgage Note on any escrow account and will continue to do so through the Purchase Date. Evidence of such credit shall be provided to NewRez upon request; and

**Misapplied Payments**

Misapplied payments shall be processed as follows:

- the parties shall cooperate in correcting misapplication errors;
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- the party receiving notice of a misapplied payment occurring prior to the Purchase Date and discovered after the Purchase Date shall immediately notify the other party;
- if a misapplied payment which occurred prior to the Purchase Date cannot be identified and such misapplied payment has resulted in a shortage in an escrow (or other) account, the balances of which are being transferred to NewRez, the Lender shall be liable for the amount of such shortage. The Lender shall reimburse NewRez for the amount of such shortage within 30 business days after receipt of written demand and evidence supporting the misapplied payment from NewRez;
- if a misapplied payment which occurred prior to the Purchase Date has created an improper Purchase Price as the result of an inaccurate outstanding principal balance, the party discovering the misapplied payment shall promptly notify the other party and a check shall be issued to the party adversely affected by the improper payment application within 10 business days after notice thereof by the other party;
- any check issued under the provisions of this Section 8.8 shall be accompanied by a statement indicating the Lender's and/or NewRez's Loan identification number and an explanation of the allocation of any such payments; and

**No Other Hazards**

- the Property is not exposed to Environmental Hazards which are not covered by fire and extended coverage insurance or other available insurance. Environmental Hazards refer to any natural or man-made characteristics that are present in, or affect, the Property or neighborhood, including, but not limited to, hazardous wastes, toxic substances, radon gas, asbestos-containing materials, urea-formaldehyde insulation, sulfur-containing drywall (also known as Chinese drywall), except as the Lender has specifically and fully remediated and such remediation has been inspected by a professional qualified to verify that the Environmental Hazard has been satisfactorily corrected, prior to NewRez purchasing the Loan; and

**Supervision of Loan Originator**

- the person or entity originating the Loan was a savings and loan association, savings bank, commercial bank, credit union, insurance company, mortgage company, or similar institution regulated, supervised, or examined by a federal or state authority, or by a Mortgagee approved by the Secretary of Housing and Urban Development pursuant to National Housing Act Sections 203 and 211; and

**Real Estate Appraisals**

- each appraisal conducted in connection with a Loan complies with applicable federal and state law, and applicable Agency requirements; and with respect to any appraisal requirements imposed by or pursuant to the Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA"), as amended from time to time, the related Loan is eligible for purchase by a financial institution subject to FIRREA, and, in the case of Conforming Loans, by the Agencies; and
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- each appraisal is made by an appraiser who meets all of the following requirements:
  - is either a licensed or certified residential appraiser or a certified general appraiser, by the state, as required for the particular appraisal;
  - is in good standing with the applicable state appraisal licensing agency;
  - is independent of the Lender, and the Lender's affiliates and subsidiaries, and is not involved in the Loan transaction in any way except as the appraiser;
  - does not have any present or prospective direct or indirect interest, financial or otherwise, in the property or transaction that is the subject of the appraisal report;
  - has no personal bias, or interest with respect to any of the parties involved in the transaction relating to the appraisal, including, but not limited to, the Lender or the Lender's directors, officers, employees or agents;
  - made a personal inspection of the property that is the subject of the appraisal report;
  - was not assigned the appraisal based on any required or expected minimum or specific valuation of the appraised property, and whose compensation was not based upon reporting a predetermined value of the appraised property or any other information contingent upon some event which, at the time of the appraisal, had not occurred;
  - was not assigned the appraisal by the same person responsible for the sole approval authority for granting the loan request, and
  - demonstrates sufficient experience and education in the appraisal of properties similar to the subject property; and

**Qualified Mortgages**

- with the exception of Smart Series Loan products offered by NewRez, each Loan is a "qualified mortgage" within the meaning of Section 860G of the Internal Revenue Code of 1986, as amended (but without regard to Treasury Regulation § 1.860G- 2(f)(2) or any similar rule that treats a defective obligation as a qualified mortgage); and
- with the exception of Smart Series Loan products offered by NewRez, at the time of consummation, based on verifiable documentation, each Loan is a Qualified Mortgage as defined under the ability to repay provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act, which amended the Truth-in-Lending Act (TILA), and Regulation Z, its implementing regulation. If the Loan is a Qualified Mortgage that is subject to a rebuttable presumption of compliance as defined under TILA and Regulation Z or as defined by the applicable federal agencies (FHA, VA, USDA), the Lender will perform a residual income evaluation prior to consummation which documents that the consumer has sufficient residual income to meet their monthly recurring expenses; and
- The foregoing exceptions of Smart Series Loans from this Qualified Mortgage representation shall have no impact on the applicability of all other representations, warranties and covenants in the Agreement and this Guide to Smart Series Loans. By way of clarification, Smart Series Loans originated by Lender shall remain subject to all other representations, warranties and covenants in the Agreement and this Guide; and

**Bankruptcy or Insolvency**

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

**Additional Fannie Mae or Freddie Mac Warranties**

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

**Government Agency Compliance**

- each FHA Loan, VA Loan, or USDA Loan sold to NewRez meets all requirements and guidelines in effect for such Loan as prescribed by FHA, VA, or USDA, as applicable, and NewRez, at the time of NewRez's purchase; and
- the Lender further warrants that each such insurable or guaranteeable Loan is eligible for inclusion in a Ginnie Mae pool; and
- Should the Lender desire to commit government Loans for sale to NewRez, the Lender represents and warrants that it was at the time of Loan origination, is presently, and will continue to be a FHA, VA, or USDA approved lender in good standing, possessing full Direct Endorsement (DE), VA Staff Appraisal Reviewer (SAR) / VA Lender Appraisal Processing Program (LAPP), or USDA approval and authority as required by the appropriate Agency; and
- Lender further represents and warrants that Lender's Agency authority is not subject to any test case requirements, and that no Loans committed for sale to NewRez are subject to any test case requirements; and
- Should the Lender enter into an Authorized Agent or Sponsorship relationship with NewRez, the Lender represents and warrants that it was at the time of Loan Origination, is presently, and will continue to be an FHA approved Lender (either Title II Non-Supervised or Supervised Lender) in good standing.

**No Planned Refinance**

- with respect to each Loan sold by the Lender to NewRez, the Lender hereby certifies that:
    - neither the Lender, nor any affiliate will solicit the borrower(s) to refinance the Loan;
    - the Lender and any affiliates have not agreed to and will not agree to a planned refinance. A planned refinance is a refinance of the Loan at an interest rate which is less than the immediately preceding interest rate by less than the basis point decline in the market rate since the origination or last refinance transaction;
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- the Lender will not subsequently solicit the borrower to execute a refinance transaction unless mortgage market rates decline and the borrower(s) are offered an interest rate which is less than the contract rate on the borrower(s) current loan by at least the basis point decline in the market rate since the origination or last refinance transaction; and

**Error or Fraud**

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

**No Options**

- no other party has any option or right of first refusal or other arrangement to acquire directly or indirectly any of the Loans offered to NewRez for purchase; and

**Loan Payments**

- the Lender has not made, directly or indirectly, any payment on the Loan or on any other Loan of the Mortgagor from any other person or entity; the Lender has also not made any agreement with any Mortgagor providing for any variation of the Mortgage Note interest rate, the schedule of payment, or other Loan terms and conditions; and

**Adverse Selection**

- the Lender used no adverse selection process or procedures in selecting the Loans to be sold to NewRez; and

**Securities Law**

- NewRez has made no representation whatsoever to the Lender concerning the applicability or inapplicability of the Security Act of 1933, as amended (the "1933 Act") or of any state securities laws (each, a "State Act") to the transactions that are the subject of this Guide. The Lender hereby represents and warrants to NewRez as follows:
    - the offer, issuance, sale, and delivery of the Loans under the circumstances contemplated hereunder constitute exempted transactions under the registration provisions of the 1933 Act, and the registration of the Loans under the 1933 Act is not required in connection with any such offer, issuance, sale, or delivery of the Loans; and
    - the offer, issuance, sale, and delivery of the Loans under the circumstances contemplated under the Program Documents and this Guide constitute exempted transactions under applicable State Acts, and neither the Loans' registration or qualification is required under such State Acts nor is the authorization, approval, or
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consent of any governmental authority or agency required or necessary in connection with any such offer, issuance, sale, or delivery of the Loans; and

## **Predatory Lending/Home Ownership and Equity Protection Act/High Cost Loans**

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

## **Fair Lending/Equal Credit Opportunity Act**

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

## **Fair Pricing Policy**

- none of the Loans is a "High Cost" loan; and
- all Loans have passed a High Cost Mortgage Test, whether or not they are covered by high cost mortgage regulation, HOEPA (section 226.32 of Regulation Z), or any state or local high cost, covered or predatory lending law or ordinance; and
- interest rates and other pricing terms reasonably reflect the costs and risks of originating the Loan; and
- all Loans comport to Lender's established policies with respect to maximum points and charges, overages, yield spread premiums or other compensation vehicles, and established limits on total broker and lender compensation; and

## **No Arbitration Clause**

- none of the documents evidencing or securing the Loan provide for or contain an arbitration clause or any other non-judicial procedure of any kind; and

## **Prohibited Practices**

- Lender has not engaged in any of the following practices with respect to Loans purchased or to be purchased by NewRez:
    - encouraging a borrower to default on an existing loan in connection with the refinance of all or part of the existing loan;
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- financing, directly or indirectly, premium or fees for single premium credit life, disability or unemployment insurance products, or any other accident, loss of income, life, or health insurance, with the proceeds of the Loan;
- refinancing of a Special Subsidized Mortgage. A "Special Subsidized Mortgage" means a residential mortgage loan that is originated or subsidized by or through a state, local, or tribal government or nonprofit organization and that in some circumstances: does not have to be completely repaid; or requires only partial payments be made. Examples include, but are not limited to, a mortgage granted by organizations such as Habitat for Humanity or a local housing authority.
- contracting for a prepayment penalty on any product or loan unless specifically allowed within NewRez product guidelines as described in the Guide.
- executing documents to evidence or secure the Loan which contain an arbitration clause;
- payment to a home improvement contractor from the proceeds of the Loan other than by a check made payable either to the consumer, or jointly to the consumer and the home improvement contractor, or through an independent third-party escrow agent;
- payment of Loan payments in advance from the Loan proceeds; and
- contracting for an increase in the interest rate upon default of the Loan at a level not commensurate with risk mitigation; and

**Responsible Lending; Benefit to Borrower; Ability to Repay**

- Lender agrees to use best efforts to ensure that each Loan offered to a borrower is consistent with his or her needs, objectives, and financial situation; and
  - each Loan, the proceeds of which have been used to refinance a previous mortgage loan, offers a documented, demonstrable, tangible net economic benefit to the borrower; and
  - appropriate assessment and documentation has been performed of the borrowers' ability to repay each Loan in accordance with its terms; and
  - timely, sufficient, and accurate information has been provided to borrowers concerning each Loan's terms, costs, risks, and benefits including, but not limited to, disclosure of:
    - the existence of a prepayment penalty, if applicable, prior to closing
    - disclosure on products containing a prepayment penalty of the availability of similar products with no prepayment penalty, and
    - on limited documentation products, disclosure of the availability of a lower interest rate in exchange for higher levels of documentation; and
  - total loan compensation for each Mortgage Loan has been structured to avoid providing any incentive to originate a loan with predatory or abusive characteristics; and
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**Prepayment Penalties**

- all information provided to NewRez in any loan file, loan registration, underwriting guidelines, or summary, or mortgage loan schedule, regarding the existence, amount, term or calculation of any prepayment penalty or prepayment premium is complete and accurate; and
- each prepayment penalty is permissible and enforceable in accordance with applicable law and is permitted by NewRez's guidelines; and
- prepayment penalties on Loans are applicable to prepayment resulting from both refinancing and sales of the related Property and the terms of such prepayment penalties do not provide for waiver or release during the term of the prepayment penalty; and
- no mortgage loan provides for the payment of a prepayment penalty beyond the three-year term following the origination of the Loan; and
- Lender has timely provided all prepayment penalty disclosures required by applicable law; and

**Loan Originator Compensation**

- Lender is in compliance with all applicable law including, but not limited to, Regulation Z and as issued on August 16, 2010, the federal Truth-in-Lending Act, and Lender represents and warrants that, with respect to every Loan:
  - neither Lender nor any other party has paid compensation to any loan originator in an amount that is based on a term or condition of the Loan, and
  - if Lender acts as a loan originator, Lender has not received compensation in an amount that is based on a term or condition of the Loan; and
- compensation policies and practices of Lender do not allow loan originator compensation to vary based on loan type or product type; and

**Private Transfer Fees**

- no Conforming Loan is secured by property that is encumbered by or subject to a "private transfer fee" or "private transfer fee covenant," as those terms are defined by and prohibited by 12 CFR Part 1228, as amended; and

**Servicing File**

- each Loan for which the first payment is collected by Lender has a complete servicing file in the format designated by NewRez; and

**Servicemembers**

- no Loan is eligible for relief under Servicemember's Civil Relief Act as of the Funding Date; and
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**Reconciliation**

- as of the Purchase Date, Lender has reconciled principal balances and made any monetary adjustments to the Loans reasonably required by NewRez with any such monetary adjustments transferred between the Lender and NewRez as appropriate; and
- Lender shall forward to NewRez, via overnight mail and in accordance with the Guide procedures for change of loan servicer/loan transfer, such additional reports as required by NewRez to reconcile data conversion from Lender's computer system to NewRez computer system; and

**IRS Forms**

- Lender shall mail, on or before the date required by law, all IRS required forms, including form numbers 1099, 1098, 1041 and K-1 (as appropriate), to all parties entitled to receive same for the period from January 1 of the applicable transaction year; and
- Lender shall provide copies of such forms to NewRez upon request and shall reimburse NewRez for any costs or penalties incurred by NewRez due to Lender's failure to comply with this Section

**Prior Servicers**

- there have been no prior servicers of any Loans other than the Lender; and
- there has been no occurrence as of the Purchase Date of any event that could obligate NewRez to repurchase any Loans from the relevant Agency or cause the cancellation of the Servicing Rights or any material changes in procedures with respect to the Loans; and

**S.A.F.E. Act**

- all Loans are in compliance with all state or federal licensing or registration requirements enacted pursuant to the S.A.F.E. Act including, but not limited to, adoption of policies and procedures necessary; and
- any agency or judicial finding or other determination of SAFE Act noncompliance by Lender or any employee of Lender has been disclosed to NewRez; and

**No Optional Insurance**

- none of the Loans has a single payment credit life insurance or other optional insurance product that has been considered "predatory" by an Agency; and
  - none of the Loans has an optional insurance product that, as of the Purchase Date, is being provided free of charge to a borrower; and
  - none of the Loans has any optional insurance product or ancillary product; and
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**TILA-RESPA Integrated Disclosure (Regulation Z)**

As to each Loan with a mortgage application date of October 3, 2015 or later, the Loan complies with the requirements of the TILA-RESPA Integrated Disclosure rule promulgated under Regulation Z, and the Official Commentary thereto including, but not limited to, compliance with all disclosure, completion, delivery, timing and process requirements. The Lender maintains, and will continue to maintain sufficient data and documentation, in accordance with record retention requirements under the TILA-RESPA Integrated Disclosure rule, evidencing and attesting to compliance with all aspects of the TILA-RESPA Integrated Disclosure rule, and any amendments thereto and agrees to provide such evidence in a timely manner at the request of NewRez.

**Miscellaneous Representations, Warranties, and Covenants****NewRez Funding Website Access and Usage**

If the Lender is granted access into the NewRez private website, the Lender represents and warrants that it will not disclose the Lender's designated password to anyone nor use it to perform unauthorized functions. NewRez grants Lender access to the website provided the Lender covenants and agrees to the following conditions:

- The Lender will indemnify and hold NewRez harmless for any liability due to improper use of the website when accessed using Lender's password.
- Lender is responsible for notifying NewRez if the only security administrator should leave his/her employment. At that time, NewRez will delete all user accounts and establish a new security administrator.

The Lender must complete the Correspondent Contact Set-up Form upon accessing the website for the first time.

**GENERAL**

NewRez and Lender acknowledge and agree that the purpose of Representations, Warrants and Covenants is to facilitate compliance by NewRez with the provisions of Regulation AB and related rules and regulations of the Securities and Exchange Commission ("Commission"). NewRez shall not exercise its right to request delivery of information or other performance under these provisions other than in good faith, or for purposes other than compliance with the Securities Act, the Exchange Act and the rules and regulations of the Commission thereunder. The Lender acknowledges that interpretations of the requirements of Regulation AB may change over time, whether due to interpretive guidance provided by the Commission or its staff, consensus among participants in the asset-backed securities markets, advice of counsel, or otherwise, and agrees to comply with requests made by NewRez in good faith for delivery of information under these provisions on the basis of evolving interpretations of Regulation AB. In connection with any Securitization Transaction, Lender shall cooperate fully with NewRez to deliver to NewRez (including any of its assignees or designees) any and all statements, reports, certifications, records, and any other information necessary in the good faith determination of NewRez to permit NewRez

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to comply with the provisions of Regulation AB, together with such disclosures relating to Lender and the Loans, reasonably believed by NewRez to be necessary in order to effect such compliance.

The Lender shall cooperate with NewRez in connection with each Securitization Transaction in accordance with this Section. In connection therewith, Lender shall provide as applicable:

- In connection with any Securitization Transaction occurring on or after January 1, 2006, the Lender shall
    - within five business days following request by NewRez, provide to NewRez, in writing and in form and substance reasonably satisfactory to NewRez, the information and materials specified in paragraphs (i), (ii), (iii) and (v) of this subsection, and
    - as promptly as practicable following notice to or discovery by the Lender, provide to NewRez (in writing and in form and substance reasonably satisfactory to NewRez) the information specified in paragraph (iv) of this subsection.
  - If so requested by NewRez, the Lender shall provide such information regarding the Lender, as originator of the Loans, as is requested for the purpose of compliance with Items 1103(a)(1), 1105, 1110, 1117, and 1119 of Regulation AB. Such information shall include, at a minimum:
    - the originator's form of organization;
    - a description of the originator's origination program and how long the originator has been engaged in originating residential mortgage loans, which description shall include a discussion of the originator's experience in originating mortgage loans of a similar type as the Loans; information regarding the size and composition of the originator's origination portfolio; and information that may be material, in the good faith judgment of NewRez, to an analysis of the performance of the Loans, including the originators' credit-granting or underwriting criteria for mortgage loans of similar type(s) as the Loans and such other information as NewRez may reasonably request for the purpose of compliance with Item 1110(b)(2) of Regulation AB;
    - a description of any material legal or governmental proceedings pending (or known to be contemplated) against the Lender; and
    - a description of any affiliation or relationship (of a type described in Item 1119 of Regulation AB) between the Lender, and any of the following parties to a Securitization Transaction, as such parties are identified to the Lender by NewRez in writing in advance of a Securitization Transaction:
      - the sponsor;
      - the depositor;
      - the issuing entity;
      - any servicer;
      - any trustee;
      - any originator;
      - any significant obligor;
      - any enhancement or support provider; and
      - any other material transaction party.
  - If so requested by NewRez, the Lender shall provide Static Pool Information with respect to the mortgage loans (of a similar type as the Loans, as reasonably identified by New
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Penn Financial as provided below) originated by the Lender. Such Static Pool Information shall be prepared by the Lender on the basis of its reasonable, good faith interpretation of the requirements of Item 1105(a)(1)-(3) of Regulation AB. To the extent that there is reasonably available to the Lender Static Pool Information with respect to more than one mortgage loan type, NewRez or any Depositor shall be entitled to specify whether some or all of such information shall be provided pursuant to this paragraph. The content of such Static Pool Information may be in the form customarily provided by the Lender, and need not be customized for NewRez or any Depositor. Such Static Pool Information for each vintage origination year or prior securitized pool, as applicable, shall be presented in increments no less frequently than quarterly over the life of the mortgage loans included in the vintage origination year or prior securitized pool. The most recent periodic increment must be as of a date no later than 135 days prior to the date of the prospectus or other offering document in which the Static Pool Information is to be included or incorporated by reference. The Static Pool Information shall be provided in an electronic format that provides a permanent record of the information provided, such as a portable document format (pdf) file, or other such electronic format reasonably required by NewRez or the Depositor, as applicable.

- If so requested by NewRez or any Depositor, the Lender shall provide, at the expense of the requesting party (to the extent of any additional incremental expense associated with delivery pursuant to this Agreement), such statements and agreed-upon procedures letters of certified public accountants reasonably acceptable to NewRez or Depositor, as applicable, pertaining to Static Pool Information relating to prior securitized pools for securitizations closed on or after January 1, 2006, or, in the case of Static Pool Information with respect to the Lender's originations or purchases, to calendar months commencing January 1, 2006, as NewRez or such Depositor shall reasonably request. Such statements and letters shall be addressed to and be for the benefit of such parties as NewRez or such Depositor shall designate, which may include, by way of example, any sponsor, any Depositor, and any broker dealer acting as underwriter, placement agent, or initial purchaser with respect to a Securitization Transaction. Any such statement or letter may take the form of a standard, generally applicable document accompanied by a reliance letter authorizing reliance by the addressees designated by NewRez or such Depositor.
  - If so requested by NewRez or any Depositor for the purpose of satisfying its reporting obligation under the Exchange Act with respect to any class of asset-backed securities, the Lender shall:
    - notify NewRez and any Depositor in writing of:
      - any material litigation or governmental proceedings pending against the Lender and
      - any affiliations or relationships that develop following the closing date of a Securitization Transaction between the Lender and any of the parties specified in Section 304.01(i)(D) (and any other parties identified in writing by the requesting party) with respect to such Securitization Transaction, and
    - provide to NewRez and any Depositor a description of such proceedings, affiliations, or relationships.
  - If so requested by NewRez on any date following the date on which information is first provided to NewRez under this Section, the Lender shall, within five business
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days following such request, confirm in writing the accuracy of the representations and warranties set forth in Representations, Warranties and Covenants or, if any such representation and warranty is not accurate as of the date of such request, provide reasonably adequate disclosure of the pertinent facts, in writing, to the requesting party.

- The Lender shall represent to NewRez, as of the date on which information is first provided to NewRez under this Section that, except as disclosed in writing to NewRez prior to such date:
  - (1) the Lender is not aware and has not received notice that any default, early amortization, or other performance triggering event has occurred as to any other securitization due to any act or failure to act of the Lender;
  - there are no material legal or governmental proceedings pending (or known to be contemplated) against the Lender; and
  - there are no affiliations, relationships, or transactions relating to the Lender with respect to any Securitization Transaction and any party thereto identified by the related Depositor of a type described in Item 1119 of Regulation AB.

## **REGULATION AB EVENTS OF DEFAULT; REMEDIES**

Lender's failure to comply with any of the requirements, representations, warranties or covenants set forth in 8.9 and the foregoing sections, will constitute an Event of Default under the terms and conditions of the Program Documents. Set forth in this subsection are the remedies available to NewRez upon the occurrence of an Event of Default under this section or General/Events of Default. The Lender is responsible for notifying NewRez immediately upon the Lender's knowledge of any Event of Default.

The Lender shall indemnify NewRez, each affiliate of NewRez, and each of the following parties participating in a Securitization Transaction: each sponsor and issuing entity; each Person responsible for the preparation, execution or filing of any report required to be filed with the Commission with respect to such Securitization Transaction, or for execution of a certification pursuant to Rule 13a-14(d) or Rule 15d-14(d) under the Exchange Act with respect to such Securitization Transaction; each broker dealer acting as underwriter, placement agent or initial purchaser, each Person who controls any of such parties or the Depositor (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act); and the respective present and former directors, officers, employees and agents of each of the foregoing and of the Depositor, and shall hold each of them harmless from and against any losses, damages, penalties, fines, forfeitures, legal fees and expenses and related costs, judgments, and any other costs, fees and expenses that any of them may sustain arising out of or based upon:

- any untrue statement of a material fact contained or alleged to be contained in any information, report, certification, accountants' letter or other material provided under Section 8.9 and/or Section by or on behalf of the Lender (the "Lender Information"), or
  - the omission or alleged omission to state in the Lender Information a material fact required to be stated in the Lender Information or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, by way of
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clarification, this paragraph shall be construed solely by reference to the Lender Information and not to any other information communicated in connection with a sale or purchase of securities, without regard to whether the Lender Information or any portion thereof is presented together with or separately from such other information;

- any failure by the Lender to deliver any information, report, certification, accountants' letter or other material when and as required under this section or General/Events of Default; or
- any breach by the Lender of a representation or warranty set forth in this section or General/Events of Default or in a writing furnished pursuant to this section or General/Events of Default and made as of a date prior to the closing date of the related Securitization Transaction, to the extent that such breach is not cured by such closing date, or any breach by the Lender of a representation or warranty in a writing furnished pursuant to this section or General/Events of Default to the extent made as of a date subsequent to such closing date.
- In the case of any failure of performance described in this section, the Lender shall promptly reimburse NewRez, any Depositor, as applicable, and each Person responsible for the preparation, execution, or filing of any report required to be filed with the Commission with respect to such Securitization Transaction, or for execution of a certification pursuant to Rule 13a-14(d) or Rule 15d-14(d) under the Exchange Act with respect to such Securitization Transaction, for all costs reasonably incurred by each such party in order to obtain the information, report, certification, accountants' letter or other material not delivered as required by the Lender.

#### **GENERAL/EVENTS OF DEFAULT**

This section sets forth events constituting defaults under the terms and conditions of the Program Documents ("Events of Default") and sets forth remedies available to NewRez upon the occurrence of an Event of Default. The Lender is responsible for notifying NewRez in writing immediately upon the Lender's knowledge of any Event of Default.

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The remedies available to NewRez upon an Event of Default vary based on the Loan type, manner of underwriting (if applicable), and the applicable Representation, Warranty, or Covenant and are in addition to any other remedies NewRez may have at law or in equity. (See also General Remedies of this Guide.) These remedies include, but are not limited to:

- Repurchase
- Indemnification
- EPD Fee Payment Amount
- Reasonable Assurances
- Suspension and Termination
- Set-off (Net Fund)
- Withholding of Funding

The Events of Default for which NewRez is entitled to remedies include, but are not limited to:

- Breach of Representation or Warranty or Covenant
- Uninsurable Loan
- Fraud and/or Misrepresentation
- Unmarketable Loan
- Early Payment Default (delinquency or foreclosure)
- Early Payoff

The provisions below outline Events of Default for which NewRez is entitled to select a remedy. If more than one Event of Default shall occur in connection with a Loan, NewRez is entitled to select a remedy for each such Event of Default, without regard to whether NewRez exercised any remedy for a prior Event of Default in connection with such Loan. Generally, in the event that the Lender underwrites the Loan, the Lender is liable where noted. If the Event of Default occurs, and if NewRez or its agent underwrites the Loan, the Lender is liable only in those cases where the default involves breach of a representation or warranty, misrepresentation, fraud, or Loan documentation.

## **REPURCHASE EVENTS OF DEFAULT**

If any of the Events of Default listed below occur, NewRez shall have the right to require the Lender to Repurchase NewRez's interest in the relevant Loan at the Repurchase Price as set forth in Repurchase Price below.

### **Breach of Representation or Warranty**

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Lender defaults under or breaches, or NewRez or any of its assigns discovers the inaccuracy of any of the Representations, Warranties, or Covenants set forth in the Program Documents.

### **Uninsurable Mortgage**

- **Certificate of Insurance** - The certificate of insurance has not been duly issued by a Mortgage Insurer or Mortgage Guarantor acceptable to NewRez within the required time frame;
- **Insurance Premium** - The mortgage insurance premium has not been paid to the Mortgage Insurer or Mortgage Guarantor;
- **Insurance Cancellation or Denial** - The Mortgage Insurer or Mortgage Guarantor fails to issue coverage or cancels coverage and/or denies a claim under such coverage due to fraud, misrepresentation, or omission of a material fact or for any other reason related to the eligibility of the Loan for mortgage insurance or guaranty or loan note guaranty.

### **Fraud and/or Misrepresentation**

The Borrower or any other party to the Mortgage transaction has made any false representation in conjunction with such transaction, whether or not the Lender was a party to or had knowledge of such false representation.

### **Unmarketable Loan**

The Loan the Lender delivers to NewRez is unmarketable, or unmarketable on the secondary market without loss to NewRez, including, but not limited to, a Loan as to which:

- **Program Documents** - The Lender has not complied with a requirement, term or condition of the Program Documents.
  - **Evidence of Compliance** - The Lender is unable to supply satisfactory evidence of compliance with the Program Documents.
  - **False or Misleading Representation** - The Lender has made one or more false or misleading representations, warranties, or covenants to NewRez in the Program Documents or has failed to provide NewRez with information that is true, complete, and accurate as to the Loan or the Lender.
  - **Underwriting or Documentation** - The Lender did not underwrite and/or document the Loan in accordance with Program Document requirements.
  - **Protection of Occupants** - The Lender violated or failed to comply with any applicable law designed to protect the health and safety of the Property's occupants (including failure to take any action available to the Lender that would relieve the Mortgage holder from liability under such law or regulation).
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**REPURCHASE PRICE**

The amount the Lender must pay to NewRez upon NewRez's Repurchase request to the Lender ("Repurchase Price") shall be calculated as follows:

- **The Purchase Price** - If the Loan has not been pooled, the Purchase Price, including any Premium Pricing plus the Service Release Premium ("SRP") paid to the Lender, or if the Loan has been pooled, the Purchase Price plus the SRP paid to the Lender at the time of purchase based on the outstanding principal balance due and owing on the Loan as of the date of Repurchase, plus
- **Modified Loan Amount** - NewRez may, as part of its loss mitigation efforts, enter into an agreement modifying the terms of the Loan ("Modification Agreement") with a Borrower suffering an involuntary inability to pay their Mortgage under the original terms of the Mortgage Note. Such Modification Agreement may increase the amount of the unpaid principal balance due to capitalization of interest, Escrow Payments owing and/or other advances. The Repurchase Price will include the outstanding principal balance based on the modified Loan amount, plus
- **Expenses** - Any and all documentary stamp taxes, recording fees, transfer taxes, and all other expenses payable in connection with any such Repurchase including, without limitation, any loss relating to the Loan, all costs or expenses incurred by NewRez in the course of repurchasing such Loan from a third party, and NewRez's reasonable attorneys' fees, plus
- **Interest, Penalties, and Fees** - Accrued but unpaid interest up to the first day of the month following the date of Repurchase and any penalties or fees charged to NewRez by the Servicer, such as, but not limited to, late fees or restoration fees.

**PROCEDURE FOR COMPLETING REPURCHASE**

- **Repurchase** - The Lender must Repurchase NewRez's interest in the identified Loan by the Repurchase invoice due date. In the event the Repurchase is not completed by the invoice due date, NewRez may net fund (set-off) the amount from subsequent amounts due to the Lender. Alternatively, NewRez may, in its sole discretion, obtain a market price from Secondary Marketing and require Lender to reimburse NewRez for the marketing loss incurred plus the SRP.
  - **Wire Transfer of Funds** - The Lender shall effect Repurchases by wire transfer from the Lender to NewRez of immediately available funds.
  - **Release of Loan File** - Upon receipt by NewRez of the Lender's funds for Repurchase, NewRez shall release to the Lender the related Loan File(s) and shall execute and deliver to the Lender such instruments of transfer or assignment, in each case without recourse, as shall be necessary to vest in the Lender, or its designee, title to such Repurchased Loans.
  - **Recordation and Transfer Costs / Repurchase Date** - The Lender shall assume the cost of
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recording of assignments and other costs of transfer of any Repurchased Loans. The date of Repurchase is the date when NewRez receives the Repurchase Price funds by wire transfer.

***Note: NewRez's decision to require the Lender to Repurchase a Loan shall be conclusive. The Lender's failure to comply with NewRez's Repurchase request may result in suspension or termination of selling privileges. Suspension or termination upon the occurrence of one or more of the Repurchase events shall not limit NewRez's right to take other action to enforce its rights or protect its interests including, but not limited to, those remedies set forth in General Remedies.***

## **EARLY PAYMENT EVENT OF DEFAULT AND REMEDIES**

If any of the Events of Default listed below occurs, Lender shall pay to NewRez an EPD Fee Payment as set forth in this Section.

### **Early Payment Defaults**

Should the Mortgagor under any Mortgage Loan sold to the Purchases cause a Payment Default (hereafter defined) to exist on one of the first four (4) Month Payments due to the Purchaser, the Seller shall, within ten (10) Business Days after receiving written notification thereof from the Purchaser, re-acquire the subject Mortgage Loan from the Purchaser for an amount equal to the Repurchase Price. For purposes hereof, "Payment Default" means (A) for any Mortgage Loan that is eligible to be sold to or insured by any Agency; a Mortgagor's failure to pay any amounts due under a Mortgage Loan within ninety (90) days after the Due Date of such amounts; and (B) for any other Mortgage Loan, within (30) days after the Due Date of such amounts.

(ii) Seller shall not advance funds for or on behalf of Mortgagor for any payment or otherwise make funds available to Mortgagor to avoid a cure or default by the Mortgagor.

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## **EARLY PAYOFF EVENT OF DEFAULT AND REMEDIES**

It is NewRez's policy to monitor loans that payoff early. In the event that any Mortgage Loan prepays in full on or before the four (4) month anniversary of the date on which the first Monthly Payment was due to the Purchaser (the "Premium Recapture Period"), the seller shall, upon demand by the Purchaser the greater (i) any Premium paid to the Seller by the Purchaser or (ii) the SRP. Certain Mortgage Loans may be subject to a longer or shorter Premium Recapture Period pursuant to agreement between the Purchaser and the Seller regarding the Premium Recapture Period and Purchase Price as set forth in the applicable Purchase advise.

## **ARTICLE VIII**

### **QUESTIONABLE REFINANCING PRACTICES EVENT OF DEFAULT AND REMEDIES**

Questionable refinancing practices (such as those discussed below), constitute an Event of Default. The Lender must include in its policies and procedures for originating new Mortgages, refinancing existing Mortgages and reviewing Mortgages originated by third parties appropriate safeguards to preclude the possibility of violating NewRez's prohibitions against questionable refinancing practices.

#### **Prohibited Activities**

- **Selling Loan in Process of Refinancing.** NewRez considers the delivery of any Mortgage that is in the process of being refinanced (or acquiring from, or funding for, a third-party originator) as unacceptable (even if no agreement for future refinancing was entered into at the time of origination). Therefore, the Lender must not deliver for NewRez's purchase or securitization any Mortgage that the Lender (or its affiliates) has agreed to refinance or is currently in the process of refinancing. NewRez considers an originator to be in the process of refinancing a Mortgage if, at the time the Mortgage is delivered to NewRez, the Lender has taken another application from the same Borrower for the same property or has entered into an agreement with one of its third-party originators to acquire or fund another Mortgage that has the same Borrower and property as the Mortgage that is being delivered to NewRez.
- **Targeting.** NewRez considers specifically targeting or allowing other loan originators at any time to specifically target Borrowers whose Mortgages are owned, securitized, or serviced by NewRez as unacceptable.

#### **Permitted Activities**

NewRez does not consider the Lender to be engaged in a questionable refinancing practice if the Lender:

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- **General Advertising.** Advertises its availability for handling refinancing of Mortgages it has sold to NewRez as long as the Lender does not specifically target, or allow other loan originators to specifically target, Borrowers whose Mortgages are owned or securitized by NewRez.
- **General Terms.** Promotes the terms it has available for refinancing by sending letters or promotional material to Borrowers or to all Borrowers who have specific types of Mortgages (such as FHA, VA, Conventional fixed-rate, or Conventional adjustable-rate) or to those Borrowers whose Mortgages fall within specific interest rate ranges. The Lender may not, however, treat or allow other loan originators to treat Mortgages it has sold to NewRez as separate classes of Mortgages for purposes of advertising the availability of refinancing terms.
- **Payoff Information.** The Lender may cooperate with individual Borrowers who contact the Lender about prepaying their Mortgages by advising them of refinancing terms and streamlined origination arrangements that are available, including NewRez's own alternatives.

### **Review of Activities/Remedies**

NewRez will review Lenders that have high levels of prepayments. If such a review raises serious concerns about the Lender's practices, NewRez will conduct a review of the Lender's origination and refinancing activities to ensure that they are in compliance with NewRez's requirements. NewRez will be entitled to one or more appropriate General Remedies if NewRez finds that the Lender has violated NewRez's policies and requirements set forth in this Section, including, but not limited to, requiring the Lender to make NewRez whole for any losses resulting from claims made by Agencies or investors.

### **ADVERSE FINANCIAL CONDITION OF THE LENDER EVENT OF DEFAULT**

In the event the Lender undergoes any adverse financial condition NewRez may require one or more applicable remedies set forth in General Remedies. Adverse Financial Condition shall include but not be limited to:

- Occurrence of an act of insolvency or bankruptcy concerning the Lender.
  - The Lender fails to obtain a vacation or stay of involuntary proceedings brought for its reorganization, dissolution, or liquidation.
  - The Lender fails to meet any capital, leverage, or other financial standard imposed by any laws or applicable regulatory authority.
  - NewRez determines in its sole discretion that any material adverse change has occurred in the Lender's financial condition.
  - The Lender fails to meet a minimum net worth, liquidity, or other ownership requirements as may be set forth in the Program Documents.
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- NewRez determines in its sole discretion that the Lender's sales and warranty obligations are disproportionate to its capital and/or assets.

**GENERAL EVENTS OF DEFAULT**

If any of the events listed below in this Section occur, NewRez has the right to demand Repurchase of the related Loan as set forth in Repurchase Events of Default, or NewRez may require one or more applicable remedies set forth in General Remedies.

**Breach of Representation or Warranty**

As set forth in General Events of Default, Lender defaults under or breaches, or NewRez or any of its assigns discovers the inaccuracy of, any of the Representations, Warranties, or Covenants concerning the Lender set forth in the Program Documents.

**Guaranty and Support Agreement Default**

Any Guarantor of the Lender's obligations defaults under the terms of a Guaranty and Support Agreement (including, without limitation, any default by Guarantor in maintaining any minimum Tangible Net Worth required under such Guaranty and Support Agreement) given to NewRez on the Lender's behalf; any such Guarantor becomes insolvent or bankrupt; NewRez determines in its sole discretion that a material adverse change has occurred in such Guarantor's financial condition; or any Guarantor fails to meet any capital, leverage or other financial standard imposed by any applicable regulatory authority.

**Other Agreement Default**

The Lender defaults under the terms of any other agreement to which the Lender and NewRez are parties.

**Failure to Meet Repurchase Obligation**

The Lender fails to Repurchase from NewRez any Loan required to be Repurchased under the terms of the Program Documents.

**Legal or Regulatory Action**

The Lender is placed on probation or a federal or state government agency restricts the Lender's activities in any manner; a court finds that the Lender or any of the Lender's principal officers have committed an act constituting civil fraud; or the Lender or an officer thereof is convicted of any criminal act that relates to lending or Loan servicing activities.

**Failure to Meet Insurer's Approval Standards**

The Lender is unable to meet the approval standards of any Mortgage Insurer or other entity that provides insurance or other credit enhancements in connection with NewRez's efforts to sell the Loans or to borrow based on the collateral value of the Loans.

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**Failure to Deliver Required Documents**

The Lender fails to deliver to NewRez any required documents.

**Invalid Assignment**

The Lender assigns or attempts to assign its interests, rights, or obligations under the Agreement without NewRez's prior written consent.

**Failure to Meet Solability Requirements**

NewRez is required to repurchase any Loan previously conveyed, transferred, or assigned by NewRez to any third party due to defects which existed prior to, or arose as a result of an occurrence on or before the Purchase Date.

**GENERAL REMEDIES**

NewRez shall have available to it the following General Remedies in the event NewRez has reason to believe that the Lender breached the terms and conditions of the Agreement, this Guide or that an Event of Default has occurred.

***Note: Nothing in this section shall be deemed or construed to limit, waive or impair any of NewRez's rights or remedies under any Program Documents or other section of this Guide.***

**Real Estate Owned ("REO") Indemnification**

With respect to each Loan that is the subject of any breach of one or more representations, warranties or covenants specified in the Program Documents, if New Rez (or NewRez agent or affiliate, or any subsequent owner of the Loan or such owner's agent or affiliate) has acquired title to the related Property through foreclosure, deed-in-lieu of foreclosure, abandonment or reclamation from bankruptcy of the defaulted Loan, then, upon NewRez's demand, the Lender shall, at NewRez's option:

- purchase the Property from NewRez at a purchase price equal to the Repurchase Price; or
- if NewRez has sold or otherwise disposed of the Property, indemnify and hold NewRez harmless for any loss resulting therefrom.

**General Indemnification**

The Lender shall indemnify and hold NewRez harmless from and against, and shall pay on behalf of NewRez in the first instance, any and all losses, liabilities (including liabilities for penalties), claims, demands, damages, judgments, costs and expenses including attorneys' fees (both trial and appellate) of every kind and nature resulting from any claim, demand, defense or assertion ("Liability") based or grounded upon, or resulting from a breach of any representation, warranty or obligation contained in or made pursuant to the Program Documents, or from Liability based on or

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grounded upon, or resulting from such breach or a breach of any representation, warranty or obligation made by NewRez in reliance upon any representation, warranty or obligation made by Lender in or pursuant to the Program Documents. The Lender also shall indemnify NewRez and hold it harmless against all Liabilities incurred by NewRez in enforcing the Program Documents. If a Loan is unacceptable to an NewRez investor as a result of defective documentation or other Loan quality defects but NewRez is unable to remove such Loan from the pool in which NewRez placed the Loan, the Lender shall, upon demand, indemnify and hold NewRez or its assigns harmless from any cost, expense, or loss relating to the Loan.

**Reasonable Assurances**

If, at any time during the term of the Agreement, NewRez has reason to believe that an Event of Default has occurred, NewRez shall have the right to demand, pursuant to electronic or written notice from NewRez to the Lender, reasonable assurances that such a belief is in fact unfounded. Any failure by the Lender to provide the reasonable assurances set forth in the electronic or written notice and within a time frame specified in the electronic or written notice shall constitute an additional Event of Default; provided, however, that, notwithstanding anything set forth in the Program Documents to the contrary, and so long as no other Event of Default has occurred and is continuing, NewRez shall only be entitled to exercise such reasonable assurance remedy as may be necessary or appropriate for NewRez to insulate itself from any potential harm or loss relating to or caused by the facts or circumstances giving rise to such Event of Default.

**Possession of Files and Documents**

NewRez may proceed immediately by its own acts, order of seizure, or such other remedy as may be available at law or equity to take possession of all Loan Files and documents relating to a Loan belonging to the Lender which could qualify for sale to NewRez pursuant to the Lender's commitments.

**Suspension of Selling Privileges**

Without affecting any other of NewRez's remedies, NewRez, by giving telephonic, electronic or written notice to the Lender, may immediately suspend all the Lender's Registrations and Rate-Locks and the Lender will cease to be eligible to obtain new Commitments during the term of such suspension. Upon any such suspension, NewRez may determine in its sole discretion whether it will continue to purchase Loans under outstanding Commitments previously obtained by the Lender or refuse to Fund any or all Loans, pending the cure, to NewRez's satisfaction, of the Event of Default.

**Right to Withhold Fundings**

Upon any termination or suspension, NewRez shall have the right to suspend the Lender's Fundings until such time as NewRez has determined in the exercise of its reasonable judgment that NewRez has insulated itself from any potential harm or loss relating to the Lender's sale of Loans to NewRez.

**Right of Set-Off (Net Fund)**

NewRez may set-off and deduct any fees, penalties or other sums owed to NewRez

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by the Lender under the terms of the Program Documents, which may include indemnification and repurchase invoices.

### **Notification of Agencies or Regulators**

NewRez may notify any relevant Agency or regulator of the occurrence of an Event of Default involving fraud or misrepresentation.

### **Indemnification for Letter of Credit**

If a Loan is unacceptable to a NewRez investor as a result of defective documentation or other Loan quality defects which the Lender does not cure by the date established for a final pool certification for the pool in which NewRez places the Loan, the Lender shall, upon demand, Repurchase the Loan at the Repurchase Price or, at NewRez's sole discretion, indemnify and hold NewRez's or its assigns harmless from any cost, expense, or loss relating to the Loan, including without limitation, the costs incurred by NewRez for the issuance of a letter of credit.

***Note: Nothing in this section shall be deemed or construed to limit, waive or impair any of NewRez's rights or remedies under any Program Documents or other section of this Guide.***

## **NOTIFICATION OF BREACH**

NewRez shall be under no obligation to notify the Lender of the occurrence of any breach of the Lender's representations, warranties, or covenants hereunder, or of the occurrence or existence of any other Event of Default. All of NewRez's remedies hereunder including, without limitation, the Repurchase Remedy with respect to the Loan, any purchase obligation with respect to the Property, and the indemnification with respect to any breach of a Representation, Warranty, or Covenant (or any other Event of Default), shall exist regardless of the dates of NewRez's discovery and notice to the Lender of the breach and NewRez's demand for any remedy. Notwithstanding any other provision of the Program Documents to the contrary, the Lender shall remain liable for all remedies hereunder even if NewRez discovers a breach after the Loan no longer exists.

## **WAIVER OF DEFAULTS/REMEDIES**

NewRez may waive any default by the Lender and its consequences, only in a written waiver specifying the nature and terms of such waiver. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto, nor shall any delay by NewRez in exercising, or failure to exercise, any right arising from such default affect or impair NewRez's rights as to such default or any subsequent default. All of NewRez's remedies are non-exclusive and cumulative. NewRez's failure to exercise any of its remedies does not constitute a waiver of that remedy in the future as to the same or any other Lender default.

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## **TERMINATION**

### **Termination Without Cause**

In addition to the provisions set forth elsewhere in the Program Documents for termination of the Agreement or any of the other Program Documents, either the Lender or NewRez may terminate the Agreement or any of the Program Documents without cause (which termination shall have the effect outlined below) at any time upon prior telephonic, electronic, or written notice of termination to the other party. The party giving the notice of termination must specify the effective date of termination in such notice and such date of termination must be at least 30 days after the date such party sends such notice.

### **Termination With Cause**

Without affecting any other of NewRez's remedies, NewRez, by giving telephonic, electronic or written notice to the Lender, may immediately terminate the Lender's selling privileges upon an Event of Default and the Lender will cease to be eligible to obtain new Commitments. Upon any such termination, NewRez may determine in its sole discretion whether it will continue to purchase Loans under outstanding Commitments previously obtained by the Lender or refuse to Fund any or all Loans, pending the cure, to NewRez's satisfaction, of the Event of Default.

### **Effect of Termination**

- **Without Cause** — Provided that termination is without cause, as provided in the immediately preceding section, and provided that no Event of Default on the part of the Lender has occurred, termination of the Agreement by NewRez shall not apply to any Loans that have been Registered with NewRez by the Lender before the effective date of the termination.
- **Due To Breach or an Event of Default** — If NewRez terminates the Agreement or any Program Document due to an Event of Default, NewRez may refuse to Register or Fund any or all Loans from the date of the telephonic, electronic, or written notice of termination. The Lender will not be entitled to a termination fee or any other compensation from NewRez for any reason or cause relating to any consequential, incidental, or indirect damages arising out of, or in connection with, the Lender's suspension or termination.
- **Survival of Remedies** — It is understood and agreed that NewRez's remedies set forth in this Section, in the Agreement, this Guide and/or other Program Documents shall survive the sale and delivery of the related Loan to NewRez and NewRez's funding of the related Purchase Price, and will continue in full force and effect, notwithstanding any termination of the related Agreement and this Guide, or any restrictive or qualified endorsement on any Mortgage Note or Assignment of Mortgage or Loan approval or other examination of or NewRez's failure to examine any related Loan File.

## **USE OF NAME**

The Lender is not authorized to use the corporate name "NewRez" or any derivation thereof, or any of the service marks of NewRez in any promotional or other materials without the prior, written consent of NewRez. As consideration for granting such consent, the Lender

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agrees to indemnify NewRez from, and hold it harmless against any loss, damage or expense, including those incurred in defending any action or proceeding, which results from Lender's use of NewRez's corporate name, trade name, or service marks.

The Lender will not advertise or represent in print, in verbal communications or otherwise, that it is acting on behalf of, under the direction of, as the agent or as the representative of, or otherwise through or for, NewRez.

## **GOVERNING LAW**

The Agreement and this Guide shall be construed in accordance with the substantive law of the state of Delaware and the obligations, rights, and remedies of the parties hereunder shall be determined in accordance with such law without regard for the principles of conflict of law and any suit shall be brought in Delaware County, DE.

## **SEVERABILITY OF PROVISIONS**

If any one or more of the covenants, agreements, provisions, or terms of the Agreement or this Guide shall be held invalid for any reason whatsoever, then any such covenants, agreements, provisions, or terms shall be deemed severable from the remaining covenants, agreements, provisions, and terms of the Agreement or this Guide and shall in no way affect the validity or enforceability of the other provisions of the Agreement or this Guide.

## **ASSIGNMENT**

NewRez shall have the right to assign its rights and duties under the Agreement and this Guide to any party without the consent of the Lender. NewRez shall notify the Lender in writing of any such assignment. The Lender shall have no right to assign its rights or duties under the Agreement or this Guide without NewRez's prior written consent. NewRez also may assign separately to any other party any or all representations, warranties, or covenants made by the Lender to NewRez in the Agreement or this Guide, along with any or all of NewRez's remedies available against the Lender for the Lender's breach of any representation, warranty or covenant hereunder, including, without limitation, the repurchase, fee payment, and indemnification remedies. Any such party shall be an intended third-party beneficiary of those representations, warranties, covenants, and remedies.

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**GOVERNING AGREEMENT**

In the case of any inconsistency between the Agreement and this Guide, the terms of the Guide shall control. In the event of any conflict between provisions of NewRez's Underwriting Guidelines contained in this Guide and other contractual provisions of this Guide, such contractual provisions shall control.

**ENTIRE AGREEMENT; NO WAIVER**

The Agreement, this Guide, and/or the exhibits thereto and hereto contain the final and entire agreement between NewRez and the Lender with respect to the purchase and sale of the Loans and are intended to be an integration of all prior negotiations and understandings. No waiver of any of the provisions of the Agreement or this Guide shall be valid unless the same is in writing and is signed by the party against which such waiver is sought to be enforced. Delay by NewRez in exercising any right or remedy under the Agreement, this Guide, or otherwise provided by law shall not operate as a waiver or preclude the later exercise of that right or remedy.

**NO PARTNERSHIP**

Nothing herein contained shall be deemed or construed to create a partnership or joint venture between the parties hereto. At no time shall the Lender represent that it is acting as an agent for or on behalf of NewRez. At all times the Lender shall act as an independent contractor.

**CONFIDENTIALITY**

As a result of its relationship with NewRez and access to the Agreement and this Guide, the Lender will learn or have access to various trade secrets, confidential and proprietary methods, techniques, processes, applications, approaches, and other information in various forms, which such information is used or useful in the conduct of NewRez's business, including its origination, purchase, sale, and servicing of Mortgage products, collectively referred to as "Confidential Information." The Lender acknowledges that such Confidential Information is the exclusive property of NewRez. The Lender shall not, at any time, regardless of if, when, and how its relationship with NewRez may terminate, directly or indirectly use, disclose, publish, reveal, copy, disseminate, or otherwise make available such Confidential Information, other than as expressly set forth in the Agreement or this Guide.

**CONSUMER PRIVACY**

Notwithstanding anything to the contrary, Lender agrees that it will not use or disclose any "nonpublic personal information" on a "customer" or "consumer" of NewRez that is made available to, provided to, or obtained by the Lender for any purpose other than as required for the performance of the Lender's obligations under this Guide. In addition, Lender will not disclose such "nonpublic personal information" to any third party, including (without limitation) to an affiliate of the Lender or to any individual contractor, to carry out the performance of the Lender's obligations under this Guide unless:

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- the Lender obtains the prior written consent of NewRez; and
- (ii) such third party agrees in writing to be bound by the terms of this section and will use such "nonpublic personal information" only to perform some or all of the Lender's obligations under this Guide in accordance with applicable law. For purposes of this section, the terms "nonpublic personal information," "consumer" and "customer" shall have the meanings set forth in Title V of the Gramm- Leach-Bliley Act and its implementing regulations, and this section shall survive termination of Lender's Agreement and/or this Guide.

### **NON-EXCLUSIVE RELATIONSHIP**

Notwithstanding anything set forth herein or elsewhere to the contrary, the Lender acknowledges, understands, and agrees that its relationship with NewRez is on a non-exclusive basis and that NewRez may, in its discretion, at any time or from time to time, and without any liability or obligation to the Lender:

- contract with, designate, authorize, constitute, or appoint one or more entities other than the Lender to originate, solicit, process, underwrite, close, fund, bill, sell and/or invest in Loans of any type for Funding by or sale to, or as agent for and on behalf of, NewRez, all of which activity may occur in all or any portion of the geographic territory in which the Lender originates Loans; and/or
- either directly or indirectly compete with the Lender, either for NewRez's own account or as agent for and on behalf of another, in the solicitation, processing, underwriting, closing, Funding, billing, selling of and/or investing in Loans in such geographic territory.

### **NOTICES**

All notices, demands and other communications required or permitted to be given or made in the Agreement or this Guide shall be, except where telephonic or electronic notice is specifically provided for under the Agreement of this Guide, in writing and shall be deemed duly given, made or sent, and received:

- when personally delivered, or
- when delivered by overnight courier, or
- on the fourth business day next succeeding the day on which the same is sent by first class U.S. mail, postage prepaid, to the party intended as the recipient of the notice at its address specified in the Agreement, or at such other address as such party may have provided to the other for such purpose in a notice complying with the terms of this Section.

### **TRANSFER OF MORTGAGE LOAN/POWER OF ATTORNEY**

The Lender agrees to convey and assign to NewRez all of its right, title and interest in and to each Loan purchased by NewRez, including all supporting documentation. The Lender authorizes and gives to NewRez full power to endorse the Mortgage Note to NewRez, execute an assignment of the security instrument to NewRez, to do and perform all and every act and thing whatsoever requisite and necessary to be done with full power of

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substitution and revocation in connection with NewRez's purchase of the Loan. The Lender agrees to sign any documents required to fully execute and finalize the assignment and transfer to NewRez of any Loan transaction closed and funded in the Lender's name and committed to NewRez under the Agreement. The Lender hereby ratifies and confirms all that NewRez as the Lender's attorney-in-fact shall lawfully do or cause to be done by virtue of this limited power of attorney.

**INTERPRETATION**

All words used in this Guide shall be construed to be of such gender or number as the circumstances require. All accounting terms used without definition shall be interpreted in accordance with generally accepted accounting principles and determinations required to be made pursuant to this Guide shall be made in accordance with generally accepted accounting principles.

**RELATION TO OTHER PROGRAM DOCUMENTS**

Nothing in this Guide shall be deemed to amend, or relieve the Lender of its obligations under any Program Document.

**NEWREZ'S DISCRETION**

Whenever any provision of this Guide requires NewRez to make a determination of fact or a decision to act, or to permit, approve, or deny another party's act, such determination or decision shall be made in NewRez's sole and absolute discretion. NewRez's purchase decision is at all times at NewRez's sole and absolute discretion and nothing in this Guide shall be construed as an obligation on NewRez's behalf to purchase any Loan.

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