

Correspondent Manual

General.....	7
Seller Requirements.....	7
Application	8
Correspondent Seller Financial Evaluation	9
Third Party Origination (TPO) Approval	9
Delegation and Underwriting Authority	9
Yearly Review and Renewal, Audits and Reporting	9
Pull-Through Ratio Requirements.....	10
Representations, Warrants, and Covenants	10
Maintain Good Standings.....	11
Sole Owner and Holder of the Mortgage Loan	11
No Servicing Restrictions	11
Loan is Not Subject to Right of Rescission or Counter Claim	12
Funding Meets Applicable State and Federal Laws	12
Proceeds Fully Disbursed	12
Mechanic Liens or Claims for Work	12
Property and Improvements.....	13
Purchase or Not Purchase.....	13
Anti-Money Laundering Laws	13
Servicemembers Civil Relief Act.....	13
High-Cost Loan	13
Ability to Repay (ATR) and Qualified Mortgage (QM) Rule	14
Quality Control and Audit System.....	14
Effect of Termination	14
Confidentiality.....	14
Right to Offset.....	14
Mortgage Loan.....	15
Qualified Appraiser and General Appraisal Requirements.....	15
Texas Home Equity – A6	15
TMS Disaster Policy.....	16
Warranty	17

Correspondent Manual

Requirements.....	17
Re-Verification of Employment and Income.....	17
Change of Circumstance (COC)	17
Appraisal/Reinspection	17
Lender Certification In Lieu of Reinspection.....	22
Government Loans.....	23
Funding Documentation	23
No Impaired, Waived, Altered, or Modifications.....	23
Record Security Instrument	24
Qualified and Authorized Trustee.....	24
Due-on-Sale.....	24
Title Insurance Policy	24
Survey Requirements.....	25
Endorsement Requirements	25
Instructions to Settlement Agents and Title Companies	25
Allowable Vesting.....	25
Insurance Against Loss	25
Hazard Insurance	25
Purchase Transactions	26
Refinance Transactions	26
Mortgagee Clause	26
Condominiums.....	27
Effective Date	27
Purchase Transactions	27
Refinance Transactions	27
Deductible	27
Flood Insurance.....	27
Private Insurance Policy for Government Loan Types	28
Flood Certificate.....	29
Earthquake Insurance	29
Additional Coverage.....	30

Correspondent Manual

Rent Loss	30
Fraud, AML/BSA, SAR Filing, and Reporting to The Money Source Inc.	30
Accuracy of Documents	30
MERS	30
MERS in Maine	31
Investor and Servicer: The Money Source Inc. MERS Org ID #1004925	31
Tax Service	31
Registration	31
Lock Policy.....	31
Rate Sheets and Pricing.....	32
Lock Request	32
Lock Confirmation.....	32
Best Effort Commitments	32
Mandatory Flow Commitments	32
Mandatory Bulk Commitments.....	33
Bid Tape Assignment of Trade (AOT) Commitments	33
Pair-Off Fees	34
Lock Corrections and Substitutions.....	35
Extensions	35
Extended Locks	35
Lock Cancelations	36
Re-Locks	36
Temporary Interest Rate Buydown.....	37
Underwriting Guidelines	38
Conventional – Fannie Mae	38
Fannie Mae HomeStyle	38
Conventional – Freddie Mac	38
Product Overlays.....	38
Freddie Mac ChoiceRenovation.....	39
FHA.....	39
VA.....	39

Correspondent Manual

USDA	40
Minimum Loan Amount	40
Principal Reduction on FHA Loans	41
File Requirements – Fraud Detection, and Compliance	41
Electronic Fraud Detection/Quality Control Report	41
Fannie Mae CU	41
Repair Escrow Holdbacks	42
FHA	42
VA	43
Conventional	43
USDA	43
Property Overlays	43
Transaction Overlays	43
Pre-Payment Penalties	44
NY CEMA	44
CEMA Costs	44
Exclusionary Lists	44
Mortgage Products	45
FHA 203(k) Draw Requests	45
5-10 Financed Properties	45
Single-Closing – Construction to Permanent Transactions	45
Two-Closing – Construction to Permanent Transactions	46
Electronic Mortgages	46
FHA Refinances	46
FHA Streamline Refinances	47
FHA Streamline Case Number	47
FHA Advantage	47
Eligible Products	47
Pricing	47
VA Standard and Advantage	47
Eligible Products	47

Correspondent Manual

VA Standard and Advantage Base Loan Amount	48
Underwriting Reminder	48
IRRRL No Appraisal.....	48
Loan Delivery.....	48
The Money Source Inc. Agency ID Numbers.....	49
Delivery Instructions	49
Closing Documents	49
Note Date Tolerance (Aged Loans) and Max Delivery to Purchase Turn Time.....	49
VA Alteration & Repair.....	49
First Payment Date.....	50
Promissory Note Modifications	50
Corrections to Documents	50
Notary	50
Note Endorsement.....	50
Mortgage Insurance Premium and VA Funding Fee	50
Servicing Transfer.....	50
Misapplied Payments.....	51
FHA Mortgage Record Change.....	52
USDA Mortgage Record Change	52
Interest Credit at Closing	53
Owner Occupancy Agreement.....	53
Power of Attorney (POA)	53
Signature Requirements for POAs	54
Signature	54
Initials.....	54
Escrow Payments	54
Real Estate Taxes	54
Escrow/Impound Accounts.....	55
Allowable Escrow/Impounds	55
Unallowable Escrow/Impounds	55
Escrow Waiver.....	56

Correspondent Manual

Partial Escrows/Impounds	56
Conventional Loans	56
FHA, VA, USDA Loans	56
Bailment Requirements	56
Reverse Bailee	57
Collateral Package	57
Sweeps or Client-to-Client Transactions	58
Third Party Originated Loans	58
Closing File Review	58
4506-C Transcript Policy	59
Mortgage Loan Purchase	59
Decline to Purchase	59
Suspense Conditions	60
Purchased Proceeds	60
Principal Balance Purchased	60
Accrued Interest	60
Post-Purchase	61
Post-Purchase Adjustments	61
Right to Repurchase	62
Post-Purchase Insuring and Guaranty Requirements	62
FHA Mortgage Loans	62
VA Mortgage Loans	62
USDA Mortgage Loans	62
Loan Data Matching & Suspense	62
Final Documentation (aka Trailing Docs)	63
Document Delivery	63
Final Document Delivery Address	63
Outstanding Final Documents	63
Regulation C – Home Mortgage Disclosure Act (HMDA)	64
Aggregate Escrow Analysis	64
Fee List	64

Correspondent Manual

General

The Money Source Inc. (hereinafter “The Money Source” or “TMS”) complies with all applicable laws and regulations regarding non-discrimination and loan disclosure. TMS is fully committed to the principle that all lending policies, procedures, and practices will not in any way discriminate against any person on the basis of race, color, religion, national origin, sex, marital status, familial status, age (provided the applicant has the capacity to enter into a contract), handicap or disability, or other prohibited basis. This policy of non-discrimination covers all aspects of our credit operations – including in particular – the application for, consideration of, granting, servicing, and collection of extensions of credit, and also includes marketing practices, advertising, and product design.

TMS has established procedures designed to ensure our operations reflect our commitment to Fair Lending and to ensure all employees of TMS as well as our Third-Party Originators (TPOs) are fully informed of our commitment. All Third-Party Originators, including Correspondent Sellers, are required to comply with TMS’s Fair Lending Policy.

Mortgage loans delivered to TMS for purchase consideration must comply with all applicable laws, including without limitation, those laws prohibiting discrimination such as the Fair Housing Act, the Equal Credit Opportunity Act, and other similar fair lending laws and their implementing regulations, including any applicable state fair lending laws such as New York Executive Law Section 296-a which addresses unlawful discriminatory practices in relation to credit.

TMS does not participate in predatory lending practices and adheres to, and requires compliance with, all applicable federal, state, and local anti-predatory lending laws and other similar credit-related consumer protection laws designed to prevent or regulate abusive and deceptive lending practices and loans terms (collectively, “Anti-Predatory Lending Laws”), which includes Truth-in-Lending laws, licensing laws, doing-business laws, usury laws, anti-predatory lending, and similar laws.

TMS does not originate or purchase mortgage loans that are subject to the Home Ownership and Equity Protection Act, as described in Section 32 of Regulation Z. TMS follows Fannie Mae and Freddie Mac’s principles on responsible lending and fee limitations.

TMS has a Zero Fraud Tolerance Policy and a commitment to reporting and cooperating with investors and government agencies, including regulators and law enforcement. TMS will only do business with Sellers that are in good standing with the appropriate licensing authorities.

When a Seller presents a package to TMA for purchase, TMS will independently verify and evaluate the borrower’s ability to repay the loan.

Seller Requirements

Requirements for Delegated Seller Approval

Correspondent Manual

- Minimum \$ 500,000 net worth, or the minimum net worth required for the loan program(s) in which the Seller intends to participate; whichever is higher.
- Minimum \$2,000,000 audited net worth – FHA, VA, USDA; or meet [FHA net worth requirements](#)
- Third-Party Originator (TPO) Approval \$2,500,000 audited net worth
Errors and Omissions (E&O) and Fidelity Bond – minimum coverage of \$300,000
- Mortgage Electronic Registration Systems (MERS) membership
- FHA Compare Ratio under 150%

Application

Sellers should carefully review and fully complete the application. Applications that are incomplete and/or missing information, and/or documentation, will not be processed. TMS requires the Seller to have qualified and adequate personnel in place, with sufficient knowledge and expertise of the mortgage industry.

TMS's [Correspondent Application Package](#) includes:

- Application
- Authorization to Release Information
- Affiliated Business Disclosure
- TMS Fair Lending Form
- KISS Contact Sheet
- W9

It is imperative the below supporting documentation is included with your application package:

- Correspondent Loan Purchase Agreement
- Resumes of all key staff and company organizational chart
- Quarterly income statements and balance sheets, prepared in accordance with [Generally Accepted Accounting Principles \(GAAP\)](#), evidencing a profit
- Organizational documents (e.g., bylaws, articles of incorporation)
- Copy of the most recent two (2) years audited financial statements, performed in accordance GAAP requirements, demonstrating profitability for the prior two (2) years
- Acceptable Quality Control Plan and Reports – written quality control policies and procedures, as well as the Quality Control Plan reports for the four (4) most recent quarters
- Appraisal Independent Requirements (AIR) Plan
- Anti-Money Laundering (AML) Policies and Procedures
- Evidence of agency approval letters, if approved by HUD, VA, FHLMC, FNMA, or GNMA (Approval letters must state specific approval granted by respective agency)
- Most recent investor scorecards (top three (3) investors)
- Copy of current Fidelity Bond and E&O insurance
- Completed Wire Funds Setup Instructions and Warehouse Approval Letters

Correspondent Manual

- Copy of state issued Corporate and Brokers/Bankers license, with DBA if applicable and with DBA shown on license. Licenses in a corporation's name must show the Broker/Banker as designated officer.

For Third Party Origination Consideration:

- TPO (Third Party Originator) Approval Policy & Procedure (including Monitoring)
- TPO Client List (including legal name and NMLS number)

Correspondent Seller Financial Evaluation

At the time of initial application, Seller will be subject to a financial evaluation. The financial evaluation will be completed by a financial analyst employed by TMS. The analyst will determine the overall stability of the Seller and any potential financial risks associated with the Seller. The Seller will be required to provide Letters of Explanation for any negative findings or red flags associated with the company's financials. The results of the financial review will be included in the Client Summary Package for TMS management's review and approval.

Third Party Origination (TPO) Approval

Lenders that wish to have Third Party Origination (TPO) approval will be required to submit their full Policy and Procedures, including ongoing monitoring, and a full client list for consideration. Policies and client list will be reviewed by a Client Management Reviewer and any questions or concerns will need to be addressed by Lender. TMS has the right to decline TPO business and/or remove TPO approval at any time.

Delegation and Underwriting Authority

All FHA, VA, and USDA approved Sellers with Underwriters that meet HUD/VA/USDA requirements are fully delegated to underwrite loans to TMS's credit and eligibility standards. Conventional underwriting authority is granted to Sellers based on experience levels and proven track record. TMS may terminate a Seller's authorization to perform delegated underwriting at any time by providing notice to the Seller.

Yearly Review and Renewal, Audits and Reporting

On an annual basis, Seller must complete a TMS lender recertification process. Seller is obligated to provide any changes or updates which may have occurred in its organization since its previous approval or renewal. The following are required during annual recertification:

- Recertification Form
- Authorization to Release Information
- Affiliated Business Disclosures
- TMS Fair Lending Form
- Current YTD Balance Sheet and P&L Statement
- Most recent year-end audited financials
- Copy of current Fidelity Bond and E&O insurance
- Updated Organizational Chart
- Updated Quality Control Plan

Correspondent Manual

- Most recent investor scorecards (top three (3) investors)
- Appraisal Independence Requirements (AIR) Plan

For lenders with Third Party Origination (TPO) Approval:

- TPO (Third Party Originator) Approval Policy & Procedure (including Monitoring)
- TPO Client List (including legal name and NMLS number)

Seller must deliver copies of any notification of termination of license(s) or lending authority to TMS immediately. If a Seller is terminated, suspended, or under investigation from any governmental agency or quasi-governmental agency, Seller must immediately notify TMS and forward any associated notices and/or documentation.

From time to time, TMS may audit the Seller's loan origination operations and examine the documents and records relating to any mortgage loan sold by the Seller. Seller will facilitate such audits and provide TMS, and its agents, access to the Seller's offices, books, and records, at reasonable times during the Seller's normal business hours.

At any time, Seller may be selected for a quarterly Risk Assessment review by TMS. During such review, TMS will monitor loan quality, aging receivables, reputational risk, FHA Compare Ratio, and any possible issues or concerns regarding the Seller.

[Pull-Through Ratio Requirements](#)

Seller must maintain a locked-to-purchased pull-through ratio of 75% or greater. Pull-through is measured by the amount of fallout a Correspondent has. Fallout is defined as any loan locked with TMS not purchased by the required expiration date.

We do, in the ordinary course of our business practices, review the MERS database for loans which have been canceled from our pipeline to see if they have been funded with another lender. If the Seller is found to have "flipped" a loan to another lender, we reserve the right to charge the Seller the appropriate pair-off fees, or the client could face additional pricing penalties, and possible termination for repeat offenders.

[Representations, Warrants, and Covenants](#)

By agreeing to sell loans to TMS, hereinafter referred to as "Buyer," in accordance with the provisions of the Correspondent Loan Purchase Agreement, hereinafter referred to as "Agreement," and in this TMS Correspondent Seller's Manual, hereinafter referred to as "Manual," the Correspondent Seller, hereinafter referred to as "Seller," hereby represents, warrants, and covenants to Buyer as of the date of the Agreement, and as of the date of Buyer's purchase of each mortgage loan to comply and maintain compliance with all provisions in the Agreement, Manual, and any other agreement by and between Buyer and Seller.

Seller represents it has all requisite power and authority to execute and enter into the Agreement and to perform the obligations required and contained within. The execution and delivery of the Agreement and all documents, instruments, and agreements required to be executed by Seller have been duly and validly authorized by all necessary action of Seller. The Agreement constitutes a valid, legal, and binding

Correspondent Manual

agreement of Seller, enforceable by Buyer in accordance with its terms, subject to bankruptcy, insolvency, re-organization, receivership, or other laws affecting rights of creditors generally, and general equity principles.

Maintain Good Standings

Seller is and will continue to be duly organized, validly existing, and in good standings under the laws of the United States or under the laws of the jurisdiction in which it has incorporated or organized, as applicable. Seller has and will continue to maintain all licenses, registrations, and certifications necessary to carry on its business as it is now being conducted. Seller is and will continue to be licensed, registered, qualified, and in good standing in each state where property securing the mortgage loan is located, if the laws of such state require licensing, registration, or qualification in order to conduct business of the type conducted by Seller.

Seller represents it employs, or will employ, a sufficient number of knowledgeable and capable individuals to perform the services required by the Agreement. Seller represents its employees who perform loan origination activities will be appropriately licensed and in good standing with the applicable licensing and oversight authorities at all times. Seller will continue to maintain minimum tangible net worth requirements per their level of approved issued by TMS.

Seller has the ability to perform each and every obligation of and/or satisfy each and every requirement imposed on Seller pursuant to the Agreement, and no offset, counterclaim, or defense exists to the full performance by Seller of the requirements of the Agreement.

There are no actions, litigations, suits, or proceedings, pending or threatened, against the Seller before or by any court, administrative agency, arbitrator, or governmental body with respect to any matter which, in the judgment of the Seller, if filed adversely to the Seller would reasonably be expected to materially and adversely affect the Seller's ability to perform its obligations under the Agreement and Manual. Seller is not in default with respect to any order of any court, administrative agency, arbitrator, or governmental body so as to materially and adversely affect the transactions contemplated by the Agreement.

Sole Owner and Holder of the Mortgage Loan

Seller is the sole owner and holder of the mortgage loan, free and clear of any liens or pledges, except for the pledge of the Promissory Note by Seller with a warehouse lender which the Seller has disclosed and been approved by TMS, charges or security interest of any nature, and has full right and authority to sell and assign the same pursuant to the Agreement.

No Servicing Restrictions

The mortgage loan is not in default and all monthly payments have been made on time, including all taxes, assessments, insurance premiums, water, sewer, and municipal charges relating to the property secured by the mortgage.

There is no default, breach, violation, anticipated breach, or event of acceleration existing under the mortgage or the related Promissory Note, and no existing or known event which, with the passage of

Correspondent Manual

time would constitute a default, breach, violation, or event of acceleration under such mortgage or the related Promissory Note.

[Loan is Not Subject to Right of Rescission or Counter Claim](#)

The mortgage loan is not subject to any right of rescission, set-off, counter claim, or defense and is not unenforceable under any terms. The Promissory Note, the mortgage, and any other agreement executed and delivered by a borrower or guarantor, if applicable, are genuine, legal, valid, binding, and enforceable obligations of the maker thereof. All parties to the Promissory Note and any other agreement executed and delivered by a borrower or guarantor, if applicable, had legal capacity to execute such documents and such parties have in fact, properly executed all such documents.

[Funding Meets Applicable State and Federal Laws](#)

The mortgage loan and the funding meet or is exempt from, applicable state and federal laws, regulations, and other requirements pertaining to usury, fees, and expenses incurred in the making of a mortgage loan. This includes, but is not limited to, usury, TILA-RESPA Integrated Disclosure Rule (TRID), Truth-in-Lending Act (TILA), Real Estate Settlement Procedures Act (RESPA), applicable state disclosure laws, consumer credit protection, and the Equal Credit Opportunity Act (ECOA).

[Proceeds Fully Disbursed](#)

The proceeds of the mortgage loan have been fully disbursed and there is no requirement or anticipation of future advances. All costs, fees, and expenses incurred in making, closing, or recording the mortgage loan have been paid in full.

[Mechanic Liens or Claims for Work](#)

At settlement of the mortgage loan, and to the Seller's knowledge as of the transaction date, there were no mechanic liens or claims for work, labor or material affecting the mortgage property, which are or may be a lien prior to the lien of such mortgage except those which are insured against by the title policy.

The mortgage is a valid, existing, and enforceable first lien on the mortgaged property, including all improvements on the mortgaged property subject only to (i) the lien of current real property taxes and assessments not yet due and payable, (ii) covenants, conditions and restrictions, rights of way, easements, and other matters of the public record as of the date of recording being acceptable to mortgage lending institutions generally and specially referred to in the owner's title policy delivered to the originator of the mortgage loan and which do not adversely affect the appraised value of the mortgaged property, (iii) other matters to which like properties are commonly subject to which do not materially interfere with the benefits of the security intended to be provided by the mortgage or the use, enjoyment, value, or marketability of the related mortgaged property. Any security agreement, chattel mortgage, or equivalent document related to and delivered in connected with the mortgage loan establishes and creates a valid, existing, and enforceable first lien and first priority security interest on the property described therein, and the Seller as the full right to sell and assign the same to The Money Source Inc.

Correspondent Manual

Property and Improvements

All improvements, which are included for purposes of determining the appraised value of the mortgaged property, lie wholly within the boundaries and building restriction lines of such property, and there are no adverse material conditions which would affect the appraised value. No improvements on the adjoining property encroach upon the mortgaged property as insured against by the related title policy.

At settlement of the mortgage loan, and to the Seller's knowledge as of the transaction date, no improvement located on or being part of the mortgaged property was in violation of any applicable zoning law(s) or regulation(s).

To the best of the Seller's knowledge, there is no hazardous substance or toxic waste located on or under said property to affect the value of said property.

There is no proceeding pending, or to the Seller's knowledge threatened, for the total or partial condemnation of the mortgaged property, and said property is undamaged by waste, fire, earthquake, earth movement, subsidence, wind, storm, flood, water, tornado, or other casualty, and the mortgaged property is in good repair.

There are no circumstances or conditions other than what is consented to in writing by TMS with respect to the mortgage, the mortgaged property, the borrower, or the borrower's credit standing, that can be reasonably expected to cause private institutional investors, which invest in mortgage loans with commensurate credit grades consistent with a mortgage loan sold by Seller to TMS, to regard the mortgage loan as an unacceptable investment, cause the mortgage to become delinquent, or adversely affect the value or marketability of the mortgage loan.

Purchase or Not Purchase

The Seller's decision to originate the mortgage loan or to deny any mortgage loan is an independent decision and is in no way made as a result of TMS's decision to purchase or not purchase any such mortgage loan, if originated.

Anti-Money Laundering Laws

The Seller has complied with all applicable anti-money laundering laws and regulations, including without limitation the [USA Patriot Act of 2001](#) and the Bank Secrecy Act (collectively, the "Anti-Money Laundering Laws"); the Seller has established an anti-money laundering compliance program as required by the Anti-Money Laundering Laws.

Servicemembers Civil Relief Act

The borrower has not notified the Seller, and the Seller has no knowledge of any relief requested or allowed to the borrower under the Soldiers' and Sailors' Civil Relief Act of 1940 as amended, or other similar state statute(s).

High-Cost Loan

The Seller warrants each mortgage loan sold to TMS is not a "high-cost" or a "predatory" loan. The mortgage loan is not (i) a "high-cost" loan under the [Home Ownership and Equity Protection Act](#) (HOEPA) of 1994, specifically Section 32 of Regulation Z or (ii) a "high-cost," "threshold," "covered,"

Correspondent Manual

“predatory,” or similar loan under any other applicable state, federal, or local law, or similarly classified loan using different terminology. [High Priced Mortgage Loans \(HPML\)](#) are considered for purchase review with no additional overlays, so long as the mortgage loan complies with all requirements under Regulation Z and applicable state law, including underwriting and consumer protection requirements.

Ability to Repay (ATR) and Qualified Mortgage (QM) Rule

The [ATR/QM rule](#) requires lenders to make a reasonable, good-faith determination before or at the time of consummation of a mortgage loan that the consumer has a reasonable ability to repay the loan. TMS follows HUD and CFPB guidance regarding QM.

Safe Harbor and Rebuttable Presumption QM loans are considered for purchase review with no additional overlays.

Quality Control and Audit System

Seller has a quality control/internal audit system which reviews the authenticity of information utilized in underwriting mortgage loans, including verification of credit information, accuracy of appraisal, and verification of income and employment. Seller acknowledges TMS is relying on Seller as to the truth and accuracy of such third-party information contained in mortgage loans. Seller agrees to inform TMS of any irregularities discovered that affect the data integrity and quality of the loans, and to take appropriate remedial action, which may, in accordance with the terms of the Agreement, include re-purchasing the mortgage loan(s) or indemnifying TMS against associated losses in the event TMS is damaged as a result of the inaccuracy of such information.

Effect of Termination

Any termination of the Agreement shall not affect Seller’s obligation with respect to mortgage loans previously sold or delivered to TMS prior to the effective date of such termination.

Confidentiality

As a result of its relationship with TMS, and access to the Agreement, Seller 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 TMS’s business, including its origination, purchase, sale, and servicing of mortgage products, collectively referred to as “Confidential Information.” Seller acknowledges such Confidential Information is the exclusive property of TMS. Seller shall not, at any time, regardless of when and how its relationship with TMS may end, directly or indirectly use, disclose, publish, reveal, copy, disseminate, or otherwise make available such Confidential Information, other than as expressly set forth herein or in the Agreement.

Right to Offset

Seller agrees TMS shall have the right to offset amounts owed to TMS and/or net and offset monies owed on any and all loans submitted to TMS.

When errors and/or discrepancies occur in the purchasing of a mortgage loan, they will be processed in one of three methods, depending on the specific discrepancy: (i) If TMS over-funds on a mortgage loan purchase, Seller agrees to reject the wire. Once the wire is rejected, TMS will process the correct wire

Correspondent Manual

amount from the warehouse bank; (ii) Seller agrees if they do not reject the wire, monies owed to TMS will be offset and/or netted from other mortgage loans in process with TMS; (iii) If TMS owes Seller additional monies on a purchased mortgage loan, TMS will process a check for the difference to Seller.

Mortgage Loan

The mortgage loan has not been satisfied, canceled, subordinated, or rescinded, in whole or part (other than as to principal pre-payments in full, which may have been received prior to the transaction date) and the mortgaged property has not been released from the lien of the mortgage, in whole or in part, nor has any instrument been executed which would affect any such satisfaction, cancellation, subordination, rescission, or release.

Qualified Appraiser and General Appraisal Requirements

Any and all appraisals prepared for purposes of the mortgage loan to verify and validate the value of the mortgage property were prepared for the Seller only in accordance with [Appraisal Independence Requirements \(AIR\)](#) and performed by an unbiased third-party that is a duly qualified and licensed appraiser and each such appraisal validly and accurately represents the current market value of the mortgaged property at the time the appraisal was performed. Each appraisal will meet and be delivered in a format consistent with Fannie Mae, Freddie Mac, HUD, VA, USDA, and Ginnie Mae requirements, as applicable.

Texas Home Equity – A6

The Money Source accepts Texas Section 50(a)(6) mortgages. By sale of these mortgages to TMS, the Seller represents and warrants compliance with the following for all [Texas Section 50 \(a\)\(6\)](#) mortgages delivered to TMS:

- All Texas Section 50(a)(6) mortgages were (or will be) originated pursuant to the Texas Constitution applicable to mortgage loans authorized by Section 50(a)(6), Article XVI of the Texas Constitution, as amended from time to time.
- The Seller has in place a specific process for the receipt, handling, and monitoring of notices from borrowers that the Seller failed to comply with the provisions of the law applicable to Texas Section 50(a)(6) mortgages. Such processes must be adequate to ensure the Seller will correct the failure to comply by one of the authorized means, no later than the 60th day after the date the Seller is notified of the failure to comply by the borrower.
- An attorney familiar with the provisions of Section 50(a)(6), Article XVI of the Texas Constitution was consulted (or will be consulted prior to the origination of the Texas Section 50(a)(6) mortgages) in connection with the development and implementation of the processes and procedures used for the origination of the Texas Section 50(a)(6) mortgages.
- To ensure ongoing compliance with the law applicable to mortgage loans authorized by Section 50(a)(6), Article XVI of the Texas Constitution, the processes and procedures used for the origination of the Texas Section 50(a)(6) mortgages will be reviewed by the Seller regularly and will be updated and revised, as appropriate pursuant to clarifications of the law, on a regular and continual basis.

Correspondent Manual

- Upon delivery of a Texas 50(a)(6) loan, the Seller represents and warrants that each loan complies with all Texas 50(a)(6) regulations as well as Fannie Mae or Freddie Mac policies including but not limited to:
 - The Notice Concerning Equity Loan Extension of Credit has been signed by all parties with an interest in the property at least 12 days prior to closing. Disclosure has been provided to borrowers in the language for which the application was taken.
 - Fees do not exceed two percent (2%) of the principal balance.
 - Loan has been closed using the appropriate, most recent, Fannie Mae Texas Home Equity Note, Security Instrument, and Rider.
 - Borrower was given a copy of all closing documents.
 - Borrower was given the final itemized fees prior to closing.
 - Borrower has been given the Texas Home Equity Right to Cancel form, in addition to the Federal Right to Cancel form.
 - Loan file contains an Acknowledgement of Fair Market Value signed by the Correspondent Seller and the borrower.
 - File contains a Texas Home Equity Certificate from Originating Lender regarding compliance with Section 50(a)(6), Article XVI of the Texas Constitution form signed by the Seller.
 - LTV/CLTV does not exceed 80%.
 - No new subordinate financing has been obtained.
 - Subject is a one- (1-)unit dwelling.
 - No other Texas 50(a)(6) financing has been secured by the subject property within the last 12 months.
 - Subject property is borrower's homestead.
 - Subject property is a separate parcel and does not exceed 10 acres.
 - A full appraisal has been obtained, regardless of DU findings.
 - Loan was not closed in the name of a trust.
 - Property must be used for residential purpose (no agricultural use).
 - If the borrower owns more than one dwelling, file contains an Affidavit of Non-Homestead for all other dwellings owned.
 - If consumer debt was paid off at closing, file contains a certification from the borrower indicating the payoff of debt was voluntary and not a condition of the loan approval.
 - There are no non-occupying co-borrowers, guarantors, or co-signers.

[TMS Disaster Policy](#)

The purpose of TMS's Disaster Policy and Procedure is to ensure the collateral, the loan's subject property being purchased by TMS, has not been damaged in a natural disaster; or if it has been damaged, the subject property has been repaired and restored to its pre-disaster condition or better. When a disaster occurs, or an imminent threat is apparent, TMS will publish a list of identified areas and may issue a purchase moratorium (temporarily suspending funding) in those areas. While the Federal Emergency Management Agency (FEMA) is the primary source for this information, it does not always issue declarations immediately following a disaster. Regardless of federal disaster declaration, anyone

Correspondent Manual

with knowledge of potentially adverse conditions impacting the subject property should take action to ensure the property meets TMS's requirements for purchase.

The requirements detailed below must be completed for all subject properties located within areas identified as a disaster area by federal agencies such as FEMA, or otherwise identified by TMS, once the purchase moratorium has been lifted.

Warranty

It is the Seller's sole responsibility to be aware of any mortgages loans in a disaster impacted area prior to sale to TMS. By sale of the loan to TMS, the Seller warrants the subject property is habitable, is in saleable condition, and there are no repairs or other detrimental conditions to the subject property at the time of the sale.

Requirements

Disaster declarations typically detail an "incident period," the date(s) in which the disaster occurred, and the "Major Disaster Declaration" date, the date in which the incident was officially declared a disaster. The requirements below must be followed 90 days from the incident period end date, or if an incident end date is not clear, TMS will use the date of the Promissory Note to determine the 90-day period. Loans without an appraisal such as Conventional loans with property inspection waiver (PIW), FHA Streamline refinance, or VA IRRRLs, will require an eligible reinspection 90 days from the incident end date. See Appraisal/Reinspection table for details.

Re-Verification of Employment and Income

If a disaster incident date occurs after the Verbal Verification of Employment (VVOE) was completed, an additional VVOE to ensure the borrower is still employed and is continuing to receive the same amount of income stated on the loan application (URLA).

Change of Circumstance (COC)

For loans closed *after* a disaster incident occurred and a re-inspection was conducted, a valid and compliant Change of Circumstance (COC) form is required due to the increase in costs incurred as a result of the re-inspection, and all applicable re-disclosure waiting periods must be adhered to.

For loans closed *before* a disaster incident, a COC is not required.

Appraisal/Reinspection

Fannie Mae or Freddie Mac loans with a Property Inspection Waiver (PIW) will require resubmission to DU/LP to maintain PIW eligibility. If the findings show continued PIW eligibility, a reinspection will be required. If the PIW is no longer permissible, a full appraisal, per FNMA and FHLMC guidance, is required.

Loan Type	Full Appraisal Completed On/Prior to Incident Period	Full Appraisal Completed After Incident Period	No Appraisal (Streamlines, IRRRLs, PIWs)
Conventional	Appraisal Reinspection Required <ul style="list-style-type: none"> Appraisal Update Form 1004D; 	For a period of 90 days from the incident period end date, the appraisal must include written	<ul style="list-style-type: none"> Seller must resubmit to DU and maintain PIW eligibility.

Correspondent Manual

Loan Type	Full Appraisal Completed On/Prior to Incident Period	Full Appraisal Completed After Incident Period	No Appraisal (Streamlines, IRRRLs, PIWs)
	<ul style="list-style-type: none"> Freddie Mac Form 2070; or Fannie Mae Form 2075 Statement from Appraiser that the subject property has not sustained any flooding and/or damage Statement from Appraiser on neighborhood conditions as they relate to flooding and/or damage Interior and exterior photos of the subject property evidencing no water damage, including the basement (if applicable) 	<p>certification from the Appraiser that:</p> <ul style="list-style-type: none"> Subject property is free from damage and the disaster had no effect on the value or marketability. If the appraisal indicates damage, the extent of damage must be addressed. Completion of repairs is required, as evidenced by Form 1004D/442, Appraisal Update, and/or Completion Report (with photos) prior to the closing of the loan. <p>Appraisal must indicate if the property was affected by the disaster.</p> <p>If the subject property was affected:</p> <ul style="list-style-type: none"> Damages documented must be repaired by a licensed contractor, or per local jurisdictional requirements. All damages must be repaired, and the subject property restored to its pre-disaster condition, or better, with appropriate and applicable documentation 	<p>If the PIW is no longer available by DU, a full appraisal is required. If the property is still eligible for the PIW, a reinspection will be required.</p> <ul style="list-style-type: none"> Lender's Certification In lieu of Reinspection (See Lender's Certification in lieu of reinspection section below table)
FHA	<p>Reinspection Required:</p> <ul style="list-style-type: none"> No specific form is required. The inspection must be dated after the incident period. If utilities have not been fully restored to the area, the Appraiser is not required to ensure utilities are on at the time of reinspection. 	<p>For a period of 90 days from the incident period end date the appraisal must include written certification from the appraiser that:</p> <ul style="list-style-type: none"> Property is free from damage and the disaster has had no effect on the value or marketability. If the appraisal indicates damage, the 	<ul style="list-style-type: none"> FHA Streamline with No Appraisal: Reinspection Required: Disaster Inspection <ul style="list-style-type: none"> Photos of the interior, exterior, and neighborhood. Lender's Certification In lieu of Reinspection (See Lender's Certification in

Correspondent Manual

Loan Type	Full Appraisal Completed On/Prior to Incident Period	Full Appraisal Completed After Incident Period	No Appraisal (Streamlines, IRRRLs, PIWs)
	<ul style="list-style-type: none"> Damages documented must be repaired by a licensed contractor, or per local jurisdictional requirements. All damages must be repaired, and the subject property restored to its pre-disaster condition, or better, with appropriate and applicable documentation. For loans not closed prior to the incident period, as defined by FEMA, in PDMDAs where a damage inspection report reveals property damage, the appraisal validity period is extended from 90 Days to a maximum of one year from the effective date of the original appraisal. In no instance will an appraisal be acceptable for a loan closing that has an effective date beyond one year. Loans with appraisals having effective dates in excess of one year require a new appraisal. 	<p>extent of the damage must be addressed. Completion of repairs is required as evidenced by Form 1004D/442, Appraisal Update and/or Completion report (with photos) prior to the closing of the loan.</p> <p>Appraisal must indicate if the property was affected by the disaster.</p> <p>If the property was affected:</p> <ul style="list-style-type: none"> Damages documented must be repaired by licensed contractors or per local jurisdictional requirements. All damages must be repaired, and the subject property restored to its pre-disaster condition or better with appropriate and applicable documentation. 	<p>lieu of reinspection section below table)</p>
USDA	<p>Reinspection Required</p> <ul style="list-style-type: none"> All subject properties pending closing or guarantees in affected areas require an interior and exterior property inspection with interior and exterior photographs of damage to determine the subject property's condition using Fannie Mae Form 1004D In addition, USDA's Conditional Commitment requires 	<p>For a period of 90 days from the incident period end date the appraisal must include written certification from the Appraiser that:</p> <ul style="list-style-type: none"> The subject property is free from damage and the disaster has had no effect on the value or marketability. If the appraisal indicates damage, the extent of the damage must be addressed. Completion of repairs is required as 	N/A

Correspondent Manual

Loan Type	Full Appraisal Completed On/Prior to Incident Period	Full Appraisal Completed After Incident Period	No Appraisal (Streamlines, IRRRLs, PIWs)
	the lender's attestation on the Lender Certification for SFH Guaranteed Loan by the Correspondent Seller that there has been no change in the borrower's financial status or the property status since USDA issued the Conditional Commitment.	evidenced by Form 1004D/442, Appraisal Update, and/or Completion report (with photos) prior to the closing of the loan. Appraisal must indicate if the subject property was affected by the disaster. If the subject property was affected: Damages documented must be repaired by licensed contractors or per local jurisdictional requirements. All damages must be repaired, and the subject property restored to its pre-disaster condition or better with appropriate and applicable documentation.	
VA	<p>Reinspection Required:</p> <ul style="list-style-type: none"> No specific form is required. Interior and exterior inspection with photographs verifying the subject property was not damaged in the disaster or has been restored to its pre-disaster condition or better. If the subject property is located in a disaster declared area, a Disaster Inspection Certification is required, prior to closing, to ensure collateral is acceptable. Lender Certification: "This is to affirm that the property which is security for VA loan number (insert VA case number) has been inspected to ensure that it was not damaged in the recently declared disaster or has been restored to its pre-disaster condition or 	<p>For a period of 90 days from the incident period end date the appraisal must include written certification from the Appraiser that:</p> <ul style="list-style-type: none"> The subject property is free from damage and the disaster has had no effect on the value or marketability. If the appraisal indicates damage, the extent of the damage must be addressed. Completion of repairs is required as evidenced by Form 1004D/442, Appraisal Update and/or Completion report (with photos) prior to the closing of the loan. <p>Appraisal must indicate if the subject property was affected by the disaster.</p> <p>If the subject property was affected:</p>	<ul style="list-style-type: none"> VA IRRRL: Reinspection Required: Disaster Inspection <ul style="list-style-type: none"> Photos of the interior, exterior, and neighborhood. If the disaster occurred prior to Correspondent Seller's disbursement of funds, Veteran to complete and sign the Veteran Certification Lender's Certification In lieu of Reinspection (See Lender's Certification in lieu of reinspection section below table)

Correspondent Manual

Loan Type	Full Appraisal Completed On/Prior to Incident Period	Full Appraisal Completed After Incident Period	No Appraisal (Streamlines, IRRRLs, PIWs)
	<p>better.”</p> <p>The certification must be signed by an officer of the Correspondent Seller and must provide the Correspondent Seller’s title, and the date the certification was signed.</p> <ul style="list-style-type: none"> • Veteran Certification: “I have inspected the property located at <i>(insert full property address)</i> and find its condition now to be acceptable to me. I understand that I will not be charged for any disaster-related expenses and now wish to close the loan.” <p>The certification must be signed and dated by the veteran. The sentence pertaining to disaster-related expenses must be omitted for refinance transactions only.</p> <ul style="list-style-type: none"> • The VA underwriter must make the following comments on the VA Loan Summary (VA Form 26-0286): “Lender and Veteran Disaster Certifications Enclosed.” • If local laws require a property inspection, a copy of the required inspection report meeting local building authority criteria must be included in the loan file. Neither VA nor the veteran purchaser shall bear the expense of any disaster-related inspection for any transaction or repairs on purchase transactions. 	<p>Damages documented must be repaired by licensed contractors or per local jurisdictional requirements. All damages must be repaired, and the subject property restored to its pre-disaster condition or better with appropriate and applicable documentation.</p>	

Correspondent Manual

Loan Type	Full Appraisal Completed On/Prior to Incident Period	Full Appraisal Completed After Incident Period	No Appraisal (Streamlines, IRRRLs, PIWs)
	<ul style="list-style-type: none"> If there's an indication that the subject property, despite repairs, will be worth less at the time of loan closing than it was at the time of appraisal, the VA Appraiser must update the original value estimate and the loan amount must be reduced accordingly. Payment for the appraisal is a contractual matter between the buyer and seller. The Correspondent Seller must confirm prior to closing that the veteran's employment and income have not changed since the loan application. 		

Lender Certification In Lieu of Reinspection

TMS Delegated Correspondent Sellers may provide a Lender Certification by conducting a drive-by inspection, provided they are certifying the loan meets the reinspection requirements. It is the Seller's sole responsibility to be aware of any mortgage loans in a disaster impacted area prior to sale to TMS. By sale of the loan to TMS, the Seller warrants the subject property is habitable, is in saleable condition, and there are no repairs or other detrimental conditions to the subject property at the time of the sale.

Receipt of a Lender Certification does not release the Seller from any required representations and warranties related to compliance with agency or TMS guidelines.

When a Lender Certification is provided in lieu of a reinspection, the following requirements must be met:

- Certification and drive-by inspection must be completed after the incident end date.
- All standard agency requirements must be met.
- Supporting Documentation: Photos of the exterior and neighborhood, post-disaster, and not from a listing site such as MLS
- Lender Certification must:
 - Be on the Seller's company letterhead;
 - If a VA loan, the certificate must include VA specific verbiage detailed in the above matrix;

Correspondent Manual

- State an acceptable inspection of the subject property was completed and certify the Seller represents and warrants that the subject property is free from damage and any adverse events were evaluated as it relates to the subject property's marketability, value, and is habitable;
- Include the subject property's full address (house number, street name, city/town, state, zip code) and TMS's loan number;
- Be executed by an officer that will not receive loan-level compensation of the Seller's company.

Government Loans

By sale of a FHA, VA, or USDA mortgage to TMS, the Seller represents and warrants compliance with the following for all FHA, VA, and USDA mortgages delivered to TMS:

- Each government loan conforms to and complies with all applicable HUD/FHA, VA, or USDA underwriting, lending, selling, and servicing requirements, and all Ginnie Mae requirements for the inclusion of the mortgaged loan in a Ginnie Mae MBS pool.
- Seller has not agreed to and will not agree to a planned refinance.
- Any third-party with whom Seller contracts or otherwise permits to provide a service in connection with a mortgage loan complies with all said government agency requirements applicable to Seller, to said third-party, and to the mortgage loan.
- The mortgage insurance premium or the VA Funding Fee has been paid, as applicable, and the mortgagor is not entitled to any refund of any amounts paid or due under the Promissory Note or the mortgage security instrument/mortgage deed of trust.
- Seller's approval with HUD, VA, and/or USDA, as applicable, is current and in good-standing.
- If the loan is for an FHA-insured mortgage loan, the loan is fully eligible for FHA insurance, and is, or within 60 days of the purchase date by TMS will be, fully insured by HUD.
- If the mortgage loan is to be guaranteed by VA, the loan is fully eligible for a VA guaranty and the Loan Guaranty Certificate (LGC) will be delivered to TMS within 90 days of the purchase date.
- If the loan is to be guaranteed by USDA, the loan is fully eligible for a USDA guaranty and the Loan Note Guaranty (LNG) will be delivered to TMS within 90 days of the purchase date.
- Escrow waivers are not permissible.

Funding Documentation

The mortgage file contains each of the documents and instruments specified to be included therein as required under this Manual, and each such document or instrument is in a form specified by this Manual.

No Impaired, Waived, Altered, or Modifications

The terms of the Promissory Note and the mortgage security instrument/mortgage deed of trust have not been impaired, waived, altered, or modified in any respect from the date of origination, except by a written instrument which has been recorded, if necessary, to protect the interest of TMS.

Correspondent Manual

Record Security Instrument

Each mortgage security instrument/mortgage deed of trust and all other security instruments securing the mortgage loan have been duly recorded in or submitted for recording in the office of the jurisdiction where the mortgaged loan's subject property address is located.

Qualified and Authorized Trustee

Any trustee named in the mortgage security instrument/mortgage deed of trust is duly qualified and authorized to serve as such in the applicable jurisdiction and has been properly designated and currently so serves. No fees or expenses are currently due to such Trustee other than any fees or expenses which may be incurred after a default.

Due-on-Sale

Unless otherwise provided for in the Manual, the mortgage loan contains an enforceable provision for the acceleration of payment of the unpaid principal balance of the mortgage loan in the event the mortgaged loan's subject property is sold or transferred without prior written consent.

Title Insurance Policy

Title insurance policies must meet the requirements of Fannie Mae and Freddie Mac with each policy to be written on a standard title insurance form. The only acceptable ALTA Title Insurance Policy is the most recent version available, and in any case dated no later than the 1992 version, all of which contain the updated creditor's exclusion statement. Each title insurance policy must be underwritten by a title insurance company that is duly authorized and licensed to issue title insurance in the state where the subject property is located.

The effective date of the title insurance policy must be the same or after the date the mortgage security instrument/mortgage deed of trust was recorded.

The minimum amount of title insurance coverage is the original principal amount of the mortgage loan being insured. The title insurance policy must show the name of the Seller, its successors and/or assigns, or The Money Source Inc., its successors and/or assigns.

Title must be free and clear of all liens and encumbrances. The title to the property securing the mortgage loan must be good and marketable. The title policy must not be subject to any exceptions unless stated in this Manual.

Each title insurer is qualified to do business in the jurisdiction where the mortgaged loan's subject property is located. Each such policy shall insure Seller, its successors and assignees to the first (or if indicated by Seller, second) priority of the mortgage, and shall be in the amount of the original principal balance of the mortgaged loan.

Seller warrants they are the named insured and sole insured of such title policy, the assignment to TMS of Seller's interest in such title insurance does not require the consent or notification to the insurer, and such insurance policy is and will remain in full force and effect and will insure to the benefit of TMS.

Seller warrants no claims have been made under such title insurance policy and neither Seller nor any prior holder of the mortgage security instrument/mortgage deed of trust has done anything which

Correspondent Manual

would impair the coverage of such title insurance policy, and nothing contemplated in the Agreement, or any transfer to TMS, will impair the coverage of such title insurance policy. In the event a married borrower wishes to take title to the mortgaged property without their spouse, the lien created by the mortgage must be superior to any interest in the mortgaged property the spouse may have under the law or otherwise.

Only the borrower(s) applying for a mortgage loan are permitted to be on the Promissory Note.

Survey Requirements

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

Endorsement Requirements

The following endorsements are required, as applicable:

- All loans: 8.1 Environmental Protection
- Condominiums: 115.1; PUDs: 115.2
- Comprehensive endorsement 100 or its equivalent
- Location endorsement 116 or its equivalent
- Manufactured homes: 7 or 7.1

Instructions to Settlement Agents and Title Companies

Sellers are required to provide settlement agent/title companies with complete and accurate instructions. Settlement agent/title companies are required to adhere fully to all written closing instructions.

Non-compliance to the above will render loans ineligible for purchase by TMS.

Allowable Vesting

Borrowers may hold title individually, as joint tenants, as tenants in common, or inter vivos (with the exception of Texas Home Equity transactions).

Titles held in the following are not eligible for purchase consideration:

- Corporations;
- Partnerships;
- Real estate syndications; or
- Irrevocable trusts.

Insurance Against Loss

Hazard Insurance

The insurance company issuing the policy must meet Fannie Mae guidelines. The insurance company must be authorized by law or licensed by the jurisdiction to transact business within the state where the subject property is located.

Correspondent Manual

The mortgaged property and all improvements thereon are insured against any loss by fire and other such hazards as are customary in the area where the mortgaged property is located. The coverage must provide for claims to be settled on a replacement cost basis. Extended coverage must include, at a minimum, wind, civil commotion (including riots), smoke, hail, and damages caused by aircraft, vehicle, or explosion.

Purchase Transactions

At the time of Closing Package submission, the Seller must provide either a hazard insurance binder with a paid receipt for one full year's premium paid in advance, or the final hazard insurance policy evidencing coverage is paid-in-full, and no payment is due.

Refinance Transactions

Refinance transactions do not need to be paid for one (1) full year, but the next premium due date may not occur for at least 90 days from the date of closing.

Upon purchase of the loan, the Seller is required to send a change of loss payee to the insurance company. The Seller must be prepared to provide evidence the request was sent to the insurance company, if requested. An updated hazard insurance policy listing The Money Source Inc. and its successors and/or assigns must be received within 90 days of purchase by TMS.

NOTE: All loans purchased by TMS will be subserviced by Servbank, sb. The Mortgagee Clause should reflect as follows:

Mortgagee Clause

Servbank
ISAOA/ATIMA
P.O. Box 2828
Daytona Beach, FL 32120-2828

Such insurance policy and any other insurance policy related to the mortgage loan, or the mortgaged property contains a standard mortgagee clause naming the Seller and its successors and assigns as a mortgagee and loss payee. Each mortgage obligates the borrower to maintain such insurance at borrower's cost and expense and allows the mortgagee to obtain and maintain such insurance at borrower's cost and expense, and to seek reimbursement from borrower should there be any failure by borrower to maintain such insurance policy.

Condominiums and attached PUDs require a master or blanket policy covering the project, and a certificate of insurance for each individual unit secured by the loan sold to TMS. If the master or blanket policy maintained by an HOA for the condo project does not cover either the interior of the condo unit or the improvements made by the borrower to the interior of the condo unit, a HO-6 policy is required.

If a HO-6 policy is required, the insurance policy must provide coverage, as determined by the insurer, sufficient to repair the condominium unit to at least its condition prior to a loss claim event.

Correspondent Manual

PUD units covered under the project's blanket policy must be allowed in the homeowner's association documents and under the blanket insurance policy. The Homeowners Association (HOA) hazard insurance policy must contain the borrower's name and unit number.

In addition, the HOA must maintain a policy which covers the common areas, fixtures, equipment, personal property, and supplies of the project. Premiums with respect to such policies should be considered a common expense of the related project.

Condominiums

The certificate of insurance policy must contain the borrower's name and unit number. An individual hazard insurance policy is not required for a condominium unit. The Lender must verify that the property insurance coverage amount is at least equal to 100% of the replacement cost value of the project improvements, including common elements and residential structures, as of the current property insurance policy effective date. A hazard insurance policy which includes a guaranteed replacement cost endorsement, or a replacement cost endorsement satisfies this requirement. If the hazard insurance policy includes co-insurance clause, an agreed amount endorsement waiving the co-insurance clause is required. Seller must verify coverage is in-force for the entire project before the mortgage loan is delivered to TMS.

Effective Date

The effective date of the policy must be prior to or the same date of the closing.

Purchase Transactions

The policy must extend for a minimum of 12 months.

Refinance Transactions

The policy must extend for a minimum of 45 days.

Deductible

Unless state law requires a higher maximum amount, the maximum deductible may not exceed five percent (5%) of the face amount of the policy. The deductible clause may apply to fire coverage, extended coverage, or both. When a policy provides for separate wind-loss deductible (either in the policy itself or in a separate endorsement), the maximum deductible amount may not be more than five percent (5%) of the face amount of the policy or five percent (5%) of a PUD unit's replacement cost if the unit is covered under a blanket insurance policy.

Flood Insurance

The Seller must require flood insurance in connection with mortgages where the subject property is located in a community participating in the National Flood Insurance Program and the property is in a special flood hazard area according to the Flood Hazard Boundary Map (FHBM) or [Flood Insurance Rate Map](#) (FIRM). These areas are designated as zones A, E, or M on FHBM or zones A, AO, AH, A1-30, AE, 99, VO, VI-30, VE, V, E, or M on FIRM. Loans secured by properties in these zones must include flood insurance. If subject property is located in a non-participating community under the NFIP, flood protection through a private insurance carrier can be obtained if the insurer meets Fannie Mae's rating

Correspondent Manual

requirements. Flood insurance requirements are waived if the subject property improvements are not in the special flood zone area, even though part of the property (land) may be located in a designated flood zone.

The minimum amount of flood insurance for one-to-four unit (1-4) properties is the lower of 100% of the full replacement cost of the insurable improvements, unpaid principal balance of the mortgage loan, or the maximum insurance available from the [National Flood Insurance Program](#).

Sellers must ensure any statements made by the borrower or Seller in applications for such policies were true, complete, and correct at the time the application was made and no events have occurred since the policy was issued which would affect the stated coverage of the policy.

For condominium loans, a blanket policy of flood insurance in the name of the HOA must be obtained in accordance with Fannie Mae Guidelines. The amount of coverage must equal 80% of each building, including machinery and equipment that are part of the building(s) *and* 100% of building contents which are owned in common by all homeowners within the project, or the maximum amount available if the required insurance exceeds the maximum insurance available under the [National Flood Insurance Program](#). Mortgage loans secured by properties in a community in the Emergency Program of the NFIP are not required to maintain coverage in excess of the coverage available through the National Flood Insurance Program. Members of the [National Flood Insurance Administration](#) (NFIA) must, in the form of a standard policy, issue flood insurance. If flood insurance is required, the mortgage loan must close with one of the following:

- Policy declaration page containing a standard mortgagee clause which must read as described in this Manual. Details of the policy must meet all criteria as described in this Manual.
- Complete flood insurance policy containing a standard mortgagee clause which must read as described in this Manual. Details of the policy must meet all criteria as described in this manual.
- Complete application to the NFIP with evidence the first year's policy premium has been paid-in-full (purchase transactions only). Details of the policy must meet all criteria as described in this manual.

TMS does not consider ACORD forms, a Certificate of Insurance or Evidence of Insurance sufficient proof of flood insurance.

Private Insurance Policy for Government Loan Types

- Policy declaration page containing a standard mortgagee clause which must read as described in this manual. Details of policy must meet all criteria as described in this Manual.
- If the declarations page contains the "Compliance Job Aid" with the following language: "This policy meets the definition of private flood insurance contained in 24 CFR 203.16a(e) for FHA insured mortgages".
- Complete flood insurance policy *is* required if the declarations page does not contain the Compliance Job Aid language as described above. Sellers must ensure the policy meets the following requirements:
 - The policy is issued by an insurance company that is licensed in the state or jurisdiction in which the property is located

Correspondent Manual

- Flood insurance coverage is at least as broad as the coverage provided under a standard National Flood Insurance Program (NFIP) for the property type
- The deductible is not higher than the specified maximum
- Includes a requirement for the insurer to provide a written notice 45 days before cancellation or non-renewal of Flood Insurance coverage to the borrower and the mortgagee
- Includes information about the availability of Flood Insurance coverage under the NFIP
- Includes a mortgage interest clause similar to the clause contained in a standard Flood Insurance policy under the NFIP
- Includes a provision requiring the Borrower to file suit no later than one year after the date of a written denial for all or part of a claim under the policy; and
- Contains cancellation provisions that are as restrictive as the provisions contained in a standard Flood Insurance policy under the NFIP.

Private Insurance Policy for Conventional Loans

- Complete flood insurance policy containing a standard mortgagee clause which must read as described in this Manual. Details of the policy must meet all criteria as described in this Manual.
 - The policy must comply with the requirements of the [Final Interagency Rules](#) effective July 1, 2019.
- In addition, for any private flood insurance for a FNMA or FHLMC loan, the insurer must meet the rating requirements in the FNMA Selling Guide or FHLMC Seller/Service Guide, as applicable, for property insurers

For loans secured by condominium units that are detached or part of an attached 2-4-unit project, or for which the Fannie Mae High LTV refinance transaction is utilized, the subject Homeowners Association is not required to maintain a master flood insurance policy. The borrower may maintain an individual flood insurance dwelling policy that meets Fannie Mae's coverage requirements.

Flood Certificate

Sellers are expected to provide a Life-of-Loan Flood Certificate, preferably from CoreLogic or Service Link. Sellers may utilize any vendor providing life-of-loan coverage. In the event a CoreLogic First American Flood Certificate was used, the TMS service code is 2830983. Files with Life-of-Loan Flood Certificates provided by vendors other than CoreLogic or Service Link will be subject to a \$15 charge.

Earthquake Insurance

Earthquake insurance is required for any property located, or in close proximity to, a structural fault or in a special seismic study zone. If there is no mention made in the appraisal, survey, or title policy regarding earthquake exposure, earthquake insurance is not required. TMS relies on Seller's representations and warranties that, as of the date a mortgage loan has been purchased, the applicable required dwelling insurance has been obtained and the premium for such insurance has been paid-in-full.

Correspondent Manual

Additional Coverage

The following additional coverage is required, as applicable:

Rent Loss

Borrower must maintain rent loss insurance for all two-to-four (2-4) unit investment properties.

Fraud, AML/BSA, SAR Filing, and Reporting to The Money Source Inc.

TMS has a Zero Tolerance Fraud Policy and does not tolerate dishonest activity, material misrepresentation or omission(s) of fact, criminal acts, fraud, or any other suspicious activity or theft by any borrower, Seller Company, Seller employee, mortgage related service provider, mortgage broker, or vendor at any time in the mortgage loan lifecycle.

Sellers are required to immediately report any such event or suspicious activity related to any mortgage loan purchased, serviced, or intended for sale to TMS.

Sellers are required to comply with all applicable Anti-Money Laundering (AML), Bank Secrecy Act (BSA), and USA Patriot Act laws, rules, and regulations, including relevant FinCEN rules and requirements for the filing of Suspicious Activity Reports (SARs).

TMS participates in reporting any such findings to investors, governmental agencies, regulators, and other interested counterparties to the mortgage loan transaction, as required and applicable, and requires Sellers to cooperate in the filing, investigation, or prosecution of same.

Accuracy of Documents

The documents, instruments, agreements, and other information submitted to TMS are not falsified and contain no untrue statement of material fact(s) or omissions of a material fact required to be stated therein, or necessary to make the information and statements therein not misleading. No fraud, error, omission, misrepresentation, negligence, or similar occurrence with respect to a mortgage loan has taken place on the part of any person, including without limitation, the borrower, any appraiser, any builder, any developer, or any other party involved in the origination or servicing of the mortgage loan. The Seller has reviewed all documents constituting the mortgage loan file and has made such inquiries as it deems necessary to make and confirm the accuracy of the representations set forth therein. If Seller discovers the accuracy of the documents or the information represented therein changes at any time, Seller will immediately notify TMS.

MERS

In lieu of preparing and recording an assignment of mortgage in the name of TMS, the Seller must register the mortgage loans in MERS within seven (7) days from the Promissory Note date and transfer the ownership after loan purchase to TMS using MERS.

All mortgages and/or deeds of trusts must be MERS as Original Mortgagee (MOM) originated and recorded in the name of MERS or its designee. Seller is required to close loans using MERS as the nominee, including a Mortgage Identification Number (MIN), a unique identification number assigned by MERS, placed on the security instrument.

Correspondent Manual

MERS in Maine

For Conventional mortgage loans secured by a subject property located in the state of Maine, with a Promissory Note date on or after January 1, 2018, and which are to be registered with MERS (formally known as the Mortgage Electronic Registration Systems, Inc.), Sellers must use the Fannie Mae/Freddie Mac MERS Mortgage Assignment (Form 3749) to assign such loans to MERS.

Conventional mortgage loans with a Note date on or after January 1, 2018, that are secured by a property located in Maine are ineligible for purchase by TMS if the Maine security instrument (Form 3020) has been modified to name MERS as the original mortgagee of record solely as nominee for the Sender, or if the loan has been assigned to MERS using an assignment form other than Form 3749.

Investor and Servicer: The Money Source Inc. MERS Org ID #1004925

A MERS transfer of beneficial rights (TOB) and the transfer of servicing rights (TOS) must be initiated by the Seller to The Money Source Inc. (MERS Org ID #1004925) and will show in MERS as The Money Source Inc. (DE). The Seller must be named as the Servicer and Investor at the time of registration with TMS. Once the Seller receives the purchase wire from TMS, the Seller must then initiate the MERS transfer of TOB and TOS to The Money Source Inc. by following the steps outlined in the MERS TOB and TOS Procedures Manual and the MERS Quality Assurance Manual found at <https://members.mersinc.org/>.

- The TOB and TOS must not be initiated until TMS has purchased the mortgage loan, and no later than **two (2)** calendar days following the mortgage loan being purchased by TMS.
- **NOTE:** Transfer date entered when initiating the transaction is the TMS purchase date.

To assist with monitoring the status of your MERS transfers, please refer to the MERS Reconciliation Report available online. To access the report:

- Go to our [Correspondent Website](#).
- Log into [KISS](#).
- Click on "Report."

The MERS Reconciliation Report is updated throughout the day and should be monitored frequently by Sellers.

Tax Service

A completed tax form is required with each loan package.

Registration

All loans must be registered electronically via [KISS](#). Sellers may reference our "[How to Navigate KISS](#)" tutorial found under Documents in KISS for step-by-step instructions.

Lock Policy

Correspondent Manual

Rate Sheets and Pricing

The target time for rate sheet distribution is 9:15am Eastern Time. Pricing will be driven by economic indicators and current levels in the capital markets. Therefore, rate sheet distribution is subject to occasional delays during times of market volatility. Pricing will be available through the KISS system during posted hours. Lock period options are posted on the rate sheet.

Lock Request

All lock requests must be submitted electronically through KISS and require a ULAD XML (FNMA 3.4) file to register and lock. All lock requests must be received during posted hours. PDF lock confirmations are available for download from KISS after the commitment is confirmed.

Lock Confirmation

Typically, the Lock Confirmation is available within an hour of Lock Request. The Lock Confirmation will contain the lock period, expiration date, loan data used to price the loan, and the final price. For Flow Commitments, the expiration date on the Lock Confirmation is the last day to electronically deliver a complete closed loan file. For Bulk Commitments, the expiration date on the Lock Confirmation is the last day for TMS to purchase the loan without extension fees. The Seller is responsible for accuracy of the loan to be delivered and the final price and terms stated on the Lock Confirmation available in KISS. TMS should be notified of any discrepancies or changes to the locked loan as soon as possible in order for the loan to be purchased. The final purchase price will reflect pricing based on loan data at time of purchase.

Best Effort Commitments

Best Effort Flow is the default lock option. A loan initially locked as Best Effort will remain as Best Effort and may not be re-locked as Mandatory. Sellers must deliver the full loan package (Credit & Legal) on or before 11:59pm ET on the lock expiration date. Upon delivery of a full loan package, TMS will add seven (7) additional days to the expiration date at no cost. The loan must be Approved for Purchase (all conditions or suspense items cleared) by the new expiration date. If not Approved for Purchase, TMS will continue to extend the lock for seven (7) calendar days at 15 bps cost until the loan is Approved for Purchase. If a full loan package is not delivered, or if lock is not extended by the expiration date, commitment will automatically be canceled, and the price is subject to Re-Lock Policy defined below.

NOTE: *In the event a Seller funds (closes) a loan that was locked as a Best Effort Flow Commitment, the Commitment is deemed as Mandatory and is subject to the terms listed below for Mandatory Flow Commitments.*

Mandatory Flow Commitments

The Mandatory election must be made when the loan is initially locked through KISS and at no other time can a loan be converted to a Best Effort lock. If a loan is locked Mandatory and not purchased by TMS, the Seller will be subject to pair-off fees. (See "Pair-Off Fees" section below for calculation.)

Correspondent Manual

Sellers must deliver the full loan package (Credit and Legal) on or before 11:59pm ET on the lock expiration date. Upon delivery of a full loan package, TMS will add seven (7) additional days to the expiration date at no cost. The loan must be Approved for Purchase (all conditions or suspense items cleared) by the new expiration date. If not Approved for Purchase, TMS will continue to extend the lock for seven (7) calendar days at 15 bps cost until the loan is Approved for Purchase or a total of five (5) extensions have been incurred. All other Best Effort policies will apply.

Mandatory Bulk Commitments

When approved for bulk trades, a Seller may request Bulk Pricing by sending a bid tape to BidTapes@TheMoneySource.com. The expected commitment delivery date will be identified by the Seller when pricing is requested; this date will be the lock expiration date on the Lock Confirmation. Loan-level pricing will be returned to the Seller and the Seller will have the option to accept single loan prices or the loan-level pricing on the entire bid tape. Prices are subject to market movement and must be accepted before the Bond Market closes. TMS allows a one percent (1%) tolerance for each commitment accepted. If the amount purchased is below the commitment amount (less tolerance), the Seller will be subject to pair-off fees. See below for Pair-Off fee calculation.

Bid Tape Assignment of Trade (AOT) Commitments

When approved for AOT commitments, a Seller may execute an Assignment of Trade (AOT) via a mandatory bulk commitment by sending it to BidTapes@TheMoneySource.com. The AOT commitment is for delivery of an unspecified set of loans that are deliverable into one or more trade assignments comprised of a single security type, security coupon, security settlement date, security maturity term, and pool prefix. TMS must review and approve each trade assignment. Sellers must utilize the Trade Assignment Agreement located on the Securities Industry and Financial Markets Association (SIFMA) website. TMS will not accept trade assignments on any other document.

Each trade assignment agreement must be submitted to TMS, and the terms of the trade confirmed with all parties by the close of business on the second (2nd) business day following the assignment date. TMS reserves the right to cancel any trade assignment for which the assigned trade's terms cannot be confirmed within this time frame. TMS will not purchase any loan(s) in a commitment until each trade assignment agreement associated with such commitment agreement is executed by TMS.

Each trade assignment must have a minimum assigned amount greater than or equal to two hundred and fifty thousand US dollars (\$250,000) and in increments of fifty thousand US dollars (\$50,000) thereafter. There is no minimum loan production volume required to assign a trade. The total AOT assignment amount may exceed the total committed loan volume (over allocation) by up to five hundred thousand US dollars (\$500,000) per security type per trade. TMS will accept a trade assignment in a single coupon against loan production across multiple coupons in the same security type. The trade, however, must be assigned in a coupon that has committed loan volume. Posted mandatory bulk tolerance applies to the committed loan volume associated with AOT commitments. TMS also reserves the right to deny any AOT for any reason at its sole discretion.

Correspondent Manual

Loans delivered into AOT commitments must meet pooling eligibility requirements for the applicable security and posted TMS guidelines. Bulk AOT commitments must be delivered by the delivery date indicated on the bulk confirm provided or will be subject to posted extension or pair-off policy.

TMS will accept the following for UMBS and GNMA II only: Class A 30-year UMBS, Class B 15-year UMBS and GNMA II, and Class C 30-year GNMA II. Each AOT assignment must match the security month of the original TMS bid.

TMS is free to pair-off, reassign, or to make any other disposition of the assigned trade at its sole discretion.

See Documents → Forms section of the [KISS website](#) for approved AOT broker/dealers list.

Pair-Off Fees

Pair-off fees will be due from the Seller for the portion of Mandatory commitments not purchased by TMS. Pair-off fees will also be due for Best Effort commitments that were locked and subsequently funded (closed) by the Seller and not purchased by TMS. These fees will apply regardless of TMS purchase review outcome.

A Pair-off fee is calculated as follows:

Pair-off fee = (Amount subject to Pair-off) x (Pair-off adjustment)

Amount subject to Pair-off = (Trade amount confirmed – 1% tolerance) – amount purchased

Pair-off adjustment =

If...	Then Pair-off adjustment is...
The market price has improved from date of original commitment,	(Extension or re-lock fees) + (difference between market price at date/time of lock and at date/time of pair-off, subject to a minimum charge of 0.125%)
The market price has declined from date of original commitment,	(Extension or re-lock fees) + 0.125%
A loan is canceled after being suspended for 30 days or more,	(Extension or re-lock fees) + 0.125%

This amount will be billed by TMS after Pair-off of the commitment. The bill must be paid in full within 10 days of receipt either by sending a check or wire, or TMS can net-fund the Seller's next loan purchased.

NOTE: Pair-off fees may be invoiced or deducted from amounts to be paid to the Correspondent by The Money Source on other loans.

Correspondent Manual

Lock Corrections and Substitutions

Corrections consisting of social security numbers or property addresses are not allowed after the close of business on the day the loan is locked. If either correction is made after the day a loan is locked, the loan will be subject to our Re-Lock Policy. Substitutions are only allowed for Mandatory Bulk Commitments and are subject to prior approval from the TMS Secondary Desk.

Extensions

Pre-Delivery

Extension terms and costs are published on the TMS rate sheet daily. Extensions may be requested through [KISS](#) and are available seven (7) days after the original lock request through the day of expiration. A granted lock extension will be applied from the expiration date. An updated Lock Confirmation will be available to download from KISS as soon as the lock extension is accepted.

It is the responsibility of the Seller to request an extension if the loan will not be delivered by the expiration date. A lock extension request must be submitted before 7pm ET on the expiration date to avoid cancelation. Extension periods of seven (7) and fourteen (14) days are available, and a maximum of two (2) extension requests are permitted for each loan.

In the event of pre-delivery lock extension, current posted agency LLPAs and delivery guidelines may be applied if not considered in the original commitment confirmation.

Post-Delivery

Loans delivered prior to the lock expiration date will not incur extension fees if the loan is Approved for Purchase within seven (7) days from issuance of conditions – OR – seven (7) days from the commitment expiration date, whichever is later. Loans approved for purchase after this time frame will be charged 15 basis points per seven (7) day extension.

Once delivered, a loan will be extended automatically each seven (7) day period until a combined five (5) pre- and post-delivery extensions have been reached. TMS reserves the right to cancel any commitment still not purchased after 30 days from loan delivery or after 35 combined pre- and post-delivery extension days. An exception request to retain the commitment must be submitted before 7pm E on the 30th day after loan delivery or on the lock expiration date after 35 extension days to avoid cancelation.

For requests not addressed in these guidelines, email the Secondary Desk at Secondary@TheMoneySource.com.

Extended Locks

TMS offers extended lock terms for Conforming, FHA and VA loan programs on purchase transactions only. Requests should be sent to the TMS [Secondary Desk](#) for approval. See the table below for Upfront fees and price adjustments associated with each extended lock term. The upfront fee is due at time of commitment and the 'Adjustment to 45 Day Px' will be applied in addition to the 45-day commitment price. The Up-Front fee does not apply to the price at closing and is not refundable. There is no float down option offered for the below commitment periods.

Correspondent Manual

An extended lock request must be submitted via email to Secondary@TheMoneySource.com and a wire with funds for the Upfront Fee must be received from the TMS client within 48 business hours of email receipt confirming commitment acceptance. TMS Secondary will provide wire information at time of commitment acceptance. If the upfront fee is not received within 48 business hours your lock may be subject to cancellation.

Commitment Period	Upfront Fee	Adjustment to 45-Day Px
90 Days	0.250	-0.250
120 Days	0.500	-0.250
150 Days	0.500	-0.625
180 Days	0.500	-1.000

Lock Cancellations

It is the responsibility of the Seller to immediately notify the [Secondary Desk](#) of any locked loan that will not be delivered. If the loan was locked as a Mandatory Bulk Commitment, the Seller may substitute a similar loan, or the Seller will be subject to pair-off fees.

Re-Locks

A re-lock is a new lock request for a loan that has expired or was previously canceled. A re-lock may be requested by submitting an email to the Secondary Desk at Secondary@TheMoneySource.com. The re-lock price is calculated using the corresponding option below:

- For re-locks requested less than 45 days after the rate lock expiration date or cancellation date, the lowest price of the following scenarios will be used to reinstate the lock:
 - Current commitment price, inclusive of accumulated extension/re-lock adjustments, less re-lock adjustment as noted below.
 - Current market, defined as the posted rate sheet price and LLPAs on the day the re-lock is processed using the original commitment period, less re-lock adjustment as noted below.

Re-lock Period	Re-lock Adjustment
15 Days	-0.250
30 Days	-0.500

- For re-locks requested 45 days or more after the rate lock expiration date or cancellation date, pricing will be subject to current market and no re-lock adjustment will be applied.

NOTE: The re-lock will reflect on the Purchase Advise as a price adjustment to the current commitment price.

Correspondent Manual

A re-lock will be subject to the following guidance:

- All re-locks are subject to current TMS product eligibility guidelines. Loans not meeting current product guidelines will not be eligible for re-lock. Rates that are not listed on the TMS rate sheet will not be eligible for re-lock.
- Only one re-lock is permitted per loan. If a second re-lock is needed, submit an exception request to Secondary@TheMoneySource.com.
- Loans initially locked Best Effort may not be re-locked as Mandatory.
- In the event of re-lock, current posted agency LLPAs and delivery guidelines may be applied if not considered in the original commitment confirmation.
- Mandatory commitments are not eligible for a re-lock using the calculation above. If a Seller requests to re-establish an expired mandatory commitment, TMS will update pricing in lieu of a traditional pair-off invoice for the original commitment; in this case, pricing will be calculated as follows:

(Current market) – (Pair-off adjustment of original commitment)

*Definition of Pair-off adjustment may be found in the “Pair-Off Fees” section of this Manual. Requests should be sent to BidTapes@TheMoneySource.com.

Temporary Interest Rate Buydown

Temporary interest rate buydowns are allowed on 30 year fixed-rate transactions where the borrower is purchasing the property as their principal residence, provided:

- The rate reduction does not exceed 2%,
- The rate increase will not exceed 1% each year,
- The buydown plan is a written agreement between the party providing the buydown funds and the borrower,
- There is no contribution from the borrowers to the buydown funds
- The mortgage instruments must reflect the permanent payment terms rather than the terms of the buydown plan. In no event may the buydown plan change the terms of the mortgage note,
- Borrower must be qualified for the loan at the full monthly mortgage payment listed on the promissory note along with monthly tax, insurance, and HOA(if applicable) payments,
- When the source of the buydown funds is an interested party to the purchase transaction, interested-party contribution limits apply,
- Loans secured by Manufactured Homes are not eligible for temporary interest rate buydown.
- FHA, VA, and USDA loans with high balance loan amounts are not eligible for temporary interest rate buydown.
- Jumbo loans are not eligible for interest rate buydown.

Correspondent Manual

The buydown agreement must provide that the borrower is not relieved of his or her obligation to make the mortgage payments required by the terms of the mortgage note if, for any reason, the buydown funds are not available.

Please note that funds required per the Buydown Agreement will be listed on the purchase advice as a fee and withheld from the wire at time of purchase by TMS. Refer to applicable agency guidelines for further instructions.

Underwriting Guidelines

TMS follows the standards and guidelines of the applicable agency with the following restrictions:

Conventional – Fannie Mae

- No reduced premium Mortgage Insurance loans
- No Lender-Paid Monthly Mortgage Insurance for Fannie Mae products
- The Final URLA (1003) must be dated and reflect Loan Officer's NMLS number
- Conventional loans must comply with Fannie Mae Seller Guidelines, any program specific requirements addressed in this Manual, conform with FNMA's Loan Quality Initiative (LQI) requirements, including a refreshed credit report (dated within 10 days of the Promissory Note, or a detailed letter of explanation addressing recent credit inquiries from the borrower) showing no undisclosed debt, and the following restrictions:
 - No HomePath; no MyCommunity
 - No Adjustable-Rate Mortgages (ARMs)
 - No manual underwrites
 - Any Condominium HOA project that permits a priority lien for unpaid common expenses in excess of Fannie Mae's priority lien limitations (refer to [FNMA Seller Guide B4-2.1-02 Ineligible Projects 11/10/2014](#))
 - Mortgages on properties encumbered by private transfer fee covenants that are prohibited by Regulation Z (12 C.F.R. Part 1228) are ineligible for purchase by TMS, if those covenants were created on or after February 8, 2011. Refer to Fannie Mae Selling guide section B2-1.5-02.

Fannie Mae HomeStyle

A HomeStyle Renovation mortgage enables a borrower to purchase a property or refinance an existing loan and includes funds in the loan amount to cover the costs of repairs, remodeling, renovations, or energy improvements to the property. TMS requires participating Sellers to use the service of approved FHA 203(k) HUD Consultants for all HomeStyle transactions. Sellers may deliver HomeStyle loans to TMS as soon as the loans are closed.

Conventional – Freddie Mac

Product Overlays

- 15-year, 20-year, and 30-year standard balance (conforming) programs only. No ARM, HomeOne, A-Minus, construction, Open Access, or Affordable Housing loans

Correspondent Manual

- No Lender-Paid Monthly Mortgage Insurance or reduced premium Mortgage Insurance loans
- All loans must have LPA with Risk Class of “Accept” and Purchase Eligibility of “Eligible”. Loans with LPA Risk Class of “Caution” or Purchase Eligibility of “Ineligible” are not eligible for purchase by TMS.
- Mortgages on properties encumbered by private transfer fee covenants that are prohibited by Regulation Z (12 C.F.R. Part 1228) are ineligible for purchase by TMS, if those covenants were created on or after February 8, 2011. Refer to Freddie Mac Single Family guideline 4202.8.

Freddie Mac ChoiceRenovation

A ChoiceRenovation mortgage enables a borrower to purchase a property or refinance an existing loan and include funds in the loan amount to cover the costs of repairs, remodeling, renovations, or energy improvements to the property. TMS requires participating Sellers to use the service of approved FHA 203(k) HUD Consultants for all ChoiceRenovation transactions. Sellers may deliver ChoiceRenovation loans to TMS as soon as the loans are closed.

FHA

- If 1040 transcripts reflect borrower(s) owed taxes, proof of payment must be provided
 - NOTE: a payment history shown on page one of the transcripts reflecting no account balances due is acceptable as proof of payment
- FHA loans must comply with the requirements of the applicable HUD handbook, as amended by applicable mortgagee letters, any program specific requirements addressed in this Manual, and with the following restrictions:
 - At least one (1) borrower must have a minimum 550 FICO (unless Streamline with no FICO, or a Full Doc No FICO submitted);
 - No Adjustable-Rate Mortgages (ARMs);
 - 203(h) Refinances, and 203(k) Mortgages in conjunction with 203(h), are ineligible for purchase by TMS.

VA

- VA loans must comply with VA policies as addressed in the VA Lender’s Handbook, and as amended by VA Circulars, any program specific requirements addressed in this Manual, and the following restrictions:
 - At least one (1) borrower must have a minimum 550 FICO, except for no-FICO program with non-traditional credit history validated;
 - No Adjustable-Rate Mortgages (ARMs); and
 - Maximum Promissory Note loan amount is \$1.3 million.
- VA IRRRL and Cash-Out Seasoning:

Except as provided below, all VA IRRRL and Cash-Out refinance loans, including payoff of a construction loan, the note date of the new refinance loan must be on or after the later of:

- The date that is 210 days after the date on which the first monthly payment is made on the loan being refinanced, and

Correspondent Manual

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- The date on which the sixth (6th) monthly payment is made on the loan being refinanced.
 - VA loans Refinancing Non-Mortgage Debts secured by the subject property, such as tax or mechanic liens, are not subject to the seasoning requirements stated above.
 - VA loans refinancing mortgages without scheduled monthly payments, such as reverse mortgages, are not subject to the seasoning requirements.
 - Permanent Financing Construction Loans may or may not be subject to the Seasoning Requirements depending on the circumstances;
 - In cases where the permanent financing is guaranteed under VA's Loan Guaranty Program as a Refinance transaction, the seasoning requirement must be met.
 - If the loan is structured and guaranteed as a Purchase transaction, the loan is not subject to the seasoning requirements stated above.
 - Similar to VA loans refinancing mortgages without scheduled monthly payments, certain permanent financing construction loans may be exempt from the seasoning requirements when the construction loan that is being refinanced, by its own terms, doesn't provide for a minimum of six (6) monthly payments.
 - VA IRRRL Net Tangible Benefit Requirement:

For all VA IRRRLs, Sellers must validate the following net tangible benefit is met:

- For refinances in which the original loan being refinanced and the new refinance loan both have a fixed mortgage interest rate, the interest rate must be reduced by a minimum of 0.50%.
- All fees except taxes and amounts held in escrow will be recouped by the savings from the lower monthly payments within 36 months of the Note date.

USDA

- USDA loans must comply with the Rural Housing Development Guidelines and policies as addressed in the Rural Development Handbook and amended by Administrative Notice (AN) Circulars, any program specific requirements addressed in this Manual, and the following restrictions:
 - Minimum 550 FICO

In all cases, files submitted to TMS should be investment quality and saleable on the secondary market. Sellers are expected to prudently underwrite all loans and ensure the file contains adequate documentation to support information represented in the borrower's application and data elements entered into automated underwriting systems.

From time to time, TMS may issue Seller Announcements to announce temporary changes or changes that may go into effect before this Manual can be updated. These announcements will be available on the [KISS](#) portal.

Minimum Loan Amount

- \$50,000 minimum loan amount on all products

Correspondent Manual

- \$75,000 on Manufactured Singlewide
- \$100,000 on 203(k) loans (if draws and repairs have been completed, minimum \$50,000)

Principal Reduction on FHA Loans

If there are any principal reductions listed on the Final Closing Disclosure, the Seller must update FHA Connection and provide a Mortgage Insurance Certificate (MIC) for TMS to consider the loan eligible for purchase.

File Requirements – Fraud Detection, and Compliance

TMS requires an electronic fraud detection report and compliance test included on all loans delivered for purchase review.

Electronic Fraud Detection/Quality Control Report

The Money Source will accept most standard electronic fraud detection reports, including Interthinx Fraud Guard, CoreLogic LoanSafe, DataVerify, and Lexis Nexis. Report findings must cover standard areas of quality control, including borrower validation, social security validation, property information, and MERS.

Fannie Mae CU

TMS requires all Sellers to submit the Collateral Underwriter (CU) Submission Summary Report (SSR) on all conventional files when submitted for purchase consideration.

All SSR quality and/or overvaluation flags with a risk score between 4.01 and 5.0 must have the appropriate steps taken to ensure the validity of the value on the appraisal. Proper documentation may include, but is not limited to, comments from the underwriter, comments from the appraiser, field review, and/or a desk review. Additional discretion may be required in evaluating the validity of flags generated by appraisals on new construction, as the most up to date mapping information may not be available for the system to accurately evaluate comparables.

If a CU risk score cannot be generated, a “999” will be returned and a message will provide more specific information about why the appraisal could not be scored. Some “999” messages can be resolved (for example, if there is a simple data entry error). If it is not a data entry error, the appraisal should be carefully reviewed by the Seller before delivery to TMS. It is the Seller’s responsibility to properly document what steps have been taken to ensure that the value is supported.

Should Fannie Mae or Freddie Mac send a repurchase demand for unsupported collateral value the seller will be asked to repurchase the loan.

SSR Compliance Flag:

The issuance of a Compliance Flag by CU is an indication that there is something within the appraisal or associated data that would make that loan ineligible for delivery to TMS. These flags are very rare and must be addressed clearly and directly when they are returned on the CU findings. The flags are often a result of discrepancies, such as illegal zoning, illegal use, commercial space, more than four (4) units, etc. Whenever a flag is encountered, the Seller must review the finding to determine its validity and the appropriate course of action. The Seller should exercise caution before approving a loan pending a

Correspondent Manual

correction to this information, as the appraisal makes the property ineligible. If the appraiser, due to a typo or other error, makes a correction, the new data must be uploaded through UCDP, and the report should be reviewed again through CU messaging to ensure that the issue has been resolved.

UCDP Hard Stop Override:

UCDP issues hard stops that can be manually overwritten. Sellers will receive a “Not Successful” status when one or more of the 21 possible appraisal messages are issued. Sellers are required to review the appraisal message(s) to verify that the information is correct as submitted, or if a new or corrected appraisal is submitted, detailed and/or acceptable explanations for issues raised are provided. If the information is verified as correct, and it is determined that there is no impact on loan eligibility, the Seller may request a manual override and provide a reason code to change the submission status to “Successful” in UCDP. The Seller must fully document the acceptability, rationale, and reasoning for the override.

A list of hard stop codes can be found on the UCDP section of the Fannie Mae website:

https://www.fanniemae.com/content/user_guide/ucdp-user-guide-fannie-mae-messaging.pdf

To ensure Fannie Mae and Freddie Mac compliance, TMS requires the following on all loans submitted with a Promissory Note date on or after September 25, 2017:

- Sellers are required to submit the Uniform Closing Dataset (UCD) XML file to both GSEs and provide the UCD Findings Report (for Fannie Mae loans) and the Loan Closing Advisor Feedback Certificate (for Freddie Mac loans) with the closed loan package.
- To avoid any delays with loan review and purchase, both the Findings Report and Feedback Certificate should not reflect any fatal errors or critical warning messages that could result in salability issues with the GSEs.
- If the Final Closing Disclosure is updated for any reason after submission, Sellers will be required to resubmit the loan to the UCD portals and provide an updated Findings Report and Feedback Certificate to TMS

For additional information, please visit [Fannie Mae’s](#) and [Freddie Mac’s](#) UCD Implementation websites.

[Repair Escrow Holdbacks](#)

In some instances, it may not be possible to complete certain internal or external repairs prior to the loan closing. TMS permits escrow use of funds necessary to complete the unfinished repairs after the loan is closed. It is the Correspondent Seller’s responsibility to release escrow funds and to ensure repairs are completed.

[FHA](#)

Escrow repairs are permitted for incomplete construction or for alterations and repairs that cannot be completed prior to loan closing, provided the property is habitable and safe for occupancy at the time of loan closing and the cost to repair the damage is \$5,000(\$10,000 for HUD REO properties) or less. The purchase file must contain the appropriate holdback documentation, including HUD forms 92300, with

Correspondent Manual

part 1, 2, 3, and 5 completed prior to the purchase of the file by TMS. Once repairs are finished, sellers are responsible to provide final documents, including HUD form 92300, part 4, and Form 92051.

VA

For VA loans, escrows for postponed completion of repairs are permitted when it is not possible to complete the repairs before the borrower wishes to move into the property, provided the property is habitable and safe for occupancy at the time of loan closing. The purchase file must contain the Escrow Agreement for Postponed Exterior Onsite Improvements, VA Form [26-1849](#). Once repairs are completed, sellers are responsible to provide final documents, including VA form [26-1839](#).

Conventional

If there are minor conditions or deferred maintenance items to be repaired after closing, Sellers may escrow for these items at their own discretion and deliver the loan to TMS for purchase prior to the completion of repairs. Sellers are responsible to ensure that the items do not affect the safety, soundness, or structural integrity of the property. Once repairs are finished, Sellers are responsible for providing a copy of the final inspection to TMS. Sellers are required to follow FNMA guidelines section B4-1.2-05 or Freddie Mac guidelines section 5601.3.

USDA

If a dwelling is complete except for interior or exterior repairs that cannot be completed prior to the loan closing, Sellers may escrow funds for completion of the repairs after closing, given that the incomplete repairs don't affect the habitability of the dwelling, nor the health or safety of the occupants. The cost of any remaining interior or exterior work may not exceed 10% of the final loan amount. A licensed contractor must execute a contract for completion of the planned development within 180 days of closing. Sellers are responsible to ensure all repairs are completed within 180 days of closing and provide TMS with a copy of the Final Inspection once repairs are completed.

Property Overlays

The following property types are not permitted:

- Commercial properties, including but not limited to, bed and breakfasts, assisted living facilities, boarding houses, working farms, and ranches
- Co-ops
- Non-traditional home types (e.g., geo-dome)
- Hawaiian properties located in [lava zones 1 or 2](#), as determined by the USGS
- Mixed-use properties
- 203(k) manufactured homes without HUD consultant
- Properties encumbered with a private transfer fee

Transaction Overlays

- No assigned purchase contracts
- Non-permanent resident aliens & foreign nationals are not eligible
- No negative amortization or balloon payments on subordinate financing
- 203(k) property conversions are not eligible for purchase unless fully completed and closed out

Correspondent Manual

- Transactions with subordinate PACE liens are not eligible

Pre-Payment Penalties

TMS does not allow loans with pre-payment penalties.

NY CEMA

TMS will purchase NY CEMA loans. If TMS is the current lien holder on the loan, the following steps must be taken:

- Request initial CEMA approval from TMS by sending an email to the Assignment Department at CEMA_Assignment@TheMoneySource.com
 - Subject line of email to read: CEMA Assignment Request – (insert borrower's last name)
 - Body of email should include:
 - borrower's full name
 - Existing loan number
 - Subject property address
- Original documents received from TMS will be sent to TMS's designated CEMA attorney via overnight delivery. The attorney will coordinate the collateral exchange and assignment of the mortgage with the new CEMA mortgage loan settlement agent.

NOTE: Once the original collateral documents have been delivered to the attorney, The Money Source Inc. will allow three (3) to seven (7) days for the new loan to be locked and delivered.

CEMA Costs

The following fees apply to CEMAs:

- TMS charges a \$500 fee, which is added to the payoff demand
- Upfront non-refundable collateral attorney fee of \$100, payable to Kevin Schmitt by borrower at time of CEMA request
- Collateral attorney balance fee of \$650, paid at closing

Exclusionary Lists

TMS does not publish an exclusionary list. Sellers should reference Fannie Mae and Freddie Mac exclusionary lists, LDP/GSA lists, and the OFAC SDN list. All parties to the transaction must be run through the applicable exclusionary lists. TMS reserves the right to exclude a closing agent at any time during a transaction.

Correspondent Manual

Mortgage Products

The following is a list of general products acceptable for purchase by TMS. Sellers are again reminded that they must follow the applicable underwriting and collateral guidelines set forth by Fannie Mae, Freddie Mac, HUD, or VA.

- FNMA Standard
- 5-10 Financed Properties
- FNMA Day 1 Certainty
- FNMA HomeStyle
- FNMA HomeReady
- FNMA High LTV Refinance
- FNMA Manufactured Home Advantage
- Freddie Mac Standard
- Freddie Mac Home Possible
- FHA Simple Refinance
- FHA Advantage
- FHA Streamline
- FHA EEM
- FHA 203(k) – Standard or Limited (self-help is not allowed)
- FHA 203(h) purchase transactions
- VA Standard
- VA Advantage
- VA IRRRL without appraisal to any LTV
- USDA
- USDA No FICO
- USDA Streamline
- Section 184 Indian Home Loan Guarantee
- Section 247 Hawaiian Home Lands
- Construction to permanent transactions

FHA 203(k) Draw Requests

Email all 203(k) draw requests to Reno@themoneysource.com.

5-10 Financed Properties

Follow AUS requirements along with FNMA/FHLMC guidelines

Single-Closing – Construction to Permanent Transactions

Single-closing transactions may be used for both the construction loan and the permanent financing if the borrower wants to close on both the construction loan and the permanent financing at the same time. When a single-closing transaction is used, the Seller will be responsible for managing the disbursement of the loan proceeds to the builder, contractor, or other authorized suppliers.

Correspondent Manual

Because the loan documents specify the terms of the permanent financing, the construction loan will automatically convert to a permanent long-term mortgage upon completion of the construction.

Loans that combine construction and permanent financing into a single transaction cannot be sold or delivered to TMS until the construction is completed and the terms of the construction loan have converted to the permanent financing. Refer to agency guidelines for additional requirements.

Two-Closing – Construction to Permanent Transactions

Two-closing construction-to-permanent mortgage transactions utilize two (2) separate loan closings with two (2) separate sets of legal documents. A modification may not be used to update the original Promissory Note; rather, a new Promissory Note must be completed and signed by the borrower(s). The first closing is to obtain the interim construction financing (and may include the purchase of the lot), and the second closing is to obtain the permanent financing upon completion of the improvements. Fannie Mae does not provide financing for construction loans; however, Fannie Mae does purchase loans that were used to provide the permanent financing. Refer to agency guidelines for additional requirements.

Electronic Mortgages

An eMortgage is a mortgage for which the Promissory Note and possibly other documents (such as the security instrument and loan application) are created and stored electronically. Because some recording jurisdictions will not yet accept electronic documents for recordation, eMortgages may consist of a paper security instrument and an electronic Note (eNote).

Sellers that have the technology readiness for closing and transferring eNotes through an eVault can sell conventional (Fannie Mae), FHA, VA and USDA eMortgages to TMS.

Sellers are required to comply with provisions of the Fannie Mae Selling Guide specific to electronic transactions.

Hybrid Closed Loans

Hybrid Closings are transactions in which the Promissory Note and security instrument are printed, signed, and notarized; however, all other documents and disclosures are signed and notarized electronically.

Not all states allow for this type of transaction. If the subject property is in a state that prohibits electronically notarized documents, any disclosure requiring notarization must be printed, signed, and notarized in the traditional manner, including the Promissory Note and the security instrument.

FHA Refinances

Note: effective with the payoff of any FHA-insured loan closed on or after January 21, 2015, mortgagees and servicers will no longer be allowed to charge interest through the end of the month; instead, interest may only be charged through the date when the mortgage is paid in full.

This change is in response to the CFPB's January 30, 2013 Final Rule, Ability to Repay and Qualified Mortgage Standards under the Truth-in-Lending Act (Regulation Z), which limits the use of prepayment

Correspondent Manual

penalties and broadly defines “pre-payment penalty” to include FHA’s previously allowed post-payment interest charges.

FHA Streamline Refinances

FHA Streamline Refinances are eligible for delivery to TMS provided the loans are underwritten in accordance with HUD’s published policies. Non-credit qualifying and credit qualifying Streamlines are eligible regardless of who is currently servicing the loan. FHA Streamline loans can either be Credit Qualifying or Non-Credit Qualifying. Under the Non-Credit Qualifying option, Seller will be able to choose to provide a credit report with FICO or no FICO (Mortgage Only). For Non-Credit Qualifying Streamlines, income does not need to be verified; however, employment **must** be listed on the Loan Application (1003) and a verbal verification of employment (VOE) must be completed.

When registering and locking the mortgage loan in [KISS](#), select the option for No FICO if a credit report will be provided without any FICO scores.

Non-Credit Qualifying Streamlines do not require anything additional to be selected in [KISS](#).

FHA Streamline Case Number

HUD guidelines require the following three criteria be met **prior** to ordering an FHA Case Number on a Streamline Refinance:

- A. The borrower must have made at least six (6) payments on the current FHA-insured mortgage being refinanced;
- B. At least six (6) full months have passed since the first due date of the refinanced mortgage; *and*
- C. At least 180 days have passed from the closing date of the mortgage being refinanced.

EXAMPLE: A loan closed on July 24, 2014, and the borrower’s first payment on that mortgage was due on September 1, 2014. The new case number cannot be ordered until March 1, 2015.

FHA Advantage

All loans must receive one (1) of the following recommendations:

- TOTAL Scorecard Approve/Eligible if run through DU; or Accept if run through LPA.
- If AUS Refer, the DTI maximum is 31/43 (or follow [ML 2014-02](#))

Eligible Products

- 15-year fully amortized fixed rate
- 25-year fully amortized fixed rate
- 30-year fully amortized fixed rate

Pricing

See Advantage pricing.

VA Standard and Advantage

Eligible Products

- 15-year fully amortized fixed rate

Correspondent Manual

- 25-year fully amortized fixed rate
- 30-year fully amortized fixed rate

Reminder: A cash-out refinance is a VA-guaranteed loan which refinances any type of lien or liens against the secured subject property. This includes transactions where the Veteran is not receiving cash back after the payoff of liens. Loan proceeds beyond the amount needed to pay off the lien(s) may be taken as cash by the borrower or used to pay off additional debt. An IRRRL is a VA-guaranteed loan made to refinance an existing VA-guaranteed loan, generally at a lower interest rate than the existing VA loan, and with lower principal and interest payments than the existing loan. In addition, on an IRRRL, the Veteran may not receive any cash back at closing unless allowed by VA or use the proceeds to pay off debt on any non-VA-guaranteed lien.

VA Standard and Advantage Base Loan Amount

- Base loan amount >\$636,150:
 - Full 25% guaranty. If remaining entitlement provides for less than full 25% guaranty, additional down payment is required.

Underwriting Reminder

- All loans except IRRRLs must be evaluated using DU or LPA and receive an Approve/Eligible or Accept finding and comply with VA requirements and the overlays within this Manual. In some instances, even if a loan receives an Accept/Eligible rating, certain characteristics may require a manual downgrade. Lender must comply with VA's guidelines governing manual downgrades.
- AUS Refer loans which meet VA guides are eligible(refer to VA matrix)
- IRRRLs must be manually underwritten
 - IRRRL income does not need to be verified; however, employment must be listed on the Loan Application (1003) and a verbal verification of employment (VOE) must be completed.

IRRRL No Appraisal

"IRRRL No Appraisal" refers to an Interest Rate Reduction Refinance loan without an appraisal. The following policies apply to these loans:

- Minimum FICO of 550 unless there is no FICO for the borrower
- Loan must comply with all other IRRRL policies

Loan Delivery

TMS accepts loans for purchase from approved Correspondent Sellers that meet the guidelines of this Manual, any updates or announcements which amend such guidelines, and the Correspondent Loan Purchase Agreement executed by TMS and the Seller. All loans must be delivered with the requirements of this Manual and will be reviewed for purchase. In the event closing issues arise which are not addressed in this Manual, contact Support@TheMoneySource.com for assistance.

Correspondent Manual

The Money Source Inc. Agency ID Numbers

FNMA: 27024-000-3

FHLMC: 175499

FHA: 24967-0000-8

VA: 500031-0000

USDA: 11-3412303

Delivery Instructions

All loans must be delivered electronically via [KISS](#). Sellers may reference TMS's "[How to Navigate KISS](#)" tutorial for step-by-step instructions or contact our Help Desk for delivery support at Support@TheMoneySource.com.

Kindly note that any loan packages received after 3:00 PM Eastern Standard Time (EST) will see the turn time guarantee begin the following business day. Conditions received after 3:00 PM Eastern Standard Time (EST) will undergo processing and may not be cleared to close until the following business day.

Closing Documents

All closing documents must be error-free. Seller must use mortgage loan documents that comply with all requirements of the applicable mortgage loan program, as well as all applicable federal, state, and local laws and regulations. Sellers must use the most current Fannie Mae, FHA, VA, or USDA Promissory Note and security instruments, including all applicable riders and addendums.

Note Date Tolerance (Aged Loans) and Max Delivery to Purchase Turn Time

Promissory Note dates must be less than 30 days prior at the time of loan submission (complete credit and legal package). Promissory Note dates that exceed the 30-day tolerance may be subject to a pricing exception. Exception requests should be sent to Support@TheMoneySource.com prior to loan submission, including borrower's last name, loan type, note date, and complete explanation of why the Promissory Note is seasoned. TMS Support will confirm approval and applicable pricing adjustment, subject to review and approval of complete loan package.

Additionally, all loans must be approved for purchase no later than 35 days after the loan delivery date. Loans that are in Conditions Outstanding status, and not Approved for Purchase on the 35th day will automatically be canceled in TMS's systems and may be subject to pair-off fees, unless an exception has been approved. Exception requests must be submitted to the TMS Secondary Desk (Secondary@TheMoneySource.com) and approved prior to end of business on the 35th day.

VA Alteration & Repair

VA Alteration & Repair loans meeting posted guidelines are exempt from above Promissory Note Date Tolerance process, subject to the following adjustments based on Promissory Note age at delivery:

- 30-90 days = -0.125 adjustment
- 91-180 days = -0.250 adjustment
- 180+ days = Subject to management review and exception

Correspondent Manual

First Payment Date

Except for mortgage loans with interest credit up to seven (7) days, the first payment date on the Promissory Note must be due one (1) full month after the last day of the month in which the loan is closed. Loans with first payment dates greater than 61 days from the Promissory Note date are not eligible for purchase by TMS.

Promissory Note Modifications

Promissory Notes cannot be modified and/or altered after the loan has been purchased by TMS.

Corrections to Documents

No white-out or corrective coverings of any kind are allowed. Only a strikeout (strikethrough) that has been initialed by each borrower may be used to correct clerical typing errors.

Notary

The notary signature must be on the line provided for the notary. The notary must comply with all applicable state laws and the notary license must be current. The notary seal must be prominently displayed, and the expiration date must be visible. The notary stamp must be clear and legible.

Note Endorsement

The Promissory Note must be endorsed via an Allonge to The Money Source Inc. and signed by an authorized Officer of the Company.

The Allonge must contain the Seller's name, loan number, loan amount, borrower's name(s), subject property address, date of Promissory Note and executed by an authorized Officer of the company. The data on the Allonge must match the Promissory Note exactly.

All closing packages must include a scanned copy of the original Allonge. Original Allonges should be mailed directly to Seller's warehouse bank. If an Allonge was not provided, an original Promissory Note endorsed to The Money Source Inc. must accompany all collateral packages. Allonges must be properly endorsed to The Money Source Inc. or The Money Source Inc. without recourse. Handwritten corrections are not acceptable.

Mortgage Insurance Premium and VA Funding Fee

It is the Seller's responsibility to remit the Upfront Mortgage Insurance Premium (UFMIP) to HUD and the VA Funding Fee (FF) to VA within 10 days of closing.

On FHA loans, the Seller is responsible for payment of the monthly Mortgage Insurance Premium (MIP), from the initial UFMIP payment through the month that TMS purchases the loan. If the mortgage loan is purchased prior to the first payment due date, TMS will be responsible for all monthly MIP payments on the mortgage loan.

Servicing Transfer

With respect to mortgage loans sold to TMS servicing-released, Sellers must notify each borrower and applicable insurer within five (5) days of the sale of the mortgage to TMS. All notices and related disclosures to the borrower(s) must meet current applicable federal, state, local, and regulatory requirements, including but not limited to, RESPA notices of servicing transfer regulations.

Correspondent Manual

All loans purchased by TMS will be subserviced by Servbank, sb. RESPA notices of servicing transfer should reflect the following information:

New Servicer:

Servbank, sb
3138 E. Elwood Street
Phoenix, AZ 85034
Attn: Customer Care
(866) 867-0330

TMS will send a TILA Notice of Sale Letter to the borrower(s) after the loan purchase. The effective transfer of servicing date is the date the loan boards to the Servbank servicing system. Once the loan boards, Servbank will send a Welcome Package which includes the RESPA Notice of Servicing Transfer (Hello Letter), Courtesy Welcome Letter, Servicing Fee Schedule, ACH set up form, and applicable state disclosures. Borrowers may contact Servbank's Loan Servicing Division using the information below:

Servicing Toll-Free	(866) 867-0330
Tax Department	(844) 847-3084
Insurance Department	(877) 521-0263
Insurance Claims Department	(800) 213-9975
Servicing Fax Number	(888) 214-4255
Customer Service	myloan.servbank.com/msg
Payoff Requests	myloan.servbank.com /thirdpartypayoff
VOM Requests	myloan.servbank.com/ThirdPartyVerificationOfMortgage
Loss Mitigation	LossMitigation@servicingdivision.com

Any payments due to TMS/Servbank that are received by Seller from the borrower after the loan purchase must be sent to Servbank immediately, at the below address:

Servbank
Attn: Payment Processing
3138 E. Elwood Street
Phoenix, AZ 85034

It is highly recommended that Sellers sign into [KISS](#) after the loan has been purchased to find the new Servicing Loan Number and provide it to the borrower(s).

Misapplied Payments

Misapplied payments shall be processed as follows:

- All parties shall cooperate in correcting misapplication errors;
- The party receiving notice of misapplied payment which occurred 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

Correspondent Manual

balances of which are being transferred to TMS, the Seller shall be liable for the amount of such shortage. The Seller shall reimburse TMS for the amount of such shortage.

- If a misapplied payment which occurred prior to the purchase date has created an improper purchase price as result of an inaccurate outstanding principal balance, a check shall be issued, or funds will be wired to the party adversely affected by the improper payment application.

Whichever party discovers the misapplied payment will notify the other, and the parties will then comply promptly with this paragraph.

FHA Mortgage Record Change

Seller is responsible for executing a Mortgage Record Change to The Money Source Inc. in FHA Connection. To report servicer/holder transfer, Sellers must log into FHA Connection to complete the transfer. To get to the Mortgage Record Changes menu, sign into FHA Connection and follow this menu path: Single Family FHA → Single Family Servicing → Mortgage Record Changes. Mortgage Record Changes must be completed within 15 days from the date of purchase.

On the “Mortgage Record Changes” menu, click Servicer/Holder Transfer ([HUD form 92080](#)) and the servicer/holder page appears. Enter the FHA Case using the format of 123-4567890, including the dash. Enter the original mortgage amount, including UFMIP; DO NOT enter the dollar sign (\$) or a comma. Enter the Holder ID of The Money Source Inc. Seller ID of 24967 into the **Holding Mortgagee** and the Servicer ID of Servbank, sb of 31121 into the **Servicing Mortgagee** fields. Enter date of transfer. Refer to the [Mortgage Record Change](#) topic within the [FHA Connection Guide](#) for additional instructions on how to complete the transfer.

FHA Tribal Loans Mortgage Record Change

Mortgage Record changes for Tribal loans cannot be completed online; Instead, a [92080](#) form must be filled out and mailed to HUD at the address below. Changes must be completed within 15 days from the date of purchase. Line 10 **Purchasing Mortgagee** will be The Money Source Inc. (24967) 3138 E. Elwood Street, Suite 200, Phoenix, AZ 85034. Line 12 **Servicer** will be Servbank, sb (31121) 3201 Orchard Rd. Oswego, IL 60543.

Mail 92080 to:

U.S. Department of Housing and Urban Development
Insurance Operations Systems Management Branch
Room 2232
451 Seventh Street, SW
Washington, DC 20410-34154

USDA Mortgage Record Change

Any changes made to the Servicer and/or upon the sale of a USDA mortgage loan, USDA must be notified within the USDA-required timeframe of 15 days of the occurrence so their records can be updated to reflect the changes made, and so that future premium notices and other correspondence can be properly delivered. Sellers must provide USDA with a Notice of Sale (Form [RD 3555-11](#)), within

Correspondent Manual

the USDA-required timeframe of 15 days of the occurrence as outlined in Chapter 17 of [HB-1-3555.pdf](#), naming The Money Source Inc. (tax ID 11-3412303) as the new Holder and Servbank, sb (tax ID 36-3899872) as the new Servicer.

Interest Credit at Closing

Mortgage loans with interest credit up to seven (7) days on the Final Closing Disclosure is acceptable; loans with any more than seven (7) days will not be purchased.

Owner Occupancy Agreement

An owner occupancy agreement is required on all mortgage loans where the borrower(s) are going to reside in the subject property. Generally, the borrower(s) must occupy the property within 60 days of closing and at all times thereafter for a minimum of one (1) year (12 months). In addition, the mortgaged property must be lawfully occupied under applicable law. Seller must ensure that all inspections, licenses, and certificates required to be made or issued with respect to all occupied portions of the mortgage property, and with respect to the use and occupancy of the same, including but not limited to, certificates of occupancy, have been made or obtained from the appropriate authorities and no improvement located on or part of the mortgaged property is in violation of any zoning law(s) or regulation(s).

Power of Attorney (POA)

Closing documents may be executed with a Specific Power of Attorney (POA) which complies with all applicable laws and agency requirements, provided the following conditions are met:

- The POA can be used for closing documents only and is not acceptable for loan application and/or credit verifications purposes.
- Authorization is for the attorney-in-fact to perform specific functions related to the real estate financing, or it must be specific to the subject property. The attorney-in-fact may not have any direct or indirect financial interest in the transaction. A statement is provided that the POA is in full-force and in effect on the date of the closing of the subject property loan transaction, survives subsequent disability (durable), and has to be revoked in writing, or a specific expiration date is stated which survives the closing date.
- A statement is made of the grantor's (borrower's) name exactly as it will appear on all closing documents. Notarized signature of grantor appears (if executed outside of the U.S., it must be notarized at a U.S. Embassy or military installation).
- The recorder's stamp appears, if previously recorded. The POA must be dated no more than 120 days prior to the loan closing date.
- The attorney-in-fact must execute all closing documents at settlement.
- The Title Company must ensure that the Seller is in first lien position, without exception to the POA.
- The POA must be recorded immediately prior to the closing documents.
- The POA must be legally enforceable in the local/state jurisdiction.

Correspondent Manual

***NOTE:** The VA has very specific requirements for loans closed using a POA. All loans must be closed in accordance with VA's policies, including completion of an Alive and Well Certification by the Correspondent Seller.*

Signature Requirements for POAs

Signature

The attorney-in-fact must sign the borrower's name on all signature lines, with the POA signature underneath, followed by, "as attorney-in-fact," next to the POA signature.
(e.g., John Doe by Mary Doe, as attorney-in-fact)

Initials

Where borrower initials are required, the POA must do as follows (no exception): write the borrower's initials, followed by the POA initials underneath, and with the following verbiage next to the POA's initials "as attorney-in-fact" (e.g., JD by MD, as attorney-in-fact).

Escrow Payments

Seller must ensure that the origination, servicing, and collection practices with respect to the mortgage loan have accorded in all material respects with accepted mortgage origination and servicing practices of prudent lending institutions, applicable laws, and regulations, and have been in all material respects legal and proper. With respect to escrow deposits and escrow payments, all such payments must be in the possession of Seller and no deficiencies exist in connection therewith for which customary arrangements for re-payment thereof have not been made. Seller must confirm that all escrow payments have been collected in full compliance with state and federal law, and the provisions of the related Promissory Note or Mortgage. Sellers must ensure that an escrow of funds is not prohibited by applicable law and that such has been established in an amount sufficient to pay for every item that remains unpaid and has been assessed but is not yet due and payable. No escrow deposits or escrow payments, or other charges or payments, due the Seller have been capitalized under the Mortgage or the Promissory Note. Any interest required to be paid pursuant to state, federal, and local laws has been properly paid and credited.

Real Estate Taxes

TMS will charge a Tax Service Fee for each loan purchased in accordance with the following tax payment rules:

- All payment of real property taxes and special or supplemental assessments must be current prior to closing the mortgage loan. Adequate escrow funds, when required, must be collected in compliance with all applicable laws to ensure the payment in full of real estate taxes and all other taxes and assessments by the due date.
- Seller must pay any unpaid taxes that will become due within 60 days of the closing of the mortgage loan as shown on the Final Closing Disclosure, or 45 days from the purchase date of the mortgage loan.

Correspondent Manual

- The Legal Document Package must include a fully completed Tax Information Sheet, itemizing tax payee, amount of taxes, and next due date. In addition, a copy of the payment history must be provided with the delivery of the loan file as verification prior to purchase.
Example: California Loans – In cases/scenarios where taxes are due on the same day the first payment date of the mortgage is due, TMS requires evidence the taxes those paid
- For any loan requiring Seller to pay a tax bill subsequent to the closing of the mortgage loan but prior to the purchase of the mortgage loan by TMS, the mortgage loan file must include reasonable evidence that such tax bill was paid. TMS or its successors or assigns will pay all real estate taxes, which are not the responsibility of the Seller, as described in the preceding bullet points. Seller will be responsible for all tax penalties incurred by TMS arising from the delinquent payment of real estate taxes due.
- Seller must pay TMS within 45 days of the purchase of the applicable mortgage loan if such delinquency was caused by delays in procuring the available tax bills from the tax authorities. For mortgage loans with delinquent taxes prior to the purchase of the loan by TMS, Sellers must provide reasonable evidence that such taxes, together with any applicable penalties, have been paid in full.
- All funds collected for the purpose of paying real estate taxes by the Seller after the purchase of the loan by TMS or any third party must be submitted to TMS within three (3) days after receipt of the funds.

Escrow/Impound Accounts

Unless prohibited by applicable law, Sellers must, pursuant to the guidelines set forth in this section of this Manual, establish an escrow/impound account for each mortgage loan sold to TMS. The Seller is responsible for complying with all applicable federal, state, and local laws and regulations relating to the creation of escrow/impound accounts, and prior to the transfer of the escrow/impound account to TMS, the maintenance thereof. The escrow/impound account must contain a two (2) month escrow cushion for all items, with the exception of mortgage insurance for which no cushion is required to be established. Sellers must comply with the appropriate state requirements when delivering loans to TMS.

Allowable Escrow/Impounds

The following items are permitted for inclusion in the escrow/impound account:

- Real Estate Taxes
- Hazard Insurance Premiums
- HO-6 premiums
- Flood Insurance Premiums
- Mortgage Insurance Premiums

Unallowable Escrow/Impounds

The following items are not held or paid for from an escrow/impound account:

- Ground Rents
- Water and Sewer Taxes

Correspondent Manual

- Homeowners Association Dues
- Fire Hydrant Taxes
- Refuse Taxes
- Tax Service Fees
- Special Assessments
- Hazard Insurance Premiums for Condo/PUD Properties (only if insurance is paid by the HOA)

Escrow Waiver

TMS encourages the establishment of an escrow account for the payment of taxes and insurance, on all loans; however, unless required by law, lenders may waive escrow account requirement for borrowers on conventional loans. Lenders cannot waive an escrow account for refinance transactions where the borrower is financing real estate taxes in the loan amount or for the payment of premiums for borrower-purchased mortgage insurance (if applicable).

Seller's waiver of the right to collect escrow/impound funds must not impair the right of TMS to subsequently enforce the escrow provision contained in the mortgage loan documents, in the event the borrower fails to pay taxes, insurance, or other required items.

Please note that when flood insurance is required, federal law requires Flood Insurance premiums to be paid via an escrow account. [Partial Escrows/Impounds](#)

Conventional Loans

On a Conventional loan, an impound/escrow account for some hazard insurance premiums can be waived and a partial impound/escrow account may be established for flood insurance and real estate taxes only, at no additional cost. When flood insurance is required, federal law requires Flood Insurance premiums to be paid via an escrow account.

FHA, VA, USDA Loans

Partial impound/escrow accounts are not allowable, and therefore, not available for purchase review.

Bailment Requirements

A bailment letter for which the warehouse bank or Seller asserts security interest must be delivered to TMS for each mortgage loan. Upon the purchase of the loan, the seller must make the security interest of the mortgage loan effective to TMS, satisfying the following requirements:

- An individual bailment letter or trust receipt (in either case, referred to hereinafter as the bailee letter) must be delivered to TMS on each mortgage loan for which the warehouse bank or Seller asserts security interest. If a bailee letter covers more than one (1) mortgage loan, a copy of the bailee letter must be included in each applicable mortgage loan file with the relevant information for the related mortgage loan highlighted.
- The bailee letter must be signed as follows:

The Money Source Inc.
1800 Walt Whitman Road

Correspondent Manual

Suite 130

Melville, NY 11747

- The Bailee Letter must clearly identify:
 - Seller's name – the Lender
 - Investor – The Money Source Inc.
 - Seller's loan number for each loan included in the bailee letter
 - Name or last name of the borrower(s)
 - Principal balance of the mortgage loan
 - Exact wiring or payment instructions
- The bailee letter must be attached to the Promissory Note and delivered to TMS. If a bailee letter or trust receipt is sent separately from the applicable Promissory Note, a bailment or trust arrangement is not established and a security interest in the mortgage loan is not perfected.
- The bailee letter and the Promissory Note must be delivered to The Money Source Inc. on or before the applicable delivery date.

***NOTE:** Incorrect delivery of a collateral package, bailee letter, and Promissory Note will not establish an agreement and may cause a delay in purchasing the mortgage loan file. If the collateral package provided is incomplete or contains inaccurate information, the bailment agreement will not be established and a delay of the funding of the related mortgage loan may result.*

Reverse Bailee

TMS will accept reverse bailee from approved warehouse lines; however, the Seller must ensure the original collateral is delivered to TMS within 72 hours of the purchase date.

Collateral Package

Every loan delivered and locked with TMS is conditioned for the following:

- Original Promissory Note (endorsed via Allonge to The Money Source Inc.)
- Certified copy of the Security Instrument/Mortgage/Mortgage Deed of Trust and all applicable riders (optional)
- Copy of MERS registration naming The Money Source Inc. (optional)
- Copy of the Title Commitment (optional)
- Wire Instructions
- Closing Protection Letter (CPL) (optional)

Send collateral documents in a manila folder to the address below and write the loan number on the outside of the folder.

The Money Source Inc.
ATTN: Collateral Department

Correspondent Manual

**1800 Walt Whitman Road
Suite 130
Melville, NY 11747**

Collateral packages received at TMS are processed within 72 hours. In the event a condition is not signed off after 72 hours from receipt of the collateral package by TMS, Seller may email tracking details to the TMS Support Team at Support@TheMoneySource.com, or upload tracking details to [KISS](#) along with other conditions.

When emailing the [Support Team](#), be sure to include our TMS loan number and borrower's last name.

[Sweeps or Client-to-Client Transactions](#)

If the Seller uses Customers Bank, Seller may provide a screen-print to indicate the collateral is dry.

Sellers must request internal shipping to TMS through Customers Bank in order for TMS to purchase the loan as a sweep transaction. If the original Promissory Note at Customers Bank is not endorsed to The Money Source Inc., the Seller must send an Allonge endorsed to The Money Source Inc.

[Third Party Originated Loans](#)

Mortgage loans originated by Seller must be properly closed in the Seller's name and in compliance with all applicable laws, rules, and regulations. Sellers that have been approved to sell The Money Source Inc. mortgage loans originated by Third-Party Sellers (TPO Loans) must make all of the representations, warranties, and covenants set forth in this Manual to the same extent as if the Seller were the originator of the mortgage loan. Sellers must own the third-party originated mortgage loan as of the date such mortgage is delivered to TMS for purchase.

[Closing File Review](#)

Files will be reviewed by the TMS Correspondent Lending Department for compliance with federal and state regulations and underwriting guidelines. For each loan submitted for purchase, TMS will provide the Seller with a purchase decision and any conditions to be cleared prior to purchase of the loan.

The loan review includes, but is not limited to, the following (if applicable):

- Verification of all data that was submitted for each loan.
- Confirmation of the loan's compliance with the applicable underwriting & product eligibility.
- Verification of Seller's compliance with federal and state regulations.
- Verbal verification of employment, including third-party source confirmation.
- Review and confirmation of Closing Protection Letter and Final Closing Disclosure.
- Review of program specific forms and documents as required by Fannie Mae, HUD, and VA.

For any loan failing to meet TMS delivery requirements, the Seller will receive written notification of the defects and shall submit corrected documentation to TMS by the applicable delivery deadline.

Correspondent Manual

For loans with defects that cannot be corrected by the delivery deadline, the Seller may extend the commitment in accordance with this Manual.

4506-C Transcript Policy

For Fannie Mae, Freddie Mac, FHA, and VA loans, IRS tax transcripts are required when qualifying with any of the following: 1) self-employed income; 2) rental income documented on schedule E; 3) employed by a family-owned business; 4) employed by interested parties to the property sale or purchase; 5) income when the 1040s are used in lieu of alternative documentation; 6) non-taxable income, other than VA disability income, is grossed up; 7) Other income types such as auto allowance, capital gains/losses, dividend/interest, or farm income/loss; 8) Handwritten income documentation; As a reminder, full 1040 transcripts for the most recent two (2) years are needed on all FHA loans that have a prior Mortgage Credit Reject by a Lender for DTI or income.

Additional guidance for certain scenarios:

- If FraudGuard shows self-employment or ownership of another property, full transcripts are required.
- If AUS requires 1040s for any reason, full transcripts will be required.
- If borrower's current home is a multi-family or borrower owns rental property, full transcripts are required.
- For borrowers that are filing taxes jointly, if one (1) borrower is W2 and one borrower is receiving nontaxable income (other than VA disability income) that is grossed up, full transcripts are required.

Taxpayer First Act

When tax return information is used during the origination process, Sellers must obtain express consent from the borrowers through the use of Consent to the use of Tax Return Information Disclosure. The disclosure must be included in the loan package delivered to TMS.

Mortgage Loan Purchase

Generally, TMS will purchase acceptable mortgage loans within a reasonable amount of time from receipt of the mortgage loan file for review. To meet this commitment, TMS requires a mortgage loan file that is in a purchasable form. Loan submissions that are incomplete may delay the purchase of the mortgage loan.

Decline to Purchase

TMS may, at its sole and absolute discretion, reject any mortgage loan for purchase for any reason, including but not limited to:

- Failure of the mortgage loan to meet TMS's published loan parameters;
- Failure of the mortgage loan to satisfy all applicable underwriting standards
- Improper documentation of the mortgage loan;
- Suspected fraud or suspicious activity in the origination of the mortgage loan;

Correspondent Manual

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- Any breach of any other representation, warranty, or covenant made with respect to the mortgage loan as stated in this Manual or the Agreement.

Suspense Conditions

Sellers may log into [KISS](#) and view loan-level suspense conditions in one of the following ways:

- Locate the loan in KISS and click on “View/Upload Condition;” or
- Locate the Seller-specific suspense report under the “Report” tab

Suspense conditions and reports are updated throughout the day and should be monitored by Sellers. Loans must be purchased within 45 days of being conditioned or the loan will be canceled and not eligible for sale to TMS.

Purchased Proceeds

TMS net funds loans based on the calculation of:

- Principal Balance Purchased times net lock price
- Base price (SRPs included in base price) as noted in the Lock Confirmation
- Addition of any applicable pricing incentives
- Decrease for any applicable price adjustments
- Increase or decrease for accrued interest
- Decrease for escrow accounts
- Decrease for any outstanding unpaid fees due to TMS
- Decrease for TMS’s fees, such as the Admin Fee

Principal Balance Purchased

The principal balance of the loan on the Purchase Date will be calculated based on the effective date of the transfer of servicing or ownership as described below:

- Loans purchased on or before the 15th of the month will have an effective transfer of servicing or ownership date as of the first of the month following the purchase date. The principal balance purchased will be the scheduled principal balance.
- Loans purchased on or after the 16th of the month will have an effective transfer of servicing or ownership date as the first day of the month subsequent to the month coming after the mortgage loan purchased date.

The principal balance purchased will be the scheduled principal balance minus any principal reductions minus any principal portion of such payment on or after the cutoff date noted above. The Seller will be entitled to retain the monthly payment due on the first day of the month following the month of purchase. As mentioned above, a pay history will be required even after the purchase of the loan.

Accrued Interest

If TMS purchases a loan on or after the first day and on or prior to the 14th day of the month, TMS will pay the Seller accrued interest at the interest rate stated in the applicable Promissory Note, from the

Correspondent Manual

first day of the month of purchase through the day prior to the date of purchase (and TMS will be entitled to receive the monthly payment due on the first day of the month following the month of purchase). The purchase price proceeds paid by TMS will be increased by an amount equal to interest accrued at the interest rate stated in the applicable Promissory Note from the first day of the month of purchase through the day prior to the date of purchase.

If TMS purchases a loan after the 14th day and on or prior to the last day of the month, the Seller will pay TMS accrued interest at the interest rate stated in the applicable Promissory Note, from the date of purchase through the last day of the month of purchase (and the Seller will be entitled to retain the monthly payment due on the first day of the month following the month of purchase). The purchase price proceeds paid by TMS will be reduced by an amount equal to interest accrued at the interest rate stated in the applicable Promissory Note, from the date of purchase through the last day of the month of purchase.

Accrued interest to be paid by the Seller as described above will be calculated by multiplying the unpaid principal balance purchased by TMS by the loan's interest rate, divided by 360 and multiplied by the applicable number of days, as described above.

Post-Purchase

Seller must issue all borrower notifications no less than 15 days before the effective date of the transfer of servicing duties and must:

- Indicate the date on which the servicing duties are to be transferred, which shall be the same date as the date on which payments are to commence to the Servicer.
- Identify the date Seller will no longer accept payments on the mortgage loan and the date on which payments are to commence to the new Servicer.
- Identify the transferee of the servicing duties. Provide Seller's name, complete address, appropriate department name, and a toll-free or collect call telephone number, which the borrower(s) may call with questions.
- Direct the borrower(s) to forward future payments to the servicing processing center. Notify the borrower(s) that the transfer does not affect any terms or conditions of the mortgage loan other than those related to servicing. Comply with all applicable federal and state laws.
- Address any questions related to wire or Purchase Advice calculation to Support@TheMoneySource.com, being sure to include the PA and loan number.

Post-Purchase Adjustments

The Money Source reserves the right to levy post-purchase adjustments at any time for item(s) that have a direct impact on TMS. Such items may include pricing, escrows, UPBs, etc.

Correspondent Manual

Sellers may request Purchase Advice Reconciliation at any time within 30 calendar days of the loan purchase date. Questions pertaining to post-purchase adjustments should be directed to the assigned Liaison via email.

Early Payoff Fees

Early Payoff Fees (“EPO”) will be due from Seller should the borrower refinance, sell or payoff the loan within the EPO period identified in the Loan Purchase Agreement.

An EPO fee is calculated using the Service Release Premium (SRP) posted on our rate sheet.

Right to Repurchase

The Money Source reserves the right to require Seller to repurchase mortgage loans with documentation outstanding for more than 180 days (210 days if a 30-day extension has been granted) which results in TMS’s inability to meet its investor or custodial document delivery requirements. The repurchase price of the mortgage loan will be set forth in a letter forwarded to Seller.

Post-Purchase Insuring and Guaranty Requirements

FHA Mortgage Loans

Sellers are responsible for ensuring all FHA mortgage loans are insured, and evidence of insurance is delivered to TMS within 60 days of the date that each loan was funded.

A printed copy of the eMIC version of the Mortgage Insurance Certificate for FHA mortgage loans must be delivered to TMS. The insuring document will show “received” status once TMS has confirmation from FHA Connection (FHAC) that the mortgage loan has been insured.

VA Mortgage Loans

Sellers are responsible for ensuring that all VA mortgage loans are guaranteed, and the Loan Guaranty Certificate (LGC) is delivered to TMS in the loan delivery file. If the LGC issuance is delayed, the Seller must deliver the LGC to TMS within 60 days from closing, or prior to the mortgage loan becoming 30 days delinquent (when the mortgage loan is no longer eligible for guarantee), whichever date is earlier.

USDA Mortgage Loans

Sellers are responsible for ensuring that all USDA mortgage loans are guaranteed, and the Loan Note Guarantee (LNG) is delivered to TMS 90 days after the mortgage loan closing date, or before the mortgage loan becomes 30 days delinquent, whichever date is sooner.

Loan Data Matching & Suspense

FHA, VA, and USDA loans purchased by TMS require the electronic loan data received to purchase the loan be consistent with the records/data in the agency’s insurance or guarantee system. Data discrepancies can include but are not limited to: Original Principal Balance (OPB), agency Case Number, Interest Rate, Maturity Date, and Property Zip Code.

Correspondent Manual

We ask Sellers to submit complete and correct insuring documents to TMS. In the event a correction is necessary, please be sure to work with the respective agency immediately to correct and submit the corrected documents to TMS. For example, FHA loans insured with a different loan amount compared to the Promissory Note will require the Seller to engage with HUD directly to make the corrections. The Seller will be responsible for submitting a MIC Correction form to HUD in order to update the Mortgage Insurance Certificate and FHA Connection. The same process applies to VA and RHS loans, as well as requiring the Seller to work with the Guarantor to revise the insuring certificate. TMS reserves the right to request that the Seller repurchase mortgage loans for aged data discrepancies.

Final Documentation (aka Trailing Docs)

In addition to the insuring documentation named in the Post-Purchase Insuring and Guaranty Requirements section of this Manual, the final closing documents must include, but are not limited to:

- Original recorded Mortgage and any applicable riders or addendums (or a certified copy except for loans secured by properties located in Connecticut, Florida, Hawaii, Illinois, Louisiana, Maine, New Mexico, or South Carolina)
- Original recorded Assignment of Mortgage and all original recorded intervening assignments if any (or a certified copy except for loans secured by properties located in Connecticut, Florida, Hawaii, Illinois, Maine, New Mexico, or South Carolina)
- Original or certified copy of the final Title Insurance Policy and any required waivers, attorney's opinion, and/or applicable endorsements
- Certified copy of the recorded POA, if applicable
- Mortgage Insurance Certificate (MIC) if FHA loan
- Loan Guaranty Certificate (LGC) if VA loan
- Loan Note Guaranty (LNG) if USDA loan

Document Delivery

TMS suggests final documents be shipped via overnight mail. TMS will not be responsible for loss of or damage to documents during shipment. All documents must reflect TMS's loan number on the upper right-hand corner.

Final Document Delivery Address

Indecomm Global Services
Mail Stop Code: FD-MS-7200
1427 Energy Park Drive
St. Paul, MN 55108

Outstanding Final Documents

TMS has the right to charge Seller for actual costs and fees incurred in order to obtain any and all required documents that have been outstanding for greater than 180 days (30 days for FHA MIC or Loan Guaranty Certificate for VA, Loan Note Guaranty). A late fee of \$75, plus any search fees, along with any additional charge that may arise per document.

Correspondent Manual

A Trailing Docs report is available in [KISS](#) under Reports. This report includes a list of all outstanding trailing documents on purchased loans. This list includes Final Title Policy, recorded Mortgage/DOT, MIC, LGC, LNG, and FHA change of record. To access the report:

- Go to the Correspondent website and log into [KISS](#)
- Click on 'Reports'

The Trailing Docs report is updated throughout the day and should be monitored by Sellers.

Regulation C – Home Mortgage Disclosure Act (HMDA)

Sellers are required to report HMDA Information on all loans sold to TMS. For HMDA purposes, TMS is considered a Mortgage Bank (Type of Purchaser: Code 7).

Aggregate Escrow Analysis

TMS requires all aggregate escrow analysis and all initial escrow account disclosure statements to be calculated and prepared in full compliance with the requirements of RESPA and all relevant state laws and regulations.

Fee List

Admin Fee	\$319
Tax Service Fee	\$80
Fraud Guard Interthinx or similar electronic fraud tool (if not included with file submission)	\$20
Life-of-Loan Flood Certificate Fee (if Seller does not provide a CoreLogic/Service Link Life-of-Loan Flood Cert)	\$15