



THE MONEY SOURCE

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*Correspondent Jumbo Express Seller's Manual*



# Correspondent Jumbo Express Manual

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## 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 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 TMS for purchase, TMS will independently verify and evaluate the borrower’s ability to repay the loan.

## Seller Requirements

### Requirements for Delegated Seller Approval

- 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](#)

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- 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
- 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:



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- 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 approved Sellers are fully delegated to underwrite loans to TMS's credit and eligibility standards. 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
- 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)

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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 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

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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 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

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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 meets 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.

### 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).

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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," "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.

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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 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.

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## 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 mortgaged 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.

## 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 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 DU Refi Plus, 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).

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## 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 for Properties Affected by Natural Disaster

Loan Type	Full Appraisal Completed <i>On/Prior</i> to Incident Period	Full Appraisal Completed <i>After</i> Incident Period
<b>Jumbo</b>	<p>Appraisal Reinspection Required</p> <ul style="list-style-type: none"> <li>• Appraisal Update Form 1004D;</li> <li>• Freddie Mac Form 2070; or</li> <li>• Fannie Mae Form 2075</li> <li>• Statement from Appraiser that the subject property has not sustained any flooding and/or damage</li> <li>• Statement from Appraiser on neighborhood conditions as they relate to flooding and/or damage</li> <li>• Interior and exterior photos of the subject property evidencing no water damage, including the basement (if applicable)</li> </ul>	<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"> <li>• Subject property is free from damage and the disaster had no effect on the value or marketability.</li> <li>• 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.</li> </ul> <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"> <li>• Damages documented must be repaired by a licensed contractor, or per local jurisdictional requirements.</li> <li>• All damages must be repaired, and the subject property restored to its pre-disaster condition, or better, with appropriate and applicable documentation</li> </ul>

## 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.



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## 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

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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 his/her 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
- Comprehensive endorsement 100 or its equivalent
- Location endorsement 116 or its equivalent

### 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.

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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 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.

### *Mortgagee Clause*

The Money Source Inc.  
ISOA/ATIMA  
P.O. Box 1194  
Springfield, OH 45501-1194

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.

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.

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.

### Effective Date

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

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## 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 the higher of \$5,000 or 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 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.

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

## 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.

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## 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.

## Additional Coverage

The following additional coverage is required, as applicable:

### 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's company, seller's 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.

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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.

### 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.

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## Lock Policy

### Rate Sheets and Pricing

The target time for rate sheet distribution is 11:00am ET. 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 from rate sheet posting to 6:30pm ET. 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 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. The Seller is responsible to deliver a loan file that accurately reflects the final 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. 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.

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***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.*

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## 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 not allowed for Best Efforts Commitments.

## Extensions

### Pre-Delivery

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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 cancellation. 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 four (4) 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 28 combined pre- and post-delivery extension days. An exception request to retain the commitment must be submitted before 7pm ET on the 30<sup>th</sup> day after loan delivery or on the lock expiration date after 28 extension days to avoid cancellation.

For requests not addressed in these guidelines, email the Secondary Desk at [Secondary@TheMoneySource.com](mailto:Secondary@TheMoneySource.com).

### Lock Cancellations

It is the responsibility of the Seller to immediately notify the Secondary Desk of any locked loan that will not be delivered.

### 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](mailto:Secondary@TheMoneySource.com). The re-lock price is calculated using the corresponding option below:

- For re-locks requested less than 65 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.



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

- For re-locks requested 65 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.

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

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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](mailto:Secondary@TheMoneySource.com).
- Loans initially locked Best Effort may not be re-locked as Mandatory.
- In the event of re-lock, current posted LLPAs and delivery guidelines may be applied if not considered in the original commitment confirmation.

### Underwriting Guidelines

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 utilizing the TMS program guidelines and industry standard best practices. Seller must ensure the file contains adequate documentation to support information represented in the borrower’s application and data elements entered into automated underwriting systems. DU Approved/Eligible, or DU Approved/Ineligible (Ineligible for loan amount) is required on all loans.

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 as well.

#### 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 LexisNexis. Report findings must cover standard areas

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of quality control, including borrower validation, social security validation, property information, and MERS.

### Appraisal Requirements

All loans require an appraisal to be completed within 120 days of the Note date. If an appraisal is over 120 days old, a recertification of value needs to be performed. Appraisals that are over 12 months old as of the Note date are not acceptable. Appraisals must be completed on the most current agency appraisal forms and conform to agency appraisal practices.

- Property Inspection Waiver (PIW) is not allowed
- Appraisals transferred or assigned from another lender are not acceptable

### Fannie Mae CU and Desk Review requirements

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

Loans submitted with collateral underwriter score of greater than 2.5 require a collateral desktop analysis (CDA) from Clear Capital. The review must not be over 120 days of the Note date.

If the desk review produces a value more than 10% lower than the appraised value, the loan is not eligible for purchase unless a field review is obtained supporting the appraised value.

Loans with collateral underwriter scores greater than 3.5 are ineligible for purchase.

All appraisals are reviewed for eligibility as well as value support. However, the use of an appraisal review product does not relieve the Seller of its representations and warranties relating to the property and the appraisal including the underwriting thereof.

### 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 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

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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](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 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 webpages.

## Pre-Payment Penalties

TMS does not allow loans with pre-payment penalties.

## 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.

## Eligible Products

- 15-year fully amortized fixed rate
- 30-year fully amortized fixed rate
- No Mortgage Insurance allowed

## Borrower Eligibility

- U.S. Citizens
- Permanent resident aliens
  - Copy of valid resident alien card must be included in loan file.
- Inter-Vivos Revocable Trusts
  - Trust must be established by one or more natural persons, individually or jointly.
  - The individual(s) establishing the trust must be the primary beneficiary/beneficiaries.

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- If the trust is established jointly, there may be more than one primary beneficiary as long as the income or assets of at least one of the individuals establishing the trust will be used to qualify for the mortgage.
- At least one of the trustees must be either the individual establishing the trust, or an institutional trustee that customarily performs the duties of a trustee and is duly authorized to act as a trustee under applicable state law.
- The mortgage and trust documents must meet agency eligibility criteria including title and title insurance requirements, as well as applicable state laws that regulate the making of loans to inter-vivos revocable trusts.
- The trustee(s) must have the power to mortgage the security property for the purpose of securing a loan to the party (or parties) who are the borrower(s) under the Mortgage or Deed of Trust and Note.
- First time homebuyers  
A first-time homebuyer is defined as a borrower who has not had ownership interest in a property within the last three (3) years from the application date.
  - Owner-occupied only.
  - Maximum 80% LTV/CLTV.
- Maximum of four (4) borrowers per loan.

### Ineligible Borrowers

- Non-permanent resident aliens
- Borrowers with only an ITIN (individual taxpayer identification number).
- Irrevocable trusts.
- Corporations, limited partnerships, general partnerships, and limited liability companies.
- Borrowers who are party to a lawsuit.
- Borrowers with Diplomatic Immunity.
- Foreign Nationals.

### Eligible Transaction Types

#### Purchases

- Must adhere to agency guidelines.
- LTV/CLTV is calculated using the lesser of the purchase price or the appraised value of the subject property.
- Seller must have taken title to the subject property a minimum of 90 days prior to the date of purchase agreement/sales contract.
- Personal property may not be included in the purchase agreement/sales contract. Personal property items should be deleted from the sales contract or reasonable value must be documented and the sales price adjusted. Items that are customary to residential real estate transactions such as lighting fixtures, kitchen appliances, window treatments and ceiling fans are not considered personal property for purposes of this section

#### Rate and Term Refinance

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- Minimum of six (6) months seasoning from the Note date of the new transaction required if previous refinance was cash-out, including the payoff of a non-seasoned subordinate lien.
- For properties purchased more than six (6) months prior to the closing date the current appraised value may be used to calculate LTV.
- For properties purchased within six (6) months of closing date the LTV will be based upon the lesser of the original sales price or the current appraised value conclusion from the appraiser. Original sales price will be determined from the Closing Disclosure from the subject acquisition transaction.
  - Inherited properties are exempt from this seasoning requirement. LTV will be calculated off current appraised value.
- The mortgage amount may include the:
  - Principal balance of the existing first lien.
  - Payoff of a purchase second lien.
  - Payoff of a co-owner pursuant to a written agreement.
  - Financing of the payment of prepaid items and closing costs.
  - Payoff of a non-purchase second lien seasoned a minimum of 12 months from date of application. The second lien must not evidence draws exceeding \$2,000 within the past 12 months from date of application. Withdrawal activity must be documented with a transaction history of the line of credit.
- Cash back to the borrower is limited to the lesser of \$2,000 or 1% of the new loan amount.
- Principal reduction is permitted up to maximum of \$2,000.
- Properties listed for sale are ineligible for refinance unless the listing was withdrawn (or expired) prior to the date of closing.

### Cash-Out Refinance

- Borrower must have held title for a minimum of six (6) months from disbursement date.
- Properties listed for sale are ineligible for refinance unless the listing was withdrawn (or expired) prior to the date of closing.
- Payoff of a HERO lien is considered a cash-out transaction
- Texas cash-out refinances are ineligible.

### Continuity of Obligation

For a refinance transaction to be eligible for purchase there must be a continuity of obligation of the outstanding lien that will be paid through the refinance transaction.

Continuity of obligation is met when any one of the following exists:

- At least one borrower is obligated on the new loan who was also a borrower obligated on the existing loan being refinanced.
- The borrower has been on title and residing in the property for at least 12 months and has either paid the mortgage for the last 12 months or can demonstrate a relationship (relative, domestic partner, etc.) with the current obligor.

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- The loan being refinanced and the title to the property are in the name of a natural person or a limited liability company (LLC) as long as the borrower owns at least 25% of the LLC prior to transfer. Transfer of ownership from a corporation to an individual does not meet the continuity of obligation requirement.
- The borrower has recently been legally awarded the property (divorce, separation, or dissolution of a domestic partnership).

Loans with an acceptable continuity of obligation may be underwritten, priced, and delivered as either cash-out or limited cash-out refinance transactions based on the requirements for each type of transaction.

### Delayed Financing Refinance

Delayed financing refinances in which the borrowers purchased the subject property for cash within ninety days (90) from the date of the application are eligible for purchase. Cash back to the borrower in excess of the original purchase price or appraised value (whichever is less) is not allowed. Delayed financing refinances are underwritten as rate and term refinances and are not subject to cash-out refinancing program limitations; property may not be located in Texas.

A Closing Disclosure is required to document no mortgage financing was used to obtain the subject property.

### Construction Loan Refinancing

Construction loan refinances are eligible as rate and term or cash-out refinances and must meet the following criteria:

- Only the permanent financing on a construction to perm loan is eligible. Single closing construction permanent loan refinances are ineligible.
- Borrower must have held title to the lot for a minimum of six (6) months prior to the closing of the permanent loan.
- The LTV will be based on the current appraised value if the borrower has held title to the lot for 12 or more months prior to the closing date of the permanent loan.
- If the lot was acquired less than 12 months before the closing date of the permanent loan the LTV will be based on the lesser of a) the original purchase price of the lot plus the total acquisition costs (sum of construction costs), or b) the current appraised value of the lot plus the total acquisition costs.
- Appraiser's final inspection is required.
- A certificate of occupancy is required from the applicable governing authority. If the applicable governing authority does not require a certificate of occupancy proof must be provided.
- Construction loan refinances in which the borrower has acted as builder are not eligible for purchase.
- Maximum cash to borrower is \$300,000

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## Non-Arm's Length Transactions

All the parties to a transaction should be independent of one another. Except as indicated below if a direct relationship exists between or among the parties, the transaction is a non-arm's length transaction, and the related loan is not eligible for purchase. The following transactions are eligible provided that such transactions and the related circumstances are properly documented:

- Sales or transfers between members of the same family. Transaction may not be due to any adverse circumstances.
- Property seller acting as their own real estate agent.
- Borrower acting as their own real estate agent.
- Borrower is the employee of the originating lender.
- Borrower purchasing from their current landlord (canceled checks or bank statements required to verify satisfactory pay history between borrower and landlord).
- Investment property transactions must be arm's length.

## Credit Documentation Requirements

### Allowable Age of Credit Documents

Follow the DU and the requirements in Fannie Mae Single Family Selling Guide. If a discrepancy exists between DU and the Fannie Mae guidelines, the guideline requirements must be followed.

### Credit Score

- The representative credit score for qualification purposes for an individual borrower is the middle score of the three (3) scores reported. If two (2) scores are reported the representative credit score is the lower of the two (2) scores. Credit scores from all three (3) repositories must be requested (Equifax, Experian, and TransUnion).
- For multiple borrowers the credit score is the lowest of all representative credit scores.
- If only one (1) credit score or no credit score is reported, the borrower is not eligible; a minimum of two (2) credit scores is required.
- No borrower in a transaction may have frozen credit. If a borrower has frozen credit and unfreezes their credit after the original credit report was ordered, a new credit report must be obtained to reflect current updated information for evaluation.

Refer to TMS [Jumbo Express Matrix](#) for minimum credit score requirements.

### Minimum Credit Requirements

Follow the DU and the requirements in Fannie Mae Single Family Selling Guide. If a discrepancy exists between DU and the Fannie Mae guidelines, the guideline requirements must be followed.

### Mortgage/Rental Payment History

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- A minimum of 24 months verified housing history is required to validate no late payments; 0 x 30.
- If primary residence housing history reflects a forbearance arrangement, the payment history must reflect no late payments (0 x 30) in the most recent 24 months since exiting forbearance.

### Credit Inquiries

- All inquiries that have taken place within 120 days of the credit report date must be explained by the borrower and documented accordingly.
- Borrower must be qualified with any new debt.

### Liens, Judgements, and Collections

- Satisfactory explanation for any delinquent credit from the borrower is required.
- Borrower must pay off all delinquent credit that has the potential to impact lien position on title, including delinquent taxes, judgments, charge-off accounts, tax liens, and mechanic's liens.
- Collection accounts or charged-off accounts do not need to be paid off if the balance of an individual account is less than \$1,000.00 or if there are multiple accounts the total balance of all accounts cannot exceed \$2,500.00.

### Foreclosure, Deed-In-Lieu of Foreclosure, Bankruptcy and Short Sales

- At least seven (7) years must have elapsed since bankruptcy discharge or dismissal, foreclosure, notice of default (NOD), short sale, or deed-in-lieu measured from the date of completion to the date of application.

### Employment and Income

Follow the DU and the requirements in Fannie Mae Single Family Selling Guide. If a discrepancy exists between DU and the Fannie Mae guidelines, the guideline requirements must be followed.

#### Employment and Income Stability

Borrower(s) must have a minimum of two (2) years employment and income history on the loan application.

#### Rental Income

Rental income, from properties other than subject property, can be used if the borrower has a minimum two-year history of renting the property and the rental income is reported on the most recent two years tax returns.

Rental income must be calculated using the following method:

- Take rental income or loss for each rental property from line 21 of Schedule E from each year of tax returns, and add the following to it:
  - Depreciation reported on line 18 of Schedule, and
  - Taxes reported on line 16, and
  - Mortgage Interest on line 12, and



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- Insurance expense on line 9
- Use the above method to calculate the total rental income for each of the most recent two years and average the results over 24 months to calculate the effective monthly rental income for each property.
- If the monthly qualifying rental income (as defined above) minus the full PITIA is positive, it must be added to the borrower's total monthly income.
- If the monthly qualifying rental income minus PITIA is negative, the monthly net rental loss must be added to the borrower's total monthly obligations.

Please note that the most recent property tax bill, HOI dec page, HOA statement (if applicable), and mortgage statement (if applicable) must be provided to validate the accurate monthly PITIA.

### Unacceptable Income

- Any source that cannot be verified.
- Restricted stock income (RSU).
- Income that is temporary.
- Expense account payments.
- Retained earnings.
- Automobile allowances.

### Assets and Source of Funds

#### Source of Funds

- Follow the DU and the requirements in Fannie Mae Single Family Selling. If a discrepancy exists between DU and the Fannie Mae guideline, the guideline requirements must be followed.
- A borrower's real estate commission from the subject property cannot be used to satisfy the min down payment requirement
- Gift of Equity is not allowed
- Gift Funds are not allowed

#### Cash Reserves

Please refer to Reserve requirement in TMS [Jumbo Express Matrix](#). Reserves must be verified and comprised of liquid assets that borrower can readily access. Equity lines of credit, gift funds, and cash out from the subject property on a refinance transaction are not acceptable sources for reserves.

### Interested Party Contributions

Interested party contributions include funds contributed by the property seller, builder, developer, real estate agent or any other party with an interest in the real estate transaction. Interested party contributions may only be used for closing costs and prepaid expenses. Maximum contribution limits are:

- LTV between 75.01-80% – Maximum 6% contribution allowed
- LTV <= 75% – Maximum 9% contribution allowed

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Seller contributions more than the interested party contribution limits listed above, or contributions not being used for prepaid expenses or closing costs, must be deducted from the purchase price and appraised value to determine the LTV.

## Ineligible Property Types

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
- Manufactured Homes
- 2-4 Units
- Factory built housing
- Properties held as leasehold
- Co-ops
- Condo hotel units
- Condominiums
- Log homes
- Non-traditional home types (e.g., geo-dome)
- Hawaiian properties located in [lava zones 1 or 2](#), as determined by the USGS
- Commercially zoned properties
- Agriculturally zoned properties
- Rural zoned properties
- Properties with oil and gas lease
- Properties on more than 5 acres lot
- Working farms
- Properties located in Puerto Rico and U.S. Virgin Islands
- Mixed-use properties
- Timeshare units
- Properties encumbered with a private transfer fee

## Transaction Overlays

- Property Inspection Waiver (PIW) is not acceptable
- Texas 50(a)(6) transactions
- No assigned purchase contracts
- Non-resident aliens & foreign nationals are not eligible
- No negative amortization or balloon payments on subordinate financing
- Transactions with subordinate PACE liens are not eligible
- Maximum loan amount is \$1,500,000
- Contract for Deed/Land Contracts are ineligible
- Illinois Land Trusts
- Second home

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- Investment transaction
- Transactions with secondary financing

## 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](mailto:Support@TheMoneySource.com) for assistance.

## 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](mailto:Support@TheMoneySource.com).

## 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). Note dates that exceed the 30-day tolerance may be subject to a pricing exception. Exception requests should be sent to [Support@TheMoneySource.com](mailto:Support@TheMoneySource.com) prior to loan submission, including borrower's last name, loan type, Promissory Note date, and complete explanation of why the 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 35<sup>th</sup> 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](mailto:Secondary@TheMoneySource.com)) and approved prior to end of business on the 35<sup>th</sup> day.

## 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 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.

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## 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, 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.

## Servicing Transfer

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

The effective transfer of servicing date is essentially the date of first payment due to TMS. TMS will send a Welcome Letter to the borrower(s) after the loan purchase. Borrowers may contact TMS's 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	(203) 285-8453
TMS Correspondent Website	<a href="https://Correspondent.TheMoneySource.com">Correspondent.TheMoneySource.com</a>
Customer Service Email	<a href="mailto:CCare@TheMoneySource.com">CCare@TheMoneySource.com</a>
Payoff Requests	<a href="mailto:Payoffs@TheMoneySource.com">Payoffs@TheMoneySource.com</a>
VOM Requests	<a href="mailto:VOM@TheMoneySource.com">VOM@TheMoneySource.com</a>
Collections	<a href="mailto:Collections@TheMoneySource.com">Collections@TheMoneySource.com</a>
Loss Mitigation	<a href="mailto:LossMitigation@TheMoneySource.com">LossMitigation@TheMoneySource.com</a>
Bankruptcy/Foreclosure	<a href="mailto:Default@TheMoneySource.com">Default@TheMoneySource.com</a>



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

**The Money Source Inc.  
P.O. Box 650094  
Dallas, TX 75265-0094**

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 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.

## 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 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:

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- 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 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.

**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. Seller must ensure that an escrow of funds is not prohibited by

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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.
- 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, Seller 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, Seller must, pursuant to the guidelines set forth in this section of the 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

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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
- 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.

### 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 mortgage loan, a copy of the



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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.**
  - 3138 East Elwood Street**
  - Phoenix, AZ 85034**
- 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.

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***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.*

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### Reverse Bailee

TMS will accept reverse bailee from approved warehouse lines; however, the Seller must ensure that 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)

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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**  
**3138 East Elwood Street**  
**Phoenix, AZ 85034**

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](mailto:Support@TheMoneySource.com), or upload tracking details in [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 print screen 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.

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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.

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

### 4506C Transcript Policy

IRS transcripts are required for all loans per DU income type.

IRS tax transcripts are required when qualifying with any of the following: 1) commission income greater than 25% of the borrower's total earnings (except for VA and FNMA programs); 2) employed by a family-owned business; or 3) fixed income when the 1040s are used in lieu of alternative documentation.

Additional guidance for certain scenarios:

- If AUS requires 1040s for any reason, full transcripts will be required.
- For borrowers that are filing taxes jointly, if one borrower is W2 and one borrower is receiving nontaxable income (other than VA disability income) that is grossed up, full transcripts are required.
- IRS tax repayment plans must be paid off at or prior to closing

W-2 transcripts are required when employment income is used. When W-2 transcripts are required and are not available then an IRS Form 4506-C transcript confirming "No Record Found" must be supplied. If the most recent year's W-2 transcript for the income used to qualify is not available, then one of the following is required:

- Prior year W-2 and W-2 transcript must be provided, Or
- A WVOE for the time period covering the W-2 that shows a return of "No Record Found"

### 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:

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- 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;
- 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 15<sup>th</sup> 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 16<sup>th</sup> 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

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the purchase of the loan.

### Accrued Interest

If TMS purchases a loan on or after the first day and on or prior to the 14<sup>th</sup> day of the month, TMS will pay the Seller accrued interest 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 (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 14<sup>th</sup> 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](mailto:Support@TheMoneySource.com), being sure to include the PA and loan number.

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## 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.

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.

## 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 if the original has not been returned from the applicable recording office)
- Original recorded assignment of mortgage and all original recorded intervening assignments if any (or a certified copy, if the original has not been returned from the applicable recording office)
- Original 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 that 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

### **First American Mortgage Solutions**



# Correspondent Jumbo Express Manual

**C/O The Money Source  
1795 International Way  
Idaho Falls, ID 83402**

## 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. A late fee of \$75, plus any search fees, along with any additional charge that may arise per document.

A Trailing Docs report is available in [KISS](#) under Reports. This report includes a list of all outstanding trailing documents on purchased loans. To access the report:

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

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