
Non-Delegated Correspondent Seller Partner Eligibility Policy

Overview

Nations Direct Mortgage, LLC Non-Delegated Correspondent (NDM Correspondent) is designed as an opportunity to partner with experienced mortgage professionals with the knowledge and ability to originate quality, compliant residential mortgage loans. An NDM Non-Delegated Correspondent Partner is a qualified originator that will deliver closed loans to NDM for purchase consideration as a *secondary market transaction*. All NDM Non-Delegated Correspondent Partners will be required to initially qualify under and maintain NDM Non-Delegated Correspondent eligibility requirements.

NDM Non-Delegated Correspondent Partners will originate loans directly through their own loan origination platform; and close their loans in their own name using their own warehouse line; and deliver closed, saleable loans to NDM Non-Delegated Correspondent for purchase consideration. The NDM Team will perform a full pre-purchase review of each loan to ensure it meets the same high level of compliance and underwriting standards that we require of loans underwritten and closed by NDM directly.

In addition to working with our seasoned Mortgage Lending Partners, NDM Non-Delegated Correspondent will be looking to assist smaller Lenders and mortgage professionals looking to transition from Mortgage Broker to Banker using our Prior Approval delivery process. Although the Non-Delegated Correspondent Partners will always be ultimately responsible for the loans they close, our partners will enjoy the support of a full underwriting review prior to the closing the loan to help ensure the salability of the file.

Partner Eligibility Criteria

The decision to approve or deny a NDM Non-Delegated Correspondent Partner is based on NDM's Eligibility Criteria, business judgment, and the totality of each Partner's application and circumstances. The approval process involves a careful analysis of each Partner-applicant's financial condition, operational scope, operational methodology, experience level, industry reputation, delinquency statistics, and other background investigations. All applications will be submitted through Comerence Compliance Monitoring system and then escalated for final review and consideration for approval by NDM Executive Management. The decision to approve or deny will be at NDM's sole discretion.

General Criteria for all Partner Applicants:

- Complete the Non-Delegated Correspondent Approval Application through the Comerence Compliance Monitoring system (www.comerence.com) and submit all documents as required by the Application Procedure detailed below.
- **Financial Responsibility.** Financial and Credit criteria, as defined in the specific eligibility requirements below, must be maintained throughout the term of the Correspondent Partnership and this information will be verified through quarterly covenant reviews and annual recertification.
 - Note: Principal Officers, owners, and/or partners, and the broker of record (as applicable) must have an acceptable personal credit profile. Past credit difficulties will be reviewed on a case-by-case basis. Individual Credit Histories and Financials may be requested of entity principals as supplementary information to ensure the credit standing and financial responsibility of the Partner.

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- Any open liens, judgments, or other unsatisfied amounts owed in excess of \$10,000 may be grounds for denial.
- **Quality Control:** Each Seller must maintain an effective and thorough quality control program sufficient to accurately monitor the quality of its loan production activities. The organization and application of the quality control program should, at a minimum, satisfy the requirements established by the appropriate GSEs and HUD. NDM will periodically request and review the Partner's Quality Control Reports and Management Responses.
- **Highest-Level Lending Practices.** All NDM Correspondent Partners, regardless of approval type/delegation level, will be expected to maintain the following best practices:
 - Maintain approval in good standing with all applicable investors, warehouse lenders, mortgage insurers, agencies, and prudential regulators.
 - Be duly organized entity in good standing under all applicable federal, state, and local laws in the jurisdictions in which the entity conducts business.
 - All requisite registration and licensing, as determined by federal and state law, through the Nationwide Mortgage Licensing System (NMLS).
 - All Policies & Procedures as required by Federal and State law including, but not limited to, Anti-Money Laundering, Anti-Steering, Appraiser Independence, Fair Lending, Privacy and Consumer Information Protection, as well as general Federal & State Compliance policies covering TILA, RESPA, ECOA, HMDA, the FCRA, and all other regulations governing the origination of residential mortgage loans under the authority of the Consumer Financial Protection Bureau (CFPB) and any other applicable regulators.
 - Utilize a process that guarantees Appraiser Independence on all mortgage loans sold to NDM.
 - No principal or employee may be listed on any exclusionary list, including the HUD LDP or any other agency published roster of individuals or companies that are no longer eligible to participate in mortgage origination/lending.
 - The entity or its principals may not be involved in any material litigation or other enforcement action which may jeopardize the Partner's ability to originate and fund loans or perform under NDM's Correspondent Seller's Guide. Additionally, any correspondent who has been suspended or is currently under investigation by any governmental agency or regulator will not be approved unless satisfactory explanation and evidence of a positive outcome is provided.
- **Third Party Origination.** Partners are prohibited from selling Mortgage Loans originated by Third-Party Originators to NDM.

Non-Delegated Correspondent Eligibility

Eligibility

Nations Direct Mortgage knows that quality, consistent lenders come in all sizes and organizational structures, and that is why we have designed the two Eligibility Tiers listed below, allowing us to partner with seasoned, experienced lenders and with mortgage professionals who are just beginning to build a Correspondent Lending presence. Each Partner tier is defined below, explaining the minimum requirements needed to join us and the delegation level that will be granted to the Correspondent Partner when selling closed loans to NDM. Exceptions can be made, by Senior Management, to approve a partner who doesn't meet all criteria listed below.

<u>Eligibility Requirements</u>	<ul style="list-style-type: none">• Maintain a Net Worth \geq \$50,000, of which 20% must be <i>liquid assets</i> comprised of unencumbered cash and equivalents.• Maintain Warehouse Line(s) of Credit of at least \$1,000,000.• Be a duly organized legal entity. Sole Proprietorships are not eligible.• Meet a minimum of two (2) years as a Correspondent Lender/Mortgage Banker, originating and selling closed loans of the type they intend to sell to NDM.• Have maintained profitability for the previous fiscal year and year-to-date.• Maintain Errors & Omissions Insurance with a coverage amount of \$300,000. The deductible amount for each policy may not exceed \$50,000. Additionally, Non-Delegated Partners must maintain a blanket Fidelity Bond in the amount of \$1,000,000. (In the event the Partner is Federally Insured, NDM will accept confirmation that NDM is covered under the Financial Institution's blanket bond.)• MERS Membership. All Partners will be expected to maintain an active MERS membership to facilitate the organized transfer of title on all loan files.• To deliver FHA Loans, Partner must have:<ul style="list-style-type: none">○ Full Direct Endorsement Authority with HUD.○ A minimum of 6 months experience originating, underwriting, and insuring FHA loans.○ A 2-Yr DE Compare Ratio (as verified through Neighborhood Watch) of less than 150%.
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Application Procedure

Applicants for all Non-Delegated Correspondent with NDM will be required to complete an application through Comergence Compliance Monitoring system (www.comergence.com). Once you have created an application for NDM Correspondent in Comergence, you will be able to download our Correspondent Loan Purchase Agreement Package for review, execution, and upload of all required documentation.

A complete application submission will be comprised of all items listed in the Non-Delegated Correspondent Checklist

Please note: Applications will not be reviewed until all items are properly uploaded in the system and the application has been officially submitted.