

TABLE OF CONTENTS

TABLE OF CONTENTS	1-1
SECTION 1. GENERAL.....	1-4
1.1 Contract	1-4
1.2 Correspondent Program Website.....	1-4
1.3 NDM Application for Seller approval.....	1-4
1.3.1 Seller Application Approval.....	1-4
1.3.2 Seller Application Suspense	1-4
1.3.3 Seller Application Denial.....	1-4
1.4 Maintaining Eligibility	1-5
1.4.1 General.....	1-5
1.4.2 Audits and Regulatory Examinations	1-5
1.4.3 Notifications	1-5
1.5 Recertification	1-6
SECTION 2. COMMITMENT POLICIES AND PROCEDURES	2-7
2.1 Locking & pricing	2-7
2.2 Rate-lock Policies and Procedures	2-7
2.3 Delivery	2-8
SECTION 3. LOAN ELIGIBILITY AND UNDERWRITING MATRICES.....	3-9
3.1 Credit Policy - General	3-9
SECTION 4. CLOSING, DOCUMENT, AND DELIVERY REQUIREMENTS.....	4-24
4.1 Loan Closing Procedural Requirements	4-24
4.1.1 State and Federal Laws and Regulations	4-24
4.1.2 High-Cost or Predatory Mortgage Loans	4-24
4.1.3 Higher-Priced Mortgage Loans	4-24
4.1.4 Disaster Areas	4-25
4.1.5 Escrow Requirements	4-25
4.1.6 Fraud Detection	4-26
4.1.7 Real Estate Taxes and Property Insurance	4-26
4.1.8 Qualified and Authorized Trustee.....	4-26

NON-DELEGATED CORRESPONDENT SELLER GUIDE

4.1.9	Maximum Allowable Points and Fees	4-27
4.1.10	First Monthly Payment	4-27
4.1.11	Interest Credits	4-27
4.1.12	First Payment Due to Seller or Due to Nations Direct Mortgage	4-27
4.2	Loan File Requirements	4-27
4.2.1	Loan File Contents	4-27
4.3	Legal Doc requirements	4-28
4.3.1	Mortgages.....	4-28
4.3.2	Notes	4-28
4.3.3	MERS	4-28
4.3.4	Document Accuracy, Corrections and Modifications	4-28
4.3.5	Closing Disclosure	4-28
4.3.6	Right of Rescission.....	4-28
4.3.7	Power of Attorney	4-29
SECTION 5.	PURCHASE AND FUNDING; FEES.....	5-31
5.1	Conditions Precedent	5-31
5.2	Calculation of Purchase Price	5-31
5.3	Late Fees and Admin Fees	5-31
SECTION 6.	REPRESENTATIONS AND WARRANTIES	6-32
6.1	General 6-32	
6.2	Representations and Warranties with Respect to Seller.....	6-32
6.3	Representations and Warranties Regarding the Mortgage Loans	6-34
SECTION 7.	ADDITIONAL SELLER COVENANTS.....	7-47
7.1	Confidentiality	7-47
7.2	Restrictions on Publicity	7-47
7.3	Solicitation of Mortgagors.....	7-47
7.4	Early Payment Default.....	7-48
7.5	Early Payoff	7-48
7.6	Interim Servicing; Servicing Transfer Notices.....	7-48
7.7	Insurance Notices	7-48
7.8	Eligibility; Approvals.....	7-49

NON-DELEGATED CORRESPONDENT SELLER GUIDE

7.9	Quality Control; Review of Loan Files	7-49
7.10	Supplemental Information	7-49
SECTION 8.	EVENTS OF DEFAULT; TERMINATION; REPURCHASE AND OTHER REMEDIES	8-50
8.1	Events of Default	8-50
8.2	Repurchase Obligation	8-50
8.3	Indemnification; Third Party Claims	8-51
8.4	Additional Remedies; Setoff	8-51
8.5	Waiver of Defaults	8-52
8.6	Termination	8-52
8.6.1	Termination for Cause	8-52
8.6.2	Termination without Cause	8-52
8.6.3	Effect of Termination	8-52
8.7	Survival of Remedies	8-52
SECTION 9.	AMENDMENT; TERMINATION; MISCELLANEOUS	9-53
9.1	Amendments to the Guide	9-53
9.2	Principles of Interpretation	9-53
9.3	Reproduction of Documents	9-53
SECTION 10.	DEFINITIONS	10-54

SECTION 1. GENERAL**1.1 CONTRACT**

This Correspondent Seller's Guide (as amended from time to time in accordance with the terms hereof, referred to as the "Guide"), together with any other Transaction Documents, sets forth the terms and conditions for the sale of Mortgage Loans by Seller to Nations Direct Mortgage, LLC ("NDM" or "Buyer"). Capitalized terms used but not otherwise defined in the Guide shall have the meanings ascribed to them within [Definitions](#).

The Guide is available at www.myndm.com/Correspondent (the "Correspondent Program Website") and provides product, program, and policy information for the sale of Mortgage Loans to NDM.

The Guide may be amended from time to time in accordance with Section 9 regarding [Amendment; Termination; Miscellaneous](#).

1.2 CORRESPONDENT PROGRAM WEBSITE

The NDM Correspondent Website is a secured site that provides Seller with access to the Seller Guide, Nations Direct Mortgage bulletins and access to the NDM Loan Manager Non-Delegated Correspondent portal in which provides the ability to lock loans and view pipeline. Once approved as an NDM Non-Delegated Correspondent, a user name and password will be provided along with other access and login credentials.

Seller will designate a user administrator that will be responsible for their employee's logins and management of access. Seller shall immediately terminate access to the Correspondent Program Website for any employee upon such employee's termination of employment with Seller. Seller shall be liable for any misuse of the Correspondent Program Website by its current or former employees.

1.3 NDM APPLICATION FOR SELLER APPROVAL**1.3.1 Seller Application Approval**

Eligible Non-Delegated Correspondent clients will complete the Non-Delegated Correspondent Application Package through our compliance monitoring partner, Comergence Compliance Monitoring (www.comergence.com). Once the Correspondent applicant's submission has been approved via Comergence, NDM will send a countersigned copy of the Loan Purchase Agreement to the Seller Partner.

1.3.2 Seller Application Suspense

If NDM cannot render a decision based on the documentation provided in the Seller Application Package, it will advise the applicant of any missing or incomplete information or documents necessary for NDM to make a determination regarding eligibility. If the necessary documentation is not promptly provided, the Seller Application Package will be denied.

1.3.3 Seller Application Denial

If NDM determines in its discretion to deny a Seller Application Package, it will advise the applicant of the in a written letter. The Seller will be eligible to reapply if the reason for denial has been remedied.

1.4 MAINTAINING ELIGIBILITY

1.4.1 General

Upon the occurrence of an [Event of Default](#), Nations Direct Mortgage may exercise the remedies set forth in that section of the Guide.

1.4.2 Audits and Regulatory Examinations

Seller must notify Nations Direct Mortgage within seven (7) Business Days of receipt of any adverse audit report issued by a state examiner, federal regulator, government agency (including HUD), government sponsored entity (including Fannie Mae, Ginnie Mae or Freddie Mac) or Warehouse line provider. Any disciplinary action taken by any such regulator or agency must be reported to Nations Direct Mortgage within three (3) Business Days of knowledge.

1.4.3 Notifications

Seller shall immediately notify Nations Direct Mortgage of any of the following:

- Any material change in the information included in the Seller Application Package;
- Any material change in the ownership, financial condition or senior management of Seller, including a change in control as defined by any regulator or any jurisdiction in which it conducts business;
- Changes to the name or address under, or from which, it conducts business;
- Seller becomes aware of any action, suit, proceeding or complaint brought by a Mortgagor;
- Any action, suit, proceeding, inquiry, review, audit or investigation pending or, to Seller's knowledge, threatened by or against Seller that, either in any one instance or in the aggregate, may result in any material adverse change in the business, operations, financial condition, properties or assets of Seller, or in any material liability on the part of Seller, or which would draw into question the validity or enforceability of any of the Transaction Documents or the Mortgage Loans, or of any action taken or to be taken in connection with the obligations of Seller contemplated in the Transaction Documents, or which would be likely to impair materially the ability of Seller to perform under the terms of the Transaction Documents;
- The occurrence of an [Event of Default](#);
- Entry of any court judgment against Seller in excess of three percent (3%) of Seller's net worth as of the end of the fiscal quarter immediately preceding the date of such judgment; or
- Seller admits to committing, or is found to have committed, a material violation of any law, regulation, or order that could have a material adverse effect on Seller's performance under the terms of the Transaction, or on Seller's ability to continue its operations in a manner similar to its then-current operations.

1.5 RECERTIFICATION

Nations Direct Mortgage will conduct eligibility reviews on an annual basis to ensure that Seller continues to meet the “Seller Partner Eligibility Policy”. In connection with any such review, Seller is required to provide Nations Direct Mortgage with any updated financials or any other information as requested by Nations Direct Mortgage and available to Seller.

Seller will also be required to complete an updated application through Comerence Compliance Monitoring on the anniversary of their approval.

Additionally, if Seller has not sold a Mortgage Loan hereunder for 12 (twelve) months or more, NDM may, in its discretion and by notice to Seller, suspend Seller from delivering Registration Packages until such time as Seller has provided Nations Direct Mortgage with all information requested by Nations Direct Mortgage (including, if requested, an updated Seller Application Package) and Nations Direct Mortgage has deemed Seller as eligible in accordance with the foregoing Subsections and the Guide.

SECTION 2. COMMITMENT POLICIES AND PROCEDURES**2.1 LOCKING & PRICING**

The NDM Loan Manager Non-Delegated Correspondent Web Portal will provide the Seller the ability to upload their FNMA DU 3.4 file to create a NDM loan number so they can price their loans, lock when applicable and perform general pipeline management. Nations Direct Mortgage will post current rates to the Loan Manager Non-Delegated Correspondent Web Portal. All posted pricing includes the service release premium.

Nations Direct Mortgage reserves the right to adjust prices at any time due to market fluctuations, “re-price”. During a re-price, Seller’s ability to submit Lock requests will be suspended. A Lock confirmation will be issued at the pricing in effect at time of the Lock request.

Nations Direct Mortgage does not provide pricing protection. Lock requests received after 3:30 PM Pacific Standard Time (PST) will not be accepted.

2.2 RATE-LOCK POLICIES AND PROCEDURES

All Lock requests must be submitted electronically through the Loan Manager Non-Delegated Correspondent Web Portal. Seller may not request a Rate Lock with respect to a mortgage loan unless and until Seller has uploaded the FNMA DU 3.4 file where an NDM loan number has been established. Nations Direct Mortgage will post notice of a Lock Confirmation or a denial of the Lock request on the Correspondent Web Portal promptly following Nations Direct Mortgage’s determination, in its discretion, to issue a Lock or denial, as applicable. Once a Lock has been issued with respect to a mortgage loan a Lock Confirmation will be emailed to the seller. In the event a loan term, loan program or characteristic changes on a locked loan, the base pricing and applicable price adjustments will be based off the rate sheet on the day the loan was originally locked. For the avoidance of doubt, the issuance of a Lock Confirmation does not guarantee approval of the related Mortgage Loan, but rather constitutes solely an agreement from Nations Direct Mortgage to purchase such Mortgage Loan so long as Seller and such Mortgage Loan satisfy all conditions to such purchase set forth in this Guide and elsewhere in the Transaction Documents.

Rate Lock periods are included on the posted rate sheets as well as the Lock Confirmation. Each Lock Confirmation will set forth the expiration date of such rate lock. When the seller has delivered a funded closed loan package by 3:00pm PST on or before the date of lock expiration the rate lock will be extended four calendar days at no cost. If the seller requires additional time to clear prior to purchase conditions, normal extension costs will apply. Subject to Lock Extensions, if Seller has not delivered a complete Closed Loan Package by 3:00pm PST on or before the lock expiration date the Rate Lock shall automatically, without further action from any Person, be deemed expired and rescinded. If the expiration date falls on a day other than a Business Day, the expiration date shall be deemed to be the immediately succeeding Business Day. Mortgage Loans for which the related Closed Loan Package is delivered after the expiration date of the Rate Lock will be subject to a new rate lock at a price equal to the greater of (i) the applicable price at the time of the initial rate lock and (ii) the applicable price at the time of delivery of the Closed Loan Package and new rate lock request.

Lock Extensions. Seller must request any desired extension to an outstanding rate lock by 6:00pm PST on or before the rate lock expiration date. The terms and pricing for such extension shall be set forth in the rate sheet applicable at the time of Nations Direct Mortgage’s receipt of the extension request. If an extension request has not been received by Nations Direct Mortgage by 6:00pm PST on or before the date of lock expiration the lock will be canceled. A maximum of 2 lock extension are allowed on each loan.

NON-DELEGATED CORRESPONDENT SELLER GUIDE

Duplicate Commitments. If at any given time, more than one Rate Lock has been issued and is outstanding with respect to any mortgage loan, unless otherwise expressly agreed to by Nations Direct Mortgage, such mortgage loan shall be deemed subject to a single Rate Lock at a price equal to the lowest price set forth in any such Lock Confirmation.

2.3 DELIVERY

As set forth above in the Rate Lock Policy and Procedures, the closed loan package with respect to any mortgage loan that is to be considered for purchase hereunder must be delivered by 3:00pm PST on or prior to the expiration date of the related Lock Confirmation. Delivered means the Closed Loan Package along with a signed note and all supporting documents have been uploaded and submitted to Nations Direct Mortgage through the Loan Manager Non-Delegated Correspondent Web Portal.

Pair-Off Fees. Any mortgage loan funded or closed by the seller that is at any time subject to a Rate Lock with Nations Direct Mortgage but is not delivered for purchase consideration hereunder will be subject to a pair-off fee. The pair-off fee with respect to any mortgage loan shall be determined by calculating the difference between the applicable price at the time of the initial rate lock and the rate sheet price for the same product and note rate at the time of expiration of the same rate lock. If the price has declined, no pair-off fee is charged. If the price has increased, the pair-off fee charged shall equal the product of the principal balance of the mortgage loan set forth in the lock confirmation multiplied by the percentage increase in price. Seller shall pay any pair-off fee with five (5) Business Days of notice from Nations Direct Mortgage. Nations Direct Mortgage may, in its discretion, offset any outstanding pair-off fees from any payment made by Nations Direct Mortgage to Seller hereunder (including the purchase price for any Mortgage Loan).

NON-DELEGATED CORRESPONDENT SELLER GUIDE

SECTION 3. LOAN ELIGIBILITY AND UNDERWRITING MATRICES

The Underwriting Guidelines and other underwriting requirements within this section address common topics and are provided in summary form for reference for approved Seller Partners. All Fannie Mae and Freddie Mac guidelines apply in full. For Government loans, the HUD 4000.1 & 4150.2 apply for FHA loans and the VA Lenders Handbook guidelines apply. The omission of any topic from the policies and requirements set forth below do not preclude the applicability of the topic. Sellers are required to be familiar with and originate Mortgage Loans in accordance with Fannie Mae, Freddie Mac and HUD, and VA. For more detailed information please reference our matrices online at <https://myndm.com/correspondent-products/>.

3.1 CREDIT POLICY - GENERAL

Borrowers	<p>Eligible:</p> <ul style="list-style-type: none"> • US Citizens, non-occupant co-borrowers, inter vivos revocable trusts, permanent and non-permanent resident aliens. • Loans made to individual persons only • Max 4 borrowers on a transaction • All borrowers must have a valid social security number <p>Non-occupant Co-borrower(s):</p> <ul style="list-style-type: none"> • Loans with non-occupant borrower, at least one of the occupant borrower(s) must have a valid credit score. • The non-occupant co-borrower must be or have been a homeowner or provide 12-months cancelled checks or VOR from a property management company. • The non-occupant housing costs must be included in the DTI ratios. All borrowers must have a valid social security number <p>Ineligible:</p> <ul style="list-style-type: none"> • Borrowers in negative equity position • Borrowers who are related to or employed by the submitting broker, regardless of job function. • Trusts, corporations, LLCs, and other non-individual entities • Foreign Nationals • Borrowers with diplomatic immunity and IMF employees • Borrowers without a social security number • Borrowers with non-traditional credit
General Credit	<ul style="list-style-type: none"> • AUS approve/accept only. Manually underwritten loans are acceptable for FHA and VA loans only. • Please refer to the other portions of this Credit Policy for current underwriting guidelines. If a topic is not specifically addressed within this product description, the current Fannie Mae, Freddie Mac guidelines and FHA 4000.1, or VA Handbook apply. All FHA and VA loans must be insurable. Proof of

NON-DELEGATED CORRESPONDENT SELLER GUIDE

	<p>premiums paid on FHA and VA loans is required prior to purchase.</p> <ul style="list-style-type: none"> • All loans must satisfy stable monthly income, ratios, assets, reserves and acceptable credit per AUS results and guidelines. • Third Party Originations are not eligible.
Number of Financed Properties	<ul style="list-style-type: none"> • NDM allows up to a maximum of four (4) financed properties or \$2,000,000 in aggregate loans for all occupancies
Property Types - Eligible	<ul style="list-style-type: none"> • Single Family Residence (SFR) attached and detached • Planned Unit Developments (PUDs) • Fannie Mae Eligible Condos (CPM approvals must be included) • 2-4 units • Primary, Second Homes, and Investment Properties • Manufactured Homes • Modular Homes
Property Types - Ineligible	<ul style="list-style-type: none"> • Multi-family dwellings containing more than four (4) units • Mobile homes • Working farm and ranches (any income producing property) • Properties without a functional kitchen or heating source • Properties subject to hazardous conditions • Cooperatives • Hotels, Condotels or Kiddie condos • Log homes • Timeshares • Unique properties such as berm, earth, geodesic, etc. • Unimproved land • Commercial or mixed-use properties • Zoning violations or properties zoned agricultural and the highest and best use is other than residential • Properties that do not have full utilities meeting all standard and local code • Properties with less than 600 Sq. feet of living area • Properties with more than 10 acres

NON-DELEGATED CORRESPONDENT SELLER GUIDE

	<ul style="list-style-type: none"> • Properties held in a business name • Properties on leased land in which the lease does not meet agency requirements • Properties subject to oil and/or gas leases • Properties with deferred maintenance exceeding \$5,000
<p>Appraisal</p>	<p><u>Appraisal Standards:</u></p> <ul style="list-style-type: none"> • All appraisers must hold at least the minimum required state license and a copy of the license must be submitted with the appraisal. • All appraisals must show they were ordered via an AMC • Lenders Underwriter may request a desk or field review, as dictated by the characteristics of the property and appraisal, if an AVM does not support value or reflects a confidence score other than low risk. <p><u>Appraiser Independence Requirements (AIR)</u></p> <p>Seller must ensure that an appraisal and all appraisal practices used in originating a loan:</p> <ul style="list-style-type: none"> • Comply with any and all Appraiser Independence Requirements (AIR).
<p>Project Warranty</p>	<ul style="list-style-type: none"> • Condominiums must be Warrantable per Fannie Mae guidelines. Correspondent must provide the full CPM review and findings. • See “Full Condo Review Requirements” • Condos must have completed HOA questionnaire, HO6 insurance with 20% coverage of the appraised value.
<p>Mortgage Insurance</p>	<ul style="list-style-type: none"> • FHA loans must show evidence of mortgage insurance paid and in process in FHA Connection. • Agency loans with an LTV greater than 80.00% (or <u>>90% in CA</u>) require private mortgage insurance. • The seller is responsible to ensure all loans are in compliance with any state laws and mortgage insurance company guidelines. • Eligible private MI companies are: Arch MI, Enact, Essent, and National MI. • Eligible MI types: Borrower Paid – Single Premium, Borrower Paid Monthly; Lender Paid – Single Premium only.

NON-DELEGATED CORRESPONDENT SELLER GUIDE

<p>Salaried Income</p>	<ul style="list-style-type: none"> • Standard Fannie Mae full documentation is required. Generally, the AUS results will be followed unless NDM QC or underwriting deems more documentation necessary. • Most recent year-to-date paystub with year-to-date earnings • 1-2 years most recent W-2's (per DU findings.) • Other Income documentation is determined by DU • 4506C must be signed at application and closing • 2106 Expense and/or Schedule C income loss must use a 12-month or 24-month average, whichever is greater. • Two-year employment history with no gaps must be verified. If there are any gaps greater than 30 days, a letter of explanation is required. • Verbal VOE required within 7 calendar days of loan docs for all income types. • 4506C signed at application and closing, is required for all transaction. • All income documentation must be dated within 90 days of the closing date. • Verbal Verification required for all Mortgagors within 5 Business Days prior to closing for salaried and within calendar days prior to closing for self-employed. • Mortgagors must have two years consistent employment with the same employer or in the same industry. Employment gaps greater than 60 days during the past two years require a satisfactory letter of explanation and the Mortgagor must be employed with their current employer for a minimum of 6 months. • Rental income may be used to qualify, provided it is listed on Schedule E of tax returns. Net rental income should be calculated as the total of (income + depreciation + interest + taxes + insurance) divided by the applicable months minus the current PITI.
<p>Self-Employed Income</p>	<ul style="list-style-type: none"> • Nations Direct Mortgage requires a minimum 2-year history of self-employment in the same business, unless otherwise dictated by agency guidelines. • Declining income is not acceptable • Most recent one-two years personal tax returns with all schedules (per DU findings) • Filed business income tax returns for the last one-two years (except for sole proprietorships) (per AUS findings) • Other Income documentation as determined by AUS.

NON-DELEGATED CORRESPONDENT SELLER GUIDE

	<ul style="list-style-type: none"> • 4506C must be signed at application and closing. • 2106 Expense and/or Schedule C income loss must use a 12-month or 24-month average, whichever is greater. • Borrowers who are employed by a family member are considered to be self-employed, regardless of the percentage of ownership, and self-employed documentation is required. • Between the tax filing date and the extension expiration date (typically October 15), the following are required (as applicable): (a) copy of the filed extension; (b) W-2 forms(c) Form 1099 for commission income; (d) current year profit & loss (signed by the borrower); (e) year-end profit and loss for prior year (signed by the borrower); (f) balance sheet for prior calendar year if business is a sole proprietorship. • After the extension expiration date, loan is not eligible without current year tax returns.
<p>Source of Funds</p>	<ul style="list-style-type: none"> • Per AUS findings, all funds for reserves must come from borrower’s own funds. • Gifts are allowed for down payments from a relative, domestic partner or fiancé. Gift letters are required. See “Gift Funds” section below. <p>When utilizing rental income on VA Loans, 3 months reserves are required. The following are <u>prohibited</u> for source of down payment:</p> <ul style="list-style-type: none"> • Funds provided by grant from seller or builder-funded non-profit organization • Contribution to construction or rehab of property in the form of labor or services rather than cash • Funds donated by property seller, builder, or real estate agent • Proceeds from the subject transaction may never be used to satisfy minimum reserve requirement • Cash on hand • Credit card cash advance • Gifts which must be partially or fully repaid • Proceeds from unsecured loans or personal loans • Salary/bonus advance for future earnings • Sweat equity • Unsecured borrowed funds • 1031 tax deferred exchange on an owner-occupied property

NON-DELEGATED CORRESPONDENT SELLER GUIDE

	<p>If using gift fund:</p> <ul style="list-style-type: none"> The borrower is required to meet a 5% (Agency) or 3.5% (FHA) minimum down payment from his or her own personal funds for all purchase transactions. All borrower funds must be documented with two most recent months' asset statements or VOD covering a minimum of 60 consecutive days. All unusual large deposits must be explained, and source must be documented. Verify the borrower's actual receipt of the funds realized from sale or liquidation when non-liquid assets are used for any part of the down-payment or required cash to close 											
Gift Funds	<p>Gift funds are permitted subject to the following criteria:</p> <ul style="list-style-type: none"> Gift funds are not allowed to meet reserve requirements. Owner Occupied and 2nd homes: Minimum 5% on all FNMA and FHLMC 2-4 Unit Properties & Second Homes when the LTV is above 80% or 3.5% (FHA) down payment must be from the borrower's own funds. Gift funds can be applied towards closing costs/pre-paids. Gifts are allowed for down payments from a relative, domestic partner or fiancé. Gift letter, signed by the donor that includes the amount of the gift, date the funds were transferred, a statement that no repayment is expected, the donor's name/address/phone number and relationship to the borrower source of funds. The Loan File must verify that sufficient funds to cover the gift were in the donor's account and have been transferred to the borrower's account prior to closing. 											
Interested Party Contributions	<table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th colspan="2">Max Contribution</th> </tr> </thead> <tbody> <tr> <td>Owner-occupied LTV/CLTV 90.01 to 95%</td> <td>3%</td> </tr> <tr> <td>Owner-occ/2nd Home and LTV/CLTV ≤90%</td> <td>6%</td> </tr> <tr> <td>Owner-occ/2nd Home and LTV/CLTV ≤75%</td> <td>9%</td> </tr> <tr> <td>Investment Property</td> <td>2%</td> </tr> </tbody> </table>		Max Contribution		Owner-occupied LTV/CLTV 90.01 to 95%	3%	Owner-occ/2 nd Home and LTV/CLTV ≤90%	6%	Owner-occ/2 nd Home and LTV/CLTV ≤75%	9%	Investment Property	2%
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Investment Property	2%											

NON-DELEGATED CORRESPONDENT SELLER GUIDE

<p>Subordinate Financing</p>	<p>Subordinate/secondary financing is permitted on most loan programs as an acceptable source of funds, up to the maximum CLTV offered by the program and subject to MI guidelines. Refer to the applicable program detail for maximum CLTV.</p> <p>Rate/term refinance transactions, existing subordinate financing may be re-subordinated subject to program CLTV restrictions and MI guidelines. New subordinate financing is ineligible.</p> <p>For transactions including subordinate financing, the following requirements apply for both HELOC and Closed End Loans:</p> <ul style="list-style-type: none"> • The subordinate financing must be recorded and clearly subordinate to NDM’s first mortgage. • The maximum LTV/TLTV*/CLTV** may not exceed the guideline limits for the product and occupancy type shown in NDM Matrices. <p>If there is/will be an outstanding balance at the time of closing, the payment on the subordinate financing must be included in the calculation of the borrower's debt-to-income ratio(s).</p> <p>Negative amortization is not allowed; scheduled payments must be sufficient to cover at least the interest due.</p> <p>EQUITY SHARE AND SHARED APPRECIATION NOT ALLOWED.</p> <p>Subordinate financing from the borrower's employer may not include a provision requiring repayment upon termination.</p> <p>Subordinate financing from the property seller (seller carry-back, including any property seller or other private party carried financing)</p> <ul style="list-style-type: none"> • Is allowed only after the borrower has made a 5% minimum down payment / cash investment. • Is allowed only when the maximum CLTV is the lesser of 95% or the published CLTV limits for the product/program. • Affects interested party Contribution Limits, refer to Interest Party Section. • Should be at market rate. If the interest rate is more than 2% below Fannie Mae’s posted net yield in effect for second mortgages at time of closing it must be treated as a sales concession and a dollar-for-dollar reduction made to the sales price. <p>Note: For Conforming Loans, the TLTV ratio is calculated by adding the disbursed (or to be disbursed at closing) amount of the HELOC to the first mortgage amount, plus any other subordinate financing, and dividing the sum by the value of the mortgaged premises.</p>
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NON-DELEGATED CORRESPONDENT SELLER GUIDE

Note: The CLTV ratio is applicable to Conforming Loans and calculated by adding the HELOC credit line limit (rather than the amount of the HELOC in use) to the first mortgage amount, plus any other subordinate financing, and dividing that sum by the value of the mortgaged premises.

- For new Closed End subordinate financing the following also apply:
- Maturity date or amortization basis of the junior lien must not be less than five years after the Note date of the first lien Mortgage, unless the junior lien is fully amortizing
- The loan cannot have a balloon or call option within five years of the date of the Note.

The terms of a HELOC may provide for a balloon or call option within the first five years after the Note date of the first Mortgage.

Acceptable Documentation

The terms of any subordinate financing must be verified. The following sources of verification are acceptable*:

Existing subordinate loans (loans that will be re-subordinated):

- A copy of the credit report, or
- A copy of the mortgage note, or
- A direct verification from the lender, or
- A copy of the loan statement

Reminder for home equity lines of credit (HELOC): If an existing HELOC is reduced without modifying the original Note, the original line limit must be used to calculate the Combined-Loan-to-Value ratio.

New subordinate loans obtained prior to or at closing:

- A copy of the mortgage note, or
- A direct verification from the lender, or
- A copy of the commitment letter from the lender or
- A copy of the Closing Disclosure evidencing proceeds Notes:

Whether the subordinate financing is existing or new, a full underwrite of the documentation provided is required to ensure the subordinate financing meets the requirements.

If the subordinate lien's terms cannot be verified in their entirety with a single source of verification, the use of a combination of the above documentation options is acceptable.

FHA Loans:

- Secondary Financing must be financed by Government, Agency, or non-profit institution.
- No Cash-Out Refi: Existing subordinate financing (purchase money 2nd or 2nd mortgage > 6 months old) may remain in place subject to CLTV.
- New subordinate financing (non-purchase money 2nd or 2nd mortgage < 6 months old) is limited to 100% CLTV.

NON-DELEGATED CORRESPONDENT SELLER GUIDE

<p>4506C</p>	<p>Signed 4506C required for all loans.</p> <ul style="list-style-type: none"> • 4506 1040 transcript results for the most recent available tax year must be ordered and obtained from IRS for all income sources. • For borrowers employed by a family-owned business, must order and obtain the most recent 2 years' available 1040 transcripts from the IRS. • If the most recent tax year transcript is not available: <ul style="list-style-type: none"> ○ Obtain the previous year's transcript and proof of extension for most recent year. If the extension is expired (loans closing with a note date on or after October 15th) must obtain tax return and transcript for most recent year. ○ For income derived from self-employment, other business income, or rentals, qualifying income calculations must include the amounts verified with the most recent available tax transcript. If the loan is closing with a note date on or after October 15th, qualifying income must include most recent year's figures, and a transcript for that year must be ordered and obtained.
<p>Housing Payment History</p>	<p>If not contained within the credit report, the following documentation must be provided by a third-party:</p> <ul style="list-style-type: none"> • VOM - A 12-month minimum mortgage payment history is required to reflect no late payments in the last 12 months. • VOR - A 12-month minimum rental payment history is required to reflect no late payments in the last 12 months.
<p>Minimum Credit Standards</p>	<ul style="list-style-type: none"> • All borrowers must have a credit score and traditional credit history, for all products other than FHA (see matrix for specifics). • Trade line requirements determined by AUS findings. • Inquires: A detailed explanation letter that specifically addresses both the purpose and outcome of each inquiry is required. If additional credit was obtained, a verification of that the debt/payment must be obtained and the AUS must be resubmitted • Revolving Credit: If there is no payment on the credit report for revolving credit, use the greater of \$10 or 5% of the balance on credit.
<p>High Cost Loans</p>	<p>NDM will not purchase High-Cost Loans</p>

NON-DELEGATED CORRESPONDENT SELLER GUIDE

<p>Hazard Insurance Requirements</p>	<p style="text-align: center;"><u>Acceptable Hazard Insurers:</u></p> <p>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.</p> <p><u>Deductible:</u></p> <p>Unless state law requires a higher maximum amount, the maximum deductible may not exceed 5% of the face amount of the policy. The deductible clause may apply to fire, extended coverage or both. When a policy provides for a separate wind-loss deductible (either in the policy itself or in a separate endorsement), that deductible may not exceed 5% of the face amount of the policy. For dwellings located in a condo or PUD project, the maximum deductible is (i) 5% of the face amount of the policy for policies covering common areas only, (ii) 5% of the replacement value of the unit for losses related to the individual unit and (iii) 5% of the face amount of the policy for policies that cover individual units and common areas.</p> <p>1 TO 4-UNIT SINGLE FAMILY RESIDENCE REQUIREMENTS</p> <p><u>Evidence:</u></p> <p>All Loan Files must have an original homeowner’s insurance policy. Each policy must be current and must have a paid receipt. New policies must be valid for one year. In the case of a refinance, the original policy and the paid receipt are preferred. Nations Direct Mortgage will accept a copy of the original policy, certified as a true and exact copy by the agent. Neither Seller nor the Mortgagor may certify the copy. Also, faxed copies are not acceptable. The policy must satisfy all of the following:</p> <ul style="list-style-type: none"> • Mortgagor’s name(s) must be shown as primary insured. The property address must match mortgage records (mortgage, note, and title policy) exactly. Additional insured or substitute names that are not on the mortgage documents are not acceptable under any circumstance. • Policy inception and expiration dates must be clearly indicated. Annual premium must be indicated also along with paid receipt. • Insurance carrier and agent must be clearly indicated with contact information. • Property insurance for home mortgages must protect against loss or damage from fire and other hazards covered by the standard extended coverage endorsement.
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NON-DELEGATED CORRESPONDENT SELLER GUIDE

	<p>In lieu of providing a paid receipt, evidence of amount disbursed on the Closing Disclosure or Alta Settlement Statement is acceptable for both purchase and refinance transactions.</p> <p><u>Amount:</u></p> <p>Coverage amount must be equal the lesser of the following:</p> <ul style="list-style-type: none"> • 100% of the insurable value of the improvements, as established by the property insurer; or • The unpaid principal balance of the mortgage, as long as it equals the minimum amount (80% of the insurable value of the improvements) required to compensate for damage or loss on a replacement cost basis. If above requirements are not met, then coverage that does provide the minimum required amount must be obtained. <p><u>Refinances:</u></p> <p>On a refinance, an endorsement will be required to reflect the change in the amount of coverage if the new loan amount exceeds the current coverage. If an existing policy is being used, the policy must have a minimum of 60 days remaining before expiration/renewal from the date of closing.</p> <p><u>Coverage:</u></p> <p>At a minimum, the mortgaged premises must be protected against loss or damage from fire and other perils covered within the scope of standard extended coverage. Without limiting the foregoing, the mortgaged property must be protected by windstorm, hail and hurricane damage to the extent, and in an amount and manner, required by Fannie Mae guidelines.</p> <p>PLANNED UNIT DEVELOPMENT REQUIREMENTS</p> <p>Requirements for 1 to 4-family and multi-family properties apply to similar residential properties within a planned unit development (PUD). The unit owners’ own homeowner’s policy (if not covered by the master policy) must follow the same criteria as 1 to 4-family properties. The Mortgagor must show evidence of hazard insurance coverage for all properties with attached units that cover fixtures, equipment, and other personal property inside individual units if they will be financed by the mortgage. The Mortgagor must show evidence of a “walls-in” coverage policy unless they can document that the master policy provides the same interior unit coverage. The master policy must include replacement of improvements and betterment coverage to cover any improvements that may have made to the unit.</p> <p>If the individual units are covered by insurance purchased by their respective owners, the PUD homeowner's association must maintain "all risk" coverage for common areas and property for 100% of their</p>
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NON-DELEGATED CORRESPONDENT SELLER GUIDE

	<p>insurable value and providing for loss or damage settlement on a replacement cost basis.</p> <p><u>Blanket Policy:</u></p> <p>Nations Direct Mortgage will also accept blanket insurance covering all units in the PUD as well as insurable common areas and property, if called for in the PUD's constituent documents. Such coverage must meet the requirements applicable to each PUD unit and those applicable to insurable common areas and property. Funds for any deductibles must be included in the association's reserves and be so designated. The PUD's insurance policy must name the insured in substantially the following language: "Association of Owners of the <i>"PUD Name"</i> Planned Unit Development for the use and benefit of the individual owners (designate by name, if required by law or the constituent document.)"</p> <p>CONDOMINIUM REQUIREMENTS</p> <p>The condominium owner's association must maintain blanket "all risk" coverage for (i) general and limited common elements within the condominium, (ii) fixtures, machinery, equipment, and supplies maintained for the service of the condominium and (iii) fixtures, improvements, alterations, and equipment within the individual units. Coverage must be for 100% of the insurable value of the common elements or property described above and provide for loss or damage settlement on a replacement cost basis. The additional coverage required of PUD homeowners' associations are also required of condominium owners' associations where applicable and available.</p> <p>The insurance policy of the condominium owners' association must name the insured in substantially the following language: "Association of Owners of the <i>"Condo Name"</i> Condominium for the use and benefit of the individual owners (designated by name, if required by law or the constituent documents)."</p> <p><u>HO-6-Condo Unit Owners Coverage:</u></p> <p>The Mortgagor must show evidence of hazard insurance coverage for all condominium projects with attached units, including 2 to 4-unit projects that cover fixtures, equipment, and other affixed property inside individual units if they will be financed by the Mortgage. The Mortgagor must also show evidence of a "walls-in" coverage policy (commonly known as HO-6 policy) unless they can document that the master policy provides the same interior unit coverage. The master policy must include replacement of improvements and betterment coverage to cover any improvements that may have made to the unit. The certificate of building coverage under the master policy for the association must be collected. Seller shall not include the HO-6 insurance into its escrow analysis or collect funds for this coverage.</p>
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NON-DELEGATED CORRESPONDENT SELLER GUIDE

	<p>The HO-6 policy must include wind and hurricane coverage if the property is located in a hurricane prone area.</p> <p><u>Amount:</u></p> <p>The coverage amount on Line A (real property or building coverage) on the HO-6 (condo unit owners policy) must be at least 20% of the total appraised value</p>
<p>Flood Insurance Requirements</p>	<p><u>Acceptable Flood Insurers:</u></p> <p>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.</p> <p><u>General Requirements:</u></p> <p>Each flood determination must include (a) a flood zone determination on a Standard Flood Hazard Determination Form, (b) community and panel number, (c) date of flood map and (d) flood zone status. If a Mortgaged Property is located in a FEMA-designated Special Flood Hazard Area (SFHA), Seller must first determine if the community in which the Mortgaged Property is located participates in the National Flood Insurance Program (NFIP). If such community participates under NFIP, federal flood insurance must be obtained in connection with the Mortgage Loan. If such community does not participate under NFIP, the Mortgage Loan will be ineligible for purchase hereunder.</p> <p><u>Disclosure Requirements:</u></p> <p>In the event the Mortgaged Property is located in a SFHA, Seller must endeavor to notify the Mortgagor in writing 10 days prior to the closing of the mortgage loan, unless exigent circumstances exist (but such notification must in any event be made in accordance with Applicable Requirements). Such notice must, <i>inter alia</i>, include (a) the community name, (b) a statement that the Mortgaged Property is located in a SFHA, (c) a statement as to whether the community in which the Mortgaged Property is located participates under NFIP and (d) a statement as to whether federal disaster relief assistance will be available in the event of flooding.</p> <p><u>Evidence:</u></p> <p>In addition to the above-referenced disclosures, the Closed Loan Package must include evidence of flood insurance when such insurance is required hereunder. Flood insurance must be in the form of the standard policy issued by members of NFIP or by licensed property and casualty insurance companies that are authorized to participate in the NFIP write-your-own program. For purchase transactions, a one year paid receipt and an application or policy declaration page is required to be included in the Closed Loan Package (a binder and/or proof of flood</p>

NON-DELEGATED CORRESPONDENT SELLER GUIDE

insurance premium collected on the Closing Disclosure is not sufficient). It is possible to transfer a flood policy on a purchase transaction to another owner if at least 30 days are remaining on the policy at the time of closing/purchase. On a transferred policy, no additional money is collected at the table for the insurance company. The remaining months left on the policy must be prorated on the Closing Disclosure; provided that if the remaining months left on the policy were not prorated on the HUD, they would be considered seller contributions and would need to meet the seller contribution requirements of this Guide. For a refinance transaction, an existing policy may be used, provided that the policy has a minimum of 30 days remaining before expiration/renewal from the date of closing/purchase. If the policy has less than 30 days remaining from the time of closing a copy of the renewal policy along with a 1 year paid receipt is required.

Deductible:

Unless state law requires a higher maximum amount, the maximum deductible may not exceed \$5,000. For dwellings located in a condo or PUD project, the maximum deductible \$25,000 under the homeowner association’s policy. For condos and PUDs homeowner association policies, funds for the deductibles must be included in the association's reserves and must be so designated.

Escrow Requirements:

If the collateral securing the mortgage loan meets the definition of “residential improved real estate” and Seller requires escrows for any other items (e.g., hazard insurance, taxes), then Seller must also escrow flood insurance premiums.

Amount; 1 to 4 Family Properties:

Coverage amount must be equal the least of the following:

- The maximum insurance available from the NFIP (currently \$250,000) per dwelling;
- The unpaid principal balance of the mortgage loan; and
- 100% of the replacement costs of the insurable value of improvements.

The insurable value of improvements may be determined by (a) using the amount identified as the “replacement cost” on the declaration page of the flood insurance policy, and if this is not available, then (b) the replacement value as on the hazard insurance policy (which must state that it includes the foundation and for the avoidance of doubt, in no event should the insurable value be based on the coverage amount used in a hazard insurance policy), and if this is not available, then, (c) he replacement cost of the improvements from the appraisal.

NON-DELEGATED CORRESPONDENT SELLER GUIDE
Amount; Condos and PUDs:

If the condo or PUD project has attached units, the homeowner's association (HOA) must carry flood insurance if any units are located in a SFHA. Coverage under the policy must be equal to the lesser of:

- The maximum available of \$250,000 per unit (which will be determined by dividing the amount of coverage by the number of units listed on the flood insurance policy);
- The unpaid principal balance of the mortgage loan; and
- 100% of the replacement cost as determined by the insurance provider.

In the event that the Mortgaged Property is in a SFHA, and the HOA does not carry a master flood policy or it carries such a policy but coverage is insufficient, a supplement policy must be obtained by the Mortgagor to equal the least of the amounts set forth above. By way of example, if the HOA policy does not cover 100% replacement and the amount of such policy, divided by the number of units on the policy equals \$200,000 and the unpaid principal balance of the mortgage loan is \$225,000 the Mortgagor would be required to obtain a supplemental flood insurance policy for at least \$25,000.

If the condo or PUD project does not have attached units, refer to 1 to 4-Family Property coverage requirements.

SECTION 4. CLOSING, DOCUMENT, AND DELIVERY REQUIREMENTS**4.1 LOAN CLOSING PROCEDURAL REQUIREMENTS**

State and Federal Laws and Regulations

The Seller Partner is required to comply with all federal, state, and local laws, rules, and requirements applicable to the mortgage transaction, including all applicable disclosure requirements and the requirements of the Consumer Financial Protection Bureau (CFPB), including those related to:

Truth in Lending Act (TILA); and

Real Estate Settlement Procedures Act (RESPA).

(C) Nondiscrimination Policy

The Mortgagee must fully comply with all applicable provisions of:

the Fair Housing Act, 42U.S.C. §§ 3601-3619;

the Fair Credit Reporting Act, Public Law 91-508; and

the Equal Credit Opportunity Act, Public Law 94-239 and 12 CFR Part 202.

The Seller Partner must make all determinations with respect to the adequacy of the Borrower's income in a uniform manner without regard to race, color, religion, sex, national origin, familial status, handicap, marital status, actual or perceived sexual orientation, gender identity, source of income of the Borrower, or location of the Property.

4.1.1 State and Federal Laws and Regulations

It is Seller's responsibility to accurately prepare all applicable disclosures and provide them to the Mortgagor in accordance with Applicable Requirements. This includes all disclosures as required by all federal, state, and local agencies. Copies of all applicable disclosures provided to the Mortgagor are required to be submitted in the Closed Loan Package.

4.1.2 High-Cost or Predatory Mortgage Loans

Nations Direct Mortgage will not fund or purchase any mortgage loan defined as "high cost" or "predatory" under any Applicable Requirements, including under any federal, state, local or municipal ordinance and including loans covered under HOEPA. Although Nations Direct Mortgage may perform pre-funding and/or post-closing calculations to ensure compliance with all high-cost tests, any such review shall not relieve Seller of its obligation to comply with all Applicable Requirements.

4.1.3 Higher-Priced Mortgage Loans

NDM will purchase loans that qualify as Higher-Priced Mortgage Loans (HPML) under Section 35 of Reg. Z (or other state-specific regulations that describe the same requirements), so long as the loan meets all requirements detailed for loans with an APR that exceeds the threshold (but does not exceed the High-Cost thresholds as

NON-DELEGATED CORRESPONDENT SELLER GUIDE

described above). Although Seller is ultimately responsible for ensuring that any HPML complies with the requirements of the rule, at a minimum, the HPML must include the following features:

- The Mortgagor's Ability-to-Repay must be established and income and assets must be fully documented
- The Mortgage Loan must feature an escrow account for taxes and insurance that will remain in place for a minimum of five years.
- The Mortgage Loan must comply with appraisal requirements under the HMPL rule
- Appraisal reports must be delivered to the Mortgagor a minimum of 3 business days prior to closing
- NDM will not purchase any HPML that contains an Interest-Only feature or a Prepayment Penalty.

4.1.4 Disaster Areas

When a property is located in an area that has been impacted by a natural disaster, re-inspections and/or certifications from Seller or the Mortgagor may be required to ensure marketability, soundness of the structure and value. Depending upon the magnitude of the event and the program selected, additional guidelines for employment and income may apply. At a minimum, all properties located in a federally declared disaster area are subject to the policies below. Seller is responsible for monitoring Federal Emergency Management Agency ("FEMA") announcements for ongoing updates regarding disaster areas. Nations Direct Mortgage has no obligation to notify Seller of such updates. The following outlines the minimum requirements for loans delivered to Nations Direct Mortgage that are located in a disaster area. In addition to the policies below, Nations Direct Mortgage reserves the right to suspend funding prior to submission of any Closed Loan Package for properties located in any area while the disaster is occurring.

An inspection of the property will be required for properties located in a FEMA declared disaster area (or other disaster area where this policy is imposed) when the appraisal was completed before the end date of the disaster. The inspection must be obtained prior to purchase. The inspection must: (a) be completed on Fannie Mae Form 1004D; (b) contain an exterior photo of the property, evidencing no damage; and (c) include a certification from the appraiser stating (i) that an interior inspection was completed by the appraiser, (ii) the date of inspection was after the end of the disaster period, as identified by FEMA, and prior to the Purchase Date, (iii) the property is free from damage and is in no worse condition as when previously inspected and appraised, and (iv) commentary concerning negative conditions that would impact the marketability of the property. The Mortgagor must inspect the property after the date of the FEMA declared disaster date and prior to the Purchase Date and provide a certification that he or she completed such inspection and finds the condition of the property to be acceptable.

4.1.5 Escrow Requirements

Seller must provide a certified copy of the original escrow/closing instructions in the Closed Loan Package. The closing instructions must be complete with accurate instructions. An escrow account/impound account must be established for each Mortgage Loan unless prohibited by Applicable Requirements or unless waived in accordance with the terms set forth in Escrow Waivers. All escrow accounts must comply with all Applicable Requirements. The escrow account must conform to 12 CFR Part 1026 - Truth in Lending (Regulation Z) escrow accounting procedures and must be reflected on the Closing Disclosure. The escrow account must contain adequate funds to ensure that a sufficient amount will be available to pay the next installment of taxes and insurance. In addition, the escrow/impound account must contain the lesser of (i) the maximum amount allowed by Applicable Requirements and (ii) a two (2) month escrow cushion for all items, unless prohibited by state law.

NON-DELEGATED CORRESPONDENT SELLER GUIDE

The following items are permitted to be included in the escrow/impound account: (a) real estate taxes; (b) hazard insurance premiums; and (c) flood insurance premiums. The following items are not permitted to be held or paid for from an escrow/impound account: (i) ground rents; (ii) water and sewer taxes; (c) homeowner's association dues; (d) fire hydrant taxes; (e) refuse taxes; (f) tax service fees; (g) special assessments; and (h) hazard insurance premiums for condominiums and PUDs where insurance is paid by homeowners' association.

4.1.6 Fraud Detection

An electronic fraud detection/QC report is required with every Closed Loan Package. Nations Direct Mortgage will accept most standard electronic fraud detection reports, including Interthinx Fraud Guard, DataVerify, Lexis Nexis, and Corelogic LoanSafe. Report findings must cover standard areas of quality control including borrower validation, Social Security verification, property information, OFAC, participant checks, exclusionary lists and MERS.

4.1.7 Real Estate Taxes and Property Insurance

The following tax payment and property insurance rules apply each Mortgage Loan:

- All payment of real property taxes and special or supplemental assessments must be current prior to closing the Mortgage Loan when required by program/product type.
- All payment of property insurance must be paid current with 12 months remaining on policy (non-escrowed) or 12 months paid through closing.
- Adequate escrow funds, when applicable, must be collected in compliance with all Applicable Requirements to ensure the payment in full of real estate taxes and of all other taxes and assessments by the due date.
- Seller must pay, or cause to be paid, any unpaid taxes that will become due within 60 days of the closing of the Mortgage Loan as shown on the Closing Disclosure or 45 days from the Purchase Date.
- For Mortgage Loan requiring Seller to pay a tax bill after the closing date but before the Purchase Date, the Loan File must include reasonable evidence that such tax bill was paid.
- A tax information sheet must be provided and include the following information:
 - Information for all local, city, county, school, or miscellaneous taxes
 - For each taxing authority, the name of the authority, the amount of tax, the folio or parcel number, the date the last installment was paid (including at closing of the loan, if applicable), the next installment date and the payment frequency.

Seller will be responsible for all tax penalties incurred by Nations Direct Mortgage arising out of the delinquent payment of real estate taxes due, to the extent such penalties relate to a real estate tax payment required to be made by Seller pursuant to the above or relating to a breach of a representation, warranty or other covenant made by Seller under this Guide or any other Transaction Document.

All funds collected by or on behalf of Seller after the purchase of the Mortgage Loan on account of real estate taxes must be submitted to Nations Direct Mortgage within three (3) Business Days of receipt.

4.1.8 Qualified and Authorized Trustee

Any trustee named in the Mortgage Loan documents must be duly qualified and authorized to serve as such in the applicable jurisdiction has been properly designated and currently so serves. No fees or expenses may be currently due to such trustee.

4.1.9 Maximum Allowable Points and Fees

Lenders may not charge borrowers points and fees (whether or not financed) in an amount that exceeds QM Points and Fees Limit, or product maximum determined by Agency

4.1.10 First Monthly Payment

The first monthly payment on account of any Mortgage Loan must be due on the first day of the calendar month following the first full calendar month after the closing date of the Mortgage Loan.

4.1.11 Interest Credits

FHA and VA Loans permit 7 days interest credit. Conventional loans permit 10 days interest credit.

4.1.12 First Payment Due to Seller or Due to Nations Direct Mortgage

All loans must be purchased by the 15th day preceding the mortgage payment, in order for Nations Direct Mortgage to collect the first or next scheduled payment. Loans with 2 or more payments delivered to Nations Direct Mortgage are subject to exception review for purchase.

4.2 LOAN FILE REQUIREMENTS

4.2.1 Loan File Contents

Without limiting any requirement set forth elsewhere in this Guide or in any other Transaction Document, the Loan File shall include the documents listed in the [Delivery Checklist](#) and be accompanied by the required [Correspondent Submission Form](#).

4.2.1.1 Non-Delegated Loan Submission

Sellers must submit a completely processed loan for credit review prior to generating loan documents. An NDM Underwriter (UW) will review the loan package for compliance/adherence to NDM guidelines and issue a recommendation in the form of an approval, suspense, or denial. All recommendations will include detailed feedback on why the recommendation was made and/or the requirements necessary to comply with NDM guidelines. All loan file submissions must include the documents listed in [Correspondent Submission Form](#).

- Approval Recommendation
 - Required exhibits do not need to be submitted to UW for review but must be included in the closing package
- Suspense Recommendation
 - Required exhibits must be submitted to UW for review
 - The UW will determine if the submitted exhibit meets NDM guidelines and an approval recommendation can be issue
- Denial Recommendation
 - The UW will provide a detailed explanation for the rejection

All prior to doc credit reviews are simply to ensure compliance with NDM guidelines and are not to be construed as a commitment to lend or a commitment to purchase the closed loan.

4.3 LEGAL DOC REQUIREMENTS

4.3.1 Mortgages

Seller must document the Mortgage on the most recent version of the Fannie Mae or Freddie Mac first mortgage Uniform Security Instrument. All Mortgages must be amended by state-specific Fannie Mae or Freddie Mac Uniform riders.

4.3.2 Notes

Seller must use the most recent version Single-Family Fannie Mae or Freddie Mac Uniform Note and applicable riders. The multi-state Note can be used in most jurisdictions, unless the Mortgaged Property is located in a jurisdiction for which Fannie Mae and Freddie Mac have published a state specific Note or has indicated that the lender must adapt the Note to include required state-specific language. In these jurisdictions, Seller must make all changes required by Fannie Mae and Freddie Mac.

4.3.3 MERS

Each Mortgage Loan must be closed using the MERS System as an Original Mortgagee (MOM) Mortgage Loan. The Mortgage must have all required MERS language included and the MIN shown on the front page. The MIN must also be located on the upper right-hand corner of the Note. In lieu of preparing and recording an assignment of mortgage in the name of Nations Direct Mortgage, LLC, Seller may evidence transfer ownership on the MERS System no later than three (3) days following the Purchase Date

4.3.4 Document Accuracy, Corrections and Modifications

All closing documents must be error-free and must be signed and/or notarized on or after the Note Date. Minor corrections may be permitted if completed as strikeovers that are clear, legible and initialed by the Mortgagor (and other Persons on the title or with interest in the Mortgaged Property, as applicable for document signing requirements). White-outs, erasures and blanket change authorizations are not permitted. Signing loan documents prior to the Note Date will be rejected.

4.3.5 Closing Disclosure

Nations Direct Mortgage will review every final Closing Disclosure for timely and accurate disclosure of the finance charge, total of payments, and annual percentage rate. The finance charge on the Final Closing Disclosure may not be understated by more than \$100 or \$35 for rescindable transactions, as calculated directly from the Final Closing Disclosure. The accuracy of the APR will be calculated based on the rules set forth in Reg. Z, §1026.22 which states that an APR on a mortgage loan will be considered accurate so long as it is not understated by more than .125%. NDM will accept an overstated APR, so long as the reason the APR was overstated at disclosure was tied to the fact that the Finance Charge was also overstated. In the event that the Finance Charge was understated, and the APR was overstated, the APR will be deemed inaccurate and the loan will not be eligible for purchase.

4.3.6 Right of Rescission

A right of rescission notice is required to be delivered in accordance with Applicable Requirements in connection with all primary residence refinance transactions. The right of rescission may not be waived under any circumstance. Without limiting the foregoing, the following requirements apply in connection with each right of rescission notice:

NON-DELEGATED CORRESPONDENT SELLER GUIDE

- Two copies of the appropriate version of the right of rescission notice must be provided to each individual with an ownership interest in the Mortgaged Property (including owners in-title, any non-borrowing spouse in a community property jurisdiction, homestead or dower rights state, the trustee if vesting will be in the name of a trust, or any other consumer with an ownership interest regardless of whether the individual is on the note). Exercise of the rescission right by one Person cancels the transaction for all Mortgagors.
- The right of rescission notice must include the date the cancellation period ends, which is after midnight of the THIRD (3rd) Business Day after the latest of:
 - Execution of the closing documents;
 - Delivery of final material disclosures; and
 - Delivery of the right of rescission notice.
- The right of rescission notice must contain (i) a statement that the transaction involves Seller obtaining a security interest in the Mortgaged Property, (ii) a statement that the Mortgagor has the right to rescind, joint owners have the right to rescind, and a rescission by one is effective for all, (iii) instructions for exercising the right to rescind, (iv) the consequences of rescission and (v) the expiration date of the rescission period.
- In the event any of the Material Mortgage Loan documents are re-drawn, the rescission period will begin on the day the revised/re-drawn documents are executed by the Mortgagor.
 - Seller must not authorize disbursement of funds from Mortgage Loans as part of a refinance transaction prior to the expiration of the rescission period.

4.3.7 Power of Attorney

NDM will accept loans closed with a Power of Attorney (POA) in the event of a hardship or emergency that inhibits a borrower from closing the loan in person. The POA may be utilized for executing loan documents in accordance with applicable state and federal law. A loan closed using a POA requires advanced UW approval, and will be deemed purchasable so long as it meets the following criteria

Types of POA Accepted:

- Specific Power of Attorney for Real Estate – specifically details the property selected and the transaction being contemplated (must specifically authorize refinance if applicable).
- Military Power of Attorney – accepted for military on active duty. Must survive the disability or incapacity of the principal (Mortgagor granting POA).

General Requirements

- The Initial 1003, original initial disclosures (i.e. intent to proceed, et al), and purchase contract (if applicable), must be signed by the Mortgagor directly.
- A letter of explanation, signed by the Mortgagor, must accompany all Mortgage Loans submitted for purchase wherein a POA was used.
- The individual named as Attorney-in-Fact (being granted the POA) cannot be a the seller, appraiser, the broker, real estate agent, etc., or be any individual with a direct or indirect financial interest in the transaction (excluding those named as co-Mortgagor or related to the Mortgagor and acting as Attorney-in-Fact).

NON-DELEGATED CORRESPONDENT SELLER GUIDE

- POA must be dated no more than 90 days prior to closing, and be in full force and effect on the date of closing (no more than 6 months prior to closing in the event of a Military POA)
- Mortgagor's name in the POA appears exactly as it was stated to appear on all closing documents.
- Recorder's stamp appears, if previously recorded.
- A separate, executed POA must exist for each borrower not present at closing.
- The attorney-in-fact must have executed all closing documents at settlement
- All signatures effectuated through the POA should sign the borrower name and include the POA signature underneath with the following verbiage "as attorney in fact." (John Doe by Mary Doe, as attorney in fact)
- **Title Company Approval:** Proof that the Power of Attorney was approved by the title company issuing the title policy must be included with the Mortgage Loan. The title company must ensure the lien priority without exception to the POA.
- POA document must be recorded immediately prior to the closing documents

Restrictions

- POA may NOT be used on a Cash-Out Refinance transaction.
- POA cannot be utilized in connection with Trust Executions.

Prior to closing, the POA must be specifically approved by Nations Direct Mortgage with respect to such Mortgage Loan. The original POA must be attached and delivered with the Note unless it is recorded with the Security Instrument, in which case a copy of the POA must be delivered with the Note.

SECTION 5. PURCHASE AND FUNDING; FEES**5.1 CONDITIONS PRECEDENT**

Following Nations Direct Mortgage's receipt of a Closed Loan Package, Nations Direct Mortgage shall purchase the related mortgage loan so long as Nations Direct Mortgage has determined that:

- Such Closed Loan Package was delivered within the time frame required pursuant to [Rate-Lock Policies and Procedures](#) and in the manner required pursuant to [Closing, Document, and Delivery Requirements](#);
- Such Closed Loan Package includes all documents required to be contained therein pursuant to the terms of this Guide and the other Transaction Documents;
- All of the representations and warranties of Seller under this Guide and the other Transaction Documents with respect to Seller and the related mortgage loan shall be true and correct as of the related Purchase Date;
- Such mortgage loan (including the Loan File and underwriting standards) otherwise comply with the requirements of this Guide and the other Transaction Documents; and
- No Event of Default shall exist and Seller's authority to submit Closed Loan Packages hereunder shall not have been suspended or terminated.

Nations Direct Mortgage will endeavor to review each Closed Loan Package and make a determination as to whether the related mortgage loan has satisfied the conditions precedent to purchase and sale hereunder within three (3) Business Days of Nations Direct Mortgage's receipt of such Closed Loan Package.

5.2 CALCULATION OF PURCHASE PRICE

The Purchase Price for any Mortgage Loan shall be the percentage of par as stated in the Commitment (subject to the adjustments as provided therein), multiplied by the unpaid principal balance of such Mortgage Loan as of the related Cut-off Time. Nations Direct Mortgage may deduct from the Purchase Price any unpaid fees and other amounts owed to Nations Direct Mortgage pursuant to this Guide or the other Transaction Documents. The Purchase Price shall be paid on the related Purchase Date by wire transfer of immediately available federal funds to the account designated by Seller in writing.

Nations Direct Mortgage shall be entitled to (i) all principal received after the related Cut-off Date, (ii) all other recoveries of late charges, assumption fees or other charges collected after the related Cut-off Date and (iii) all payments of interest received after the related Cut-off Date.

5.3 LATE FEES AND ADMIN FEES

The Admin Fee of \$699.00 will be deducted from the proceeds at time of purchase. Late Fees for expired locks will be deducted in the amount of .015 bps per day for up to 30 days maximum. Late Fees are assessed when loan is past lock expiration plus applicable 4-day grace period.

SECTION 6. REPRESENTATIONS AND WARRANTIES**6.1 GENERAL**

Seller acknowledges that the Mortgage Loans are purchased in reliance upon: (i) the truth and accuracy of Seller's representations and warranties set forth in the Transaction Documents, each of which relates to a matter material to such purchase; and (ii) Seller's compliance with each of the agreements, requirements, terms, covenants and conditions set forth in the Loan Purchase Agreement and this Guide; and (iii) Seller's compliance with any Terms of Use Agreement. Making the representations, warranties and covenants set forth in this Section does not release Seller from its obligations under any representations, warranties or covenants contained in other sections of this Guide, including the exhibits hereto, or in the Loan Purchase Agreement or in any Terms of Use Agreement. It is expressly understood and agreed that Buyer's rights in connection with Seller's representations, warranties and covenants survive the Purchase Date of any particular Mortgage Loan and any termination of the Loan Purchase Agreement or any other Transaction Document, and are not affected by any investigation or review made by, or on behalf of, Buyer, not made by Buyer, or made after the sale of the Mortgage Loans to Buyer, except to the extent expressly waived in writing by Buyer.

6.2 REPRESENTATIONS AND WARRANTIES WITH RESPECT TO SELLER

In addition to the representations, warranties and covenants set forth elsewhere in this Guide and in the Loan Purchase Agreement, Seller represents and warrants as of the date of the Loan Purchase Agreement, the acknowledgment date of any Terms of Use Agreement and as of the Purchase Date for each loan purchased by NDM, that:

- A. **Due Organization; Good Standing.** Seller is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization. Seller has in full force and effect all licenses, registrations and certifications in all appropriate jurisdictions to conduct all activities performed with respect to the making and selling of the Mortgage Loans. Seller is approved by, and in good standing with, each Insurer. Seller meets any and all Eligibility Standards set forth in the [Correspondent Seller Eligibility Policy](#).
- B. **Authority; Enforceability.** Seller has all requisite power, authority, and capacity to enter into the Loan Purchase Agreement and other Transaction Documents and to perform its obligations thereunder. The execution and delivery of the Loan Purchase Agreement, and any related agreements or instruments and the consummation of the transactions contemplated hereby and thereby, have been duly and validly authorized by all necessary corporate action. The Loan Purchase Agreement and any related agreements or instruments each constitutes a valid and legally binding agreement of Seller enforceable in accordance with its terms, subject to bankruptcy, insolvency and similar laws affecting generally the enforcement of creditor's rights and the discretion of a court to grant specific performance of contracts.
- C. **No Conflicts.** None of (i) the execution and delivery of the Loan Purchase Agreement, (ii) the acknowledgments of any Terms of Use Agreement, (iii) the acquisition and/or making of the Mortgage Loans by Seller, (iv) the sale of the Mortgage Loans to Buyer, or (v) the transactions contemplated thereby or pursuant to this Guide, nor the fulfillment of or compliance with the terms and conditions of the Transaction Documents, will conflict with or result in a breach of any of the terms, conditions or provisions of Seller' charter, by-laws, partnership agreement, operating agreement or other organizational document (as the case may be), or of any legal restriction or regulatory directive or any agreement or instrument to which Seller is now a party or by which it is bound, or constitute a default or result in any acceleration under any of the foregoing, or result in the violation of any law, rule,

NON-DELEGATED CORRESPONDENT SELLER GUIDE

regulation, order, judgment, or decree to which Seller or any of its property is subject, or impair the ability of Buyer to realize on any of the Mortgage Loans, or impair the value of any of the Mortgage Loans.

- D. **Ordinary Course of Business.** The consummation of the transactions contemplated by the Transaction Documents are in the ordinary course of business of Seller, and the transfer, assignment and conveyance of the Mortgage Loans by Seller pursuant to the Transaction Documents are not subject to the bulk transfer laws or any similar statutory provision in effect in any applicable jurisdiction.
- E. **Ability to Perform.** Seller has the ability to perform each and every obligation of, and satisfy each and every requirement imposed on Seller pursuant to the Transaction Documents, and no offset, counterclaim or defense exists to the full performance by Seller of the requirements of the Loan Purchase Agreement and this Guide.
- F. **Third Party Originations.** Seller has not delivered a Loan originated by a Third-Party Originator (TPO).
- G. **No Litigation Pending.** There is no action, suit, proceeding, inquiry, review, audit or investigation pending or, to Seller's knowledge, threatened by or against Seller that, either in any one instance or in the aggregate, may result in any material adverse change in the business, operations, financial condition, properties or assets of Seller, or in any material liability on the part of Seller, or which would draw into question the validity or enforceability of any of the Transaction Documents or the Mortgage Loans, or of any action taken or to be taken in connection with the obligations of Seller contemplated in the Transaction Documents, or which would be likely to impair materially the ability of Seller to perform under the terms of the Transaction Documents.
- H. **No Accrued Liabilities.** Except as may be otherwise disclosed by Seller and acknowledged by NDM in wiring prior to the date of the Loan Purchase Agreement, there are no accrued liabilities of Seller with respect to any of the Mortgage Loans, nor circumstances under which any such accrued liabilities would arise against NDM, as successor in interest to Seller in and to the Mortgage Loans, with respect to any action or failure to act by Seller occurring on or prior to the Purchase Date.
- I. **No Consent Required.** No consent, approval, authority or order of any court or governmental agency or body is required for the execution and performance by Seller of, or compliance by Seller with, the Transaction Documents, the sale of any of the Mortgage Loans, or the consummation of any of the transactions contemplated by the Transaction Documents, or, if required, such unconditional approval has been obtained prior to the date of the Loan Purchase Agreement.
- J. **No Untrue Statements.** No representation, warranty or written statement made by Seller in connection with any Transaction Document or in any schedule, exhibit, report, Registration Package, Closed Loan Package, written statement or certificate furnished by Seller to Buyer in connection with the transactions contemplated hereby or thereby, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained herein or therein not misleading. The information contained in the Seller Application Package is true, accurate and complete in all material respects, except as otherwise disclosed in writing to Buyer.
- K. **Compliance with Laws and Agreement.** Seller has complied with, and has not violated any law, ordinance, regulation, rule or order applicable to its business or properties, the violation of which might adversely affect the operations or financial conditions of Seller or the ability of Seller to consummate the transactions contemplated by the Loan Purchase Agreement. Furthermore, Seller will comply with all provisions of the Loan Purchase Agreement and this Seller Guide, and will promptly notify Buyer of any occurrence, act, or omission regarding Seller, the Mortgage Loan, the Mortgaged Property, or the

NON-DELEGATED CORRESPONDENT SELLER GUIDE

Borrower of which Seller has knowledge, which occurrence, act, or omission may materially affect Seller's ability to comply thereunder.

- L. **Standards and Procedures.** The origination, underwriting, quality control, and servicing practices utilized by Seller with respect to Mortgage Loans have been legal, proper, prudent, and customary for mortgage loans of a type and credit quality similar to the Mortgage Loans sold by Seller and Seller maintains a staff that is experienced and trained in the proper origination and funding of mortgage loans of a type and credit quality similar to those being sold to NDM, and operating procedures, including refined risk assessment strategies beyond simple credit risk analysis, that are prudent and customary in the origination of mortgage loans of a type and credit quality similar to those being sold to NDM.
- M. **Solvency.** Seller has not transferred any Mortgage Loan to Buyer with any intent to hinder, delay or defraud any of Seller's creditors. Seller is not insolvent, and the sale of the Mortgage Loans will not cause Seller to become insolvent.
- N. **Fair Consideration.** The consideration received by Seller upon the sale of the Mortgage Loans under this Guide and the Loan Purchase Agreement constitutes fair consideration and reasonably equivalent value for the Mortgage Loans.
- O. **Sale Treatment.** The dispositions of the Loans pursuant to this Guide and the Loan Purchase Agreement will be treated by Seller as a sale of assets for financial accounting and reporting purposes.

6.3 REPRESENTATIONS AND WARRANTIES REGARDING THE MORTGAGE LOANS

In addition to the representations, warranties and covenants set forth elsewhere in this Guide or the Loan Purchase Agreement, as to each Mortgage Loan, Seller represents and warrants that each of the following covenants were true and correct at all times through the origination and funding of the loan, during the delivery and purchase of the Mortgage Loan by NDM, the Post-Close QC audit, and during the course of the life of the Mortgage Loan thereafter. Furthermore, Seller shall remain liable for the truth and accuracy of these representations and warranties for the life of the loan despite any form of review conducted by Buyer prior to the closing or purchase of the mortgage loan.

- A. **Ownership.** Immediately prior to the transfer of the Mortgage Loan to Buyer, Seller is the sole owner of record and is the holder of the Mortgage Loan. Except for the security interest of a warehouse lender that is not an affiliate of Seller, which security interest has been disclosed in writing to Buyer and will be released upon Buyer's remittance of the related purchase price pursuant to the instructions provided by Seller, the Mortgage Loan is not assigned or pledged, and Seller has good and marketable title thereto, and has full right to transfer and sell the Mortgage Loan free and clear of any encumbrance, equity, participation interest, lien, pledge, charge, claim, security interest, and Seller has full right and authority (subject to no interest or participation of, or agreement with, any other party) to sell and assign such Mortgage Loan pursuant to the Loan Purchase Agreement and this Guide.
- B. **Prior Involvement.** Seller has no direct or indirect ownership interest in any property acting as security for the Mortgage Loan, or affiliation or relationship with any other party having a financial interest in the Mortgage Loan or the transaction. To the extent the Seller or any of its owners, officers, partners, agents, or employees has some interest in the subject property or existing relationship with the Parties to the transaction, Seller shall disclose the nature of any such existing relationship prior to submission of the Mortgage Loan.
- C. **Unacceptable Investment.** The Mortgage Loan, including the Loan Package, conforms to the specifications, terms, conditions, and requirements set forth in this Seller Guide and the Loan Purchase

NON-DELEGATED CORRESPONDENT SELLER GUIDE

Agreement, as well as federal, state, and/or local laws and regulations. There are no circumstances or conditions with respect to the Mortgage, the Mortgaged Property, credit standing that could be reasonable expected to cause NDM not to purchase the loan; private institutional investors or any other Investor to regard the Mortgage Loan as an unacceptable investment; or the Mortgage Loan to become delinquent or adversely affect the value or marketability of the loan.

- D. **Eligible Loans.** The Mortgage Loan is of acceptable quality and is eligible for sale to and/or insuring by the applicable agency (including but not limited to Fannie Mae, Freddie Mac, FHA, VA, Ginnie Mae, etc.), investor, or mortgage insurer and in accordance with the requirements of this Guide and the Loan Purchase Agreement.
- E. **Selection Process.** The Mortgage Loan was not rejected for purchase by any Person, unless previously disclosed in writing to Buyer. The Mortgage Loan was selected from among the outstanding mortgage loans in Seller's portfolio being offered for sale as to which the representations and warranties set forth herein could be made and such selection was not made in a manner so as to adversely affect the interests of Buyer.
- F. **Enforceability.** The Mortgage Loan is not subject to any right of rescission, set-off, counterclaim or defense, including the defense of usury. The operation of any of the terms of the Note or the Mortgage, or the exercise of any right thereunder will not render either the Note or the Mortgage unenforceable, in whole or in part, or subject to any right of rescission, cancellation, set-off, counterclaim, or defense, including the defense of usury, and no such right of rescission, cancellation, set-off, counterclaim or defense has been asserted with respect thereto.
- G. **Mortgage Loan as Described.** No document, report or material furnished to Buyer in the Registration Package or Closed Loan Package or related to the Mortgage Loan (including, without limitation, the Mortgagor's application for the Mortgage Loan executed by the Mortgagor), was altered or falsified or contains any untrue statement of fact or omits to state a fact necessary to make the statements contained therein not misleading.
- H. **Origination Practices.** The Mortgage Loan has been originated, processed, and underwritten by Seller in accordance with, and otherwise complies with, the terms of this Guide, as published as of the date of the Loan Commitment issued on the Mortgage Loan, and any applicable Agency or GSE guideline in effect as of the date the Loan Application was taken.

Regulatory Compliance. Seller has complied with, and each Mortgage Loan shall comply with, all Applicable Requirements, include federal, state, and local laws and regulations, as applicable. The Mortgage Loan, the funding thereof, 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 that Mortgage Loan. Additionally, the loans have funded according to state and local law requirements regarding the Seller's money being available for proper funding. Seller shall maintain in its possession, available for NDM's inspection, and shall deliver to Buyer upon reasonable demand, evidence of compliance with all such requirements. Seller warrants that all applicable disclosures have been timely provided to the Mortgagor in accordance with the necessary regulations. For each Mortgage Loan, the Mortgagor has duly executed and delivered appropriate evidence indicating that the Mortgagor has received any and all required disclosure materials, and a copy of that evidence shall be provided to NDM upon request. Seller is ultimately responsible for the compliance with all applicable laws and regulations and how that affects the salability of all Mortgage Loans, regardless of whether the Mortgage Loan was submitted to NDM for Prior-to-Close QC and Credit Review.

NON-DELEGATED CORRESPONDENT SELLER GUIDE

- I. **Compliance with Anti-Money Laundering Laws.** Seller has complied with all applicable anti-money laundering laws and regulations, including without limitation the USA Patriot Act of 2003, and the laws and regulations administered by the U.S. Department of Treasury’s Office of Foreign Assets Control (“OFAC”), which prohibit dealings with certain countries, territories, entities and individuals named in OFAC’s Sanction Programs and on the Specially Designated Nationals and Blocked Persons List (collectively, the “Anti-Money Laundering Laws”). Seller has conducted the requisite due diligence in connection with the origination of the Mortgage Loan for purposes of the Anti-Money Laundering Laws, including with respect to the legitimacy of the applicable Mortgagor and the origin of the assets used by the Mortgagor to purchase the property in question, and has maintained sufficient information to identify the Mortgagor for purposes of the Anti-Money Laundering Laws.
- J. **High-Cost Loans.** Seller warrants that each Mortgage Loan sold to Buyer is not a “High-Cost Loan” or “predatory loan” as those terms are defined in the jurisdiction in which the Mortgage Loan is made. Without limiting the foregoing, the Mortgage Loan is not (a) a “High-Cost Loan” under the Home Ownership and Equity Protection Act of 1994, specifically as defined in Section 32 of Reg Z; or (b) a “high cost”, “threshold”, “covered”, “predatory” or similarly defined loan under any applicable state, federal, or local law or similarly classified loan using different terminology.
- Higher Priced Mortgage Loans (HPMLs).** NDM will allow Seller to submit for purchase consideration loans that are designated as Higher Priced Mortgage Loans, as defined by Section 35 of Reg Z, provided the loans are properly identified as HPMLs at the time they are submitted to NDM. Seller represents and warrants that any HPML submitted to Buyer for purchase meets all the requirements of Section 35
- K. **Ability to Repay/Net Tangible Benefit and No Predatory Lending.** No predatory or deceptive lending practices were employed in connection with the Mortgage Loan Application. Each Mortgage Loan Application is in compliance with the anti-predatory lending eligibility requirements of this Guide and the Agreement and all applicable agencies or investor’s rules and regulations, as well as all federal, state, and local regulations. No disparate pricing has occurred. Also, credit was extended such that a Mortgagor’s ability to repay the Mortgage Loan was established and the extension of credit has a tangible, net benefit to the Mortgagor. For each Mortgage Loan for which the proceeds are used to refinance a then-existing loan, the Mortgage Loan must provide a reasonable tangible benefit, as determined in accordance with all applicable federal, state, local, investor, or agency requirements.
- L. **Underwriting.** The Mortgage Loan was underwritten in accordance with underwriting standards set forth in this Seller’s Guide, the Loan Purchase Agreement, any other Transaction Documents, and all applicable insurer or agency’s policies.

Regardless of any prior credit or risk review completed by Buyer, all representations and warranties within this Guide, the Loan Purchase Agreement, or the Transaction Documents will apply.

Seller, and, to the extent the Mortgage Loan was originated by, closed in the name of, or serviced by a third party of Seller, such third party, has duly and faithfully complied with and will continue to comply with:

- All applicable laws, rules, regulations, decrees, pronouncements, directives, orders, and contractual requirements with respect to the origination, closing, underwriting, processing, and servicing of each Mortgage Loan; and
- Any and all other applicable federal, state, county, municipal, or other local laws, including, without limitation, those laws relating to truth-in-lending, fair lending, equal credit opportunity, collection practices, money laundering, fraud, predatory lending, and real estate appraisals.

NON-DELEGATED CORRESPONDENT SELLER GUIDE

In addition:

- All underwriting performed or on behalf of Seller hereunder shall be in strict compliance with the underwriting guidelines and product descriptions contained in this Seller's Guide and such other guidelines and requirements as may be provided to Seller in writing from time to time.
- Seller agrees to perform all underwriting functions with the same care and diligence as an experienced, prudent underwriter performing such duties in the industry with respect to similar mortgage loan products, and, in any event, with no less care and diligence than if it were underwriting Mortgage Loans for its own account.
- Seller agrees that it shall maintain an experienced, qualified, and approved underwriting staff and shall cause such staff to perform all underwriting functions to be performed by Seller in compliance with the requirements of this Seller's Guide, the Loan Purchase Agreement, or any Transaction Documents, and all modifications thereto. Seller shall cause the actual underwriting decisions and evaluations made during the underwriting process to be done only by employees or contracted agents of Seller who are qualified to make, and have substantial experience making, such decisions.
- It is Seller's responsibility to ensure that:
 - Seller and its underwriters at all times maintain and use complete, up-to-date versions of this Seller's Guide, including all updates, bulletins, announcements, memoranda, and product descriptions, and
 - All of Seller's employees performing underwriting duties and functions remain informed and knowledgeable regarding such guidelines and all requirements of this Guide.
- Seller shall be responsible for approving only marketable Mortgage Loans and shall document its underwriting of each and every Mortgage Loan in a manner that justifies and supports such approval and marketability on the secondary mortgage market.
- Seller must include in each submission all underwriting worksheets and written comments from the underwriter in regard to the final Mortgage Loan decision in addition to any forms or documentation required by this Guide and in accordance with applicable investor, insurer, or agency guidelines.
- Seller further agrees to maintain sufficient quality control guidelines to ensure that all of the above requirements are carried forth. Seller agrees to provide NDM full access to its quality control procedures and to keep NDM apprised as to such procedures and policies.
- NDM shall have the right to perform pre-purchase and post-purchase reviews of all Mortgage Loans and to request any additional documentation to ensure compliance with NDM's guidelines. NDM reserves the right to purchase or to require repurchase of a Mortgage Loan that does not meet NDM's guidelines, determined at NDM's sole discretion.
- NDM reserves the right to charge a fee for any underwriting review, credit review, or prior approval review, which, if charged, shall be paid by the party identified in this Guide or, if no party is identified, by the Seller.
- Seller represents and warrants that any Mortgage Loan submitted was originated by a Savings and Loan Association, Savings Bank, Commercial Bank, Credit Union, Insurance

NON-DELEGATED CORRESPONDENT SELLER GUIDE

Company, or similar institution which is supervised by a Federal or State authority, or by a Licensed Mortgagee approved to originate such loans in the jurisdiction in which the subject property of the Mortgage Loan lies and by the Secretary of Housing and Urban Development pursuant to Sections 203 and 211 of the National Housing Act, as applicable.

- Correspondent acknowledges that failure of NDM to review or discover any deficiency or error in the Mortgage Loan at any time during the entire Delivery and Purchase Process, including during the time of originating, funding, NDM's purchase of the Mortgage Loan, post-close QC audit, or during the life of the Loan, will neither release Seller from its obligations to provide any required documentation or correct any errors, nor will it prevent or inhibit NDM's exercise of any of its remedies, including Repurchase.

M. **Government Loans.** Each Government Loan sold to Buyer conforms with all applicable HUD/FHA or VA underwriting, lending, selling, and servicing requirements and with all Ginnie Mae requirements for the inclusion of the Mortgage Loan in a Ginnie Mae MBS pool. If a Commitment is for a FHA-insured Mortgage Loan, the Mortgage Loan is fully eligible for FHA Insurance and is, or within 60 calendar days after disbursement of the proceeds by the Seller will be, full insured by the FHA. If a Commitment requires the Loan to be guaranteed by VA, the loan is fully eligible for VA guaranty, and is, or within 60 calendar days after disbursement of the proceeds by the Seller will be, fully guaranteed by VA. In addition:

- The Seller has not agreed to a Planned Refinance. A "Planned Refinance" is a refinance of the Mortgage Loan at an interest rate that is less than the immediately preceding interest rate by less than the basis point decline in the market rate since the origination or last refinance transaction.
- The Mortgagor(s) have been informed by the Seller that the Lender (Seller), or any of its affiliates, will not subsequently solicit the Mortgagor to execute a refinance transaction that is less than the contract rate on the Mortgagor's current loan by at least the basis point decline in the market since the origination or last refinance transaction.
- Any third party with whom Seller contracts or otherwise permits to provide a service in connection with a Mortgage Loan complies with all said government agency requirements applicable to Seller, to said third party, and to the Mortgage Loan.
- The mortgage insurance premium or the VA Funding Fee has been paid as applicable, and the Mortgagor is not entitled to any refund of any amounts paid or due under the Mortgage Note or the Security Instrument.
- Seller's approval with HUD and/or VA as applicable is current and in good standing.

N. **Conventional Loans.** Each Conventional Loan conforms with all applicable requirements of NDM, Agencies, or the applicable investor, including, but not limited to, all requirements for the inclusion of such Conventional Loans in any pool of Mortgage Loans or private security as designated by NDM, Freddie Mac Guarantor Program, and the Fannie Mae Mortgage-Backed Security Loan Program, and each Conventional Loan conforms with all documentation requirements of Buyer and the document custodian within the time limitations described in this Guide, the Loan Purchase Agreement, or any other Transaction Document.

All Warranties, Representations, and obligations required under the Agency's respective selling programs including, but not limited to rules imposed by the Federal Housing Finance Agency (FHFA), are hereby referenced, made part of, and incorporated in their entirety into this Guide and the Loan

NON-DELEGATED CORRESPONDENT SELLER GUIDE

Purchase Agreement and apply to each Mortgage Loan offered for sale under the Loan Purchase Agreement that was originated under either Fannie Mae, Freddie Mac, or Conventional mortgage programs.

- O. **Automated Underwriting.** All Mortgage Loans delivered by Seller to Buyer must be evaluated through an approved Automated Underwriting System (“AUS” – i.e., Desktop Underwriter, Loan Prospector) and shall meet the requirements specified within this Seller’s Guide and the applicable Agency’s guidelines. Furthermore, Seller represents and warrants that:
- Seller is registered with the provider of the AUS or is authorized under a valid license of the AUS through sponsorship;
 - The Mortgage Loan received a recommendation/disposition from the AUS that is acceptable to Buyer per this Guide and any updates thereto;
 - Any verification messages or approval conditions specified in the findings of the AUS were satisfactorily resolved before the Mortgage Loan was closed;
 - The terms of the closed Mortgage Loan and the underwriting information in the Mortgage File both match the data on which the AUS’s recommendation and findings were based and have been properly documented as required by this Guide and the applicable Agency’s guidelines.
 - All data pertaining to the Mortgage Loan submitted to the applicable AUS was true, complete, and accurate as of the date when entered, as of the Closing Date, and as of the Purchase Date; verification of all such data is included in the Loan File delivered to Buyer and such verification complies with the requirements of this Guide and the applicable Agency’s guidelines; Seller has taken all appropriate action to satisfactorily resolve and comply with any verification messages/approval conditions produced by the AUS prior to the closing of the Mortgage Loan and documentation of such resolution is provided in the delivered Loan File.
 - Seller acknowledges that:
 - In the event of a discrepancy between the data validated by Buyer’s review of the file and the data entered in the AUS by Seller, the findings of the AUS shall be considered null and void and Buyer shall have no obligation to purchase the loan, and
 - Failure of Buyer to review or discover any deficiency or error in the Loan(s) at any time of the entire Delivery and Purchase Process, including during the time of originating, funding, Buyer’s purchase of the Mortgage Loan, post-close QC Audit, or during the life of the Mortgage Loan, will neither release Seller from its obligations to provide any required documentation or correct any errors, nor will it prevent or inhibit Buyer from exercising any of its remedies hereunder, including Repurchase.
- P. **Validity of Mortgage Documents; No Fraud.** The Mortgage Loan has been originated using the forms and loan documents issued by an Approved Document Vendor, specific to the loan product and transaction type, or as permitted pursuant to the written approval of the document set by Buyer. The Note, the Mortgage and any other agreement executed and delivered by the Mortgagor in connection with the Mortgage Loan are genuine, and each is the sole legal, valid, and binding obligation of the maker thereof, enforceable in accordance with its terms. All parties to the Note and the Mortgage had legal capacity to enter into the Mortgage Loan and to execute and deliver the Note and the Mortgage and any other related agreement, and the Note and the Mortgage have been duly and properly executed by such parties. The documents, instruments and agreements submitted for loan underwriting were not falsified and contain no untrue statement of material fact or omit to state a

NON-DELEGATED CORRESPONDENT SELLER GUIDE

material fact required to be stated therein or necessary to make the information and statements therein not misleading. No error, omission, misrepresentation, negligence, fraud or similar occurrence with respect to a Mortgage Loan has taken place on the part of any Person, including Seller, the Mortgagor, any appraiser, any builder or developer, or any other party involved in the origination of the Mortgage Loan or in the application of any insurance in relation to such Mortgage Loan.

- Q. **Original Terms Unmodified.** The original terms of the Note and the Mortgage have not been impaired, waived, altered, or modified in any respect.
- R. **Good Title; Litigation.** Immediately prior to the transfer and assignment of the Mortgage Loan to Buyer, Seller was the sole owner of each Mortgage Loan, with good and marketable title to the Mortgage Loan, and had full right, title, and authority, subject to no interest or participation of, or agreement with, any other party (other than a warehouse lender whose identity has been made known to Buyer and whose interest will be extinguished upon Buyer's remittance of the related purchase price), to sell, transfer, and assign the Mortgage Loan to Buyer, and there has been no other sale, transfer, or assignment of the security interest granted by the Seller to any other party, nor are there any restrictions limiting the transfer of the Mortgage Loan. There is no pending and no threatened litigation which may affect, in any way, by attachment or otherwise, the title or interest of the Seller in and to the Mortgage Loan, the property securing the Mortgage Loan, or any related note or security instrument.
- S. **No Satisfaction of Mortgage.** The Mortgage has not been satisfied, canceled, subordinated, or rescinded in whole or in part, and the Mortgaged Property has not been released, in whole or in part, from the lien of the Mortgage, and no instrument has been executed that would affect any such release, cancellation, subordination or rescission. Seller has not waived the performance by the Mortgagor of any action, if the Mortgagor's failure to perform such action would cause the Mortgage Loan to be in default, nor has Seller waived any default resulting from any action or inaction by the Mortgagor.
- T. **No Defaults.** There is no default, breach, violation or event of acceleration existing under the Mortgage or the Note and, no event has occurred, or condition exists that, with the passage of time or with notice and the expiration of any grace or cure period, would constitute a default, breach, violation or event of acceleration and neither Seller nor its predecessors has waived any default, breach, violation or event of acceleration. Without limiting the foregoing, all payments required to be made through the related Purchase Date for the Mortgage Loan under the terms of the Note have been made and credited and no payment required under the Mortgage Loan is delinquent and no payment under the Mortgage Loan has been delinquent at any time since the origination of the Mortgage Loan.
- U. **Closing Agent; Full Disbursement of Proceeds.** The Mortgage Loan has been closed in accordance with the terms and conditions set forth herein by closing agents that are licensed or authorized to conduct closings in the applicable jurisdiction and that maintain errors and omissions insurance policies reasonably acceptable to Seller and Buyer and sufficient to indemnify Seller against losses due to the closing agent's negligence, misconduct, and/or failure to follow written closing instructions. Each Closing Agent has fully disbursed all proceeds in accordance with the related Alta Settlement Statement or Closing Disclosure form and any of Seller's closing instructions. Upon closing, the proceeds of the Mortgage Loan have been fully disbursed and there is no requirement for any future advances thereunder, and any and all requirements as to completion of any on-site or off-site improvements and as to disbursements of any escrow funds thereof have been complied with. All costs, fees and expenses incurred in making or closing the Mortgage Loan and the recording of the

NON-DELEGATED CORRESPONDENT SELLER GUIDE

Mortgage were paid, and the Mortgagor is not entitled to any refund of any amounts paid or due under the Note or Mortgage.

- V. **No Outstanding Charges.** Any and all taxes (including any and all transfer taxes due and payable to any state or municipality relating to the transfer of the ownership and occupancy interest in the Mortgaged Property), governmental assessments, insurance premiums, water, sewer and municipal charges, that previously became due and owing have been paid. There is no delinquent tax assessment lien against the property securing the Mortgage Loan, and the Seller has paid all property tax bills which are or will become due within 30 calendar days of the Purchase Date. As of the Purchase Date of the Mortgage Loan, there are no mechanics' liens or claims that affect the lien priority of the Security Instrument relating to the Loan. In addition to any other remedies provided herein, Seller shall reimburse Buyer for any tax penalties incurred as a result of a breach of this provision.
- W. **Advances by Seller.** Seller has not advanced funds for or on behalf of the Mortgagor, or induced, solicited or knowingly received any advance of funds by a party other than the Mortgagor, directly or indirectly, for the payment of any amount required under the Mortgage Loan, except for interest accruing from the date of the Note or date of disbursement of the Mortgage Loan proceeds, whichever is greater, to the day that precedes by one (1) month the due date of the first installment of principal and interest. The Mortgagor has, in compliance with Guide, made any down payment required in connection with the Mortgage Loan, and has received no concession from Seller, the seller of the Mortgaged Property, or any other third party.
- X. **Collection Practices; Escrow Deposits, Interest Rate Adjustments.** The origination and collection practices used by the originator, each servicer of the Mortgage Loan, and the Seller with respect to the Mortgage Loan have been in all respects in compliance with Accepted Servicing Practices, the Loan Purchase Agreement, this Guide, any other Transaction Documents, and applicable laws and regulations, and have in all respects been legal and proper. With respect to escrow deposits and escrow payments, all such payments are in the possession of, or under the control of, Seller and there exist no deficiencies in connection therewith for which customary arrangements for repayment thereof have not been made. All escrow payments have been collected in full compliance with federal and state law. An escrow of funds is not prohibited by applicable law and 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 Seller have been capitalized under the Security Instrument or the Mortgage Note. All Mortgage Interest Rate adjustments have been made in strict compliance with federal and state law and the terms of the related Mortgage Note. Any interest required to be paid pursuant to federal, state, and local law has been properly paid and credited.
- Y. **Doing Business; Licensing; Approvals.** All parties that have had any interest in the Mortgage Loan, whether as mortgagee, assignee, pledgee, or otherwise, are (or during the period in which they held and disposed of such interest), were (a) in compliance with any and all applicable requirements concerning licensing and qualifications to do business under the laws of the state wherein the Mortgaged Property is located, and (b) either (i) organized under the laws of such state, (ii) qualified to do business in such state, (iii) federal savings and loan associations or national banks having principal offices in such state, or (iv) not doing business in such state. Seller and each Loan Originator, Processor, Underwriter, or other associate employed or affiliated with the Seller that is required to be licensed under the SAFE Act or any state law, has obtained and shall maintain in full force and effect, without material impairment, suspension or revocation, all federal and state governmental licenses, approvals, registrations, qualifications, and permits necessary both to perform its obligations

NON-DELEGATED CORRESPONDENT SELLER GUIDE

hereunder and, if applicable, to conduct the origination business with FHA and VA. Seller has complied with all of the requirements of the applicable insuring or guaranteeing agency for FHA or VA Loans.

- Z. **Regarding the Mortgagor.** The Mortgagor is one or more natural persons. The Mortgagor was not a debtor in any state or federal bankruptcy or insolvency proceeding at the time the Mortgage Loan was originated. To the best of Seller's knowledge, the Mortgagor is not a debtor in any state or federal bankruptcy proceeding as of the Purchase Date.
- AA. **Delivery of Mortgage Documents.** The Note, the Mortgage, the Assignment of Mortgage and any other documents required to be delivered for the Mortgage Loan by Seller under this Guide have been delivered to Buyer in accordance with the terms set forth in this Guide. Seller is in possession of a complete, true and accurate Loan File, except for such documents the originals of which have been delivered to Buyer. Seller has provided Buyer with copies of all disclosure statements and documents provided to the Mortgagor. Seller has provided Buyer with all documents prepared by, or in the possession of Seller, that were developed or considered in the underwriting of the Mortgage Loan.
- BB. **Customary Provisions.** The Mortgage contains customary and enforceable provisions such as to render the rights and remedies of the holder thereof adequate for the realization against the Mortgaged Property of the benefits of the security provided thereby, including (i) in the case of Mortgage designated as a deed of trust, by trustee's sale and (ii) otherwise, by non-judicial foreclosure, if applicable, and if not, by judicial foreclosure. Upon default by Mortgagor on a Mortgage Loan and foreclosure on, or trustee's sale of the Mortgaged Property pursuant to the proper procedures, the holder of the Mortgage Loan will be able to deliver good and merchantable title to the Mortgaged Property. There is no homestead or other exemption available to the Mortgagor which would interfere with the right to sell the Mortgaged Property at a trustee's sale or the right to foreclose the Mortgage. No Mortgagor agreed to submit to arbitration to resolve any dispute arising out of or relating in any way to the Mortgage Loan transaction.
- CC. **Due-on-Sale.** The Mortgage Loan contains an enforceable provision for the acceleration of the payment of the unpaid principal balance of the Mortgage Loan in the event that the Mortgaged Property is sold or transferred without the prior written consent of the mortgagee thereunder.
- DD. **Compliance with Requests for Missing and Additional Documentation.** Seller shall comply with any request NDM for missing, corrected, or additional documentation related to a Mortgage Loan purchased by NDM. Seller shall promptly comply with any such request, regardless of whether the request was made prior to or after the sale of the related Mortgage Loan, but, unless otherwise agreed by NDM, Seller shall comply with any such request within ten (10) calendar days after receipt of a request from NDM. Seller shall be responsible for any penalty or re-pricing as a result of Seller's failure to comply with any such request within the time frame set forth above, regardless of whether the failure is directly attributable to Seller.
- EE. **Hazard and Flood Insurance.** All buildings and improvements upon the Mortgaged Property are insured by an Insurer approved under the Guide or otherwise acceptable to Buyer against loss by fire, hazards of extended coverage and such other hazards as are customarily insured against in the area where each Mortgaged Property is located in an amount which is at least equal to the amounts required pursuant to the insurance requirements set forth in [Loan Eligibility and Underwriting Policies](#) of this Guide. All individual insurance policies contain a standard mortgagee clause naming Seller and its successors and assigns as mortgagee, and all premiums thereon have been paid. The Mortgage obligates the Mortgagor thereunder to maintain the individual insurance policies at the Mortgagor's cost and expense, and upon the Mortgagor's failure to do so, authorizes the holder of the Mortgage to obtain and maintain such insurance at the Mortgagor's cost and expense, and to seek reimbursement

NON-DELEGATED CORRESPONDENT SELLER GUIDE

therefor from the Mortgagor. The hazard insurance policy is the valid and binding obligation of the insurer, is in full force and effect, and will be in full force and effect and inure to the benefit of Buyer upon the consummation of the transactions contemplated by the Loan Purchase Agreement. Seller has not engaged in, and has no knowledge of the Mortgagor having engaged in, any act or omission that would impair the coverage of any such policy, the benefits of the endorsement provided for herein, or the validity and binding effect of either. In connection with any hazard insurance policy, no unlawful fee, commission, kickback or other unlawful compensation or value of any kind has been or will be received, retained or realized by any attorney, firm or other person or entity, and no such unlawful items have been received, retained or realized by Seller. Where required by state law or regulation, the Mortgagor has been given an opportunity to choose the carrier of the required hazard insurance, provided the policy is not a "master" or "blanket" hazard insurance policy covering the common facilities of a planned unit development or condominium development, as applicable. In the case of flood insurance, the Mortgagor obtained the maximum amount of insurance that is available under the National Flood Insurance Act of 1968. If upon origination of the Mortgage Loan, the Mortgaged Property was in an area identified in the Federal Register by the Federal Emergency Management Agency as having special flood hazards (and such flood insurance has been made available), a flood insurance policy meeting the requirements of the current guidelines of the Federal Insurance Administration is in effect which policy conforms to all Applicable Requirements. Initial flood zone determination documentation is included in the Loan File.

- FF. **Title Insurance.** The Mortgage Loan is covered by an ALTA lender's title insurance policy or other generally acceptable form of policy of insurance, insuring Seller, its successors and assigns, as to the first priority lien of the Mortgage in the original principal amount of the Mortgage Loan, and against any loss by reason of the invalidity or unenforceability of the lien resulting from the provisions of the Mortgage providing for adjustment in the Mortgage interest rate and monthly payment, subject only to the exceptions contained in clauses (a), (b) and (c) of the "Valid Lien" representation set forth below. Where required by state law or regulation, the Mortgagor has been given the opportunity to choose the carrier of the required title insurance. Additionally, such title policy affirmatively insures ingress and egress, and against encroachments by or upon the Mortgaged Property or any interests therein. Seller and its successors and assigns is the sole insured under the title policy, and such title policy is in full force and effect and will be in full force and effect upon the consummation of the transactions contemplated herein and in the Loan Purchase Agreement. No claims have been made under such title policy and no prior holder of the Mortgage, including Seller, has done, by act or omission, anything that would impair the coverage of such title policy, including without limitation, no unlawful fee, commission, kickback or other unlawful compensation or value of any kind has been or will be received, retained or realized by any attorney, firm or other person and no such unlawful item has been received, retained or realized by Seller.
- GG. **No Denial of Insurance.** No action, inaction or event has occurred, and no state of facts exists or has existed that has resulted or will result in the exclusion from, rescission of, denial of or defense to coverage under any applicable pool insurance policy, special hazard insurance policy, PMI Policy or bankruptcy bond, irrespective of the cause of such failure of coverage. In connection with the placement of any such insurance, no commission, fee or other compensation has been or will be received by Seller or any designee of Seller or any corporation in which Seller or any officer, director or employee had a financial interest at the time of placement of such insurance.
- HH. **PMI Policy; LTV/CLTV/HCLTV.** All provisions of any related PMI Policy have been and are being complied with, such PMI Policy has been written with a Private Mortgage Insurance Company acceptable to Buyer, is the binding obligation of such insurer, is in full force and effect, and all

NON-DELEGATED CORRESPONDENT SELLER GUIDE

premiums due thereunder have been paid. Seller, and if applicable Seller's associate or agent, has not engaged in any act or omission, and Seller has no knowledge of an act or omission by or on behalf of the Mortgagor or any other person, which act, or omission would impair the coverage or validity of any such policy. Any Mortgage Loan subject to a PMI Policy obligates the Mortgagor thereunder to maintain the PMI Policy and to pay all premiums and charges in connection therewith. The mortgage interest for the Mortgage Loan is net of any such insurance premiums. No event or condition exists which could give rise to or result in a revocation or defense to the policy. All disclosures, notifications and other requirements of the Homeowners Protection Act of 1998 were complied with in connection with any related PMI Policy.

- II. **Location and Type of Mortgaged Property.** The Mortgaged Property is a fee simple property located in the state identified in the Loan File and consists of a single parcel of real property with a single-family residence erected thereon or a two-to-four family dwelling or an individual unit in a planned unit development or condominium project. No Mortgaged Property is a mobile home or a boat. No portion of the Mortgaged Property is used for commercial purposes in such a manner that the Mortgaged Property would be considered commercial rather than residential property by knowledgeable and sophisticated investors active in the residential secondary mortgage market. No Mortgage Loan was made in connection with the construction or rehabilitation of a Mortgaged Property.
- JJ. **Location of Improvements; No Encroachments.** All improvements which are considered in determining the appraised value of the Mortgaged Property at origination lie wholly within the boundaries and building restriction lines of the Mortgaged Property and no improvements on adjoining properties encroach upon the Mortgaged Property. No improvement located on or being part of the Mortgaged Property is in violation of any applicable zoning law or regulations.
- KK. **Occupancy.** The Mortgaged Property is lawfully occupied under all Applicable Requirements, unless properly disclosed to Buyer. All inspections, licenses, and certificates required to be made or issued with respect to all occupied portions of the Mortgaged Property, and with respect to the use and occupancy of the same (including, without limitation, certificates of occupancy and if applicable, fire underwriting certificates), have been made or obtained by Seller from the appropriate authorities. If the Mortgage Loan is identified as an Owner-Occupied Loan, then the Mortgagor occupied the Mortgaged Property or intended to occupy the Mortgaged Property as a residence at the time of origination.
- LL. **Mortgaged Property Undamaged; No Condemnation.** The Mortgaged Property is undamaged by waste, fire, earthquake or earth movement, windstorm, flood, tornado, or other casualty so as to affect adversely the value of the Mortgaged Property as security for the Mortgage Loan or the use for which the premises were intended. There are no condemnation proceedings by any federal, state or local authority pending or, to Seller's knowledge, threatened against the Mortgaged Property. All applicable requirements of the [Disaster Areas and Policy](#) have been met.
- MM. **Environmental Matters.** The Mortgaged Property is free from any and all toxic or hazardous substances and there exists no violation of any local, state or federal environmental law, rule or regulation. There is no pending action or proceeding directly involving any Mortgaged Property in which compliance with any environmental law, rule or regulation is an issue.
- NN. **Payment Terms.** Unless otherwise expressly permitted by the Guide, the related Note is payable on the first day of each month, with interest calculated and payable in arrears, providing for full amortization over the original term.

NON-DELEGATED CORRESPONDENT SELLER GUIDE

- OO. **Valid Lien.** The Mortgage is a valid, existing, enforceable, and perfected first lien on the Mortgaged Property, and on all buildings on the Mortgaged Property, and on all installations and mechanical, electrical, plumbing, heating, and air conditioning systems located in or affixed to such buildings, and on all additions, alterations, and replacements made at any time with respect to the foregoing. The lien of the Mortgage is subject only to: (a) the lien of current real property taxes and assessments not yet due and payable; (b) covenants, conditions, restrictions, rights of way, easements and other matters of the public record as of the date of recording acceptable to mortgage lending institutions generally and specifically referred to in the title report delivered to the originator of the Mortgage Loan, and (i) were referred to or otherwise considered in the appraisal made for the originator of the Mortgage Loan or (ii) do not adversely affect the appraised value of the Mortgaged Property set forth in such appraisal; and (c) other matters to which like properties are commonly subject, which other matters do not materially interfere with the benefits of the security intended to be provided by the Mortgage, or the use, enjoyment, value, or marketability of the related Mortgaged Property.
- PP. **No Mechanic's Lien.** There is no mechanic's or similar lien or claim that has been filed for work, labor or material (and no rights are outstanding that are under applicable law could give rise to such a lien or claim), affecting the related Mortgaged Property, which is or may be a lien prior to, or equal with, the lien of the related Mortgage.
- QQ. **No Additional Collateral.** The Note is not and has not been secured by any collateral except the lien of the corresponding Mortgage and the security interest of any applicable security agreement or chattel mortgage that has previously been disclosed to, and approved by, Buyer in writing.
- RR. **Transfer of Mortgage Loans; MERS.** The Mortgage Loan was registered on the MERS System at origination. The Note contains all necessary intervening endorsements showing a complete chain of endorsement from Seller, and each such endorsement is sufficient to transfer all right, title and interest of the party so endorsing in and to the Note. Seller has delivered all required notifications of the assignment of Mortgage to its third-party vendors (including without limitation, notifications to all related insurance providers). Seller further represents that it has complied with the Electronic Tracking Agreement, the MERS Procedures Manual, and any and all rules or regulations of MERS and informed and confirmed with MERS that each Mortgage Loan has been electronically assigned on the MERS System to Nations Direct Mortgage, LLC or its designee only and not to another Investor.
- SS. **Real Estate Appraisal.** All real estate appraisals provided in connection with any Mortgage Loan shall provide an accurate estimate of bona fide market value of the subject property and shall comply with the requirements set out in this Guide, the Loan Purchase Agreement, and any Transaction Documents and shall also comply with all requirements of Federal or State Law and any applicable agency. Seller has established policies and procedures with respect to real estate appraisers and appraisals in accordance with the requirements described in this Guide, the Loan Purchase Agreement, the Appraiser Independence Rule of TILA, and Title IX of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) and their implementing regulations. The appraiser's compensation was in no way affected by the approval or disapproval of the Mortgage Loan.

Seller must use an Appraisal Management Company (AMC), and ensure that the AMC is complying with all applicable laws and regulations and conforms with all relevant aspects of the Uniform Standards of Professional Appraisal Practice (USPAP) and that the Seller and/or originator of the Mortgage Loan has no interest in the AMC. The appraiser for the Mortgage Loan was duly licensed or certified under the applicable law where the Mortgage Loan was originated, and for each Government Loan was acceptable to FHA or VA, as applicable, and for each Conventional Loan was acceptable to Fannie Mae, Freddie Mac, and/or the investor, as applicable. The Seller will maintain documentation evidencing

NON-DELEGATED CORRESPONDENT SELLER GUIDE

each appraiser's qualification and licensing or certification, which will promptly be provided to NDM upon request. In addition, if the Seller establishes an ownership interest in an AMC or appraisal firm, Seller agrees to promptly notify Buyer in writing.

- TT. **Communications Received by Seller.** Within five (5) calendar days of receipt by Seller, Seller shall forward to NDM all communications, inquiries, and remittances which Seller may receive with reference to the Mortgage Loan. Seller shall promptly provide such other information as NDM may reasonably request.
- UU. **No Brokers or Finders Fees.** Seller has not in connection with the Mortgage Loan incurred any obligation, made any commitment or taken any action that might result in a claim against Buyer or an obligation by Buyer to pay a sales brokerage commission, finder's fee or similar fee in respect to the transactions between Buyer and Seller as described in this Guide or the Loan Purchase Agreement.
- VV. **Deeds of Trust.** In the event the Mortgage constitutes a deed of trust, a trustee, duly qualified under applicable law to serve as such, has been properly designated and currently so serves and is named in the Mortgage, and no fees or expenses are or will become payable by Buyer to the trustee under the deed of trust, except in connection with a trustee's sale after default by the Mortgagee.
- WW. **Date of Origination.** The Mortgage Loan was closed and funded in Seller's name at least three (3) days prior to the related Delivery Date, but no more than fifteen (15) days prior to the Delivery Date without the assistance or other involvement of any mortgage broker or other third-party loan correspondent at any time. If the Mortgage Loan is reportable under the federal Home Mortgage Disclosure Act, Seller will include such Mortgage Loan in its "Loan Application Register" thereunder.

SECTION 7. ADDITIONAL SELLER COVENANTS**7.1 CONFIDENTIALITY**

Neither Buyer nor Seller shall make use of, disseminate or in any way disclose any Confidential Information of the other, except as necessary to perform its obligations under this Agreement or as may be required by Applicable Requirements or with the express written authorization of the disclosing party, and each shall keep Confidential Information confidential and will ensure that its employees, agents, and representatives who have access to such Confidential Information comply with this non-disclosure obligation. Each of Buyer and Seller shall maintain appropriate physical, electronic, technical, and procedural safeguards to receive, store, dispose of (if applicable), and secure all Confidential Information to protect it from unauthorized access, use, disclosure, alteration, loss, and destruction, and to protect against any anticipated threats or hazards to the security or integrity of such records or information which could result in substantial harm or inconvenience to any customer of the other party. The safeguards used to protect Confidential Information of the other party shall be no less than those used by such party to protect its own Confidential Information.

Except as permitted by Privacy Law, each of Buyer and Seller shall use Customer Information of the other only for the express purposes set forth in this Agreement and disclose Customer Information of the other to third Persons only as necessary to implement the provisions hereof in a manner consistent with the Privacy Law. Each of Buyer and Seller shall maintain at all times a program or programs to (i) ensure the security and confidentiality of Customer Information, (ii) protect against any anticipated threats or hazards to the security or integrity of the Customer Information and (iii) protect against unauthorized access to or use of the Customer Information that could result in substantial harm or inconvenience to any customer. Each of Buyer and Seller shall comply with all Privacy Law applicable to it and shall assess, manage, and control risks relating to the security and confidentiality of all Customer Information, and shall implement the standards relating to such risks in the manner set forth under Privacy Law.

7.2 RESTRICTIONS ON PUBLICITY

Without the prior written consent of Buyer, Seller shall not use the corporate names, logos, brand names, trademarks, trade names or service marks of Buyer or any of its affiliates, or otherwise identify Buyer, or any of its affiliates, in Seller's advertising, marketing or promotional material, publicity releases, communications with the press, customer listings, testimonials, websites, any other material distributed by or on behalf of Seller or in any proposals to prospective borrowers, brokers, clients or appraisers.

7.3 SOLICITATION OF MORTGAGORS

During the first twelve (12) months of the term of any Mortgage Loan, neither Seller, nor any affiliate of Seller shall take any action personally, by telephone, mail or otherwise, to solicit the prepayment of such Mortgage Loan, in whole or in part, without the prior written consent and approval of Buyer. It is understood and agreed that promotions undertaken by Seller or any affiliate of Seller which are directed to the general public at large, including mass mailings based on commercially acquired mailing lists, newspaper, radio and television advertisements, shall not constitute solicitation under this paragraph.

7.4 EARLY PAYMENT DEFAULT

Seller shall, upon request from Buyer, repurchase at the Repurchase Price, in accordance with the Repurchase Obligation Section of this Guide, any Mortgage Loan for which any of the first six (6) monthly payments due to Buyer is not made within 60 days of each such monthly payment's respective due date.

7.5 EARLY PAYOFF

If a Mortgage Loan is paid in full within the first 180 days of the first payment due date, Seller shall reimburse Buyer that portion of the Purchase Price (expressed as a percentage) in excess of par multiplied by the unpaid principal balance of such Mortgage Loan as of the date of the payment in full.

7.6 INTERIM SERVICING; SERVICING TRANSFER NOTICES

To the extent Seller services a Mortgage Loan after the related Purchase Date, Seller (or its designee, which designee must be approved in writing by Buyer) shall service the Mortgage Loan in conformance with all Accepted Servicing Practices and Applicable Requirements until such time as the servicing of such Mortgage Loan is transferred to Buyer or its designee. Seller shall promptly follow Buyer's instructions regarding transferring any such servicing. During any such interim servicing period, Seller shall (a) promptly remit (but in any event within three (3) Business Days of receipt) any funds collected by Seller on account of the related Mortgage Loan and (b) shall not amend, waive or modify any provision of a Mortgage Loan without the prior written consent of Buyer. If applicable, Seller shall, at its expense and in accordance with Applicable Requirements, mail the form of notification approved by Buyer to Mortgagors of the transfer of the related servicing responsibilities, and instruct the Mortgagors to deliver all mortgage and related payments and all tax and insurance notices to Buyer or its designee after the Purchase Date. In any event, such notice shall, (i) indicate the date on which the servicing duties are to be transferred, (ii) identify the date upon which Seller will no longer accept payments on the Mortgage Loan, (iii) identify the date upon which payments are to commence to Nations Direct Mortgage or its designated servicer, (iv) identify the successor servicer appointed by Nations Direct Mortgage and (v) include Seller's address, appropriate department name and telephone number, in each case which the Mortgagor may contact with questions.

Seller shall hold in trust and immediately send any payments received from a Borrower after the transfer of servicing (or, if Seller is not interim servicing a particular Mortgage Loan, from and after the Purchase Date) to Nations Direct Mortgage at the following address:

Nations Direct Mortgage, LLC
Attn: Accounting/Servicing
5 Hutton Centre Dr, Suite 200
Santa Ana, CA 92707

7.7 INSURANCE NOTICES

Promptly upon sale of a Mortgage Loan, Seller shall notify all applicable insurance providers (including hazard and flood insurance providers) of the change of loss payee and that the mortgagee clause must read:

Nations Direct Mortgage, LLC, its successors and/or assigns
5 Hutton Centre Dr, Suite 200
Santa Ana, CA 92707

NON-DELEGATED CORRESPONDENT SELLER GUIDE

Upon request, Seller shall promptly provide Nations Direct Mortgage with evidence of any such notice. Seller shall deliver to Nations Direct Mortgage all update policies reflecting the above-described mortgagee clause within ninety (90) calendar days of the related Purchase Date.

7.8 ELIGIBILITY; APPROVALS

Seller shall obtain and maintain in full force and effect and satisfy at all times the Eligibility Standards and all eligibility criteria in order to maintain in full force and effect, without material impairment, suspension or revocation, all federal and state governmental approvals, registrations, qualifications, permits and licenses necessary both to perform its obligations hereunder.

7.9 QUALITY CONTROL; REVIEW OF LOAN FILES

Seller must establish and maintain its own set of standards for loan quality that are designed to define the credit culture and aid in the development of the appropriate controls necessary to ensure that the mortgage loans originated and closed by Seller are investment quality. Such quality control plan, standards, and processes must (a) include the reporting results of such reviews to Seller's senior management, who must prescribe actions addressing and remediating defects discovered in the lender's review process, (b) be designed to maintain compliance with Applicable Requirements, (c) guard against fraud, negligence and errors and omissions by officers, employees, contractors, brokers, borrowers, marketing partners, and others involved in the mortgage process and (d) assess compliance with internal policies. Seller shall conduct periodic quality control reviews of its origination operations and, upon request of Buyer, provide copies of its findings to Buyer. Buyer shall have the right, in its sole discretion, to review any and all of Seller's records relating to the Mortgage Loans for quality control purposes. Seller agrees to make such files available to Buyer for inspection upon receipt of three (3) Business Days' prior written notice.

7.10 SUPPLEMENTAL INFORMATION

Seller shall notify Buyer immediately upon Seller's knowledge of any breach of any representation, warranty or covenant contained in the Transaction Documents. From time to time prior to and after any Purchase Date, Seller shall furnish to Buyer such information supplementary to the information contained in the documents and schedules delivered pursuant hereto which is reasonably available to Seller as Buyer may reasonably request or which may be necessary to enable Buyer to file any reports due in connection with the Mortgage Loans or to determine the continuing eligibility of Seller to sell Mortgage Loans to Buyer.

SECTION 8. EVENTS OF DEFAULT; TERMINATION; REPURCHASE AND OTHER REMEDIES**8.1 EVENTS OF DEFAULT**

Each of the following shall constitute an “Event of Default” under this Guide, the Loan Purchase Agreement and other Transaction Documents:

- Any breach of any of the representations, warranties or covenants set forth in this Guide, the Loan Purchase Agreement or other Transaction Documents, or the failure of Seller to perform any of its obligations under this Guide, the Loan Purchase Agreement, or other Transaction Documents; or
- The occurrence of an act of insolvency or bankruptcy concerning Seller, including, without limitation: (i) a decree or order of a court or agency or supervisory authority having jurisdiction for the appointment of a conservator or receiver or liquidator in any insolvency, readjustment of debt, marshaling of assets and liabilities, or similar proceedings, or for the winding-up or liquidation of its affairs, shall have been entered against Seller; or (ii) Seller shall consent to the appointment of a conservator or receiver or liquidator in any insolvency, readjustment of debt, marshaling of assets and liabilities, or similar proceedings of or relating to Seller, or of or relating to all or substantially all of its property; or (iii) Seller shall admit in writing its inability to pay its debts generally as they become due, or Seller files a petition to take advantage of any applicable insolvency or reorganization statute, makes an assignment for the benefit of its creditors, or voluntarily suspends payment of its obligations; or
- Seller (or any Person into which Seller is merged or consolidated) fails to meet the Eligibility Requirements.

8.2 REPURCHASE OBLIGATION

In the event (a) of a breach of any of the representations, warranties or covenants contained in this Guide, including without limitation those contained in [Representations and Warranties](#), which breach materially and adversely affects the value of the Mortgage Loans or the interest of Buyer in the related Mortgage Loan [and, if such breach is susceptible to cure, Seller was unable to cure such breach within thirty (30) days] or (b) a Mortgage Loan becomes subject to an early payment default as described in the [Early Payment Default](#) section of this Guide, Seller shall, at Buyer’s option, repurchase the related Mortgage Loan at the Repurchase Price. Any such repurchase shall occur no later than five (5) Business Days after the earlier of the date on which Buyer notifies Seller of such breach or the date on which Seller knows of such breach (or if applicable, five (5) Business Days after expiration of the cure period). Seller agrees to pay any and all documentary stamp taxes, recording fees, transfer taxes and all other expenses payable in connection with any such repurchase, including, without limitation, Buyer’s reasonable attorney’s fees.

Any such repurchase shall be accomplished by wire transfer from Seller to Buyer of immediately available funds. Upon receipt by Buyer of the Repurchase Price, Buyer shall release to Seller the related Loan File and shall execute and deliver to Seller such instruments of transfer or assignment, in each case without recourse, as shall be necessary to vest in Seller, or its designee, title to such repurchased Mortgage Loan. Seller shall assume the cost of recordation of assignments and other costs of transfer of any repurchased Mortgage Loan.

Without limiting the foregoing, notwithstanding any other provision of the Guide or Loan Purchase Agreement to the contrary, with respect to each Mortgage Loan required to be repurchased pursuant to the foregoing provisions for which Buyer has acquired title to the related Mortgaged Property through foreclosure, deed-in-lieu of foreclosure, abandonment or reclamation from bankruptcy of the defaulted Mortgage Loan, then, within

NON-DELEGATED CORRESPONDENT SELLER GUIDE

thirty (30) days after Buyer's demand therefor, Seller shall, at Buyer's option, purchase the Mortgaged Property from Buyer at a purchase price equal to the Repurchase Price.

8.3 INDEMNIFICATION; THIRD PARTY CLAIMS

In addition to any repurchase and cure obligations of Seller, and any and all other remedies available to Buyer under the Transaction Documents, Seller shall indemnify Buyer, Buyer's designees and assignees (including, without limitation, any subsequent holder of any Note), and Buyer's officers, directors, employees, agents, affiliates and subsidiaries from and hold them harmless against all claims, losses, damages, penalties, fines, claims, forfeitures, lawsuits, court costs, liabilities, reasonable attorney's fees, expenses, judgments and any other costs, fees and expenses that any of them may sustain in any way related to or resulting from any breach of any representation, warranty, obligation or covenant contained in or made pursuant to any Transaction Document by Seller or any agent, employee, representative or officer of Seller. In addition to any and all other obligations of Seller hereunder, Seller agrees that it shall pay the reasonable attorney's fees of Buyer incurred in enforcing Seller's obligations hereunder, including, without limitation, the repurchase obligation set forth above. The indemnification obligations of Seller hereunder shall survive the termination of the Transaction Documents.

With respect to claims for indemnity hereunder related to claims by third parties, promptly after receipt by an indemnified party hereunder of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against Seller hereunder, notify Seller of the commencement thereof, but the omission to so notify Seller will not relieve it from any liability that Seller may have to any indemnified party hereunder except to the extent that Seller has been materially prejudiced by such failure. In case any such action is brought against any indemnified party, and it notifies Seller of the commencement thereof, Seller will be entitled to participate therein and, with such indemnified party's consent, to assume (at its own expense) the defense thereof, with counsel satisfactory to such indemnified party (which counsel may be counsel to Seller). If Seller assumes the defense of any proceeding, it shall be entitled to settle such proceeding with the consent of the indemnified party, which will not be unreasonably withheld or delayed or, if such settlement provides for release of the indemnified party in connection with all matters relating to the proceeding which have been asserted against the indemnified party in such proceeding by the other parties to such settlement, without the consent of the indemnified party.

8.4 ADDITIONAL REMEDIES; SETOFF

All of Buyer's remedies hereunder, including, without limitation, the termination rights, the repurchase obligation with respect to the Mortgage Loan, the purchase obligation with respect to the Mortgaged Property, and the indemnification with respect to any breach of a representation, warranty or covenant (or any other Event of Default), shall exist regardless of (i) the dates of Buyer's discovery and notice to Seller of the breach and Buyer's demand for any remedy and (ii) any limitation or qualification of a representation or warranty as being made "to Seller's knowledge" or "to the best of Seller's knowledge" or any similar qualification relating to the knowledge of Seller. Notwithstanding any other provision of the Guide or Loan Purchase Agreement to the contrary, Seller shall remain liable hereunder, even if Buyer discovers a breach after the Mortgage Loan is liquidated in foreclosure.

Upon the failure by Seller to perform any of its obligations under the Transaction Documents, including without limitation the failure to pay any and all monies due Buyer, in addition to all rights Buyer may have under Transaction Documents or at law or in equity Buyer shall have the right to deduct any amount due to Buyer from any amount due to Seller.

NON-DELEGATED CORRESPONDENT SELLER GUIDE

All rights and remedies granted to Buyer hereunder, under any other Transaction Document or under applicable law are cumulative, not exclusive, and are enforceable and exercisable in Buyer's discretion, alternatively, successively, or concurrently on any one or more occasions.

8.5 WAIVER OF DEFAULTS

Buyer may waive any default by Seller in the performance of Seller's obligations hereunder and its consequences, but only by a written waiver specifying the nature and terms of such waiver. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto, nor shall any delay by Buyer in exercising or failure to exercise any right arising from such default affect or impair Buyer's rights as to such default or any subsequent default.

8.6 TERMINATION

8.6.1 Termination for Cause

Upon the occurrence and during the continuance of an Event of Default, Buyer may, in its discretion, take any one or more of the following, non-exclusive actions: (i) immediately terminate the Loan Purchase Agreement between the parties and its obligations thereunder without notice, (ii) immediately rescind any or all outstanding Commitments and (iii) suspend the Transaction Documents as to future Commitments. Any such termination shall not affect Seller's obligations with respect to Mortgage Loans previously sold or delivered to Buyer prior to the effective date of such termination. As indicated in clause (ii) above, in connection with an [Event of Default](#), Buyer may refuse to purchase any or all mortgage loans after the effective date of termination, including any mortgage loans that were then subject to a Commitment.

8.6.2 Termination without Cause

In addition to the provisions set forth elsewhere herein or in the Loan Purchase Agreement for termination of the Loan Purchase Agreement, the Loan Purchase Agreement may be terminated without cause at any time by either party upon prior written notice of termination to the other party. The effective date of termination must be specified in such notice and must be at least thirty (30) calendar days after the date such written notice is sent. Any termination of the Loan Purchase Agreement without cause shall not in any respect change or modify the obligation of Seller or Buyer with respect to Mortgage Loans already subject to a Commitment.

8.6.3 Effect of Termination

Termination of the Loan Purchase Agreement shall not in any way affect either Seller's or Buyer's obligations, representations, warranties, or indemnifications with respect to Mortgage Loans already purchased by Buyer.

8.7 SURVIVAL OF REMEDIES

It is understood and agreed that Buyer's remedies for breach of the representations, warranties or covenants set forth in the Transaction Documents shall survive the sale and delivery of the related Mortgage Loan to Buyer and funding of the related Purchase Price by Buyer, and will continue in full force and effect, notwithstanding any termination of any or all Transaction Documents or any restrictive or qualified endorsement on any Note or Assignment of Mortgage or loan approval or other examination of or failure to examine any related Loan File by Buyer.

SECTION 9. AMENDMENT; TERMINATION; MISCELLANEOUS**9.1 AMENDMENTS TO THE GUIDE**

Buyer reserves the right to amend this Guide in its sole and absolute discretion. All updates, amendments and supplements to the Guide and the effective date of such updates, amendments, and supplements. At time of each update, Nations Direct Mortgage will specify the effective date of the change. Any such amendment shall be effective as to any Registration Package submitted on or after the effective date of such amendment.

9.2 PRINCIPLES OF INTERPRETATION

For purposes of interpreting this Guide, the Loan Purchase Agreement, and the Transaction Documents, except as otherwise expressly provided or unless the context otherwise requires: (a) the terms defined therein have the meanings assigned to them therein and include the plural as well as the singular, and the use of any gender herein shall be deemed to include the other gender; (b) the schedules and exhibits to the Guide, the LPA or a Transaction Document shall be deemed to be incorporated and made a part hereof and are an integral part of such document; (c) accounting terms not otherwise defined have the meanings assigned to them in accordance with generally accepted accounting principles; (d) a reference to a subsection without further reference to a section is a reference to such subsection as contained in the same section in which the reference appears, and this rule shall also apply to paragraphs and other subdivisions; (e) the words “herein,” “hereof,” “hereunder” and other words of similar import refer to the applicable document as a whole and not to any particular provision; and (f) the terms “include,” “includes” and “including” shall mean without limitation by reason of enumeration.

9.3 REPRODUCTION OF DOCUMENTS

The Transaction Documents and all documents relating thereto, including, without limitation, (a) consents, waivers and modifications which may hereafter be executed, (b) documents received by any party at the closing, and (c) financial statements, certificates and other information previously or hereafter furnished, may be reproduced by any electronic, photographic, photostatic, microfilm, micro-card, miniature photographic or other similar process. The parties agree that any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding, whether or not the original is in existence and whether or not such reproduction was made by a party in the regular course of business, and that any electronic image, enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence.

SECTION 10. DEFINITIONS

Capitalized terms used but not otherwise defined in the Guide and other Transaction Documents shall have the meanings ascribed to them below.

Accepted Servicing Practices: Those procedures, including prudent collection and loan administration procedures, and the same standard of care employed by prudent mortgage servicers that service mortgage loans of the same type as the Mortgage Loans in the jurisdictions to which the related Mortgaged Properties are located. Such standard of care shall not be lower than that Seller or its designee customarily employs and exercises in servicing and administering similar mortgage loans for its own account and shall be in compliance with Applicable Requirements.

Applicable Requirements: With respect to each Mortgage Loan, (a) all contractual obligations of Seller, including, but not limited to, those contractual obligations contained in the Transaction Documents and in any agreement with any Insurer or in the Mortgage Loan documents for which Seller was or is responsible, (b) all applicable federal, state and local legal and regulatory requirements (including statutes, rules, regulations, common law doctrines and ordinances) binding upon Seller, including, without limitation, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the federal Real Estate Settlement Procedures Act, the Truth-in-Lending Act and the Equal Credit Opportunity Act, (c) all other applicable requirements and guidelines of each governmental agency, board, commission, instrumentality and other governmental body or office having jurisdiction over Seller, including, but not limited to, those of any Insurer; and (d) all other applicable final judicial and administrative judgments, orders, stipulations, awards, writs and injunctions applicable to Seller.

Assignment of Mortgage: A confirmed electronic transmission to Mortgage Electronic Registration Systems, Inc. or its successors in interest, identifying a transfer of ownership of the related Mortgage to Buyer or its designee on the MERS System.

Business Day: Any day other than (i) a Saturday or Sunday, or (ii) a day on which banking and savings and loan institutions in the State of California are authorized or obligated by law or executive order to be closed.

Commitment: With respect to any Mortgage Loan, written correspondence from Buyer to Seller indicated that Buyer agrees to purchase such Mortgage Loan so long as Seller and such Mortgage Loan satisfy all conditions to such purchase contained in this Guide and the other Transaction Documents.

Confidential Information: With respect to a Person: (a) information, whether reduced to writing or not, disclosed by such Person or such Person's or agents, contractors, representatives and/or affiliates relating to such Person's product development strategy and activity, corporate assessments and strategic plans, customer lists, financial and statistical information (past, current and future), accounting information, hardware, firmware, software (including, but not limited to, object code and source code), systems, processes, formulae, inventions, product specifications, data, know-how, graphs, samples, research and development (past, current and future), distribution methods (past, current and future), customer requirements (current and future), price lists, market studies, business plans, marketing plans, marketing methods, discoveries, policies, guidelines, procedures, practices, disputes or litigation; (b) other confidential, proprietary or trade secret information of such Person that is identified in writing (including, but not limited to, electronically) as such at the time of its disclosure; all other confidential, proprietary or trade secret information of such Person, which a reasonable person employed in the mortgage industry would recognize as such or is recognized as such under Applicable Requirements; (c) Customer Information; (d) compilations, notes or summaries that contain or reflect Confidential Information; and (e) the Transaction Documents. For purposes herein, the Guide and the Loan Purchase Agreement constitute Confidential Information of Buyer.

Customer Information: The nonpublic personal information (as defined in 15 U.S.C. § 6809(4), as amended from time to time) of Buyer or Seller's former, current or prospective customers or employees (and/or clients or

NON-DELEGATED CORRESPONDENT SELLER GUIDE

prospective customers of parent, affiliated or subsidiary companies), including (i) an individual's name, address, e-mail address, IP address, telephone number and/or social security number, (ii) the fact that an individual has a relationship with Seller or Buyer and/or its parent, affiliated or subsidiary companies or (iii) an individual's account information; provided, however, that (a) Customer Information regarding the Mortgagors shall be considered Buyer's Customer Information and (b) Customer Information shall not include information obtained independently and not in connection with the transactions contemplated by the Transaction Documents.

Cut-off Time: With respect to any Mortgage Loan, the close of business on the Business Day immediately preceding the Purchase Date.

Eligibility Standards: The criteria set forth in Seller Partner Eligibility Policy and elsewhere in this Guide that must be satisfied by Seller in order to be eligible to sell mortgage loans to Buyer pursuant to the Loan Purchase Agreement.

Event of Default: As defined in [Events of Default; Termination; Repurchase and Other Remedies](#).

Insurer: With respect to any Mortgage Loan, any insurer that insures or guarantees such Mortgage Loan or provides hazard, title or other insurance with respect to such Mortgage Loan or the related Mortgaged Property.

Loan File: With respect to each Mortgage Loan, the Note, the Mortgage, the completed Closing Disclosure form, the original appraisal, and other related documents required pursuant to this Guide, as well as the credit and closing packages, custodial documents, servicing documents, escrow documents, mortgage documents and all other files, records and documents necessary to establish the eligibility of such Mortgage Loan for purchase by Buyer pursuant to the Loan Purchase Agreement.

Loan Purchase Agreement: The Correspondent Loan Purchase Agreement entered into by and between Buyer and Seller, which agreement incorporates this Guide by reference, as such agreement may be amended from time to time in accordance with the terms thereof.

MERS System: The system of tracking transfers of interests in mortgages electronically maintained by MERSCORP, Inc., the corporate parent of Mortgage Electronic Registration Systems, Inc., and a corporation organized and existing under the laws of the state of Delaware, or any successor thereto.

Mortgage Loan: An individual mortgage loan (including the servicing rights related thereto) that is sold pursuant to the Loan Purchase Agreement.

Mortgaged Property: With respect to any Mortgage Loan, the real property securing repayment of the debt evidenced by the related Note.

Mortgagor: With respect to any Mortgage Loan, each obligor on the related Note.

Note: With respect to any Mortgage Loan, the note or other evidence of indebtedness of the Mortgagor secured by the related Mortgage.

Person: Any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, government or any agency or political subdivision thereof.

PMI Policy: With respect to any Mortgage Loan, the policy of primary mortgage guaranty insurance thereon, if any.

Privacy Law: The obligations imposed by: (a) Title V of the Gramm-Leach-Bliley Act, 15 U.S.C. §§ 6801 et seq.; (b) the applicable federal regulations implementing such act and codified at 12 CFR Parts 40, 216, 332, and/or 573; (c) the Interagency Guidelines Establishing Standards For Safeguarding Customer Information published on February 1, 2001, as the same may be amended from time to time; and (d) other applicable federal, state and

NON-DELEGATED CORRESPONDENT SELLER GUIDE

local laws, rules, regulations, and orders relating to the privacy and security of Customer Information, including without limitation the federal Fair Credit Reporting Act, 15 U.S.C. §§ 1681 et seq., and similar state laws.

Purchase Date: With respect to any Mortgage Loan, the date on which Seller shall sell and Buyer shall purchase such Mortgage Loan pursuant to the Loan Purchase Agreement.

Purchase Price: With respect to any Mortgage Loan, the price paid on the related Purchase Date by Buyer to Seller in exchange for such Mortgage Loan as calculated in accordance with [Purchase and Funding; Fees](#).

Closed Loan Package: With respect to any mortgage loan subject to a Commitment, the package submitted by Seller to Buyer in accordance with this Guide for Buyer's review and purchase consideration, which package contains the Loan File and such other documents and information or materials required pursuant to this Guide.

Reconstitution Agreement: With respect to any Mortgage Loan, the agreement or agreements entered into by Buyer and certain third Persons, and subject to [Additional Seller Covenants](#), Seller, on the Reconstitution Date.

Reconstitution Date: With respect to any Mortgage Loan, the date on which such Mortgage Loan is reconstituted as part of a Whole Loan Transfer or Securitization Transaction.

Registration Package: With respect to each Mortgage Loan, the registration package submitted by Seller in accordance with [Commitment Policies and Procedures](#), which package shall contain, at a minimum, (i) Seller name, (ii) mortgagor name, (iii) mortgagor social security number, (iv) co-mortgagor name, if any, (v) co-mortgagor social security number, if any, (vi) loan purpose, (vii) property address (including city, county, state and zip code), (viii) original principal balance, (ix) purchase price for property, (x) estimated value of property, (xi) property type, (xii) occupancy status, (xiii) interest rate and (xiv) current rate sheet pricing.

Regulation AB: Subpart 229.1100 – Asset Backed Securities (Regulation AB), 17 C.F.R. §§229.1100- 229.1123, as such may be amended from time to time, and subject to such clarification and interpretation as have been provided by the Commission in the adopting release (Asset-Backed Securities, Securities Act Release No. 33-8518, 70 Fed. Reg. 1,506, 1,531 (Jan. 7, 2005)) or by the staff of the Commission, or as may be provided by the Commission or its staff from time to time, or any successor law, rule or regulation thereto.

Repurchase Price: With respect to any Mortgage Loan, a price equal to the sum of (a) the percentage of par used in calculating the Purchase Price multiplied by the principal balance of such Mortgage Loan used in calculating the Purchase Price less all amounts received by Buyer with respect to the related Mortgage Loan representing payments or recoveries of principal or advances in lieu thereof, plus (b) all accrued and unpaid interest as of the date of repurchase, plus (c) all unreimbursed servicing advances made, and expenses incurred, by the servicer of such Mortgage Loan, plus (d) any other unreimbursed fees, costs or amounts incurred by Buyer relating thereto.

Securitization Transaction: With respect to any Mortgage Loan, means any transaction involving either (a) a sale or other transfer of such Mortgage Loan directly or indirectly to an issuing entity in connection with an issuance of publicly offered or privately placed, rated or unrated mortgage-backed securities or (b) an issuance of publicly offered or privately placed, rated or unrated securities, the payments on which are determined primarily by reference to one or more portfolios of residential mortgage loans consisting, in whole or in part, such Mortgage Loan.

Seller: The seller of Mortgage Loans to Nations Direct Mortgage pursuant to the Loan Purchase Agreement.

Seller Application Package: The application package required to be submitted by Seller to Buyer in connection with the Transaction Documents as a condition to Seller becoming eligible to sell mortgage loans to Buyer pursuant to the Loan Purchase Agreement and all information delivered by Seller in connection with such application package.

NON-DELEGATED CORRESPONDENT SELLER GUIDE

Terms of Use Agreement: Any certain terms of use for web services provided by Buyer hereunder, including those described in the Website Access subsection of this Guide, which terms are maintained on Buyer's web site and which Seller agrees to as a condition to its use of such web services, as the same may be amended from time to time.

Transaction Document: Each of the Guide, the Loan Purchase Agreement, the Terms of Use Agreements, and any other agreements entered into by Seller and Buyer related thereto.

Whole Loan Transfer: With respect to any Mortgage Loan, the sale or transfer by Buyer of such Mortgage Loan as a whole loan.