



# SELLER'S GUIDE

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## SECTION 1.0 – OVERVIEW

### SECTION 1.1 – INTRODUCTION

Verus Mortgage Capital purchases closed loans from approved sellers. The Seller's Guide ("Seller's Guide") governs business relationships between Verus Mortgage Capital ("Verus") and approved mortgage loan originators ("Sellers"). This Seller's Guide sets forth the terms and conditions for selling loans to Verus by approved sellers. The Seller's Guide along with the Product Eligibility Guides, as amended from time to time, and the Mortgage Loan Purchase Agreement together constitute the entire "Agreement". The Seller is bound by the requirements of this Seller's Guide. Verus may suspend such Seller or terminate its entire relationship with that entity upon any failure by the Seller to meet the Seller's obligations in this Seller Guide.

### SECTION 1.2 – IMPORTANT ADDRESSES, CONTACT INFORMATION & HOURS OF OPERATION

#### VERUS CONTACTS

Verus Contact Information	
Main Number:	(202)534-1816
Hours of Operation:	9a.m.-5 p.m. EST
<a href="mailto:lockdesk@verusmc.com">lockdesk@verusmc.com</a>	
<a href="mailto:EastTeam@verusmc.com">EastTeam@verusmc.com</a>	
<a href="mailto:CentralTeam@verusmc.com">CentralTeam@verusmc.com</a>	
<a href="mailto:WestTeam@verusmc.com">WestTeam@verusmc.com</a>	
<a href="mailto:systemsupport@verusmc.com">systemsupport@verusmc.com</a>	

#### HOLIDAYS:

The federally recognized holidays at the time of publication of this Seller's Guide are as follows:

*New Year's Day*

*Martin Luther King, Jr.*

*Day*

*President's Day*

*Memorial Day*

*Independence Day*

*Labor Day*

*Columbus Day*

*Veteran's Day*

*Thanksgiving Day*

*Christmas Day*

on Federal holidays, banks and the U.S. Postal Service do not operate, and wire transfers do not occur. Verus' wire desk is closed on Federal holidays so therefore any funds that would be due for wiring on a Federal holiday will be wired on the following Business Day. Verus will also be closed for business on the Friday following Thanksgiving and on Christmas eve.

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SHIPPING CONTACTS AND TIMELINES

<b>Custodian - Wells Fargo All Loans</b>	
<i>Primary Contact:</i>	
<b>Custodian Name &amp; Physical Address</b>	<b>Notification of Transfer:</b>
Wells Fargo Bank, N.A. Attn: INVC-WAREHOUSE 1055 10 <sup>th</sup> Ave SE Minneapolis, MN 55414	Please notify the Relationship Manager with the anticipated date of the transfers, the number of loan files to be shipped and the tracking information

Shipping instructions:

- ✓ Documents placed in a pocket file folder (legal size)
- ✓ Labels, affixed to the upper right hand corner of the legal-size pocket file folder, reflecting the Loan # from the data tape that was issued to Custodian, as well as Previous Loan # (if any) & Borrower Name
- ✓ Loan files placed in sequential, numerical loan number order inside archive boxes.
- ✓ A packing list, consisting of a list of the loans and the box number, must be included in each box.
- ✓ Each box must be marked on the outside to identify its contents as follows: Investor/Seller/Funding Date/Box 1 of \_\_, Ln # 100000–100200.

See [Section 6.3 – Collateral Delivery](#) for complete list of documents required to be shipped

## SECTION 1.3 – FEES

Verus will charge the following fees when purchasing a loan from a Seller and these fees will be deducted from the funding wire at time of purchase.

Funding Fee: \$500

Condo Review Fees: Established \$135, New \$550, Re-Certification \$135

MERS Fee (late transfers): \$25

Trailing Doc Fee (not delivered within 90 days of purchase): \$75

## SECTION 2.0 – CORRESPONDENT ELIGIBILITY

The Eligibility section outlines requirements for becoming a Verus approved Seller and for maintaining that eligibility in Good Standing. Verus has engaged COMERGENCE to streamline the process. All correspondents must submit their applications utilizing COMERGENCE and will be provided with a login.

### SECTION 2.1 — APPROVAL OVERVIEW

Verus Mortgage Capital will review the applicant's information and request for approval to determine eligibility. At the discretion of Verus Mortgage Capital, eligibility standards may be waived, modified or changed; however, the subsequent ability for enforcement by Verus Mortgage Capital will not be affected.

This checklist provides a list of all the documentation Verus Mortgage needs to review for Seller approval. Upon completion of all the items and documents listed below, please upload and submit them via the Comergence portal at [www.comergence.com](http://www.comergence.com).

To become an approved Seller to Verus Mortgage Capital, the applicant must:

- Satisfy all Verus Mortgage Eligibility requirements
- Accurately and fully complete all required applications and provide all necessary documentation.
- Execute the applicable Loan Purchase Agreement, in addition to other agreements, documents, forms or requirements that may be applicable to the approval requested

The Eligibility section outlines requirements for becoming a Verus Mortgage approved Seller and for maintaining that eligibility in Good Standing.

## COMERGENCE

Comergence is an online due diligence screening firm utilized by Verus. This Comergence portal makes applying to Verus easier and safer using an electronic application to streamline the approval process. Comergence provides a proprietary combination of background due diligence with ongoing compliance surveillance, all of which makes the entire management process easier, safer and completely secure for all parties. Registered Mortgage Loan Originators can utilize the streamlined process to more easily and securely apply to Verus. Once you are approved by Verus, the profile is kept current and available for quick approval by all 15,000+ other lenders in Comergence.

## MINIMUM REQUIREMENTS

- Be a duly organized, valid entity and in good standing under the laws of the jurisdiction of the organization;
- Must possess and maintain all required licenses necessary to conduct business in each jurisdiction in which loans are originated;



- Be in compliance with all applicable Federal, State and Local regulations and laws;
- Company must have been actively engaged in residential mortgage lending as a Correspondent Lender for a minimum of two (2) years preceding submission of Application to become an approved Seller with Verus;
- Company owners/key company decision makers must have at least five (5) years of substantial residential mortgage lending experience. In cases where the Company has not been actively engaged in residential mortgage lending as a Correspondent Lender for at least five (5) years, the Company owners/key company decision makers must have at least seven (7) years of substantial residential mortgage lending experience;
- Provide resumes of all President, CEO, CFO, COO, Head of Production, Chief Credit Officer / Head of Underwriting, Head of Secondary Marketing; experience level must be acceptable to Verus;
- Principals must not have any bankruptcies, foreclosures, or unsatisfied tax liens within the last four (4) years;
- Must have a minimum audited HUD adjusted net worth of \$1.5M;
- Provide 2 years of fiscal year end statements prepared by an independent auditing firm;
- Operational Risk Results at an acceptable level;
- Maintain errors and omissions insurance and a fidelity bond in a form and with an insurance carrier that is acceptable to Verus and covers investor losses with minimum coverage of \$300,000 for each and a deductible of no more than \$100,000 or 5% of the coverage amount per occurrence. Verus must be named as Loss Payee;
- Evidence a copy of an acceptable Quality Control plan in compliance with FNMA, FHLMC, FHA, USDA, and Verus, as applicable. Maintain Quality Control plan and management reports in accordance to agency guidelines and provide to Verus upon request;
- Maintain warehouse line(s) of credit or funding source acceptable to Verus;
- Any issues arising from Comergence review must be resolved or satisfactorily explained to Verus. If the issue cannot be resolved, Verus will determine the materiality of the issue;
- Notification of what compliance tool (ex: ComplianceEase) and Fraud Tool Manager that client uses;
- Not be listed on any exclusionary lists provided by the GSEs or HUD; or under investigation or suspended by any government agency;
- Not be listed on any public or non-public commercial watch list or database which reports cases of misrepresentation or failure to honor contractual obligations.

## SECTION 2.2 – DOCUMENTATION REQUIREMENTS FOR APPROVAL

*The following documentation is required for Seller approval*

### GENERAL

- Legal Entity Creation Documents.
- List of Owners, Stockholders, % Ownership. Board of Directors: List of names and frequency of meetings.
- Insurance Policies such as Cyber Security, E&O, D&O, Professional Liability, Mortgage Bankers
- Organization Chart
- Resumes: Executive Management (CEO, CFO, COO, etc.), Department Heads such as Operations, Secondary, Underwriting, Production, Post Closing, Servicing, Compliance/QC, Closing/ Funding/ Shipping, Insuring Managers
- Listing of any ABAs or Marketing Service Agreements (joint venture, limited partnerships, limited liability companies, or wholly owned corporations)
  - Sample MSA contract (if applicable) and approval/recertification policies and procedures.
- State, HUD, GSE audit findings with management responses previous 24 months and in process. If the state audits are confidential, please provide the date of the audit, date of the final findings, and if you are in “good standing.”
- List and summary of pending litigation: Please complete Verus Due Diligence template.

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## OPERATIONS/COMPLIANCE

- Most recent two months QC (internal audit, prefunding, post funding) results with management responses and summary reports
- Post-Closing QC Plan
- Compliance Management System (include policy and procedures for underwriting, operations, fair lending and regulatory compliance such as AIR, AML, Consumer Complaints, ECOA, GLBA, HPML, HMDA, MAPS, MDIA, QM/ATR, Red Flags, RESPA, SAFE, Servicing/Sub-servicing, Settlement Agent Oversight, Vendor Oversight, etc.)
- LO compensation policies and sample LO compensation contract
- Government Insuring Report - please complete Verus Due Diligence template for aged uninsured loans.
- IT Disaster Recovery and Business Continuity Plans, Cyber Security
- On-boarding, approval, and monitoring policies and procedures for new LOs, branches, and/or brokers/correspondents.

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## FINANCIALS

- Last 2 Years Audited Financials. YTD and most recent month interim financials
- Loans Held for Investment: please complete Verus Due Diligence template
- Pending/settled repurchase demands and indemnifications: please complete Verus Due Diligence template

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## INVESTOR RELATIONS

- Approval Letters (Fannie, Freddie, Ginnie, FHA, VA, USDA)
- Investor Scorecards (most recent month available)
- Schedule of Warehouse Lines - please complete Verus Due Diligence template
- Most recent warehouse collateral report (ie. aged, wet, shipped but not sold). Please complete Verus Due Diligence template for aged loans.

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## PRODUCTION

- Production: please complete the Verus Due Diligence template ensuring the YTD production corresponds to the same month for YTD interim financials
- Secondary Marketing Policies & Procedures (if applicable, include most recent hedging, lock desk and sale reconciliation reports)

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## SECTION 2.3 – CORRESPONDENT RESPONSIBILITY

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### MAINTAINING ELIGIBILITY

Once approved to be a Seller to Verus Mortgage, Sellers must continue to meet the eligibility requirements herein to maintain its eligibility and approval to participate.

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### NOTIFICATION OF SIGNIFICANT CHANGES

Seller must provide written notice of any contemplated change in its organization, including copies of any filings with, or approvals from its regulators. Verus Mortgage requires written notice immediately but no later than seven (7) calendar days after the finalization of significant changes relating to the Seller that include, but is not limited to:

- Any mergers, consolidations or reorganizations;
- Any direct or indirect material change in ownership; an indirect change in ownership includes any change in the ownership of the Seller's parent, any owner of the parent, or any beneficial owner of the Seller that does not own a direct interest in the Seller;
- Any change in corporate name;

- Any change from a federal charter to a state charter (or vice versa) if the Seller is a Savings and Loans Association or a Bank;
- Material adverse change in financial condition;
- Any change in authority evidenced by the Corporate Resolution or in banking relationships including warehouse lines of credit/wire instructions;
- Any change in Agency approval;
- Any change in fiscal year end date;
- Any change in management or key personnel or persons who oversee key Seller departments;
- Addition or closure of a branch;
- Use of a new or different fictitious name;
- Any change regarding registration or licensure of a fictitious name.

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## GOOD STANDING

All approved Sellers must remain in “Good Standing” with Verus Mortgage to maintain eligibility to sell loans. Failure to remain in Good Standing could result in Verus Mortgage’s termination of the Agreement with cause.

To remain an approved Seller in Good Standing the Seller must:

- Actively participate in the products and programs described in the Seller Guide;
- Be in full compliance with all terms of the Agreements and this Seller Guide, which is a contractual document by reference in the Agreements;
- Complete and submit within required timeframes all requested documents as part of the Annual Recertification process. Failure to provide the updated information is cause for termination. Updated information requirements include, but are not limited to:
  - Most current updated financial statements;
  - Copies of renewed/updated Fidelity Bond and E&O Insurance;
  - Completion of the state licensing list with copies of the applicable current/updated state licenses.

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## ANNUAL RECERTIFICATION

Verus Mortgage constantly monitors the performance of each Seller. In addition to performance monitoring, Verus Mortgage will perform a comprehensive review of each Seller’s financial, industry, credit and overall performance on an annual basis.

Within 60-days of request for Annual Renewal information, Seller must submit to Verus Mortgage (via Comerence) the following documentation:

- Audited Financial Statements with all appropriate Schedules and Attachments;
- Current unaudited financial statements no older than four (4) months;
- Updated/Current organization Chart.
- Resumes on any new management position changes since last approval.
- Copy of two most recent QC reports.
- Copy of renewal of Mortgage’s Bond and E&O Insurance.
- Copy of any Investor scorecards.
- Any other additional certifications or information requested by Verus Mortgage.

*Note regarding Securitization: In the event that a seller's production is equal to 10% or more of any Security Marketed by Verus or its partners and affiliates, the correspondent will be subject to an audit, the terms of which are laid out in the MLPA.*

## SECTION 3.0 – LOCK POLICY

### SECTION 3.1 – BEST EFFORTS RATE LOCK PROGRAM

The Verus Mortgage Capital Lock Policy outlines the terms by which Correspondents can commit loans for purchase to Verus. When Correspondents lock a loan with Verus, the interest rate, pricing, and terms are protected through lock expiration. Correspondents are required to deliver a complete closed loan package before the expiration of the rate lock. This includes the three day right of rescission required on refinance transactions. Any loan that closes or disburses after the expiration date may be subject to a relock at worse-case pricing.

Verus offers best efforts locks and provides interest rate protection for the purpose of pricing a mortgage application for the borrowers. Once Correspondents lock a loan with Verus, they are obligated to make the best professional effort to close the loan. Once a loan is closed under Verus' best efforts lock program, delivery becomes mandatory.

The Lock Desk hours of operation are:	9 AM to 5 PM (EST)
The e-mail address for the Lock Desk is:	Lockdesk@Verusmc.com
The phone number for the Lock Desk is:	(202)534-1816

### REGISTRATION/RATE LOCK AND LOCK CONFIRMATION

Correspondents register and lock loans in the Verus Seller Portal. Rate locks are priced based on the rates in effect at the time a lock is confirmed. The system displays the confirmed lock, which may be printed or downloaded. Correspondents must review the confirmation upon receipt and contact the Lock Desk regarding any discrepancies. All rate locks are borrower and property specific.

A loan may be locked at any point in the loan process. However, we strongly advise the loan be locked after underwriting approval.

[See section 3.4](#) for details on locking loans with Verus

*Note: Confirmation of a rate lock does not constitute loan approval. All loans must meet Verus lending criteria and the product matrix eligibility guidelines.*

### CANCELLATIONS

Correspondents must notify the Verus Lock Desk as soon as possible when a locked loan is canceled. Failure to do so on a regular basis may impact Correspondent eligibility.

### PREPARING TO CLOSE LOANS

All loans must be registered or locked before Verus reviews the file. All loans must have a valid unexpired lock when the closed loan file is delivered for purchase. This includes the three day right of rescission required on refinance transactions.

## SECTION 3.2 – LOCK DESK & PRICING

### DAILY PRICING

Interest rates are reviewed daily, generally by 9:00 AM EST (M-F). Verus reserves the right to change rates at any time. Rates will be published in the system and distributed via email. Each rate sheet will provide the effective date and time.

### INTRA-DAY PRICE CHANGES

Verus reserves the right to change pricing without advance notice at any time, which may also include after market close re-prices. Verus Secondary Marketing makes its best effort to notify Correspondents of new pricing when there is an intraday price change; however, Correspondents receive the pricing in effect when loans are locked on the portal. Correspondents are responsible for verifying the lock confirmation form as soon as it is received and must contact the Lock Desk immediately if there is a discrepancy. Intra-day price changes will be emailed and published in the system.

## SECTION 3.3 – RATE LOCK PROGRAMS

Verus offers the Correspondents competitive pricing. Specific information regarding rate locks, extensions, and renegotiations is provided as follows:

### GENERAL RATE LOCK INFORMATION

General information regarding the available duration of Rate locks, cost and length of extensions, adjusters, and all matters related to pricing are found on the daily rate sheet. At the time of writing; Verus offers 30, 45 and 60-day initial locks and 5, 10, 15, 20 and 30-day extensions. Correspondents should rely on the most recent rate sheet in regards to all pricing and rate extension information (or the rate sheet at time of lock in regards to extensions and worst-case pricing.) Information on the Rate Sheet will take precedence over the information in this manual.

### RATE EXTENSIONS

- Extension fees are posted on the Verus Correspondent rate sheet;
- Lock extensions are available for active locks; expired locks may not be extended; they can only be relocked;
- Locks may be extended for 5, 10, 15, 20 or 30 days;
- Two lock extensions may be requested; however, the cumulative lock extension maximum term may not exceed 45 days from initial expiration;
- Lock extensions are not available for delivered files.

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## RATE LOCK RENEGOTIATIONS

Only Active, unexpired locks are eligible for renegotiations.

- Rate renegotiations are awarded on a case-by-case basis only.
- Renegotiations must be demonstrated to be for the benefit of the borrower only—either by
  - Increasing credit or;
  - Reducing rate.
- Only one lock renegotiation per loan is allowed. Expiration terms are not amended.
- Once a lock has been renegotiated, the delivery becomes mandatory without price improvement.
- Loan must be moving to Clear to Close or greater status within 24 hours and must close within 15 days.
- Secondary Marketing approval is required for renegotiation on re-locked loans.

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## RATE RE-LOCKS

- Any lock that has expired may be re-locked for 15 days as follows: re-priced using worse case pricing described below.
- Worse case pricing uses the original lock period pricing vs. current pricing of the same lock period, less 25 basis points.
- The lock is relocked for 15 days with a 45-day price.
- Any lock that has expired or has been cancelled by either the originator or Verus is eligible for current market pricing 75 days after the greater of the lock expiration date or the cancellation date. The lock may be relocked for any lock term.
- Executing a relock is an irreversible transaction and results in mandatory delivery subject to a pair off fee.

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## PAIR OFF FEES

In the event that a pair off fee needs to be assessed, the fee will be calculated as the greater of:

- The market difference, or
- An admin fee of 0.125 multiplied by the locked loan amount.

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## RATE LOCKS AND DELIVERY

All files must be closed, delivered and rescission completed by the lock expiration date.

Locks with weekend or holiday expiration dates expire on the first business day following the stated expiration date; this becomes the effective expiration date.

In the event the file is not delivered by the lock expiration date, the loan will be subject to a pricing change.

The original Note must be received within three (3) business days after the lock expiration date.

Verus reserves the right to return a closed loan file and its associated collateral, at any time for poor quality and/or inconsistency with program guidelines.

Verus reserves the right to price expired loans outside of the matrix above based on market conditions.

Verus reserves the right to assess a pair off fee in the event a closed loan is not purchased by Verus.

Verus only purchases non-seasoned loans.

Verus publishes a maximum price and a minimum price on the daily rate sheets. Loans that price below the minimum are subject to additional price adjustments at Verus Mortgage's discretion. Contact the lock desk for additional information.

## SECTION 3.4 — LOCKING LOANS

Verus maintains a Seller Portal for locking and delivery of loans for purchase. Rate Lock confirmations and Purchase Advices are also accessed through this portal. Expanded details on the use of the Seller Portal is available from your transaction manager.

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### CREATING ACCOUNTS

Correspondents will be prompted for a list of users to access the portal during initial seller set up.

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### INFORMATION REQUIRED TO LOCK LOANS

Loans are registered in the Portal by entering data through the user interface or by importing a FNMA3.2 file to the system. Data required for pricing and locking varies by program and users are prompted to enter required information.

**\*\*\*IMPORTANT\*\*\***

*Correspondents are always responsible for confirming the accuracy of the information in the system; even when transferring files directly from outside source. Any discrepancies uncovered in the Due Diligence process or post-purchase will affect pricing up to and including repurchase of the sold loan by the correspondent plus any expenses incurred. Please take the time to verify that all information is correct and that all required documentation has been provided. Verus will not be responsible for any errors made by the correspondent.*

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### PURCHASE ADVICE

Correspondents will log in to the seller portal to review and approve the Funding Schedule (Purchase Advice). If there are any discrepancies between the Lock Price and the Advice Price, Correspondents should confirm that: The loan was received prior to lock expiration; No factors affecting pricing changed during the Due Diligence process (i.e. LTV went from 65 to 72); That the loan was not subject to any special pricing changes negotiated by the Correspondent with Verus subsequent to the initial lock. Should the Correspondent feel that an error has been made on the part of Verus in regards to the price paid on the confirm, they should immediately contact the lock desk to initiate a review process.

## SECTION 4.0 – DUE DILIGENCE PROCESS

### SECTION 4.1 – PRE-QUALIFICATION AND POST CLOSE REVIEWS

Correspondents are responsible for underwriting the credit file according to Verus guidelines and for issuing final approval. Verus will not issue any “pre-approval” or approval prior to closing; however, Correspondents have the ability to submit loans to our diligence partners, for a pre-qualification eligibility review.

#### PRE-QUALIFICATION PROCESS/POST CLOSE REVIEW

Correspondent is responsible for uploading a fully underwritten loan package to the Verus Seller Portal. After submission Correspondent will receive communication identifying any core documents that are missing or program variances. Note: Correspondents must be certain the file is fully processed and documented before submitting the file for pre-qualification eligibility review. A separate (new) loan package and tape is required to be delivered for Post Close review if the Pre-qualification review was utilized.

A full package includes the following imaged documents (preferably in the order provided):

- Copy of Loan Estimate
- Rate Lock Disclosure
- 1003
- 1008 and/or Seller U/W approval worksheet
- Credit Report and any explanations
- Mortgage &/or rental verification with payment history if not on credit report
- Income Documents
- Income Calculation Worksheet
- Asset Documents
- Purchase Contract
- Preliminary Title
- Disclosures
- Occupancy Certification
- Appraisal
- Enhanced Desk Review
- Evidence Loan is not Agency Eligible (to the extent required by applicable program guidelines)

Once a full package has been received and reviewed by the diligence firm, the correspondent will receive communication of either missing items or that the file is consistent with Verus underwriting guidelines.

### SECTION 4.2 – CREDIT PACKAGE SUBMISSION STANDARDS

Full, Bank Statement, DSCR, and Asset Depletion documentation are eligible document types for Verus loan products. **Always** refer to the appropriate Product Eligibility Guide for additional requirements.

### SECTION 4.3 – LOAN INTEGRITY

Data integrity is crucial to quality loan file delivery and mitigation of fraud risk. All loans must be submitted to an automated fraud and data check tool (i.e. FraudGUARD, DataVerify, etc.). A copy of the findings report must be provided in the loan file along with documentation resolving any deficiencies or red flags noted.



## SECTION 4.4 – SUBMISSION OF IMAGED PACKAGE

In an effort to ensure that we have all the necessary documentation needed to effectively and efficiently review your file, we have compiled a stacking order and checklist that should be used to confirm your loan packages contain all the required documentation. Although the checklist is a representation of typically required documentation, the list is not exhaustive. It is the correspondent's responsibility to provide all applicable documentation needed to confirm compliance with guidelines and all regulatory requirements (both state and federal) and to render a sound credit decision.

The submission checklist, with preferred stacking order, should be included with the submitted file, and can be found in [EXHIBIT 1](#) in the Appendix section at the end of this Seller Guide.

Once a closed loan file has been received and reviewed by a diligence partner, the correspondent will receive notifications that either the file is acceptable, or a list of missing documents/conditions will be provided to be cleared.

## SECTION 4.5 – CONDITION CLEARING REQUIREMENTS

If a loan is approved with a condition in either a prequalification or closed loan status, the correspondent is required to resolve the condition within 10 days. All condition documents should be submitted to the due diligence partner that completed the review. The correspondent will receive an updated approval and/or approval with conditions letter.

## SECTION 4.6 – AGE OF DOCUMENT REQUIREMENTS

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### CREDIT REVIEW DOCUMENTATION

The following documents must be no more than 90 days old at closing (the date the note is signed):

- Credit report
- Income verification / pay stubs
- Mortgage/rental verification
- Asset documents / bank statements
- Title commitment / prelim / binder

Credit review documents exceeding these timeframes must be updated.

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### APPRAISAL

The appraisal must be dated within one hundred twenty (120) days of closing. After a 120-day period, a re-certification of value is acceptable up to 180-days. An appraisal exceeding 180-days must be completed again.

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### CLARIFICATION

It may be necessary for the applicant to explain or clarify information provided on the application or for a third-party to clarify information provided on a verification request form. This should be completed in writing and included in the underwriting file.

## SECTION 5.0 – PROPERTY & APPRAISAL REQUIREMENTS

### SECTION 5.1 – APPRAISAL ORDERING

Appraisers must meet all industry standards and be State Certified. State Licensed appraisers and Trainees are not permitted. All real estate appraisals must be performed according to the Uniform Standards of Professional Appraisal Practice (USPAP) and FNMA guidelines, including Universal Appraisal Dataset (UAD) requirements. Appraisal assignments must be obtained in a manner that maintains appraiser independence and does not unduly influence the appraiser to meet a predetermined value. Verus reserves the right to restrict the use of any specific appraiser and/or appraisal management company at its discretion.

Verus reviews the appraisal as part of the post close review process. In addition, unless a 2<sup>nd</sup> appraisal is required per program requirements, all files must contain an enhanced desk review product. Eligible desk review products include; CDA from Clear Capital, ARR from ProTeck, or ARA from Computershare. The diligence partner will carefully review both the appraisal and enhanced desk review to ensure that the appraiser has appropriately analyzed property value trends and overall market conditions to arrive at the value provided. If additional information or a Review Appraisal is required, the diligence firm will notify the Correspondent. If a Review Appraisal is requested, it must be completed by an AMC chosen for this purpose by Verus. Approved AMC's can be found in the Guidelines under Property Eligibility 'Second Appraisal'. Each Correspondent that sells loans to Verus must ensure that its origination appraisal practices are in compliance with the Appraiser Independence Requirements (AIR) and represents and warrants to Verus that any appraisal and all appraisal practices used in origination of a loan conform to the requirements of Fannie Mae and Freddie Mac.

Correspondents must order appraisals using one of two processes. The appraisal must either be ordered through an AMC that is AIR compliant, or via the correspondent's own AIR compliant process (subject to approval by Verus.) Loans with appraisals that do not conform to the following guidelines are not eligible for purchase by Verus.

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#### CORRESPONDENT ORDERS THE APPRAISAL

Verus accepts appraisals that Correspondents order from AMCs provided they are AIR compliant. Correspondents must demonstrate proof the appraisal meets AIR guidelines and Fannie Mae LQI requirements. If an AMC is used, the AMC must be directed to order the appraisal using the following requirements:

- Appraisers must be State certified with a minimum of five years' experience;
- Appraiser must be located within a maximum of 30 miles of the subject property when the property is in a suburban area or an area that is built up greater than 25%, and
- Property profile and the most recent listing (non-copyrighted/non-disclosure states) of subject, and non-copyrighted MLS of all comps whenever available

## SECTION 5.2 – REQUIRED APPRAISAL REPORTS

The residential mortgage file must contain an appraisal completed by a State Certified Appraiser on the standard Fannie Mae form which is suitable for its property type:

Property Type	FNMA Form
1 family properties & PUDs	FNMA Form #1004
2-4 family properties	FNMA Form #1025
Condominiums/PUDs	FNMA Form #1073

### COMPLETION OF THE RESIDENTIAL APPRAISAL FORM

- Existing construction: The appraisal is performed after all improvements have been completed. Verus does not permit escrow accounts for work completion.
- Site section of the appraisal form must state whether the subject property is located in a FEMA identified Special Flood Hazard Area.
- If applicable, the appraisal report must include the census tract number on the appraisal report. If not applicable, the appraiser must insert "N/A" where the Census Tract is requested.
- The diligence firm reviews the appraisal report and determines whether to accept. The LTV/CLTV/HCLTV ratio will be validated and compared to the amount of credit requested.
- The diligence firm also evaluates property characteristics that may preclude maximum financing.

### PROPERTY LISTED FOR SALE

The Appraiser must report any listing activity for the subject property within 12 months of the effective date of the appraisal. If the subject property has been listed for sale within the prior 12 months, the following limitations apply:

- Rate/Term Refinance – The listing must have expired or been withdrawn prior to the application date and a copy of the expired/withdrawn listing is required.
- Cash Out Refinance – Not permitted for properties listed within the past 6 months.

## SECTION 5.3 – DISASTER AREAS

### DISASTER AREAS

Sellers are responsible for identifying geographic areas impacted by disasters and taking appropriate steps to ensure the subject property has not been adversely affected. The following guidelines apply to properties located in FEMA declared disaster areas, as identified by reviewing the FEMA web site at <http://www.fema.gov/news/disasters.fema>. In addition, when there is knowledge of an adverse event occurring near and around the subject property location, such as earthquakes, floods, tornadoes, or wildfires, additional due diligence should be used to determine if the disaster guidelines should be followed.

## APPRAISALS COMPLETED PRIOR TO DISASTER

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An interior and exterior inspection of the subject property, performed by the original appraiser if possible, is required.

- The appraiser should provide a statement indicating if the subject property is free from any damage, is in the same condition from the previous inspection, and the marketability and value remain the same.
- Inspection report must include photographs of the subject property and street view.
- Any damage must be repaired and re-inspected prior to purchase

## APPRAISALS COMPLETED AFTER DISASTER EVENT

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- Appraiser must comment on the adverse event and certify that there has been no change in the valuation.
- Any existing damage notated from the original report must be repaired and re-inspected prior to purchase.

## DISASTER EVENT OCCURS AFTER CLOSING BUT PRIOR TO LOAN PURCHASE

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- Loan is ineligible for purchase until an update or inspection from the original appraiser is obtained.
- Appraiser must comment on the event and certify that there has been no change to the value.

Guidelines for disaster areas should be followed for 90-days from the disaster period end date or the date of the event, whichever is later.

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## SECTION 6.0 – CLOSING AND POST-CLOSING REQUIREMENTS

VERUS requires that all loans undergo a mandatory due diligence review of the closed loan file. Please see [Section 4](#) for required documentation and the stacking order ([EXHIBIT 1](#)) for file submissions. All suspense items must be resolved before purchase. All Rate Locks must be good through purchase date or they will be subject to worst-case pricing. In addition, Correspondents must comply with any post-closing requests as laid out in general terms in this document, and in more specific terms in the MLPA.

## SECTION 6.1 – LOAN PURCHASE PROCEDURES

Verus issues a separate purchase advice on each loan purchased. Once the Purchase Advice is uploaded into the system, the client is automatically notified via a system generated notice. It is imperative that The Correspondent review the Purchase Advice in its entirety and reconcile the wire amount to ensure that the appropriate funds have been received. If a financial discrepancy is identified, the Correspondent must notify the Funding Desk within 5 days of the loan purchase. The Correspondent must provide documentation supporting the discrepancy.

At purchase the Correspondent must provide a current payment history for any loan that had a payment due or for which the Correspondent is responsible for a payment. **Payment collection responsibility depends on the purchase date and is determined as follows...**

- If a loan is purchased prior to or on the 10th calendar day of the month, the next payment will be due to Verus
  - Verus will purchase the scheduled balance at the date of purchase
- If a loan is purchased after the 10th calendar day of the month, the next payment will be due to the Correspondent
  - Verus will purchase the scheduled principal balance
- Interest to be credited or debited at the time of loan purchase is based upon a 360-day year.

At the servicing transfer date, the Correspondent must provide an updated payment history to Verus for any loan which the Correspondent collected a payment.

As of loans purchased by Verus on or after October 11, 2017, Verus will no longer net escrow funds from the purchase amount. At the servicing transfer date, the Correspondent will be responsible for forwarding all escrow funds to the new servicer within 5 business days of the servicing transfer

Servicing transfers occur on the 1st of each month. [See Section 7.0](#) for Servicing Transfer Information

## SECTION 6.2 – WIRE INSTRUCTIONS

A Master Bailment Letter for each warehouse bank used by Applicant is required to be on file with Verus. If Applicant is self-funded a copy of the Applicant's wire instructions is needed.

## SECTION 6.3 – INITIAL COLLATERAL DOCUMENT DELIVERY

### REQUIREMENTS FOR CLOSED LOAN FILE

Imaged credit package submission to Verus is a pre-requisite prior to shipping the original Note, Allonge, and supporting collateral file documents to the custodian. Collateral delivery to the custodian is due the next business day following imaged credit package submission to Verus, but no later than 3 days following lock expiration. Sellers who use a warehouse line for funding must arrange for prompt delivery of the original Note and Bailee Letter to the Custodian.

### Stacking Order for Initial Collateral Delivery

- Bailee Letter (if applicable)
- Original Note
- Original Allonge from seller to blank (see example: [EXHIBIT 9](#))
- Copy of the Security Instrument with all riders/schedules
- If not a MERS loan:
  - Original Unrecorded Assignment from Seller to Blank
  - Original Recorded Intervening Assignment(s) evidencing a complete chain of title from Originator to Seller (if applicable)
- Copy of Title Commitment/Binder/Prelim
- Executed Power of Attorney (if applicable)
- Any Other Documents as May be Applicable

*Recorded Security Instrument, Title Policy, and Recorded Intervening Assignment(s) may follow as trailing documents, [see Section 6.5](#) for timelines and fees for non-compliance*

Place collateral documents in a pocket file folder (legal size); one for each loan. Affix a label to the upper right-hand corner of each pocket file folder, reflecting:

- Verus Loan ID
- Seller loan ID
- Borrower Name

Ship to the Custodian as follows:

- Place loan files in sequential loan number order inside shipping package/box.
- Include a packing list/manifest, consisting of a list of the loans; if multiple boxes, specify the box number for each loan.
- Mark the exterior of each box to identify its contents as follows: Investor/Seller/ Box 1 of \_\_, Ln # 100000– 100200

<b>Custodian Delivery Address for</b>	<b>Notification of Transfer:</b>
Wells Fargo Bank Attn: INVC-WAREHOUSE 1055 10 <sup>TH</sup> Ave SE Minneapolis, MN 55414	Populate LMS Connect, on the day collateral is shipped, with the following: <ul style="list-style-type: none"><li>○ Loan ID(s)</li><li>○ Borrower name(s)</li><li>○ Courier tracking information</li><li>○ List of documents being shipped</li></ul>

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### COLLATERAL EXCEPTIONS

Sellers are required to deliver a complete and accurate Collateral package. Collateral exceptions (if any) must be resolved prior to funding, but no later than the 3<sup>rd</sup> day following expiration of the rate lock. See “Rate Locks and Delivery” [in Section 3.3](#) for the full details as this relates to the lock.

Collateral exceptions (if any) are communicated to sellers via LMS Connect. It is the responsibility of sellers to monitor LMS Connect for collateral exceptions that require resolution prior to funding.

## SECTION 6.4 – TRAILING DOCUMENT DELIVERY

Sellers are responsible for the submission of final recorded documents and title policies, free of exceptions, to Custodian after the loan has been purchased. Verus requires the submission of these documents in a timely manner, but no later than 90 days after purchase date. Monthly trailing document status reports will be provided to Sellers to aid in trailing document management and exception resolution.

### POST PURCHASE DOCUMENTATION

The following documents are required on all loans to be submitted as Trailing documents:

- Recorded Security Instrument and all applicable riders
- Title Policy, with all endorsements\*
- Other documents as may be applicable, examples:
  - Recorded Power of Attorney
  - Recorded Intervening Assignment

\*Fees for title policy endorsements are the responsibility of the seller.

Verus reserves the right to assess fees for documents not delivered to custodian, or document exceptions not resolved, within 90 days of the purchase date, per the Agreement. Any documents not provided, or exceptions not resolved within this timeframe will be addressed by Verus through other means, at a cost to Seller of \$75 fee per document. Verus reserves the right to demand repurchase of the loan per the terms of the Purchase and Sale Agreement.

#### Preparing Documents for Delivery:

- Include a cover sheet with seller and Verus Loan IDs for each trailing document; or use a manifest to identify each document and its corresponding seller and Verus loan IDs. If using a manifest, the documents must be stacked in the same order as represented on the manifest
- Individual documents with multiple pages may be stapled or clipped together
  - Do **NOT** staple/clip multiple documents together
- Mark the exterior of the package(s)/box(es) to identify its contents as follows: INVC-WH/Seller Name/ Box 1 of \_\_ , Ln # 100000– 100200.

#### Custodian Delivery Address:

**Wells Fargo Bank  
Attn: INVC-WAREHOUSE  
1055 10th Ave SE  
Minneapolis, N 55414**

#### Notification of Shipping:

Populate LMS Connect, on the day trailing documents are shipped, with the following:

- Loan ID(s)
- Borrower name(s)
- Courier tracking information
- List of documents being shipped

## SECTION 6.5 – POST PURCHASE ADJUSTMENTS

It is the Seller's responsibility to review the Purchase Advice as soon as possible to ensure the net funding is correct. Following sale of a loan to Verus, if there is a discrepancy between the loan data in the system and your loan records, a post-purchase adjustment may be required.

To initiate a post-purchase adjustment for a whole loan, take these steps:

Step	Action
1	Research the discrepancy and request a post-purchase adjustment via email to the Verus lock desk. Requests exceeding <b>90</b> days will not be considered for post-purchase pricing adjustments.
2	Assemble documentation to support the post-purchase adjustment. Documentation should include: <ul style="list-style-type: none"><li>• Detailed explanation of the discrepancy and the corrective action requested.</li><li>• Copy of the funding notification ('purchase advice')</li><li>• Additional documentation supporting your request, as applicable (i.e., HUD-1, etc.)</li></ul>
3	Securely submit the request form and supporting documentation to <a href="mailto:lockdesk@Verusmc.com">lockdesk@Verusmc.com</a> . Verus will research the request and provide a response within one business week of receipt.

### SCENARIOS FOR WHICH A POST-PURCHASE ADJUSTMENT OCCURS

- When a client submits a post-purchase data change to a price-impacted field and the resulting price is lower than the purchase price, the difference in price is billed to the client.
- When a client submits a post-purchase data change to a price-impacted field and the resulting price is higher than the purchase price, the difference in price is remitted to the client.



## SECTION 7.0 – SERVICING TRANSFER INSTRUCTIONS

### SECTION 7.1 – INTERIM SERVICING RESPONSIBILITIES

#### INTERIM SERVICING REQUIREMENTS

Loans sold to Verus Mortgage Capital, LLC (Purchaser), require that the Seller shall sub-service the loans for an interim period prior to the Servicing Transfer. In accordance with the MLPA, the Seller shall service and administer the Mortgage Loans on behalf of the Purchaser from and after the Closing Date to the designated Servicing Transfer Date, as specified by Verus Mortgage Capital.

The interim servicing obligations of the Seller shall include mailing the goodbye letter, responding to servicing related inquiries from the borrower, as well as escrow disbursements and payment collection during the interim servicing period. The Seller will be required to provide loan boarding data, loan file images, and updated payment history information prior to the Servicing Transfer Date.

Servicing transfer occurs on the 1<sup>st</sup> of each month. Loans will transfer to our sub-servicer Shellpoint Mortgage Servicing, LLC (SMS). The transfer process should comply with all RESPA laws and CFPB best practices.

The Seller will be provided ample notification of the servicing transfer date in order to meet any applicable RESPA notification to the mortgagor.

### SECTION 7.2 – SERVICE TRANSFER AT CLOSING OPTION

#### OPTION TO NAME THE NEW SUB-SERVICER AT THE CLOSING TABLE

Sellers may have the option to transfer servicing directly to our servicer Shellpoint Mortgage Servicing at the closing table.

This option allows the interim servicing requirements to be managed by SMS and eliminates the need for a servicing transfer. This option may require that a sub-servicing agreement be in place between the Seller and Shellpoint Mortgage Servicing. The Verus Servicing team can assist you with the process.

## SECTION 7.3 – SERVICING TRANSFER CONTACTS

### TRANSFER CONTACTS

The Servicing Transfer Team will assist you throughout the servicing transfer process. The Seller will be contacted directly by the transfer team member assigned to each transfer. A copy of the Shellpoint Servicing Transfer Instructions can be provided to you.

SHELLPOINT MORTGAGE SERVICES - TRANSFER TEAM CONTACT INFORMATION	
Chris Weir Sr. Manager Loan Transfer	864-312-4562 Chris.weir@shellpointmtg.com
Loan Boarding Team	SMSLoanBoarding@shellpointmtg.com
Joseph Prince Sr. Director of Loan Boarding	864-312-4646 Joseph.prince@shellpointmtg.com
Ben Boyer VP Portfolio Management	864-312-4925 Benjamin.boyer@shellpointmtg.com
Loan Document Images	SMSLoanDocuments@shellpointmtg.com
VERUS MORTGAGE CAPITAL - SERVICING CONTACT INFORMATION	
Karen Brechlin Servicing Manager	(651) 352-4414 Kbrechlin@verusmc.com
Jody Morehouse Conversion Data Manager	(651)352-4422 Jmorehouse@verusmc.com
Larry Czechowicz Servicing Transaction Manager	(651) 352-4427 lczechowicz@verusmc.com
Susan Sessom Servicing Transaction Manager	(651) 352-4407 ssessom@verusmc.com
Servicing	Servicingtransfers@verusmc.com

## SECTION 7.4 – SERVICING TRANSFER TIMELINE AND DELIVERABLES

### SERVICING TRANSFER TIMELINE

Timing of the servicing transfer depends on the Verus purchase date.

If Loan Purchase Occurs...	Then...
On or prior to 10 <sup>th</sup> calendar day of the month - For example, if loan is purchased on 9/5/17	The next payment is due to Verus (Shellpoint). Servicing will transfer on 1 <sup>st</sup> day of the month following purchase Per example: Loan will service transfer 10/1/17
On or after the 11 <sup>th</sup> calendar day of the month - For example, if loan is purchased 9/12/17	The next payment is due to the Seller. Servicing will transfer on the first day of the 2 <sup>nd</sup> month following purchase Per example: Loan will service transfer 11/1/17

## Servicing Transfer Deliverables

TRANSFER TIMELINE	TRANSFER DELIVERABLE
Prior to Sale of First Loan to Verus	<ul style="list-style-type: none"> <li>Initial Servicing call occurs</li> </ul>
Loan Purchase Date	<ul style="list-style-type: none"> <li>Verus Purchases Loan from Seller</li> <li>New Servicer Loan Number is assigned</li> <li>Seller's Interim Servicing Responsibilities Begin</li> <li>Seller completes MERS Transfer within 5 days</li> </ul>
20 Days Prior to Transfer Date	<ul style="list-style-type: none"> <li>Verus Contacts Seller regarding the Upcoming Servicing Transfer Population</li> </ul>
15 Days Prior to Transfer Date	<ul style="list-style-type: none"> <li>Seller may mail a Good-bye Letter</li> <li>Shellpoint Mails Welcome Letter</li> <li>Preliminary Loan Boarding Data is Due to SMS</li> <li>Loan File Images are Due to SMS</li> </ul>
2 Days Prior to Transfer Date	<ul style="list-style-type: none"> <li>Seller sends Mortgagee Change Notifications Letters to Flood, Hazard, and Tax Service Providers</li> </ul>
Servicing Transfer Date	<ul style="list-style-type: none"> <li>Final Loan Boarding Data is Due to SMS</li> <li>Payment History information is Due to Verus</li> <li>Seller Forwards Escrow Funds to Shellpoint</li> </ul>
2-5 Days Post Transfer Date	<ul style="list-style-type: none"> <li>Loans Board to Shellpoint System</li> </ul>

## SECTION 7.5 – NOTIFICATION OF TRANSFER OF SERVICING

### GOODBYE LETTER

The Seller may prepare and send a Goodbye letter notifying the Mortgagor of the transfer of servicing.

Sellers should make every effort to use the CFPB endorsed Notice of Servicing Transfer format. A template of this document is available.

If sending a Goodbye Letter, a sample must be submitted to Shellpoint for review and approval prior to mailing. For each transfer one letter sample must be submitted to [SMSLoanBoarding@shellpointmtg.com](mailto:SMSLoanBoarding@shellpointmtg.com)

The Goodbye Letter must be mailed to the borrower(s) no later than 15 days prior to the Servicing Transfer Date, in compliance with RESPA guidelines.

### WELCOME LETTER

Shellpoint Mortgage Servicing will prepare and send a Welcome Letter notifying all Mortgagors of the transfer of servicing.

The Welcome Letter will be mailed to the borrower(s) no later than 15 days after the Servicing Transfer Date, in compliance with RESPA guidelines.

A sample letter can be provided upon request.

## SECTION 7.6 – NEW SERVICER INFORMATION

### New Sub-Servicer – Transfer Information

#### SHELLPOINT MORTGAGE SERVICING, LLC

##### Servicing Transfer Information

Address for borrower payments:	Shellpoint Mortgage Servicing PO Box 740039 Cincinnati OH 45274-0039
Address for correspondence:	Shellpoint Mortgage Servicing P.O. Box 10826 Greenville, SC 29603-0826
Forwarding payments address:	Shellpoint Mortgage Servicing Attn: Cash Control 55 Beattie Place Suite 110, MS# 525 Greenville, SC 29601
Customer Service information:	Toll-free: 800-365-7107 Website: <a href="http://www.shellpointmtg.com">www.shellpointmtg.com</a> Monday - Friday: 8:00 a.m. to 10:00 p.m. (EST) Saturday: 8:00 a.m. to 3:00 p.m. (EST)
Address for payoffs:	Shellpoint Mortgage Servicing Attn: Cash Control – Payoffs 55 Beattie Place Suite 110, MS# 525 Greenville, SC 29601
Loss Payee Clause	Shellpoint Mortgage Servicing Its Successors and/or Assigns ISAOA Atima PO Box 7050 Troy, MI 48007-7050
ORG ID Numbers	Verus MERS ID 1013178 Shellpoint MERS ID 1007544 CoreLogic Tax Contracts: 11680 CoreLogic Flood Certs: 107544
Wiring Instructions	Name on Account: Mortgage CDA Bank: Wells Fargo Bank, NA Account #: 2020050813199 ABA #: 121000248 Ref: Your company name, loan number, borr name Attn: Cash Control

All wires must have loan-level detail in an **Excel formatted spreadsheet**; e-mail the detail to: [paymentprocessing@shellpointmtg.com](mailto:paymentprocessing@shellpointmtg.com) and [smsloanboarding@shellpointmtg.com](mailto:smsloanboarding@shellpointmtg.com)

## SECTION 7.7 – TRANSFER REQUIREMENTS: DATA AND IMAGE DELIVERY

### DATA DELIVERY REQUIREMENTS

The Seller is responsible for providing preliminary and final data to SMS unless other arrangements are agreed by both parties.

**Data Delivery Format:** All data reports must be provided in an electronic format; Excel, CSV, or Text. The data must be accompanied by a complete code and field definition summary. A data template of the required servicing fields is available.

Preliminary data should be provided at least 20 days prior to the Servicing Transfer Date, and Final data should be provided no later than 2 days after the Servicing Transfer Date in accordance with CFPB servicing transfer guidelines.

Final Data at the transfer date must include payment history information detailing payment transactions and escrow disbursement that occurred during the interim servicing period.

Data should be delivered via secure ftp site or secure email to [SMSLoanBoarding@shellpointmtg.com](mailto:SMSLoanBoarding@shellpointmtg.com)

### IMAGED DOCUMENT REQUIREMENTS

Images of all loan documents (including Origination, Collateral and Credit) must be provided to Shellpoint no later than 15 days prior to the Servicing Transfer Date. Seller should provide electronic images.

Imaged document files must be in pdf or tif format and be fully indexed by document type.

Image transfer should be coordinated with the Shellpoint imaging team. Imaged files should be delivered via secure ftp site or secure email to [SMSLoanDocuments@shellpointmtg.com](mailto:SMSLoanDocuments@shellpointmtg.com)

Trailing images should be delivered securely and notification sent to [SMSLoanDocuments@shellpointmtg.com](mailto:SMSLoanDocuments@shellpointmtg.com)

### PRELIMINARY AND FINAL DATA FILE REQUIREMENTS

If the Seller's servicing system cannot accommodate a data extraction or image delivery, Verus can assist with the servicing data and image delivery requirements. Contact the Verus Servicing Team for assistance. **This does not relieve the Seller from any interim servicing obligations.**

## SECTION 7.8 – POST TRANSFER PAYMENTS TO THE NEW SERVICER

### PAYMENTS FORWARDED BY WIRE – WIRE INSTRUCTIONS

Post-Transfer mortgage payments sent via wire should be forwarded to Shellpoint within 48 hours of receipt as follows:

Forwarding Post Transfer Payments - Wire Instructions	
Name on Account:	Mortgage CDA
Bank Name	Wells Fargo Bank, N.A.
Account Number	2020050813199
ABA Number	121000248
Reference:	Your company name, loan number, borrower name
Attention:	Cash Control
Wire Notification Contacts	
Wire Notification and a Wire Detail Report in Excel format must be emailed to:	SMSwires@shellpointmtg.com SMSLoanBoarding@shellpointmtg.com

### PAYMENTS FORWARDED BY SENDING A CHECK – MAILING INSTRUCTIONS

Post-Transfer funds that are forwarded by check should be endorsed to Shellpoint Mortgage Servicing without recourse.

Checks should be forwarded within 48 hours of receipt via overnight mail service to:

Forwarding Post Transfer Payments - By Check	
Contact	Shellpoint Mortgage Servicing
Address	55 Beattie Place Suite 110, MS# 525 Greenville, SC 29601
Attention	Cash Control
Loan Detail Report Contacts	
A Payment Detail Report must be included with the check and also emailed to:	Paymentprocessing@shellpointmtg.com SMSLoanBoarding@shellpointmtg.com

## SECTION 7.9 – POST TRANSFER PAYMENT REIMBURSEMENT

### NSF PAYMENTS

In the event a payment collected by the Seller is reported as Non-Sufficient Funds (NSF) after the service transfer, the Seller shall provide supporting documentation and request payment reimbursement from Shellpoint.

Contact: SMSLoanBoarding@shellpointmtg.com

## SECTION 7.10 – ACH/AUTOMATED CLEARING HOUSE

### AUTOMATED CLEARING HOUSE / AUTO-DEBIT

Shellpoint Mortgage Servicing offers a variety of automated payment options. Borrowers may contact Shellpoint Customer Service directly to establish automatic payments.

Borrowers should be advised by the Seller that if they selected the 1<sup>st</sup> of the month for their draft date the first debit after servicing transfer will be drafted a few days after the transfer date. Borrowers may need to make a manual first payment if the first payment is due to the Seller.

## SECTION 7.11 – FOREIGN NATIONAL BORROWERS

### FOREIGN NATIONAL BORROWERS

Foreign National Borrowers are required to have a transferrable ACH debit from a U.S. bank account established by the Seller at closing. Payment drafting data and an imaged copy of the required ACH enrollment documents, should be provided to Shellpoint in the servicing transfer.

See [EXHIBIT 7 – Automatic Payment Authorization Form \(ACH\)](#)

## SECTION 7.12 – BORROWER CONTACT CONSENT FORM

### BORROWER CONTACT CONSENT

To assist the loan servicer in contacting the borrower in a timely manner, the seller is required to obtain a valid phone number for the borrower(s). The phone number can be collected on the 1003 loan application or by using the Borrower Contact Consent Form in the Exhibit section of the Guide.

See [EXHIBIT 8](#) – Borrower Contact Consent Form

## SECTION 7.13 – ESCROW FUNDS AND ESCROW DISBURSEMENT REQUIREMENTS

### GENERAL ESCROW DATA INFORMATION

Escrow funds will not be netted by Verus at the time of purchase. The Seller must forward all escrow funds to the new servicer within five (5) business days after the Transfer of Servicing Date. The Verus Servicing Team will send you an email reminder when funds are due.

### ESCROW DISBURSEMENT REQUIREMENTS – TAXES AND INSURANCE

Seller is responsible to pay all taxes due prior to the transfer date as well as those due during a period of thirty (30) days following the transfer date. Seller will provide written certification of such payment within five days of the transfer date.

Seller is responsible to pay all insurance premiums due prior to the transfer date as well as those due during a period of thirty (30) days following the transfer date. Seller will provide written certification of such payment within five days of the transfer date

Seller will be responsible for the payment of any and all penalty and/or interest assessed as a result of delinquent payment of tax or insurance items due and payable prior to and including thirty (30) days post transfer date. Similarly, Seller will be responsible for the payment of any and all penalty and/or interest assessed as a result of the Seller's failure to forward tax or insurance bills to Shellpoint as required below.

Seller will be responsible to take advantage of any early payment discounts. Failure to take advantage of an available loss discount may result in a reimbursement from the Seller.

If any tax or insurance disbursements are due within sixty (60) days of the loan origination date, or are past due, the Seller will provide an open items report to Shellpoint.

If Force Placed Insurance is in effect, Seller will provide an electronic report of Force Placed Insurance including the amount and date of the last disbursement. Seller will confirm it will be cancelled on the transfer date. Seller will provide the date of the anticipated refund and advise how it will be provided to Shellpoint.

---

### FORWARDING TAX BILLS

Seller should forward to Shellpoint within one business day, all tax bills and insurance premium notices and policy documents following the transfer date. Any tax or insurance bill requiring immediate attention should be emailed to [Mary.Hayes@shellpointmtg.com](mailto:Mary.Hayes@shellpointmtg.com)

## SECTION 7.14 – MORTGAGEE CHANGE REQUIREMENTS

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### MORTGAGEE CHANGE ENDORSEMENTS

Seller will, at its expense, prepare and submit a Change of Mortgagee Notice to each hazard/flood insurance payee.

Seller will, at its expense, prepare and submit a Change of Mortgagee Notice to each taxing authority, or its tax service vendor.

Confirmation that notices have been sent should be provided to Shellpoint no later than five business days following the transfer date.

Mortgagee clause information:

Mortgagee Clause Information	
Contact	Shellpoint Mortgage Servicing Its Successors and/or Assigns ISAOA Atima
Address	P.O. Box 7050 Troy, MI 48007-7050

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### PRIVATE MORTGAGE INSURANCE (PMI) REQUIREMENTS

Seller will provide an electronic insurance report of the PMI data in the Preliminary and Final Data files

Seller is responsible for payment to the PMI carrier, of all PMI premiums (lender and borrower paid) due thirty (30) days following the servicing transfer date.

Seller is responsible for submission of Servicing Transfer Notice, in authorized format, to each PMI carrier, which insures loans in the transaction.



Submission of a Status of Coverage certification documenting that PMI premiums are current and coverage is in force. If a status of coverage document cannot be obtained a current payment history showing evidence of a current disbursement as well as an open items report must be provided.

---

### TRANSFER FLOOD CERTIFICATES

Verus requires Life of Loan Flood Certificates for all first liens. The Verus preferred Flood Cert provider is CoreLogic Flood Services. If an existing Flood Certification has been obtained with CoreLogic, the certificate should be transferred to Shellpoint via the CoreLogic website. **The Shellpoint CoreLogic ID is 107544.**

---

### LOSS DRAFT INFORMATION

Should a customer contact the seller regarding a loss draft claim prior to the servicing transfer date, any funds or checks received by the Seller for the claim should be forwarded via check to Shellpoint at the following address:

Forwarding Loss Draft Funds	
Contact	Shellpoint Mortgage Servicing
Contact Name	Attn: Cash Control – Loss Draft Funds
Address	55 Beattie Place Suite 100, MS #525 Greenville, SC 29601

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### TRANSFER OF REAL PROPERTY TAX INFORMATION (1ST LIENS ONLY)

Verus requires fully transferrable tax service on each first lien. The Verus preferred tax vendor is CoreLogic. Tax tracking service should be transferred to Shellpoint Mortgage Servicing CoreLogic ID. If an existing CoreLogic Fully Transferrable Contract is in place, please arrange transfer with CoreLogic. The Shellpoint CoreLogic ID is 11680.

### SECTION 7.15 – YEAR END TAX REPORTING/IRS REPORTING

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#### IRS REPORTING

Seller is responsible for providing 1098 reporting to the mortgagor for the period they serviced the loan. Shellpoint Mortgage Servicing will provide 1098 reporting to the mortgagor for the period they serviced the loan.

### SECTION 7.16 – PAYOFFS AND PENDING PAYOFFS

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#### PAYOFFS

All payoffs received before the transfer date should be wired within 24 hours to:

Payoff Funds - Wire Instructions	
Name on Account:	Mortgage CDA
Bank Name	Wells Fargo Bank, N.A.
Account Number	2020050813199
ABA Number	121000248
Reference:	Your company, Loan Number, Payoff Funds
Attention:	Cash Control
Wire Notification Contacts	
Wire Notification and a Wire Detail Report in Excel format must be emailed to:	SMSwires@shellpointmtg.com

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#### LOANS WITH PENDING PAYOFF

The Seller will provide a list of accounts with a current valid payoff statement pending at the time of servicing transfer to include:

Loan Number  
Payoff amount  
Good-thru date

The Seller will provide to Shellpoint copies of all payoff statements issued within thirty (30) days of the transfer date for which funds have not been received.

## SECTION 8.0 – MORTGAGE ELECTRONIC REGISTRATION SYSTEM (MERS®)

### SECTION 8.1 – TRANSFER OF SERVICING AND BENEFICIAL RIGHTS

Seller is responsible for initiating the MERS® Transfer of Rights, within 5 calendar days of purchase settlement, as follows:

- Investor: 1013178
- Servicer: 1013178

Correspondents may contact Verus's MERS® desk for additional assistance at:

Email: collat@Verusmc.com

**Note:** Verus reserves the right to charge an administrative fee of \$25.00 for any loan not transferred accurately within 5 calendar days.

### SECTION 8.2 – ASSIGNING A MORTGAGE TO MERS®

Only loans closed on MERS as Original Mortgagee MOM security instruments are eligible for purchase by Verus. Assignments to MERS® are not eligible.

## SECTION 9.0 – COMPLIANCE

### SECTION 9.1 – FAIR LENDING POLICY

Verus Mortgage LLC ["Verus"] abides by the requirements of applicable federal, state, and local fair lending laws, including the Equal Credit Opportunity Act ("ECOA") and its implementing regulation, Regulation B and the Fair Housing Act and its implementing regulations. Accordingly, Verus will not engage in the conduct of business upon the pretext of discrimination arising out of race or color, national origin, religion or lack thereof, sex, marital status, familial status, age not relating to capacity to contract, handicap, applicant receipt of income from a public assistance program, applicant good faith exercise of any right arising under the Consumer Credit Protection Act. Verus will not exercise its judgment for the sake of conferring upon the applicant pool a disparate impact, nor will it exercise its judgment for the sake of effecting disparate treatment of participants in the applicant pool.

Predatory lending, of which the following are illustrative and not necessarily limiting, will not be entertained or condoned:

- Collateral or equity "stripping"
- Inadequate disclosure
- Risky loan terms and structures
- Padding or packing
- Flipping
- Single-premium credit insurance

Unfair, ABUSIVE and Deceptive acts OR Practices will not be entertained or condoned.

## SECTION 9.2 – ANTI-PREDATORY LENDING POLICY

Verus does not purchase mortgage loans that are subject to the Home Ownership and Equity Protection Act of 1994 (HOEPA), as described in Section 32 of Regulation Z. In addition, Verus does not purchase loans meeting the definition of “residential mortgage transaction”, as defined under the Truth-in-Lending Act (a purchase-money loan secured by borrower’s principal residence), that have either an annual percentage rate (APR) or total points and fees payable by the borrower that exceed the applicable thresholds under HOEPA.

Verus does not purchase mortgage loans that meet the definition of “high cost,” “high risk,” “covered,” “subprime,” or any similar designation under state or local law, regardless of whether any provision of such state law is preempted by federal law with respect to a particular loan or for a particular originator.

Verus requires the Correspondent to provide documentation that each mortgage loan meets applicable Net Tangible Benefit requirements, including disclosures required by the state where the subject property is located.

## SECTION 9.3 – ABILITY TO REPAY/ QUALIFIED MORTGAGE

Verus will only purchase loans that meet the CFPB’s requirements under its Ability-to-Repay (ATR) / Qualified Mortgage Rule, including loans that meet the general ATR requirements and certain qualified mortgage loans with rebuttable presumption liability protection, as prescribed by the applicable regulation.

Each loan delivered for purchase under the Prime Ascent and Credit Ascent Program must include a completed ATR Borrower Confirmation form ([EXHIBIT Z](#)), available in the forms section of the system. An example is also in the exhibits section of this guide.

## SECTION 9.4 – FEE POLICY

The Correspondent must provide loan applicants with all required disclosures. Fees charged must be in compliance with all applicable laws and regulations, including those governing permissible fees, maximum fee amounts, timing, and disclosures.

Because Verus by policy does not purchase loans that are considered to be high-rate or high fee, loans subject to HOEPA or any state or local high cost law, or loans that would be predatory in the jurisdiction where the property is located, as part of the purchase process Verus runs an audit of the fees charged on the loan. Verus provides a notification if the fees are in excess of the allowable amounts, but any testing performed by Verus does not reduce or eliminate each Correspondent’s obligations under the agreement should there be a subsequent finding that the loan is a high cost loan.

## SECTION 9.5 – QUALITY CONTROL

Verus applies its Quality Control Policy and Procedures to loans originated by Correspondents, and reports findings as appropriate to Correspondents for their use in prevention of similar occurrences. Verus requires that Correspondents have in place and utilize Quality Control Policies and Procedures and perform regular reviews to ensure the quality of loans submitted to Verus for underwriting and purchase.

If any irregularities or discrepancies are discovered during Verus’s routine review, Verus expands the scope of the quality control reviews on Correspondent’s loans to ensure all problem areas are identified.

Verus provides monthly reports to Correspondents. Correspondents are required to respond to any findings of moderate risk or greater or to any indications of trends toward risk findings. Correspondents must investigate and

respond with their results and what actions are taken to correct the situations. Serious issues with quality and/or material findings trends or failure to respond to the report findings can result in termination of the Correspondent's approval with Verus.

#### SECTION 9.6 – PREPAYMENT PENALTY OPTIONS

With the exception of loans purchased under the Investor Solutions program, Verus does not purchase loans with prepayment penalties.

#### SECTION 9.7 – STATE SPECIFIC REQUIREMENTS AND LICENSING

The Correspondent must meet all licensing/registration requirements for the state where the subject property is located, unless exempt from such requirements. Furthermore, Correspondents must ensure continued compliance and licensing/registration requirements on a go-forward basis.

Various states and some local municipalities have passed laws regarding mortgage lending activities. Correspondents must follow all the laws in effect where the subject property is located and are responsible for all required documentation related to state-specific requirements.

#### SECTION 9.8 – FANNIE MAE LQI CHECKS

Correspondents are responsible for compliance with Fannie Mae's Lender Quality Initiative, including but not limited to verbal re-verification of employment, updated credit report prior to closing, related parties search, verification in MERS® regarding borrower and property liens, third party fraud checks prior to closing. These items must be in the closed loan file.

#### SECTION 9.9 – REPURCHASES

The repurchase price for Loans subject to a Repurchase Obligation pursuant to the Agreement shall be as follows, unless otherwise determined by Verus:

1. The original purchase price of such Loan, less principal reduction since the original purchase of the Loan by Verus; **plus**
2. All interest accrued but unpaid on the principal balance of the Loan from the paid-to- date of the Loan through and including the last day of the month in which the repurchase is made; **plus**
3. All expenses, including but not limited to reasonable fees and expenses of counsel, incurred by Verus in enforcing Correspondent's obligation to repurchase such Loan and/or resulting from any breaches of Correspondent's representations and warranties under this Agreement; **plus**
4. The original servicing release premium paid by Verus with respect to such Loan; **plus**
5. Any unreimbursed advances of taxes, insurance or property preservation made by Verus with regard to such Loan as of the date of repurchase; **less**
6. Any proceeds of mortgage insurance with respect to the Loan collected by Verus. Upon any such repurchase of Loans by Correspondent, Verus shall endorse the promissory note (without recourse) and shall assign any security interest (without recourse and in recordable form) to Correspondent.

If the Mortgaged Property securing the Loan has been acquired by Verus by agreement with the owner thereof or by foreclosure to mitigate its loss then the repurchase price pursuant to the Agreement, notwithstanding the amount of Verus's credit bid, shall be:

1. The original purchase price of such Loan, less principal reduction since the original purchase of the Loan by Verus; **plus**
2. All interest accrued but unpaid on the principal balance of the Loan from the paid-to- date of the Loan through and including the last day of the month in which the foreclosure sale occurs; **plus**
3. All costs and expenses, including but not limited to fees, costs, and expenses incurred by Verus as owner of the property, reasonable fees and expenses of counsel, incurred by Verus in connection with the foreclosure or acquisition and in enforcing Correspondent's Repurchase Obligations hereunder and/or resulting from any breaches of Correspondent's representations and warranties under this Agreement; **plus**
4. The original servicing release premium paid by Verus with regard to such Loan; **plus**
5. Any unreimbursed advances of taxes, insurance or property preservation made by Verus with regard to such Loan as of the date of repurchase; **plus**
6. Interest on the amounts set forth in paragraphs (1) through (5) above at the Loan rate from the end of the month in which the foreclosure sale occurred until and including the date of repurchase by Correspondent; **less**
7. Any proceeds of mortgage insurance collected by Verus with respect to the Loan.

If the Mortgaged Property security for the Loan has been sold at foreclosure and purchased by a third party, the amount Correspondent shall pay Verus to fulfill its Repurchase Obligation pursuant the Agreement shall be as follows:

1. The original purchase price of such Loan, less principal reduction since the original purchase of the Loan by Verus; **plus**
2. All interest accrued but unpaid on the principal balance of the Loan from the paid-to-date of the Loan through and including the last day of the month in which the foreclosure sale occurs; **plus**
3. All costs and expenses, including but not limited to reasonable fees and expenses of counsel, incurred by Verus in enforcing Correspondent's Repurchase Obligations hereunder and/or resulting from any breaches of Correspondent's representations and warranties under this Agreement; **plus**
4. The original servicing release premium paid by Verus with regard to such Loan; **plus**
5. Any unreimbursed advances of taxes or insurance made by Verus with regard to such Loan as of the date of repurchase; **plus**
6. Interest on the amounts set forth in paragraphs (1) through (5) above at the Loan rate from the end of the month in which the foreclosure sale occurred until and including the date of repurchase by Correspondent, **less**
7. The net proceeds of the foreclosure sale (sale price minus costs and expenses, including but not limited to reasonable fees and expenses of counsel, incurred by Verus in connection with the foreclosure sale); **less**
8. Any proceeds of mortgage insurance collected by Verus in connection with the Loan.

## APPENDIX

EXHIBIT 1 - DUE DILIGENCE REVIEW CHECKLIST AND STACKING ORDER

DUE DILIGENCE REVIEW CHECKLIST AND STACKING ORDER	
<b>Loan Information</b>	
Loan Number:	
Borrower Name:	
Property Address:	
<b>Seller Information</b>	
Company Name:	
Contact:	
Contact email:	
<b>Closing Documents</b>	
	Original Note with Endorsement/Allonge
	Security Instrument with riders/addendums; including legal description
	Closing Disclosure (Final HUD-1 Settlement Statement & Truth-in-Lending Disclosure)
	Title Commitment and/or Binder
	Hazard Insurance Policy and/or Binder
	Flood Insurance Policy and/or Binder
	Right of Rescission if applicable
	All Federal and State Disclosures
	Amortization Schedule
	Occupancy Certifications as applicable
<b>Loan Information</b>	
	Client Loan Approval
	Note Rate Lock between Client & Borrower(s)
	Ability to Repay Confirmation & UW ATR worksheet
	Final 1008 (Uniform Underwriting Transmittal Summary)
	Final 1003 (Uniform Residential Loan Application)
	Initial 1003
	Verus signed Exception Form if applicable
<b>Credit</b>	
	Credit Report with Credit Explanation if applicable
	Verification of Mortgage and /or Rent
	Evidence of Payoffs & Tax Lien satisfactions
	HUD-1 Settlement Statement for Previous property sale
<b>Income</b>	
	Verifications of Employment, Pay Stubs, W-2s, Tax Returns, Retirement Income (Social Security, Pension)
	24 months Personal Bank Statements if used to determine income
	3 months Business Bank Statements if using SE Solutions Program
	Verbal Verifications of Employment
	Rental/Lease Agreements
	Signed IRS Form 4506T if applicable
	3rd Party pull of 6 months Personal Bank statements if used for income
<b>Assets</b>	
	Verifications of Deposit, Most recent 2mos Bank Statements, Most recent 2 mos Brokerage/Retirement Statements
	Cancelled check for Earnest Money Deposit
	Gift Letter and Proof of receipt
	3rd Party pull of most recent bank statement
<b>Property</b>	
	Executed Sales Contract
	Appraisal
	Final Inspection if applicable
	Condo/PUD Information
<b>Additional Underwriting/QC Documents</b>	
	Loan Estimate (Initial GFE & Initial TIL) and all Federal and State Disclosures
	AUS, with decision
	All Automated Fraud & Data Check Results
	Any other documentation used to make underwriting/Loan decision

EXHIBIT 2 - OCCUPANCY CERTIFICATION

Loan Number: \_\_\_\_\_

OCCUPANCY CERTIFICATION

Borrower \_\_\_\_\_

Co-Borrower(s) \_\_\_\_\_

Property Address \_\_\_\_\_

I/We the undersigned certify that:

Primary Residence - I/we will occupy the Property as my/our principal residence within Sixty (60) days after the date of closing as stated in the Mortgage or Deed of Trust I/we executed. I/We will continue to occupy the Property as my/our principal residence for at least one year after the date of occupancy, unless Lender otherwise agrees in writing.

Second Home - I/we will occupy the Property as a second home (vacation, etc) while maintaining a principal residence elsewhere.

Investment Property - I/we will not occupy the Property as a principal residence or second home. I/we will not occupy the Property for more than 14 days in any calendar year. The Property is an investment to be held or rented rather than for household or personal use.

INVESTMENT PROPERTY ONLY (the following must be completed on an investment property loan)

I/we understand that consumer protection laws applicable to consumer loans will not apply to this loan, including the Truth in Lending Act (15 U.S.C. § 1601 et seq.), Real Estate Settlement Procedures Act (12 U.S.C. § 2601 et seq.), Gramm-Leach Bliley Act (15 U.S.C. §§ 6802-6809), Secure and Fair Enforcement Mortgage Licensing Act (12 U.S.C. § 5101 et seq.), and Homeowners Protection Act (12 U.S.C. § 4901 et seq.).

REFINANCE ONLY (the following must be completed on a refinance transaction)

I/We the undersigned, certify that the property referenced above is NOT currently listed for sale or under contract to be listed for sale.

I/We the undersigned acquired this property on \_\_\_\_\_

I/We understand that it is illegal to provide false information in an application for a mortgage loan. Mortgage fraud is punishable by up to thirty (30) years in federal prison or a fine of up to \$1,000,000, or both under the provisions of Title 18, United States Code, Sec. 1001, et seq.

I/We understand that failure to comply with the requirements in the Mortgage or Deed of Trust regarding occupancy of the property will entitle the Lender to exercise its remedies for breach of covenant under the Mortgage or Deed of Trust. Such remedies include, without limitation, requiring immediate payment in full of the remaining indebtedness under the Loan together with all other sums secured by the Mortgage or Deed of Trust, and exercise of power of sale or other applicable foreclosure remedies, to the extent permitted by the Mortgage or Deed of Trust.

Borrower \_\_\_\_\_ Date \_\_\_\_\_

Borrower \_\_\_\_\_ Date \_\_\_\_\_

Borrower \_\_\_\_\_ Date \_\_\_\_\_

Borrower \_\_\_\_\_ Date \_\_\_\_\_

Revised XX/XX/20XX





**Important Ability-to-Repay Notice**

Date: \_\_\_\_\_  
\_\_\_\_\_

Application No.:

This Important Ability-to-Repay Notice is being provided to each borrower prior to the signing of the loan documents, but after federal Truth in Lending disclosures have been provided.

In reviewing your credit application, [ ] has considered and verified the following information as it relates to your ability to repay this loan according to its terms as required by applicable law: (1) your current and reasonably expected income and/or assets (other than the value of the dwelling and any attached real property); (2) your current employment status (to the extent that employment income is relied on to determine repayment ability); (3) the monthly payment for principal and interest on the loan; (4) the monthly payment on any simultaneous loan that [ ] knows or has reason to know will be made; (5) the monthly payment for mortgage-related obligations (e.g., property taxes, certain insurance premiums, fees and special assessments for condominiums, and homeowners association, ground rent, and leasehold payments); (6) your current debt obligations, alimony, and child support; (7) your monthly debt-to-income ratio and/or residual income; and (8) your credit history.

Below and in the attached Application Form (Uniform Residential Loan Application on Fannie Mae Form 1003) is the information that [ ] has been used and considered in making this loan, as required by applicable law:

**Employment and Income**

Current Monthly Income: \_\_\_\_\_ Current Monthly Income from Assets:  
\_\_\_\_\_

**Housing Expenses**

Principal and Interest Payment \_\_\_\_\_

Real Estate Taxes \_\_\_\_\_

Homeowner's Insurance \_\_\_\_\_

Association Dues \_\_\_\_\_

Other \_\_\_\_\_

**Total Housing Payment** \_\_\_\_\_

**Debts**

Installment and Revolving monthly debt payments \_\_\_\_\_

Other Obligations (including alimony and child support payments) \_\_\_\_\_

**Total Monthly Other Debts** \_\_\_\_\_

The information listed above and, in the Attachment, was provided by you in your application and interview, and/or in third-party records and other documents (such as credit reports and tax records). Based on its consideration of this information, [ ] has made a reasonable and good faith determination that you have the reasonable ability to repay this loan according to its terms.

[ ] wants to make sure that the information listed above is correct and complete. [ ] is in the business of making loans and collecting loan payments—it has no desire to make a loan that cannot be repaid under the terms of the agreement.

By your signature(s) below, you are confirming that:

- (1) You have read and understand this Important Ability-to-Repay Notice, and the information listed above is correct and complete;
- (2) Your current or reasonably expected income or assets (other than the value of the dwelling and any attached real property) is/are consistent with the information listed above;
- (3) Your current employment status is consistent with the information listed above and/or attached;
- (4) Your current housing expenses, debts, and other obligations (including alimony and child support payments) are consistent with the information listed above;
- (5) You have not applied for or opened any new credit accounts, defaulted on any credit accounts, filed for bankruptcy, or had any judgments entered against you by a court;
- (6) You have not experienced any other changes from the time you signed or otherwise completed the information listed above and in the attached Uniform Residential Loan Application (Form 1003) that would reduce your reasonable ability to repay this loan according to its terms.

Borrower(s):

_____	____/____/____	_____
____/____/____		
(Signature)	DATE	(Signature)
DATE		
_____		_____

**EXHIBIT 5 – INITIAL COLLATERAL SHIPPING INSTRUCTIONS****Initial Collateral Delivery Instructions**Document Stacking & Packaging:

- Stack documents in the following order:
  - Bailee Letter (if applicable)
  - Original Note
  - Allonge, endorsing the Note from Your Company Name to Blank (See Guide Exhibit 9 for Allonge Example)
  - Copy of the Original Security Instrument, with all riders & schedules, sent for recordation
  - If not a MERS loan:
    - Original Unrecorded Assignment from Seller to Blank
    - Each Original Recorded Intervening Assignment(s) evidencing a complete chain of title from Originator to Seller (if applicable)
  - Copy of Title Commitment/Binder/Prelim or the Title Insurance Policy
  - Original Executed Power of Attorney, or a copy of the original sent for recordation (if applicable)
- Place collateral documents in a pocket file folder (legal size); one for each loan
- Affix a label to the upper right-hand corner of each pocket file folder, reflecting:
  - Verus Loan ID
  - Seller loan ID
  - Borrower Name

Shipping:

- Address to custodian as follows:

**Wells Fargo Bank**  
**Attn: INVC-WAREHOUSE**  
**1055 10th Ave SE**  
**Minneapolis, MN 55414**
- Place loan files in sequential loan number order inside shipping package/box.
- Include a packing list/manifest, consisting of a list of the loans; if multiple boxes, specify the box number for each loan.
- Mark the exterior of each box to identify its contents as follows: Investor/Seller/ Box 1 of \_\_, Ln # 100000– 100200.

Notification of Shipping:

Populate LMS Connect, on the day collateral is shipped, with the following:

- Loan ID(s)
- Borrower name(s)
- Courier tracking information
- List of documents being shipped

Trailing Document Delivery Instructions

Document Packaging:

- Include a cover sheet with seller and Verus Loan IDs for each trailing document; or use a manifest to identify each document and its corresponding seller and Verus loan IDs. If using a manifest, the documents must be stacked in the same order as represented on the manifest
- Individual documents with multiple pages may be stapled or clipped together
  - Do **NOT** staple/clip multiple documents together
- Mark the exterior of the package(s)/box(es) to identify its contents as follows: INVC-WH/Seller Name/ Box 1 of \_\_, Ln # 100000– 100200.

Custodian Delivery Address:

**Wells Fargo Bank  
Attn: INVC-WAREHOUSE  
1055 10th Ave SE  
Minneapolis, N 55414**

Notification of Shipping:

Populate LMS Connect, on the day trailing documents are shipped, with the following:

- Loan ID(s)
- Borrower name(s)
- Courier tracking information
- List of documents being shipped

# ALLONGE

Loan Number: 150XXXXXX

Borrower(S): John Doe

Property Address: 1430 Example St, Minneapolis, MN 55416

Note Amount: \$500,000.00

Note Date: DD/MM/YYYY

PAY TO THE ORDER OF:

\_\_\_\_\_ [leave space blank] \_\_\_\_\_

Without Recourse

YOUR COMPANY'S NAME

By \_\_\_\_\_  
Signature

Name \_\_\_\_\_

Title \_\_\_\_\_

## Automatic Payment Authorization Form

**You must attach a voided check or deposit slip**

Yes, I would like to enroll in the free\* monthly Automatic Payment Program

<b>Name:</b>	<b>Street Address:</b>	<b>City, State, Zip Code:</b>
<b>Mortgage Loan Number:</b>		
<b>Daytime Phone Number:</b>	<b>Evening Phone Number:</b>	
<b>Financial Institution Name:</b>	<b>Financial Institution Phone Number:</b>	
<b>Electronic ACH Routing Number:</b>	<b>Account Number:</b>	<input type="checkbox"/> <b>Checking</b> <input type="checkbox"/> <b>Savings</b>

**\*Please note that your financial institution may assess a fee for this transaction.**

Please specify the payment date most convenient for you, which must be within the applicable grace period. **If a payment date is not specified, or your loan is a daily simple interest loan, payments will be deducted on your current loan due date.**

Deduct my payment on the \_\_\_\_\_ of each month.

I would like additional funds deducted and applied toward reducing my outstanding principal balance. Please deduct an additional \$ \_\_\_\_\_ per month.

I hereby authorize \_\_\_\_\_, including its successors and/or assigns, to initiate transfers from my checking or savings account at the financial institution indicated above for the purpose of making my monthly mortgage payment. I authorize the amount of each transfer to include my regularly scheduled payment including principal, interest and escrow items, reimbursement of corporate advances, optional insurance as applicable and the costs of any services I request.

I understand that, in accordance with the terms of my mortgage note and/or adjustments in my escrow for taxes and insurance, my payment may change from time to time as set forth in my loan documents. You are hereby authorized to change the amount of the draft from my checking or savings account, provided that you notify me of the new payment amount at least 10 days prior to the draft date. I agree that the payment change notice provided to me under the Adjustable Rate Mortgage Provisions of the Truth-in-Lending Act and/or escrow analysis form shall constitute notice of payment change as required by the Electronic Funds Transfer Act and Federal Reserve Board Regulation E.

I HEREBY AGREE TO THE TERMS AND CONDITIONS IN THIS FORM.

Borrower's Signature \_\_\_\_\_ Date \_\_\_\_\_

CoBorrower's Signature \_\_\_\_\_ Date \_\_\_\_\_

**BORROWER CONTACT CONSENT FORM**

(Information Optional)

To insure we have the correct contact information for servicing your loan, please provide the following information.

By signing I authorize my mortgage servicer (its transfers and/or assigns) to contact me regarding the servicing of my loan using the following contact information.

**Mailing address for your mortgage statements and other correspondence:**

\_\_\_\_\_ Same as the subject property

\_\_\_\_\_ Please use this mailing address instead:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Cell phone number:**

I choose not to provide a cell phone number.

I understand that by providing a cell phone number and by signing this form, I am giving the holder of my mortgage Note and its billing servicer permission to use the cell phone number to contact me regarding my loan.

Borrower ( \_\_\_\_\_ ) \_\_\_\_\_ - \_\_\_\_\_

CoBorrower ( \_\_\_\_\_ ) \_\_\_\_\_ - \_\_\_\_\_

**Email address:**

I choose not to provide an email address.

I understand that by providing an email address, I am giving the holder of my mortgage Note and its billing servicer permission to use this email to contact me regarding my loan.

Borrower \_\_\_\_\_ @ \_\_\_\_\_

CoBorrower \_\_\_\_\_ @ \_\_\_\_\_

**Signature(s)**

Borrower \_\_\_\_\_

Date

CoBorrower \_\_\_\_\_

Date