
Loan Delivery and Purchase Guidelines

OVERVIEW

- The information and topics contained within this guide are not to be deemed to constitute the provision of legal advice of ServiSolutions.
- Lenders must be a member of Mortgage Electronic Registration System (MERS) in good standing.
- The mortgage file must include all documents necessary to foreclose in the state in which the mortgaged property is located.

DELIVERY OF A CLOSED LOAN FILE

General

- The closed loan file must be delivered to ServiSolutions by 5:00 pm CST within 10 days of the closing date.
- Loans not delivered within 10 days of the commitment expiration or cleared for funding within time frames set forth in the Loan Commitment Reservation Procedures will be subject to late delivery penalties and/or re-pricing.
- The *Request for Funding Checklist* is required on all loans being submitted for purchase. The lender must include all applicable documentation as outlined on the form. Items not provided as indicated on the form may cause a delay in the review and subsequent purchase of the loan.
- All loans must be Owner Occupied Purchase Transactions.

Helpful Hints

- Use and include the *Request for Funding Checklist* in every loan file. Stack and upload documents in the order on the checklist.
- Provide contact information on every *Request for Funding Checklist* form.
- Re-run AUS prior to closing once final numbers are known. (i.e., appraised value, property address, property type, special feature codes)
- If funds for closing increase or funds available for closing decrease, you must re-run AUS.
- Review AUS findings to make sure file documentation matches last AUS run.
- Make sure all AUS conditions have been met.

Aged Loan Policy

- Aged loans are defined as any loan that is closed and not purchased by Servisolutions within 70 days of the closing date.
- Loans aged beyond 70 days from closing are ineligible for purchase and will be cancelled, and the original note will be returned to the lender.

COLLATERAL PACKAGE FUNDING DOCUMENTATION REQUIREMENTS

This section clarifies the funding documentation requirements for most loans. The documentation mentioned herein may not necessarily fulfill all requirements for all loans submitted to ServiSolutions for purchase. ServiSolutions reserves the right to require additional documentation needed for a loan file on a case by case basis. Please ensure each document submitted is completed and accurate.

Original Note

- The following data must match supporting documentation in the file:
 - Note Date
 - Property Address
 - Loan Amount – whole dollar loan amount only, no cents
 - Lender Name
 - Interest Rate
 - First Payment Date
 - Maturity Date
 - Principal and Interest
 - Grace Period
 - Late Charges
 - Borrower Signature and Typed Name
- The date must agree with the date on the Security Instrument and the closing date on the Closing Disclosure.
- The interest rate must be correct.
- The Name and NMLS ID of the loan originating company and the loan originator must be disclosed below the borrower signature lines and/or notary section or where required by state law.
- All pages of the Note must be consistent with regards to the borrower initials. The signature page does not require initials given that a complete signature is required.
- Corrective covering (i.e. white out or tape) on the document is not permitted. All corrections must be initialed by the borrower(s).
- The acceptable form must be utilized:
 - Conventional fixed rate must use the most recent FNMA/FHLMC multistate form or required state specific form.
 - FHA must use most recent HUD form and include the case number and ADP code.
 - VA must use most recent acceptable form.
 - GRH (USDA) must use either the most recent FNMA/FHLMC multistate form or required state specific form. It is also permissible to use FHA Note form provided the correct late fee is applied.
- If an original Note needs to be returned to you for any reason, it will be sent by overnight mail at your expense. When corrected, lenders must return it using overnight delivery.
- All signatures are preferred in BLUE INK. Signatures done in black ink may not be identifiable as originals, please instruct closing agents to have closing documents signed in BLUE INK.
- All pages to be legible.

Note Delivery

The original note should be sent overnight to:

ServiSolutions
Attn: Single-Family Operations/Collateral
7460 Halcyon Pointe Drive, Ste. 200
Montgomery, AL 36117

Note Endorsement

The endorsement must read as follows:

For Alabama:

Alabama Housing Finance Authority, Without Recourse
Lenders Name Typed
(Original Authorized Signature)
Name of Authorized Signer Typed
Title of Authorized Signer Typed

For NC/MS/MO/AR:

ServiSolutions, A Department of Alabama Housing Finance Authority, Without Recourse
Lenders Name Typed
(Original Authorized Signature)
Name of Authorized Signer Typed
Title of Authorized Signer Typed

- Endorsements utilizing a Power of Attorney (POA) require a copy of the POA to be delivered in the closed loan file.
- An allonge to the Note, used for the purpose of endorsement, must contain the following information:
 - All borrower names as they appear on the Note
 - Property Address
 - Loan Amount
 - Loan Number
- An allonge may be used to endorse FHA or VA Notes only if there is insufficient space on the back of the Note for the full endorsement.
- A loan suspended for a corrected note endorsement requires the following:
 - Original allonge to the Note with endorsement
 - Letter of Authorization to void the incorrect endorsement
- All endorsements should be made below the signature line of the original Note only. An allonge is acceptable. Endorsements on riders or addendums are not acceptable.
- Cancelled endorsements should be lined through or stamped "Voided" and initialed. An explanation on letterhead should be included explaining the reason the endorsement was voided.
- Lender name on Page One of the Note must match the lender name on the endorsement or allonge precisely, including but not limited to spelling, punctuation and abbreviations.
- Endorsements on the Note and allonges are not to be dated.
- If an endorsement is executed by a warehouse bank, a valid POA must be included in the file.

Name Affidavit

- Indicate that the individual is known by more than one name or variations of one name.
- The property address is identified.
- The borrower has signed and dated the affidavit.
- Must be fully executed and notarized.

Use

A name affidavit whenever there is a variation in the names or signatures of the borrowers.

Do Not Use

A name affidavit should not be used to correct discrepancies in a borrower's name that result from errors in final document preparation. Such errors should be corrected, and the document recorded as necessary.

Wire Instructions

- Each lender is to establish the company wire instructions at time of lender application. Only one designated set of wire instructions is allowed per lender.
- Requests to change loan purchase wire instructions must be made in writing and executed by an authorized officer of the lender. Changes to a lender's wire instructions more than once per year will be charged \$500.00 per change.

Security Instruments

- Use of MERS "MOM" Security Instrument Forms are required on all first lien position loans. Alabama Housing Finance Authority (AHFA) Step Up second mortgages and Mississippi Home Corp. (MHC) Smart Solutions second mortgages are also to be prepared on MERS "MOM" security documents.
- A certified, true copy of the executed Security Instrument, including any applicable riders thereto, must be submitted with the closed loan file.
- The following data points must match supporting documentation in the file:
 - Mortgage Identification Number (MIN)
 - Date of the Instrument
 - Lender Name
 - Maturity Date
 - Property Address
 - County
 - Legal Description
 - Riders to the Instrument
 - Borrower Signature and Typed Name
- Any person whose signature is required to perfect a lien against the property must sign the Security Instrument.
- Vesting on title and security instrument must match.
- The notary acknowledgement section must list the state and county where the signing took place.
- All fields in the acknowledgement section must be completed.
- Notary acknowledgement date must match closing date.
- All parties executing the Security Instrument must be acknowledged.
- The notary signature, typed name, and notary expiration date are required to be disclosed.
- The name and NMLS ID of the loan originating company and the loan originator must be disclosed below the borrower signature lines and notary section, unless state or local law requires the placement of this information in a different location.
- All pages of the document must be consistent with regards to the borrower initials.
- All strikeouts must be initialed by the borrower(s).
- The acceptable forms should be utilized per the Product Guidelines:
 - Conventional and VA loans must use the most recent FNMA/FHLMC forms.
 - FHA must use the most recent HUD forms, and include the FHA case number and ADP code.
 - GRH (USDA) loans must use the most recent FNMA/FHLMC or FHA forms.
- Corrective covering (i.e., white out or tape) on the document is not permitted.

FHA AND VA LOANS

- Case numbers must be evidenced on the Security Instrument and applicable riders for all FHA and VA loans.
- The case number must be disclosed as a complete and accurate fixed-length number as applicable by loan type. This includes disclosure of the ADP code.

MERS

- Lenders must use MERS when selling first mortgage loans to AHFA. AHFA second mortgage Step Up and MHC Smart Solutions second mortgage loans also require the use of MERS.
- The lender is responsible for generating a MIN, registering the Loan with MERS, and transferring beneficiary and/or servicing right to AHFA.
- The MIN must be registered with MERS upon delivery to ServiSolutions to be eligible for purchase.
- The Security Instrument must include:
 - The appropriate MERS verbiage
 - The MIN
 - The MERS telephone number
- The lender must transfer beneficiary and servicing rights within two business days of loan purchase.

Riders to the Security Instrument

Applicable riders must be fully executed and attached to the Security Instrument. The following are examples of riders that must be attached to the Security Instrument, if applicable:

- A Condominium Rider is required on all properties classified as a condo.
- 1-4 unit rider is required on all 2-4 unit properties.
- A PUD Rider is required on all planned unit development properties.
- Tax-Exempt Riders are required on tax-exempt HFA loans. Refer to your state HFA agency programs for the agency-specific requirements and acceptable HFA form.
- Manufactured Home Rider and Fixation Rider is required on all properties classified as a manufactured home.

Second Lien/DPA Notes and Security Instruments

Unless otherwise indicated by the HFA, the original Note and Security Instrument should be sent to ServiSolutions, Master Servicer for the HFA program.

Second Mortgage Note

- Date must be complete and agree with the date on the 1st and 2nd Security Instrument.
- The property address must agree with the 1st and 2nd Security Instrument.
- Loan amount must be correct and agree with the terms set forth by HFA program parameters.
- Interest must be correct and agree with the requirements set forth by HFA program parameters.
- First payment date must be correct and agree with first mortgage payment date terms.
- The mortgagee is the name of the source of the funds provider/housing finance agency as listed below:
 - AL: Closes in name of the lender and is assigned to AHFA
 - MS: Closes in the name of the lender and is assigned to MHC
 - MO: Closes in the name of MHDC
 - NC: Closes in the name of NCHFA
 - AR: Closes in the name of ADFA
- The acceptable form should be utilized. Refer to the HFA for agency-specific requirements.

Second Security Instrument

- Copies must be certified as true and exact copies of the original.
- The notarized section must be completed and signed by a notary. The stamp/seal and expiration date are required.
- The date of the notary must be the same as the Security Instrument.
- All information contained must be complete, correct and agree with the 2nd note. The typed names of the borrower(s) must be included under the signature line and must match the borrower(s) names shown on the face of the Security Instrument.
- All parties who have an interest on the property must have signed.
- The acceptable form should be utilized. Refer to the HFA for agency-specific requirements.
- Tax-Exempt Rider should not be recorded with the 2nd mortgage.
- Vesting on title and security instrument must match.

POWER OF ATTORNEY

General Requirements

- A POA that references the property and authorizes the attorney-in-fact to enter into a real estate transaction to the mortgage property is permitted provided certain parameters are met, unless otherwise required by applicable state law.
 - The POA must be specific to the transaction and include the full property address.
 - The POA must not be used to sign both the initial disclosures and the closing documents. Either the initial disclosures or the closing documents must be signed by the borrower in their original handwriting or via electronic disclosure.
 - The borrower name on the Note and Security Instrument must match the name on the POA.
 - The POA must be dated such that it was valid at the time the loan documents were executed.
 - The Title Policy cannot include exceptions based on the use of a POA.
- The following persons connected to the transaction are not eligible to act as attorney-in-fact or agent under a POA:
 - The lender
 - Any affiliate of the lender
 - Any employee of the lender or any other affiliate of the lender
 - The loan originator
 - The employer of the loan originator
 - Any employee of the employer of the loan originator
 - The title insurance company providing the title insurance policy or any affiliate of such title company (including but not limited to, the title agency closing the loan), or any employee of either such title insurance company or any such affiliate
 - Any real estate agent or individual affiliated with a real estate agent with a financial interest in the transaction
- If the borrower is out the country, documents are allowed to be executed and notarized in an embassy or consulate. Uniform Code of Military Justice must be met.

Conventional Loans—Product-Specific Requirements

- If no borrower on the transaction executes the loan documents in front of a notary, the attorney-in-fact signing on behalf of the borrower must be:

- The borrower's relative
- The borrower's attorney
- If a POA is used because the lender determines such use is required by applicable law or when the circumstances are deemed as a hardship or emergency situation, the closed loan package must include a written statement that documents determination.

FHA and USDA Loans—Product-Specific Requirements

- The initial loan application may not be executed by a POA except for military personnel on overseas duty or on an unaccompanied tour and incapacitated borrowers unable to sign the application.
 - For service personnel, the borrower's signature on the initial loan application should be obtained via mail or fax. Either the initial or the final application must contain the signatures of all borrowers.
 - When a borrower is incapacitated and unable to sign the application, evidence must be provided that the signer has the authority to purchase the property and obligate the borrower. Acceptable evidence includes a durable POA specifically designed to survive incapacity and avoid the need for court proceedings.

VA Loans—Product-Specific Requirements

- The veteran's written consent to the specifics of the loan transactions must be obtained. This requirement can be satisfied with either:
 - Obtaining the veteran's signature on both the sales contract and loan application, as long as the veteran's intention to obtain VA loan is expressed somewhere in those documents
 - A specific POA or other document signed by the veteran, which must include the following elements:
 - Entitlement: A clear intention to use all or a specified amount of entitlement
 - Purpose: A clear intention to obtain a loan for purchase
 - Property Identification: Identification of the specific property
 - Price/Terms: The sales price, if applicable, and their relevant terms of transaction
 - Occupancy: The veteran's intention to use the property as a home to be occupied by the veteran
- In addition, at the time of loan closing, the following must be obtained:
 - Verify that the veteran is alive, and if on active military duty, not missing in action (this is known as an "alive and well" call)
 - Make the following certification: "The undersigned lender certifies that written evidence in the form of correspondence from the veteran or, if on active military duty, statement from his or her commanding officer (including statement of person authorized to act for said officer), affirmatively indicating that the veteran was alive and, if the veteran is on active military duty, not missing in action status on (date), was examined by the undersigned and that the said date is subsequent to the date the Note and Security Instruments were executed on veterans behalf by the attorney-in-fact."
 - If there is difficulty in obtaining verification that the service person in a combat area is alive and not in MIA status, the VA may help to obtain the necessary information. If the loan closes without verifying the veteran's status and the veteran was deceased or missing in action at the time of closing, then VA may deny the loan guaranty.

Signature Requirements

Documents executed by the attorney-in-fact must include the principal's name, the agent's name, and the agent's capacity in the signature. Examples:

Mary Smith by John Smith, attorney-in-fact
Mary Smith by John Smith, as attorney-in-fact
Mary Smith by John Smith, her attorney-in-fact
Mary Smith by John Smith as her attorney-in-fact

FLOOD CERTIFICATION

- Lenders must obtain an initial flood determination from a third-party vendor for every loan submitted for purchase.
- ServiSolutions does not require that you use a particular flood vendor. Lenders that have an existing relationship with a vendor may continue to use them.
- Loans where the subject property is located in flood zone must have flood insurance coverage when the loan is submitted to ServiSolutions for purchase.
- Loans where the property is located in the state of Missouri and in a flood zone are ineligible for purchase.
- A copy of the application and a paid receipt reflecting the first-year premium paid at closing is acceptable documentation.
- ServiSolutions will not purchase a loan where the subject property is located in a flood zone that requires flood insurance, and the insurance is not available due to a non-participating community or suspended status of the community.

ENFORCEABLE INSURANCE POLICY

With respect to any insurance policy including, but not limited to, hazard, title, or mortgage insurance, covering a mortgage loan and/or the related mortgaged property:

- Such policy (i) is a valid, binding, and enforceable obligation of the qualified insurer, and is in full force and effect, and will inure to the benefit of the purchaser, and will be in full force and effect, upon the consummation of the transactions contemplated by the Mortgage Origination Agreement, and (ii) contains a standard mortgagee clause naming the seller, its successors, and its assigns as mortgagee.
- Neither the originator nor any prior holder has engaged in any act or omission which would impair the coverage of any such policy, the benefits of the endorsement, or the validity and binding effect of either, including without limitation, no unlawful fee, commission, kickback or other unlawful compensation or value of any kind has been or will be received, retained or realized by any attorney, firm or other person or entity, and no such unlawful items have been received, retained, or realized by the originator.
- All premiums due thereunder have been paid.
- All provisions are being complied with and no action, inaction, or event has occurred, and no state of facts exists or has existed that has resulted or will result in the exclusion from, denial of, or defense to coverage under any such policy, irrespective of the cause of such failure of coverage. Where required by state law or regulation, the mortgagor has been given the opportunity to choose the carrier of the required insurance.

HAZARD INSURANCE POLICY AND/OR BINDERS

- Sufficient prepaid escrow must be collected to ensure the renewal premium can be paid when due.
- Policy Term: The inception date of the policy must be no later than the date of the loan closing or no earlier than 30 days prior. The term must be for the minimum of 12 months.
- Hazard insurance premiums must be paid at closing as evidenced on the Closing Disclosure. If paid prior to closing a copy of the paid receipt from the hazard insurance company will be required.
- ServiSolutions must have an original hazard insurance policy when the loan is delivered for purchase unless state law allows lenders to close with a binder only.
 - Binders must state that they cannot be cancelled within the term of the binder except upon 10 days' notice to purchaser and mortgagee.
 - Files received with expired binders will be pended and funding will be delayed.
 - Binder Term: Must be for 30 days from the closing date or the state requirement, whichever is greater. A policy must be issued from the insurance agency/company and received by ServiSolutions prior to binder expiration date.
- Amount of Coverage: If the policy does not indicate guaranteed replacement or 100% full replacement cost if the insurable improvements, the insurance limits must equal to the higher of:
 - The unpaid principal balance of the mortgage
 - 80% of the full replacement cost of the insurable improvements
 - Important Note: The coverage must not exceed the replacement cost of the insurable improvements, even when the unpaid principal balance exceeds the replacement cost
- Type of Coverage: Must be all risk or named perils with extended coverage.
- Maximum Deductible: Deductible not to exceed greater of 2.5% of the face amount of the policy or \$2,500 unless a higher amount is required by state law. Flood policy deductibles should not exceed \$2,000. Wind, hail and hurricane policies deductibles should not exceed 5% of the face amount of the policy.
- Mortgagee Clause for Post Purchase Change Notification:

ServiSolutions,
A Department of Alabama Housing Finance Authority
ISAOA ATIMA
PO Box 242967
Montgomery AL 36124-2967

Condo/Townhome Insurance Requirements

- Must be current, cannot expire within 60 days of loan closing
- Cover borrower and property
- If master policy doesn't include studs in coverage, borrower must obtain H-O6 policy
- Need Certificate of Insurance coverage (will accept dec page)
- Evidence of Master Condo Blanket Policy
- Maximum deductible for policies covering the common elements in a condo project is 5%
- Commercial general liability coverage including but not limited to:
 - All common areas and elements, public ways, commercial spaces
 - At least \$1,000,000 for bodily injury and property damage for each occurrence
- Fidelity Insurance required if project contains 20 units or more
- Type of coverage provides sufficient coverage to repair the unit to its condition prior to a loss claim event

- Annual policy
- At least one borrower on the note is listed as the insured (unit owner)
- Effective/expiration date: Policy must be in place as of date of closing
- Insurers agreement to provide at least 10 days' notice before cancellation of policy
- Loan number must be on dec page
- Mortgagee clause matches lender
- Must have valid policy number

DISASTER REQUIREMENTS

Man-made or natural disasters, such as flooding, mudslides, or fires, can inflict varying degrees of damage to a property. To mitigate risk, ServiSolutions maintains and publishes requirements for properties that are located within a disaster area.

ServiSolutions' Disaster Policy applies to properties located in counties where:

- The Federal Emergency Management Agency (FEMA) has issued a major disaster declaration
- An investor has issued a disaster notification
- ServiSolutions has made a determination that there is risk of damage from a disaster that has not yet been declared by FEMA or an investor (i.e. ServiSolutions pre-exemption)

Please refer to the list of affected counties published by FEMA using the following link:

<http://www.fema.gov/disasters>.

Disaster Policy Requirements

- ServiSolutions' Disaster Policy requirements apply during an ongoing disaster and for 90 days following the incident end date.
- Disaster inspections are required if the appraisal is dated on or before the incident end date.

Disaster Inspection Requirements

An exterior inspection is required and must include evidence to verify that the property is undamaged. The inspection may be provided in various formats as long as the requirements are met.

Inspections may be dated prior to the incident end date (or even prior to an end date being established by FEMA) except on FHA transactions (see below). The inspection, however, must be dated on or after the incident begin date.

Conventional Loans

- The exterior inspection should be performed by the original appraiser when possible, or it may be performed by another licensed appraiser, licensed property inspector, or nationally recognized field company.
- If damage is noted by the inspection, Form 1004D/442 "Appraisal Update and/or Completion Report" is required to document restoration to pre-disaster condition.
 - Form 1004D/442 must be completed by a licensed appraiser. The inspection cannot be performed by an unlicensed appraiser assistant.

FHA Transaction Requirements

- Applicable transactions must have a damage inspection report that identifies and quantifies any dwelling damage.
- The damage inspection report must be completed by an FHA Roster Appraiser (by the original appraiser whenever possible) even if the inspection shows no damage to the property.
- The report must be dated after the incident end date. Neither FHA nor ServiSolutions require a specific form for a damage inspection report.

VA Requirements

- A Lender and Veteran Disaster Certifications form is required on all VA loans and must be signed by the borrowers and lender.
- The VA Loan Summary Sheet (VA Form 26-0286) Remarks section of the form must be annotated Lender and Veteran Disaster Certifications Enclosed.

Road Maintenance Agreement

Property located on a community-owned or privately owned and maintained street requires additional documentation. When the appraiser has indicated within the subject site description that there is a private road the lender must document the Road Maintenance Agreement/Covenant. The Road Maintenance Agreement/Covenant must be recorded.

Provisions of Road Maintenance Agreement/Covenant

- The agreement or covenant should include the following provisions and be recorded in the land records of the appropriate jurisdiction:
 - Responsibility for payment of repairs, including each party's representative share
 - Default remedies in the event a party to the agreement or covenant fails to comply with his or her obligations
 - The effective term of the agreement, which in most cases should be perpetual and binding on any future owners
- If the property is located within a state that has statutory provisions that define the responsibilities of property owners for the maintenance and repair of private road, no separate agreement or covenant is required

Parties to Road Maintenance Agreement

Requires only the borrower(s) to be responsible for the road maintenance.

Note: For VA Loans Lender must comply with all requirements of VA Lender Manual.

Shared Well Agreement

- A shared well agreement is required when the subject property shares the water source with other property owners.
- The shared well agreement:
 - Must be binding upon signatory parties and the successors in title
 - Be recorded in the local deed records

- Reflect joinder by a mortgagee holding a mortgage on any property connected to the shared well
- Permit permanent easement which allows access for maintenance and repair
- Makes reasonable and fair provisions for maintenance and repair of the system and sharing of those costs
- Allowed permission for well water sampling and testing by responsible local authority at any time at the request of any party
- Prohibits any party from locating or relocating any element of an individual sewage disposal system within 50 feet (100 feet for proposed construction) of the shared well
- Provides for binding arbitration of any dispute or impasse between parties with regard to the system or terms of agreement

TITLE INSURANCE

ServiSolutions requires, as evidence of title, that an American Land Title Association (ALTA) Mortgagee Policy of Title Insurance and any required endorsements thereto, or its state approved equivalent, be provided for each mortgage loan purchased.

Chain of Title

ServiSolutions requires a complete title commitment to be included in every closed loan package.

Conventional and VA loans require a 6-month Chain of Title from the effective date of the title commitment including new construction or construction to permanent loans.

FHA and USDA loans require a 12-month Chain of Title evidenced by the title commitment, satisfactory to ServiSolutions review and meeting FHA anti-flipping requirements.

The Chain of Title documentation provided within the commitment must include the dates of transfer, the transferor, and transferee. In cases where there have been no conveyances, verbiage such as “six-month Chain of Title clear” or “there have been no documents conveying the land in the past xx (6, 12 or 24) months” are acceptable.

Evidence of Title

The Mortgage Policy of Title Insurance may be in the form of either (i) an ALTA Short Form Residential Loan Policy, including any related addenda or attachments, or (ii) an ALTA Residential Loan Policy, or its equivalent, provided that:

- The policy is validly issued in the jurisdiction in which the property is located.
- The policy is on a standard ALTA form that does not include the creditor’s rights exclusion language from the 1990 ALTA loan policy.
- The insurance coverage and documents meet the requirements set forth herein.
- In the case of a Short Form Policy:
 - Any addenda thereto (i) includes only subordinate lien matters (if other matters are included, ServiSolutions requires an ALTA Residential Loan Policy).

The title policy must insure that the title is generally acceptable and that the mortgage constitutes the first lien on a fee simple or leasehold estate in the property. All subordinate liens must be listed and state that they are

subordinate to the first lien.

The policy must bear an effective date no earlier than the later of the date of the final disbursement of the loan proceeds or the date the mortgage was recorded. It must be in an amount or least equal to the original loan amount, and include, if applicable, any maximum possible increase due to negative amortization.

NOTE: The named insured should be the “Originating Lender, and its successors and/or assigns.”

Environmental Protection Lien Endorsement

For conventional loans, each policy of title insurance must include the ALTA Form 8.1, Environmental Protection Lien Endorsement, or its equivalent. Part (b) of ALTA Form 8.1 may make an exception only for those specific state statutes that provide for possible subsequent super liens that could take priority over the mortgage. This endorsement is not required for government loans.

Exceptions to Title

The title to the property that secures the mortgage must be good, salable, and free and clear of all liens and encumbrances. ServiSolutions will not purchase a mortgage that has an unacceptable title impediment.

Unacceptable Title Exceptions

Two of the more common unacceptable impediments to title are unpaid real estate taxes and survey exceptions:

- Real estate taxes must be shown as being current or as being future taxes that are not yet due and payable. Any situation in which taxes are not current is not acceptable. If the tax bill has not been issued, the lender must provide proof that the taxes are not delinquent.
- Survey exceptions are not acceptable. If surveys are not commonly required in particular jurisdictions, the lender should provide an ALTA 9 endorsement and, if applicable, a CLTA endorsement 116. If the title company will not issue a policy without a survey exception, ServiSolutions will not purchase the mortgage. A letter on company letterhead from the title company stating they will issue a final title policy with no survey exceptions will be required prior to loan purchase if there is not an ALTA 9 endorsement on the long form title commitment.

Acceptable Title Exceptions: Conventional Mortgages

For conventional mortgages, ServiSolutions will not question title on the basis that title is subject to one or more of the following conditions:

- Customary public utility subsurface easements provided the location is ascertainable and fixed and they do not extend under any buildings or other improvements. The exercise of the rights under must not interfere with the use and enjoyment of any improvements on the mortgage premises.
- Above-surface public utility easements that extend along one or more of the property lines for distribution purposes or along rear property line for drainage purposes provided the location is ascertainable and fixed, do not extend more than 12 feet from the property lines, and do not interfere with any of the buildings or improvements or with the use of the property itself.
- Encroachments on public utility easements by garage, tool shed, or similar structure that is not attached to or a portion of the dwelling structure, provided that the encroachments do not interfere with the use and enjoyment of the easements or repair and maintenance of the dwelling structure.

- Restrictive covenants and conditions, and cost, setback, or minimum size restrictions provided their violation will not result in a forfeiture or reversion of the title or a lien of any kind of damages or have an adverse effect on the fair market value of the property. The restrictive covenants, conditions, and restrictions must neither create nor provide for (i) any lien that be prior to the lien of the mortgage; (ii) any right of first refusal; (iii) the elimination of the lien of the mortgage. In addition, they must be commonly acceptable to private institutional mortgage investors in the area where the mortgaged property is located, and the title policy must affirmatively assure that no violation of any restrictive covenant, condition, or restriction exists.
- Mutual easement agreements of record that establish joint driveways or party walls constructed on the subject property and on adjoining property provided all present and future owners and their heirs, successors and assigns forever, have unlimited and unrestricted use of them. Joint driveways or party walls may be constructed wholly on the mortgaged property, wholly on the adjoining property, or partly on each property.
- Encroachments on either side of the property line of the mortgaged premises by hedges or removable fences (not retaining walls) provided that neither the misplacement nor a future correction thereof, will interfere with the use and enjoyment of the balance of the mortgaged premises not occupied by improvements.
- Encroachments on adjoining property of one foot or less by eaves or other overhanging projections, or by structures such as tool sheds, or by driveways, provided there is at least a 10-foot clearance between the buildings on the subject property and the affected property line. If available, an endorsement to the title policy which affirmatively insures against loss suffered by reason of the entry of a decree or court order requiring the removal of the encroachment is required.
- Encroachments on the subject property by improvements on the adjoining property provided the encroachment (i) does not touch any improvements on the subject property; and (ii) does not interfere with the use and enjoyment of any improvements on the subject property nor the subject property not occupied by improvements.
- Outstanding oil, water, or mineral rights that are customarily waived by private institutional mortgage investors in the area where the subject property is located provided they do not materially alter the contour of the property. In addition, (i) the exercise of such rights will not result in damage to the subject property or impairment of its use or marketability for residential purposes and there is no right of surface or subsurface entry within 200 feet of the residential structure; or (ii) there is a comprehensive endorsement that affirmatively insures the lender against damage or loss due to the exercise of such rights, and the exercise of such rights will not result in the damage to the subject property or impairment of its use or marketability for residential purposes.
- Variations between the appraisal report and the records of possession regarding the length of the property lines provided the variations do not interfere with the current use of the improvements and are within an acceptable range (for front property lines, a 2% variation is acceptable; for all other property lines, 5% is acceptable).
- Rights of tenants in possession, as tenants only, under prior unrecorded leases provided the subject property is a 2- to 4-family property, and such rights do not include the right of first refusal to purchase the property. No rights of tenants in possession may have a duration of more than two years.
- Minor discrepancies in the description of the area provided the lender provides a survey and affirmative title insurance against all loss or damage resulting from the discrepancies.
- Exceptions to Indian Claims provided the lender is insured against all loss and damage from such claims.

Other Exceptions

Any exception not noted above is acceptable only if the lender warrants that the subject of the exception:

- Does not interfere with the use and enjoyment of any present or proposed improvements on the subject property, or the balance of the subject property not occupied by improvements
- Does not affect the marketability of the subject property
- Has minimal or no effect on the value of the subject property
- Is acceptable to the mortgage insurance company if the mortgage is insured
- Is commonly acceptable to private institutional mortgage investors in the area where the subject property is located

Rights of Redemption

Properties with unexpired rights of redemption must have evidence of affirmative coverage within the title commitment or bond coverage as evidenced with a bond and payment for the bond on the Closing Disclosure.

The mortgagee policy of title insurance must take specific exception to the unexpired right of redemption but also affirmatively insure the mortgagee against all loss arising out of the exercise of any outstanding right of redemption, without qualification.

If any party exercises the right to redeem the mortgaged property, the mortgage must be paid off directly out of the redemption proceeds with no requirement for any further action or claim of repayment.

The lender must indemnify ServiSolutions for any losses incurred by ServiSolutions that can be directly attributed to the exercise by any party of a right to redeem the mortgage property, including without limitation, a loss related to borrower default due to a dispute with the redeeming party over the terms of redemption.

Coverage for PUDs and Condos

If the mortgage is secured by a unit in a planned unit development or a condominium project, and a homeowner association exists, all components of the unit estate must be described in the legal description, including (i) the name of the project; (ii) the unit itself; (iii) the undivided interest in the common elements (for a condo); (iv) the non-exclusive easement to use the common areas and facilities (for a PUD); and (v) any significant limited common elements or exclusive easements over the common areas.

If the unit owners own the common areas of the project as tenants in common, the policy must reflect that ownership. The policy may describe limited common elements or exclusive easements specifically or by reference to the constituent documents.

Coverage

In addition to the general title insurance requirements, the title policy must insure that the mortgage is superior to any lien for unpaid common expense assessments. In jurisdictions that give these, assessments must have been paid through the effective date of the policy. As applicable, the policy must:

- Insure against any impairment or loss of title of the first lien caused by any past, present, or future violations of any covenants, conditions, or restrictions of the master deed for the project. It must specifically insure against any loss that results from violation that existed as of the date of the policy.
- Insure that the unit does not encroach on another unit or on any of the common elements, areas, or facilities. The policy must also insure that there is no encroachment on the unit by another unit or by any of the common elements, areas, or facilities.
- Insure the mortgage is secured by a unit in a condominium project that has been created in compliance with the applicable enabling statutes.

- Insure real estate taxes are assessable and lienable only against the individual condominium unit and its undivided interest in the common elements, rather than against the project as a whole.
- Insure the owner of a PUD unit is a member of the homeowner association and that the membership is transferable if the unit is sold.

If the homeowner association owns the common elements, areas, or facilities of a project separately, ServiSolutions requires title insurance on those areas to insure that ownership. The title must be free and clear of any liens and encumbrances, including any statutory or mechanic's liens for labor or materials related to improvements on the common areas that began before the title policy was issued.

Endorsements

- An ALTA 4 endorsement, or its equivalent, must be attached to each policy or incorporated in the text of the policy for condominium loans.
- An ALTA 5 endorsement, or its equivalent, must be attached to each policy or incorporated in the text of the policy for PUD loans.
- An ALTA 7 endorsement, or its equivalent, must be attached to each policy or incorporated in the text of the policy for manufactured home loans.

Coverage for Leasehold Estates

An ALTA Leasehold Loan Policy or a CLTA 107.5 endorsement which stipulates that the property improvements are insured in the same manner as the land, or its equivalent, is required for a mortgage that is subject to a leasehold estate.

Survey Requirements

If the title company insuring the mortgage requires a survey to remove exceptions to survey matters, the lender must provide in the Loan Delivery Package a survey of the subject property. The survey provided must conform to the title insurance company's standards and any community or local laws or standards relating to surveys. If a survey is not provided, the title company must insure against the risk of not having a survey performed. The survey must not be more than 120 days old and, as applicable, must include in detail the legal description, lot dimensions, street address, front and side set back of improvements, size and location of improvements, dimensions and location of easements, size and location of any encroachments, location of street or access, and surveyor's certification.

ServiSolutions must be provided with a Hold Harmless Agreement/Survey executed by the borrower(s) in acknowledgement of any encroachments or protrusions.

A letter on company letterhead from the title company stating they will issue a final title policy with no survey exceptions will be required prior to loan purchase if there is not an ALTA 9 endorsement on the long form title commitment.

Insured Closing Protection Letter

- Each title commitment should be accompanied with a Lender's Closing Protection Letter issued by the title company.
- The letter should reference the closing agent, borrower(s), property address, loan number and/or title commitment file number.

CLOSING DOCUMENTATION

Closing Disclosure (CD)

- The lender is required to ensure the consumer receives the CD no later than three business days before consummation of the loan.
- The CD must contain the actual terms and costs of the transactions.
- Lenders may estimate disclosures using the best information reasonably available when the actual term or cost is not reasonably available to the creditor at the time the disclosure is made.
- Lenders must act in good faith and use due diligence in obtaining the information.
- A lender may normally rely on the representations of other parties in obtaining the information, including, for example, the settlement agent.
- The creditor is required to provide corrected disclosures containing the actual terms of the transaction at or before consummation. If the actual terms or costs of the transaction change prior to consummation, the creditor must provide a corrected disclosure.
- If the creditor provides a corrected disclosure, it may also be required to provide the consumer with an additional three-business-day waiting period prior to consummation.
- If the CD figures require a tolerance cure be given to the borrower as a credit, this may be applied as a credit resulting in the lower cash to close OR cash to borrower at closing.
- Copies of all disclosed versions of the CD must be delivered in the closed loan package.
- The final CD, signed by all parties, is required.
- The CD must be completed in its entirety and comply with existing and subsequently enacted TRID requirements and guidelines.

Seller's Closing Disclosure

A copy of the seller's executed Closing Disclosure is required to be delivered in the closed loan file.

Interest Credit

An interest credit of up to five calendar days is allowed on all loans.

Evidence of Points and Fees Tests

- Documentation verifying all applicable points and fees tests have been run with results for final figures as shown on the final Closing Disclosure.
- Loans that fail the Section 32 HOEPA threshold are ineligible for purchase.

Loan Application (1003)

- Both the Initial Loan Application and Final Loan Application must be completed in its entirety, reflect accurate information, be executed by all parties, and be delivered in the closed loan package.
 - Both applications must be signed and dated by the borrower(s).
 - Both applications must be signed and dated by the loan originator on the date the document was created.
 - Loan officer ID/Name and Company ID/Name present and matches NMLS registry.

Initial Loan Application

- Freddie Mac 65/Fannie Mae 1003 must be utilized for all mortgage loans.
- On purchase loans where the property address is not yet determined on the initial application (TBD), it is required the file contain documentation that states when the address was determined. Documentation can be done in one of two ways:
 - A revised 1003 signed and dated by the loan originator updating the property address.
 - A signed certification attached to the original 1003 stating when the property address was determined.

Final Loan Application

- Include all pages, even if blank
- FHA/VA provide agency case number
- Loan type, property address, loan purpose, and occupancy concurrent with all other closing documents
- Entire declarations section completed and accurate
- Method of Application Taken completed
- Data on application is consistent with Automated Underwriting Summary submitted with the loan file

Demographic Information Addendum to 1003

- This form may be used to collect expanded borrower demographic information required by HMDA on all loans with applications dated after January 1, 2018.
- This form may be used to document ULI.

UCD Feed Back Certificate

- A successful UCD Feedback Certificate, including all pages and edit messages, from Fannie Mae is required to be delivered in the closed loan file on all conventional loans.
- There must be no Fatal Warning Messages.
- Evidence of Embedded CD is required.
- Transfer giving access to AHFA in UCD Portal is required.
- Evidence the DU case file ID has been associated with the UCD file.

IRS Form 4506T

- All loans must include a completed IRS Form 4506-T for each borrower.
- Form 4506-T must be filled out accurately and in its entirety to successfully fulfill a transcript request from the IRS.
- The form must be completed and executed at the time of closing.

IRS Form W9

All loans must include a completed IRS Form W-9 for each borrower.

Mortgage Insurance Certificate

- The Mortgage Insurance Certificate must be delivered in the closed loan package, if applicable.

- The disclosed loan terms must match the final terms of the loan as documented in the file.
- On single premium MI, a copy of the check to the MI company must be included in the file.

Mortgage Insurance Premium

- Evidence of payment of up-front MI premiums such as lender-paid MI, financed MI, or guaranty fee should be delivered in the closed loan file.
- The lender will be responsible for making payment to private insurance company or to HUD for the months they are collecting the borrower's payments.

Mortgage Insurance Disclosures

- MI Termination Disclosure: Required on conventional loans if there is borrower paid monthly mortgage insurance on the loan.
- LPMI Disclosure: Required when the mortgage insurance is lender paid.
- Amortization Schedule: A copy of the Amortization Schedule is required to be provided to the borrower and delivered in the closed loan package.

Flood Hazard Determination Certificate

- A Flood Hazard Determination Certificate for each loan is required prior to loan purchase. The property address on the certificate must match the subject property address in its entirety. The certificate must indicate the flood zone for the subject property. It must also include the community, flood map, flood map date, and if the community participates in the NFIP.
- Properties determined to be in a flood zone that are in communities that DO NOT participate in the NFIP are ineligible for purchase.

Notice of Special Flood Hazards and Availability of Federal Disaster Relief Assistance

Evidence the applicant was notified prior to closing and in writing that the property was determined to be located in a flood hazard area must be delivered in the closed loan file.

Tax Information Sheet

- The property tax information sheet and/or tax information certificate must be delivered in the closed loan file and include the following information:
 - Name and address of the taxing authority
 - Next tax due date
 - Next tax due amount
 - Billing cycle (i.e., annual, semi-annual, or quarterly)
- Taxes due within 30 days of the ServiSolutions purchase date are required to be paid by the lender and evidenced with a pay history disclosing this payment and the updated escrow account balance.
- The lender will be invoiced for any escrow account shortages due to inaccurate information provided.

Real Estate Tax Requirements

- Existing Property: Real estate taxes listed on the Title Commitment or Title Certification must be used to determine the subject property's annual tax unless state or local requirements provide for a different

amount. If there is a change in the tax amount, a statement must be provided by the title company indicating same.

- New Construction: Real estate taxes should be escrowed in the amount verified by the Settlement Agent on the Tax Information worksheet. On new construction property the closing agent may provide the estimated assessed taxes on the improved property or the amount of the unimproved property. Whatever amount is given by the settlement agent will be the amount considered correct for loan review of the CD and Initial Escrow Account Statement. For qualification purposes the underwriter must use the estimated improved property tax amount.

Initial Escrow Account Disclosure

- An Initial Escrow Account Disclosure (IED) complete with an itemization of the estimated taxes, insurance premiums, and other charges anticipated to be paid from the borrower(s) escrow account during the first 12 months of the loan executed by the borrower(s) must be delivered in the closed loan package.
- The beginning balance disclosed on the IED must equal the balance collected at closing as disclosed on the Closing Disclosure.
- Property taxes and or insurance due within 60 calendar days of closing must be paid at time of closing.
- Any taxes and or insurance due within 30 calendar days of purchase must be paid prior to purchase.
- The lender should not pay any taxes on the loan after it has been purchased by ServiSolutions.
- The lender should not pay mortgage insurance installments after ServiSolutions first scheduled payment date with the borrower.

Payment Letter

- The payment letter must disclose all monthly payments included in the mortgage payment.
- The payment letter must disclose the start date of payments and where the borrower is to make payments.

Pay History

- A payment history is required prior to loan purchase where payment(s) were due on the first of the previous month (i.e., first payment due per Note is July 1, and loan is to be purchased August 15). It is the lender's responsibility to forward an updated payment history if the previous history that was provided is outdated.
- The pay history must include, evidence that all payments due have been made, that the mortgage insurance has been paid, a beginning and ending balance of the escrow account and current principal balance.
- If any loan payments have been 30 or more days delinquent, the loan is ineligible for purchase.

E-Signature Consent and Disclosure

Required to be executed by the borrower(s) and delivered in the closed loan file on loans where electronic delivery of the initial disclosures and/or closing documentation is utilized.

E-Signature Compliance Logs

Required to be delivered in the closed loan file on loans where electronic delivery of initial disclosures and/or closing documentation is utilized.

Address Certification

An Address Certification is required on any loans where a discrepancy in the property address exists.

DOWN PAYMENT ASSISTANCE PROGRAMS

Each HFA has specific requirements for their unique DPA programs. This guide will not attempt to cover all requirements but refers you back to the HFA's website and manuals for further instruction not covered herein.

Alabama

- Requires a separate initial and final executed 1003 application
- Requires initial LE and any applicable change of circumstances LEs with applicable explanation
- Requires the early and final CD
- Requires MIN summary
- Homebuyer education is required for 1 occupying borrower
- Title Insurance not required on DPA

Mississippi

- Requires a separate initial and final executed 1003 application
- Requires initial LE and any applicable change of circumstances LEs with applicable explanation for change
- Requires an initial and final CD
- Requires MIN summary
- Homebuyer education is required
- Title insurance not required on DPA

North Carolina

- NCHFA provides a fillable LE form that must be completed.
- NO final CD required
- Homebuyer education required for first-time homebuyers or if AUS requires
- Title insurance not required on DPA
- No MIN summary required for DPA. Closes in NCHFA's name.
- Should have a NCHFA awards letter with matching Note amount

Missouri

- Requires separate initial and final 1003 applications
- Requires initial LE and any change of circumstances LEs, with applicable explanation for change
- Requires initial and final CD
- Homebuyer education required on Conventional loans only, for one occupying borrower unless AUS reports requires otherwise
- Title insurance not required on DPA
- No MIN summary required for DPA. Closes in MHDC's name.
- Note amount must match MHDC awards letter and approval

Arkansas

- ADDI DPA must be pre-approved by ADFA prior to closing, as evidenced through ADFA Awards Letter, dated prior to closing date
- The Amortizing DPA program and Move Up Choice Grant are approved by ADFA post-closing, but prior to loan purchase. Must provide copies of ADFA Awards Letters. The ADFA FORM 7-K must be issued and provided to ServiSolutions prior to loan purchase.
- Initial LE required
- Initial and final CD required
- Homebuyer education required for first-time homebuyers and must be completed prior to closing
- No MIN summary required for DPA. Closes in ADFA's name.
- No title insurance required on DPA

STATE-LEVEL REQUIREMENTS FOR SIGNING MORTGAGE DOCUMENTS

- *Alabama:* Homestead Rights, Spouses do not have to sign the mortgage on purchase transactions. Follow State and Federal Law.
- *Mississippi:* Spouses must sign the Deed of Trust on purchase transactions. No marital waivers will be honored, regardless of separation status.
- *North Carolina:* Dower Rights, Homestead Rights. Follow State and Federal Laws.
- *Arkansas:* Spouses are required to sign the Mortgage. Follow State and Federal Laws.
- *Missouri:* Marital Rights, Homestead Rights. Married Persons – Non-Borrowing Spouses. An occupying spouse may be omitted from the mortgage for credit reasons. Lenders are required to utilize standard, customary underwriting procedures when underwriting any loan where only one spouse will act as the borrower due to poor credit of the nonborrowing spouse.

If the applicant and their spouse currently reside, or plan to reside, in the subject property together after closing, use of Forms 550-1 and 550-2 affidavits are not required.

The non-borrowing spouse:

- Will not sign the first note
- Can NOT take title to the property (the Warranty Deed must mirror the Note for this program)
- Sign only the Tax-Exempt Financing Rider – Form #580 and the Deed of Trust. No other MHDC forms must be signed.
- Must still meet income and first-time homebuyer requirements. Tax returns and proper income verification must be included in the file.

COMPLIANCE DOCUMENTATION

Borrower Rate Lock Agreement

- The executed Borrower Rate Lock Agreement must be delivered in the closed loan file.
- The agreement must indicate the date and the rate the loan was locked.

- If the agreement is not signed by the borrower, alternative documentation disclosing the required information may be acceptable.

Affiliated Business Arrangement Disclosure

- Lenders must disclose affiliated business arrangements to the borrower. A copy of the Affiliated Business Arrangement Disclosure is required to be delivered in the closed loan file on loans closed by lenders with affiliated business relationships.
- A Fee Details Form or similar documentation may be used to document affiliated businesses with whom the lender operates.

Loan Estimate (LE)

All versions of the LE disclosed to the borrower(s) must be delivered in the closed loan file.

Intent to Proceed

- After the consumer has received the Initial LE, the issuer of the LE is responsible for obtaining and documenting the consumers express intent to proceed with the transaction.
- The borrower(s) intent to proceed must be documented and delivered in the closed loan file.

Change of Circumstance

- Lenders are required to maintain copies of the Initial LE and all revised LEs.
- In addition to the revised LE, the loan file must contain supporting documentation detailing the reason for the valid change in circumstance.
- Every revised LE must have a corresponding Changed Circumstance Worksheet unless the sole reason for the change was due to a rate lock or no-cost rate lock extension.

Settlement Services Provider List

- If the consumer is permitted to shop for a settlement service, as disclosed on the LE, then the creditor must provide a written list of services for which the consumer can shop.
- The written list of providers is separate from the LE and must be provided to the consumer no later than three business days after the creditor receives the consumer's application.
- The Settlement Service Provider List (SSPL) must:
 - Identify at least one available settlement service provider for each service
 - State that the consumer may choose a different provider of that service
 - Correspond to the settlement services for which the consumer can shop as disclosed on the LE
- The Settlement Service Provider List must be delivered in the closed loan file if the LE discloses fees for required services that the borrower can shop.

Broker Compensation Acknowledgement and Agreement

- This form is required on lender wholesale TPO transactions.
- The borrower must clearly identify the compensation method chosen, borrower-paid or lender-paid, and it must be signed and dated by both the broker and the borrower.
- All lender wholesale TPO transactions must be done as "Borrower Paid" transactions.

Homeownership Counseling Disclosure

- The disclosure must be provided within three business days of accepting the application and contain a minimum of 10 counseling organizations based on the borrowers' current zip code.
- The information provided for each organization must include the organization's name, complete address, website URL, email address, languages spoken, and services provided.
- A certification signed by the borrower as evidence the homeownership disclosure was provided will not satisfy documentation requirements to evidence compliance with the rule. A copy of the full list provided to the borrower must be present in the file at loan delivery.

State-Specific Required Disclosures

Copies of any applicable state specific disclosures provided to the borrower are required to be delivered in the closed loan file.

Home Loan Toolkit

Evidence the toolkit was provided to the borrower must be delivered in the closed loan file.

Nationwide Mortgage Licensing System (NMLS)

- Both the NMLS number for the loan origination company and the NMLS number for each loan originator must be disclosed on the Loan Applications, Original Note, Security Instrument, Loan Estimate and Closing Disclosure.
- Compliance with the Secure and Fair Enforcement for Mortgage Licensing Act (SAFE ACT) will be validated prior to loan purchase.
- In the event the mortgage loan originator changes during the course of the transaction, specific documentation is required to be delivered in the closed loan file. The lender must document the reason for the change.

FHA-SPECIFIC DOCUMENTATION REQUIREMENTS

Total Scorecard Findings

- All pages of the final total scorecard findings must be delivered in the closed loan package.
- Total scorecard must be run through Fannie Mae DU or Freddie Mac LP, loan must receive and approve/eligible or accept to be eligible for purchase.

HUD 9200-LT

Complete documentation evidencing the final underwriting decision must be delivered in the closed loan file.

Evidence of UFMIP Payment

Evidence the UFMIP was paid to HUD must be delivered in the closed loan file.

Monthly MIP

It is the lender's responsibility to remit any monthly MIP received prior to ServiSolutions taking in payments.

LDP/GSA Documentation

Evidence of the LDP and GSA lists were reviewed and verified for all applicable parties must be delivered in the closed loan file.

HUD-8170005B Conditional Commitment

Underwriter must confirm final loan approval through execution of this form and a copy must be delivered in the closed loan file. All pages must be present.

HUD-92900A-Addendum to Uniform Residential Loan Application

Required to be completed and executed as required by the HUD Handbook 4001.

FHA Amendatory Clause and Real Estate Certification

Required to be completed and executed as required by the HUD Handbook 4001.

Lead Based Paint Disclosure

Required to be completed and executed as required by the HUD Handbook 4001.

FHA Case Assignment/Case Query/CAIVRS Authorization/Appraisal Logging

Evidence of FHA Connection loan processing and completion of the FHA case number assignment, case query, CAIVRS authorization, and appraisal logging must be delivered in the closed loan file.

HUD 92900B-Important Notice to Homebuyers

- The mortgagee must provide the borrower with a copy of this disclosure when the borrower applies for a mortgage.
- A copy of the executed disclosure is required to be delivered in the closed loan file.

Informed Consumer Choice Disclosure

- A mortgagee must provide the borrower with this disclosure in accordance with FHA guidelines if the borrower may qualify for a similar non-FHA insured mortgage products offered by the mortgagee.
- A copy of the executed disclosure must be delivered in the closed loan file.

VA SPECIFIC DOCUMENTATION REQUIREMENT (MS, MO, NC, AND AR ONLY)

Total Scorecard Findings

- All pages of the Final Total Scorecard Findings must be delivered in the closed loan package.

- Total Scorecard must be run through Fannie Mae DU or Freddie Mac LP, loan must receive and Approve/Eligible or Accept to be eligible for purchase.

VA Loan Analysis

Required to be completed and executed as required by the VA Lender's Handbook.

VA Loan Origination Statement

Required to be completed and executed as required by the VA Lender's Handbook.

VA Certificate of Eligibility

Required to be completed and executed as required by the VA Lender's Handbook.

VA Lenders Notice of Value

Required to be completed and executed as required by the VA Lender's Handbook.

Evidence of VA Funding Fee Payment

Evidence the VA funding fee was paid to VA must be delivered in the closed loan file.

CAIVRS Authorization

Evidence of clear CAIVRS Authorization for each borrower must be delivered in the closed loan file.

USDA-SPECIFIC DOCUMENTATION REQUIREMENTS (MS, MO, NC, AND AR ONLY)

GUS Findings

All pages of the Final GUS Findings must be delivered in the closed loan package.

Conditional Commitment

Required to be completed and executed as required by USDA.

Guaranteed Loan Closing Report

Required to be completed and executed as required by USDA.

LDP/GSA Documentation

Evidence of the LDP and GSA lists were reviewed and verified for all applicable parties must be delivered in the closed loan file.

CAIVRS Authorization

Evidence of clear CAIVRS authorization for each borrower must be delivered in the closed loan file.

Request for Single-Family Housing Loan Guarantee

Required to be completed and executed as required by USDA.

Income Documentation Worksheet

Required to be completed and executed as required by USDA.

Evidence of the USDA Guarantee Fee Payment

Evidence the guarantee fee was paid to USDA must be delivered in the closed loan file.

UNDERWRITING DOCUMENTATION

Loan Application (1003)

Both the Initial Loan Application (Initial 1003) and Final Loan Application (Final 1003) must be completed in their entirety, reflect accurate information, executed by all parties, and delivered in the closed loan package.

- Both applications must be signed and dated by the borrower(s).
- Both applications must be signed and dated by the loan originator on the date the document was created.

Uniform Transmittal Summary (1008)

The Uniform Transmittal Summary (1008) must be completed in its entirety and included in the closed loan package on all conventional conforming loans.

AUS Findings

- All pages of the Final AUS Findings must be included in the closed loan package. The following data must match supporting documentation in the file:
 - Borrower Name
 - Property Address
 - Loan Amount
 - Sales Price
 - Appraised Value
 - Property Type
 - Interest Rate
 - Loan Type
 - Loan Term
 - Loan Purpose
 - Occupancy
 - Subordinate Amount
 - Appraisal Form

- Credit Report Reference Number
- All documentation required by the AUS Findings is required to be delivered in the closed loan file.
- DU Special Feature Codes Required on ALL conventional HFA Preferred and Community Seconds utilizing DPA funds.
- Loan must close and fund by AUS credit expiration date.

Loan Approval

The notification of the loan approval must be signed by the underwriter. Can be the 1008, 92900-LT or VA Loan Analysis or other internal underwriter's approval.

Appraisal

- Each lender is responsible for approving its own appraisers. Selection criteria should ensure that the appraiser is independent of the transaction and is capable of rendering an unbiased opinion.
- An appraisal prepared by an individual who was selected or engaged by a borrower, property seller, real estate agent, or other interested party is not acceptable.
- Appraisal reports that are altered by the appraiser to replace any references to the original client with the lender's name are not acceptable.
- The appraisal must satisfy all AUS requirements and/or published HFA program guidelines.
- The appraisal must be legible and contain clear color photos of the property.
- All pages of the appraisal must be delivered in the loan package including all addendums, photos, maps, sketches, schedules, and the appraiser's license.
- Appraiser certification required on conventional loans.

Property Condition

UAD condition codes C5 and C6 and quality condition code Q6 are not acceptable. If the condition is termed "fair" or "poor," it is not considered acceptable collateral for a loan.

AUS/Underwriting Conditions

All underwriting conditions required by the AUS and the underwriter are required to be delivered in the closed loan file.

Borrower Identification/VISA/Green Card

- A copy of the front and back of the Green Card (Alien Registration Receipt Card, INS Form I-551) must be delivered in the closed loan file for any borrower considered a permanent resident alien.
- A copy of the front and back of the VISA must be delivered in the closed loan file for any borrower considered a non-permanent resident alien.
- VISA extension documentation must be delivered in the closed loan file, if applicable.
- Employment authorization documentation must be delivered in the closed loan file, if applicable.
- AUS Findings must reflect borrower's status accurately and reflect all applicable SPFC.

Form SSA-89

An executed Form SSA-89 will be required upon any discrepancy noted with respect to the borrower's social security number, AUS requirement, or at the discretion of ServiSolutions.

SS# Verification/Fraud Search

- Evidence of a social security number fraud check must be delivered in the closed loan file and may be disclosed on the credit report or via documentation obtained by a third-party provider.
- An executed Form SSA-89 must be delivered if any discrepancy is noted with respect to any borrower's SS#.

OFAC Verification

Evidence of an OFAC check must be delivered in the closed loan file and may be disclosed on the credit report or via documentation obtained by a third-party provider. If there is a positive OFAC result, the lender must clear and document the variance. Positive OFAC results not cleared satisfactorily will be ineligible for purchase.

Divorce Decree

Must be provided if required for eligibility.

Residential Mortgage Credit Report

- All pages of the Residential Mortgage Credit Report (RMCR) associated with the AUS approval must be delivered in the closed loan file.
- Any discrepancy noted with respect to the borrower's social security number will require an executed Form SSA-89.
- Evidence the Credit Score Disclosure Exception Notice was provided to the consumer must be delivered in the closed loan file.

Letters of Explanation

- Must be delivered in the closed loan file if required for eligibility.
- Must be signed by the borrower or lender in hand script or e-signature or verified with email address of borrower or lender staff.
- Letter of explanation from the lender is required for any AUS findings that reflect an excessive number of submissions (16 or more).

Second Lien Note

A copy of the second lien note (or third lien note) must be in the closed loan file if required for eligibility.

Title Commitment

- A signed Title Commitment must be delivered in every closed loan file.
- The Title Commitment or Preliminary Title Policy must be no older than 90 days at Note date or 180 days for new construction and contain the following:
 - Effective date
 - Vesting must match the security instrument
 - Land ownership
 - Exceptions to title policy
 - Reference to endorsements as applicable

- Coverage must be equal to the loan amount of the first mortgage (no coverage required for second lien)
- Legal description should match the security instrument and appraisal
- Name of insured must be the originating lender.
- The lender must confirm and document in the loan file that the property seller is the owner of record of the subject property. This can be documented by providing a copy of the recorded deed or mortgage, a recent property tax bill or tax assessment notice, a title report, a title commitment or binder, or a property sales history report. The assignment (or sale) of a contract, sale, and/or back to back, “simultaneous” or “double” transaction closings are not eligible for purchase.
- The property seller must be the owner and on title at the time of the initial loan application. A transfer of title ownership any time after the initial loan application and prior to the closing is not acceptable.
- Schedule B items, such as delinquent taxes, judgements and liens must be paid and reflected on the CD.
- All required endorsements to the final title policy should be noted.

Chain of Title

- Conventional and VA loans require a six-month Chain of Title from the effective date of the Title Commitment including new construction or construction-to-permanent loans.
- FHA loans require a 12-month Chain of Title as evidenced by the Title Commitment satisfactory to ServiSolutions review and in compliance with FHA anti-flipping requirements.
- USDA loans require a 12-month Chain of Title from the effective date of the Title Commitment including new construction or construction-to-permanent loans.
- The Chain of Title documentation provided within the commitment must include the dates of transfer, the transferor, and transferee. In cases where there have been no conveyances, verbiage such as “6-month Chain of Title clear” or “there have been no documents conveying the land in the last XX (6, 12, 24) months” are acceptable.
- Chain of Title requirements include:
 - The Chain of Title for any given property must go back to the last title transfer from the effective date listed on Schedule A.
 - A POA is needed when a relocation company is selling on behalf of the owner of record.
- The last Deed of Record is needed if the chain is not “completed” by the transfer(s) in the last six months or twelve months for FHA loans.
- Owner of public record or previous ownership must be verified consistently between the documents in the file. Comparison of ownership between the Title Commitment, Appraisal, Closing Disclosure, and Sales Contract must match.

Well and Septic

- A well and septic inspection is not required unless it is made “subject to inspection” by the appraiser.
- If an inspection is required, it must be performed by a licensed inspector.
- All repairs must be completed and re-inspected prior to closing.

Wood Destroying Organism Information

- A wood destroying organism inspection is not required unless it is made “subject to” by the appraiser or is VA loan.
- If an inspection is required, it must be performed by a licensed inspector.
- All repairs must be completed and re-inspected prior to closing.

Bank Statements

Documentation as required per AUS Findings.

Gift Documentation

Documentation as required per AUS Findings.

Earnest Money Deposit

Documentation as required per AUS Findings.

Settlement Statement – Sale of Property

Documentation as required per AUS Findings.

Paystubs

Documentation as required per AUS Findings.

W-2s

Documentation as required per AUS Findings.

Tax Returns

Documentation as required per AUS Findings.

Tax Transcripts

- Processed tax transcripts for the most recent tax year available are required to be delivered in the closed loan file on all conventional loans. If the borrower is not required to file an income tax return, the loan file must include written explanation as to why the borrower was not required to file a tax return.
- Documentation as required per AUS on all loan types.

Repayment Qualification Income Calculation

Documentation of the underwriter's income calculation is required to be delivered in the closed loan file. This can be done on the 1008/92900-LT/VA Loan Analysis or a separate income calculation worksheet.

Verbal Verification of Employment

- A Verbal Verification of Employment (VVOE) is required on all transactions.
- Lenders must complete the VVOE for loans submitted for purchase that includes the following information:
 - Name of the lender
 - Name and title of the lender's employee completing the verification
 - Name of the borrower's employer
 - Date of the call

- Name and title of the person at the employer's office providing the information
- Source of the phone number
- Borrower's job title
- Borrower's hire date or date of employment
- Probability of continued employment
- Must be signed and dated
- The VVOE must be completed no more than 10 business days prior to the date the Note is signed on conventional, VA, and USDA loans.
- The VVOE must be completed no more than 10 calendar days prior to the date the Note is signed on FHA loans.
- When obtaining the VVOE from a third-party source, such as TALX or the Work Number, the 10-day timeframe is measured from the date the request for the VVOE is initiated, not the date the information was updated in the third-party source's database.
- Information provided by the third party must have been updated within the past 35 days.
- Verification of self-employed borrowers requires one of the following requirements to be completed more than 120 calendar days prior to the date the Note is signed on conventional loans and no more than 30 calendar days prior to the date the Note is signed on FHA, VA and USDA loans:
 - Verification of the existence of the borrower's business from a third party that may include a CPA, regulatory agency, or appropriate licensing bureau. A verbal VVOE from a CPA is not an acceptable form of third-party verification for self-employed borrowers.
 - Verification of a phone listing and address for the borrower's business through resources such as the telephone book, directory assistance, Internet, or contact the appropriate licensing bureau.
- In lieu of a VVOE, verification of persons in the military requires an LES (Military Leave and Earnings Statement) dated no more than 30 calendar days prior to the date the Note is signed.

Written Verification of Employment

Documentation as required per AUS findings.

Third-Party Verification of Employment Address and Phone Numbers

Documentation demonstrating the lender independently obtained a phone number and, if possible, an address for the borrower's employer for the purpose of completing a verbal verification of employment must be in closed loan package.

Sales Contract

The complete, executed sales contract, including all addendums, must be delivered in the closed loan package. If the loan closed after the contract expiration date, an extension signed by all parties is required for all states except NC.

Final Inspection

A final inspection documented on Form 1004D/442 is required if the appraisal is completed Subject to Completion or Subject to Repairs.

CPM Certificate/PERS Letter

- Depending on the type of Condo Project Review required and/or completed, if applicable:
 - The Condo Project Manager ID# on the 1008 with project classification or a copy of the unexpired CPM Lender Certification as of the Note date must be delivered in the closed loan file.
 - The PERS Approval Letter must be delivered in the closed loan file and unexpired as of the Note date if the Condo Project Review was completed by the FNMA Project Eligibility Review Service (PERS).
 - Evidence of Condo Project Approval with HUD for FHA loans and VA for all VA loans is required to be in the delivered closed loan file.

UCDP/EAD Submission Summary Report

- Documentation of the electronic delivery of the appraisal data to the Uniform Collateral Data Portal on Conventional loans is required to be delivered in the closed loan file.
 - Submission Status Reports (SSR) from both FNMA and FHLMC are required.
 - Both SSR's must reflect a "Successful" status.
 - The SSR must reflect the most recent, accurate appraisal data.
 - The most recent appraisal consisting of accurate data that matches the SSR must be delivered in the closed loan file.
- Documentation of the electronic delivery of the appraisal data to the Electronic Appraisal Delivery Portal on FHA loans is required to be delivered in the closed loan file.
 - A submission Status Report (SSR) is required.
 - The SSR must reflect a "Successful" status.
 - The SSR must reflect the most recent, accurate appraisal data.
 - The most recent appraisal consisting of accurate data that matches the SSR must be delivered in the closed loan file.

Initial Disclosures

All applicable initial disclosures must be delivered in the closed loan file.

Mortgage Credit Certificate

A copy of the Mortgage Credit Certificate (MCC) must be delivered in the closed loan file, if applicable and being used for qualification purposes, and should disclose the following:

- Amount of the MCC issued
- Entity that issues the MCC
- Issued Date
- Certificate Rate

MANUFACTURED HOMES

Manufactured housing is allowed only on government loan products (FHA, VA, USDA) and subject to each HFA's program guidelines. In addition to the state-specific HFA guidelines, the following guidelines apply:

- The manufactured home must be attached to the land.
- The manufactured home must be classified and taxed as real estate.

- In accordance with the jurisdictional requirements, the manufactured home title must be surrendered/cancelled (copy of the cancellation must be provided at the time of loan purchase by ServiSolutions)
- No more than 5% of the Reservation of Funds may be used, without written authorization of AHFA, to originate mortgage loans which constitute manufactured homes.

Title Requirements

Good and marketable title showing the manufactured home and land are classified as real estate at the time of closing are required. If there were two existing titles at the time of purchase, the lender must ensure that all state or local requirements for proper purging of the title (chattel or equivalent debt instrument) have been met, and the subject property is classified as real state prior to endorsement.

To be eligible for purchase, all manufactured housing must:

- Be designed as a one-family dwelling
- Have a floor area not less than 400 square feet
- Have the HUD certification label affixed or have obtained a letter of label verification issued on behalf of HUD, evidencing the house was constructed on or after 6/15/1976, in compliance with the Federal Manufactured Home Construction & Safety Standards
- Be classified as real estate (but need not be treated as real estate for purposes of state taxation)
- Be built and remain on permanent chassis
- Be designed to be used as a dwelling with a permanent foundation in accordance with the Permanent Foundations Guide for Manufactured Housing (PFGMH)
- Have been directly transported from the manufacturer or the dealership to the site

Required Documentation

HUD Certification Label: If the appraisal indicates the HUD certification label is missing from the manufactured housing unit, the lender must obtain label verification from the Institute for Building Technology and Safety (IBTS).

PFGMH Certification: The lender must obtain a certification by an engineer or architect, who is licensed/registered in the state where the manufactured home is located, attesting to compliance with PFGMH.

The lender may obtain a copy of the foundation certification from a previous FHA-insured mortgage, showing the foundation met the guidelines published in the PFGMH that were in effect at the time of certification, provided there are no alterations and/or observable damage to the foundation since the original certification.

If the additions or alterations are not addressed in the foundation certification, the lender must obtain:

- An inspection by the state administrative agency that inspects manufactured housing for compliance
- Certification of the structural integrity from a licensed structural engineer if the state does not employ inspectors

HFA Approval Forms

NCHFA: Home advantage mortgage commitment letter. If loan has DPA, a DPA award letter is needed.

MHDC: Approval letter form #195. If you have DPA, you must have DPA obligation letter form #593 and #594 for first government loans and DPA Obligation letter form #793 and #794 for first conventional loans.

MSHC: Conditional commitment letter.

AHFA: If loan has DPA, a DPA legally enforceable obligation letter is needed.

ADFA:

- DPA awards letter
- Move Up Choice Grant (4% of loan amount) Award letter
- ADDI preapproval letter (up to 6% of sales price – not to exceed \$10,000)
- Final approval – 7-K showing ADFA has approved Move Up / Move Up Choice
- Awards / DPA Gift letter – Amortizing DPA 2nd

Purchase Review Process

Pended Loan Policy

- When document errors and omissions occur, a Suspended Loan Notification will be issued to the lender.
- Missing and corrected documents must be delivered to ServiSolutions within 10 calendar days from the pended loan date.
- If a loan is not in purchasable condition the later of 30 calendar days from pend date or commitment expiration ServiSolutions will begin the process of returning the loan file to the lender.

Pended Loan Fees

Reserved for future use.

Return of Mortgage Loans

The lender will be notified when ServiSolutions will be returning an Original Note.

Non-Purchase

ServiSolutions may decline to purchase a loan if significant document errors or omissions are found and/or if it is determined that the loan may be unsaleable into the secondary market.

Funding Formula

- To derive the amount of purchase funds, the following items are added or subtracted from the loan amount.
 - Accrued interest (calculated on 360 days) from the funding date to the end of the month will be subtracted from the wire if the loan is funded in the same month as closing.
 - If the loan is funded in the month following closing, the interest will be paid to the lender.
 - All loan purchases will be charged the following applicable loan delivery fee(s), which will be deducted from the wire:

Funding Fee (AL, AR, MO, NC)	\$200.00
EDOC Fee (MS)	\$40.00
Flood Cert Fee (MS)	\$10.00
Tax Service Fee (ALL States)	\$71.50
Wire Fee (MS)	\$20.00

- Lenders should not disclose or charge a tax service fee unless they are ordering tax service directly for themselves.
- Escrow deposits as collected on the CD will be subtracted from the wire.

Net Funding

ServiSolutions will net fund all loans submitted for purchase. The servicing date will be dependent upon the date ServiSolutions purchases the loan from the lender.

- If ServiSolutions purchases the loan on or before the 10th of the month prior to when the first payment is due, the first payment will be due to ServiSolutions.
- If ServiSolutions purchases the loan after the 10th of the month prior to when the first payment is due, the lender will keep the first payment. ServiSolutions will then purchase the loan at an amortized balance. ServiSolutions will begin servicing the loan beginning on the first of the month after the note first payment is due.

Purchase Schedule

- Purchase advice summaries will be provided via email on Mondays for wires to be received Wednesday and Wednesday for wires to be received Friday.
- Holiday funding schedules will be posted on the ServiSolutions website in the Lender Notices section.
- The purchase department's internal cutoff to receive loans for funding are as follows:
 - In order to fund on any Wednesday, file must be submitted to purchase department by 4 p.m. CST on the previous Friday. Files purchased on Wednesday, Thursday, and Friday (by cutoff) of any week will fund on Wednesday of the following week.
 - In order to fund on any Friday, file must be submitted to purchase department by 4 p.m. CST on the same week's Tuesday. Files purchased on Monday and Tuesday of any week, will fund on Friday of the same week.
- Common reasons for purchase delay:
 - Pay history not current
 - Missing information
 - Escrow shortage
 - Unidentified disbursement

Accrued Interest	All states: Calculated on 360 days
Prepaid Escrow	All states: Subtract per the prepaid escrow on the final CD
Escrow from Lender	All states: Subtract per the pay history or payments netted per the monthly schedule
SRP	All states: Per the program guidelines
Tax Service Fee	All states: Subtract \$71.50 for all first mortgages
Flood Transfer Fee	MSHC: Subtract \$10 (if Corelogic or ServiceLink is not used)
E-doc Admin Fee	MSHC: Subtract \$40 on all first mortgages
Funding Fee	AL, AR, MO, NC: Subtract \$200.00 for all first mortgages
Late Delivery Fee	All states: Lenders have 40 days from the date of closing to clear the loan exception(s) with no penalty. If the loan is not cleared until 41 days from the date of the closing, the lender will be charged a late delivery fee of 50 basis points (0.50%) of the principal purchased.
Market to Market Fee	<ul style="list-style-type: none"> ○ NCHFA: loans not purchased within 60 days of reservation are subject to penalty (see HFA guidelines) ○ MSHC: loans not purchased within 60 or 100 days of reservation are subject to penalty (see HFA guidelines) ○ MHDC: loans not purchased within 60 days of reservation are subject to penalty (see HFA guidelines) ○ ADFA: loans not purchased within 70 days of reservation are subject to penalty (see HFA guidelines)
Penalty Fee <i>(for AHFA loans only)</i>	<ul style="list-style-type: none"> ○ Loans not delivered within 10 days of closing will be subject to worst-case pricing ○ Loans not purchased within 15 days of the commitment expiration will be subject to a 0.25% late delivery penalty on the 15th day after expiration and an additional 0.25% for each 15 days past the expiration date.
Adjustment Fee	Total of all applicable fees subtracted

ESCROW INFORMATION

Due Dates

Property taxes and or insurance due within 60 calendar days of closing must be paid at time of loan closing. Any taxes and or insurance due within 30 calendar days of purchase must be paid prior to purchase. Please do not pay any taxes on the loan after it has been purchased by ServiSolutions. Also, if applicable, do not pay mortgage insurance installments after ServiSolutions' first scheduled payment date with the borrower.

Property taxes must be paid through the current tax payment period, prior to the loss of the discount date, if applicable (the date the tax assessor's office indicates to avoid late fees on taxes paid). The date through taxes are paid must agree with exceptions for taxes in the title policy. Under no circumstances should the title policy take exception to taxes other than those, which are not yet due and payable. Postponed or deferred taxes are not acceptable.

Aggregate Escrows

Lenders are responsible for collection of the appropriate amount of taxes and insurance.

The aggregate method of calculation must be used for establishing escrow accounts. This method is defined as the accounting method a lender uses in computing the sufficiency of the escrow account funds by analyzing the account as a whole.

Lenders are responsible for collecting the correct amount of escrows at closing. If insufficient funds are collected at closing, ServiSolutions will require the lender to correct the shortage in addition to providing the borrower with a re-disclosed initial escrow account statement. The shortage must be corrected before the loan will be purchased by ServiSolutions.

The aggregate adjustment reflected on the CD must always be a negative number (a credit) or zero. If your calculations result in a positive number (greater than zero), you must re-check your calculations. However, if your calculations are correct, you can only reflect a zero for the aggregate adjustment on the CD as the regulation does not permit a positive charge.

ServiSolutions may, in conjunction with the aggregate calculation method, collect a cushion intended to cover disbursements from the escrow account that may occur before a customer's payment is received. A cushion may be no greater than 1/6th of the estimated total annual payments from the escrow account.

The cushion is generally a maximum of two months unless the state's mortgage loan documents establish a lower or higher cushion limit. States with a higher cushion limit are reduced to comply with the aggregate calculation method. Where a state mandates a lower cushion be held, the state law applies.

Mortgage Insurance

The lender will be responsible for making payment to the private insurance company or to HUD for the months they are collecting the payment.

In order to ensure correct funding, the lender must correctly reflect mortgage insurance premiums on the CD, Initial Escrow Account Disclosure, and payment letter.

Pay History

A payment history is required prior to loan purchase where payment(s) were due on the first of the previous month (i.e., first payment due per Note is July 1, and loan is to be purchased August 15). It is the lender's responsibility to forward an updated payment history if the previous history that was provided is outdated.

The pay history must include, evidence that all payments due have been made, that the mortgage insurance has been paid, a beginning and ending balance of the escrow account and current principal balance.

PURCHASE ADVICES (PAs)

Lender must complete the PA Contact Form and submit to purchaseadvice@ahfa.com. The PA Contact Form is located at www.servsol.com/lenders. A maximum of three PA recipients may be listed for each lender. The contact form must be signed by the lender's executive management.

PAs are sent to all lenders the day before any funding day, between 8 a.m. -5 p.m. CST. PAs will be sent via encrypted email as they contain borrower information. No exceptions are made for this method of delivery.

Common Purchase Advice Issues:

- Lender is unable to open the encrypted email.
 - Lender must contact their internal IT department to add encryption site to the 'trusted site' list.
 - Lender may try an alternative web browser.
 - The email with attachment has expired. Encrypted emails have a 30-day expiration period. The recipient will receive multiple reminder emails; however, if the recipient fails to open the email within 30 days, they will no longer be able to retrieve the attachment. ServiSolutions staff is unable to prevent the encrypted email reminders.
 - If the recipient is a group email address, the password must be shared with all recipients. If any recipient of the group email address changes the password, all other recipients must be notified. Lenders must manage the group email address and the associated password. ServiSolutions staff cannot assist with password reset.

Aside from the assistance provided above, ServiSolutions staff is unable to answer further questions relating to the accessibility of an encrypted email. The lender must contact their internal IT department for assistance.

- PA contact is out of the office and requests ServiSolutions to send the PA to a personal email address.
 - Due to the proprietary information included in the PA, ServiSolutions will not send any PA to a personal email address.
- Lender requests a status for purchase from purchase staff.
 - If the lender has received an email indicating the loan is in line for purchase, the file should be purchased within the next two funding cycles. Please allow sufficient time to complete all processes. If the loan has not funded during this time, please request a status from the funding supervisor or review the loan status via Lender Online. Purchase staff does not provide status of purchased loans aside from providing PAs the day before funding.
- Recipient is on the PA recipient list but did not receive the PA.
 - ServiSolutions recommends every lender have at least two recipients for the PA in order to plan for absences and lost emails. The only time ServiSolutions staff will re-send a PA email is if the initial email returned undeliverable to all recipients. If at least one recipient received the PA, the recipient must correspond with other staff to obtain a copy.
- Lender needs to change recipients.
 - Lender must provide at least two business days' notice for PA contact changes. All requested contact changes will not be effective for the most recent PA. With adequate notice, PA contact changes will be effective for the next scheduled funding.

POST PURCHASE

Warranties

All warranties apply when each loan is delivered to and purchased by ServiSolutions. After a loan has gone through an audit or quality control review, it is still within the sole discretion of ServiSolutions to require specific indemnification, repurchase, or other remedy if a breach is discovered at a later date, and to withhold any servicing release premiums or other amounts payable if it determines that the lender may not be able or willing to fulfill such obligations.

All warranties discussed throughout the Mortgage Origination Agreement apply even if they are not expressly listed in this chapter. Any warranties expressly listed in this chapter do not constrain or limit any other representation, warranty or covenant that may be contained in the Mortgage Origination Agreement, this manual, or any other agreement between the lender and ServiSolutions.

Recourse Process

If ServiSolutions determines that a purchased loan contains deficiencies that may require some type of lender action, the lender will be issued a written notice which will:

- Identify the deficiencies.
- Allow the lender a specified time period to cure the deficiencies or provide a written explanation for its position acceptable to ServiSolutions.

The lender may be required to provide specific indemnification, a repurchase, or any other remedy as determined by ServiSolutions.

Loans that are subject to remedy by the lender are described in the Mortgage Origination Agreement. Lenders that have remedy requests outstanding for more than 30 days are subject to suspension.

Reconciliation of Post Purchase Errors

Following loan purchase, the lender should carefully review the Purchase Advice to ensure accuracy in the Servicing Release premium (SRP), extension fees, unpaid principal balance, loan amount, escrow account balance, fees, etc. Discrepancies must be reported to ServiSolutions within 60 days from the date of purchase through use of the Research Request Form.

Deficiencies reported by the lender after the 60-day period are forfeited.

ServiSolutions reserves the right to contact the lender after ServiSolutions purchases the loan to reconcile such discrepancies such as taxes, private mortgage insurance, or related issues that are normally discovered as the result of yearly escrow analysis.

Errors may occur during the purchase process causing monetary overages and/or shortages. Such errors include, but are not limited to the following:

- Misinterpretation of information in the closed loan file
- Missing documentation, such as payment histories or revised Final Closing Disclosures
- Escrow disbursements made by the lender after purchase by ServiSolutions
- Miscalculations at closing related to the collection of escrow

- Policy exceptions without proper documentation
- Non-payment of taxes and tax penalties that were due and payable within 30 days of loan purchase
- Changes to insurance policies/premiums

Errors in escrow account funds that (i) are due to lender payment of an escrowed item and (ii) cause a shortage in the lender's proceeds will not be refunded until ServiSolutions receives proof of such payment.

Servicing Transfer Notice

- The notice to the borrower advising them of the actual transfer of servicing must contain the required RESPA information.
- The Cranston Gonzales Act requires the borrower(s) receive notification at least 15 days before the effective date of the transfer. The disclosure must provide the borrower with the name of the servicer, the address and toll-free phone number:

All States Except Missouri and Arkansas

ServiSolutions
P.O. Box 830009
Birmingham, AL 35283-0009
866-339-2432

Missouri and Arkansas

ServiSolutions
P.O. Box 674154
Dallas, TX 75267-4154
866-339-2432

Mortgagee Clause

ServiSolutions, a Department of the Alabama Housing Finance Authority
ISAOA ATIMA
P.O. Box 242967
Montgomery, AL 36124-2967

FHA Mortgagee Record Change

Lender is required to process the Mortgage Record Change via FHA Connection immediately upon purchase of the loan by ServiSolutions. This action transfers the servicing rights to AHFA. The AHFA Mortgagee ID Number is 94058.

Guaranteed Rural Housing (USDA) Mortgagee Record Change

Lender is required to process the Mortgage Record Change via the Conditional Commitment, GRH (USDA). This action transfers the servicing rights to ServiSolutions. The AHFA USDA Lender ID Number is: 63-0980480.

MERS

The lender must execute a Transfer of Servicing Rights (TOS) and Transfer of Beneficial Rights (TOB) within two business days of loan purchase. The AHFA MERS Org ID is 1002536.

Note: Fees may apply if the servicing and beneficial rights (TOS/TOB) are not transferred within two business days of loan purchase.

Final Documentation

Final documents must be submitted to ServiSolutions, under cover of the ServiSolutions Final Document Transmittal to:

ServiSolutions
Attn: Single-Family Operations /Final Documents
7460 Halcyon Pointe Drive, Ste. 200
Montgomery, AL 36117

Final documentation must be submitted within 120 calendar days after the lender closing date. Loans requiring government insuring must be submitted at the applicable agency for insuring and insured within 60 days of closing.

ServiSolutions prefers that final documents for each loan be delivered simultaneously. However, if the 120-day delivery period has expired, all documents on hand should be delivered immediately, and any documents outstanding should be delivered on an as-received basis.

Documentation Requirements

Final documentation includes the following:

- Original, Recorded Security Instrument, and all applicable riders (both 1st and 2nd)
- Mortgagee Policy of Title Insurance including all applicable endorsements
- Recorded Power of Attorney (if applicable)
- VA Loan Guaranty Certificate (LGC)
- FHA Mortgage Insurance Certificate (MIC)
- USDA Loan Note Guarantee (LNG)

Final Document Deficiencies

ServiSolutions requires all final document deficiencies be corrected and returned within 30 days after initial notice. Any documents requiring re-recording will be returned to the lender for correction. Any expense involved in correcting and/or re-recording of documents is the responsibility of the lender.

Final Document Penalties

ServiSolutions reserves the right to charge penalties for late final documents. Lenders will be charged according to the terms set forth in the Mortgage Origination Agreement. ServiSolutions also reserves the right to obtain late final documents it believes will not be delivered either by the lender itself or through a third-party vendor and to charge the lender for all costs associated therewith.

Internal Revenue Service (IRS) 1098 Reporting

ServiSolutions has responsibility for Internal Revenue Service (IRS) 1098 reporting beginning with the first payment due from the borrower(s) to ServiSolutions following the purchase of a loan. It is the lender's responsibility to perform all IRS 1098 reporting prior to the first payment due ServiSolutions.