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3-50 Introduction

Welcome to the Wholesale/Brokered Lending Program of Company Name. Our objective is to provide our customers with the most accommodating service, best pricing, and most flexible underwriting.

Company Introduction

Wholesale/Brokered Lending Module Organization

The purpose of the Broker Correspondent module is to clearly state our policies and procedures, program offerings and to provide as many tools for our customers to conduct business with us.

3-60 - Broker/Correspondent Approval Process

Company name originates loans through various channels, including purchasing closed loans through a correspondent channel. Correspondent loans are underwritten and approved by company name for purchase prior to funding by the correspondent. We originate loans placed by third party originators, such as mortgage brokers, lenders, credit unions, banks and other creditors. These loans are underwritten prior to closing by Company Name, and company name draws all closing documents and funds the loan directly.

To protect our customers, we must rigorously review our business partners to ensure compliance and good standing. We do this through the Broker/Correspondent Approval and Renewal Process.

3-60-1 Requirements

To become approved, any Third-Party Originator (Broker/TPO) or correspondent must submit a completed Application Package with all items on the Application Package Checklist included.

We require the following documents (Broker/Correspondent Checklist)

_________ Completed TPO Application with original signature(s)
_________ Resumes Documenting Experience of Applicant, Officer and Key Personnel (principals, processors, underwriters, managers)
_________ Loan Purchase Agreement with original signature(s) (correspondent agreement)
_________ List of References (minimum of three)
_________ Authorization to Release Information with original signature(s)
_________ Credit Report Authorization
_________ FHFA, HUD, FHLMC, SAM Lists Checked
_________ MARI – MIDEX Report (If participating)
_________ Branch Office List (address, contact person, phone, fax, email address for each branch)
_________ Employee List (include branch location, Full Name and NMLS ID)
_________ W-9 Form with original signature(s)
_________ Articles of Incorporation/Organization and Good Standing Certificate
_________ Copy of Resolution to accept Correspondent Agreement (If applicable)
_________ Financial Statements (previous years' tax return or audited financial statements)
_________ Applicant's Quality Control Plan
_________ Most recent Quality Control Audit Report
_________ Applicant's Fraud Prevention Policy
_________ Copy of State Broker's/Lender's License
_________ Copy of Surety Bond/E&O policy declarations page
_________ Applicant's Compliance Policies to Include
_________ Federal Law Compliance Standards
_________ Loan Originators are W-2 employees (FHA)
_________ Appraiser Independence
_________ Information Security/FACTA Red Flag Plan
_________ Applicant's Employment Policy – Background Checks, excluded participants and sam.gov
_________ SAFE Act
_________ Dodd-Frank Compensation and Anti-Steering
____

3-60-11 Broker/Correspondent Approval and Renewal Process

Party	Step	Description
Applicant	Complete Package	Using the application checklist provided, applicant completes forms and collects all documentation required.
Account Executive	Collect and Review	Obtains complete application from broker/correspondent
Account Executive	Check References	Using reference checklist, Account Executive collects at least 3 (minimum) lender references
Account Executive	Obtain Executive Recommendation (Pre-Flight)	Prior to conducting extensive due diligence, AE should confirm applicant eligibility with management. Send E-mail Nominating Applicant Include Brief Business Opportunity Highlight potential weaknesses Upon recommendation, proceed to due diligence
Operations/Quality Control	Orders Credit Reports	Non-Federally Supervised - Obtain Dun and Bradstreet on Business, Individual Credit Reports on Principals Federally Supervised – Regulatory Searches (FFIEC) http://www.ffiec.gov/enforcement.htm
	Check MARI/MIDEX Report	Provide TPO with instructions for accessing individual report (Midex Complete Report) http://www.lexisnexis.com/risk/midexreports/onetime.aspx
	Check OFAC List	Go to http://apps.finra.org/rulesregulation/ofac/1/default.aspx Run OFAC Search Tool
	HUD Disbarred List	Go to https://www.sam.gov/ http://portal.hud.gov/hudportal/ Run Excluded Parties List Search
	FHFA and FHLMC Lists	https://www.fhfa.gov/ - Suspended Counterparty FHLMC List - https://sf.freddiemac.com/fmel
Operations, Quality Control or Executive	Review Application	Using TPO Approval Checklist, evaluate credentials, background, business opportunity Issue Approval if justified
Operations	Approval Notification	Notify Account Executive/Rep of Approval Send Approval Letter Enter Approved Broker/Correspondent List Assign Broker/Correspondent Number Note Date for annual review
Account Executive	Broker/ Correspondent Set-up	Add Broker Correspondent to Rate Distribution Assign Broker/Correspondent Login/Access codes for systems Assign Comp Plan for Lender Paid Compensation

BROKER APPLICATION

Company Name: ______________________________
Address: ______________________________
____
Telephone: ______________________________
Fax: ______________________________
E-Mail Address:

Principal/Officers

Name: ______________________________
Title: ______________________________
Name: ______________________________
Title: ______________________________
Sole Proprietor _____Partnership____ Corporation ____
Tax ID # ______________________________
Doing Business Since: ______________________________
Monthly Production

Conventional	$	#
FHA / VA	$	#
Other	$	#

Do you have any affiliation, or are you a part owner in any other mortgage related business, i.e. Builder, Realtor, Appraisal, Escrow, etc.? Yes ___ No ____

If yes, please explain:

____

____
Broker Signature Date

3-60-12 Lender Reference Checks

Lender References
And Reference Check Authorization

Lender ____________________
Contact Person ____________________
Main Phone ____________________
Direct Line ____________________
E-mail ____________________
Fax ____________________
Good Standing ____________________
____
Date Approved ____________________

Lender ____________________
Contact Person ____________________
Main Phone ____________________
Direct Line ____________________
E-mail ____________________
Fax ____________________
Good Standing ____________________
____
Date Approved ____________________

Lender ____________________
Contact Person ____________________
Main Phone ____________________
Direct Line ____________________
E-mail ____________________
Fax ____________________
Good Standing ____________________
____
Date Approved ____________________

3-60-13 Broker Approval Worksheet (Internal)

Broker/Correspondent File Checklist and Approval Worksheet
Insert In Relationship File

OK	Item
_____	Completed TPO Application with original signature(s)
_____	Resumes Documenting Experience of Applicant, Officer and Key Personnel (principals, processors, underwriters, managers) Minimum Experience for Position (3 years or certifications)
_____	Loan Purchase Agreement with original signature(s) (correspondent agreement)
_____	List of References (minimum of three) All References Acceptable
_____	Authorization to Release Information with original signature(s)
_____	Credit Report Principals OK
_____	MARI – MIDEX Report (If participating)
_____	Branch Office List (address, contact person, phone, fax, email address for each branch) All Branch Licenses in File
_____	Employee List (include branch location, Full Name and NMLS ID) No Denial of Participation
_____	W-9 Form with original signature(s) Executed
_____	Articles of Incorporation/Organization and Good Standing Certificate Current
_____	Copy of Resolution to accept Correspondent Agreement (If applicable) Properly Executed
_____	Financial Statements (previous years' tax return or audited financial statements) Minimum Net Worth
_____	Applicant's Quality Control Plan (QC Checklist OK)
_____	Most recent Quality Control Audit Report (Findings Resolved – provider ok – sampling correct)
_____	Applicant's Fraud Prevention Policy (Red Flags addressed)
_____	Copy of State Broker's/Lender's License Current – NMLS checked
_____	Copy of Surety Bond/E&O policy declarations page – Minimums, Current, Best Rated
_____	Applicant's Compliance Policies to Include

- ______ Federal Law Compliance Standards
- ______ Loan Originators are W-2 employees (FHA)
- ______ Appraiser Independence
- ______ Information Security/FACTA Red Flag Plan
- ______ Applicant's Employment Policy – Background Checks and Excluded Parties
- ______ SAFE Act
- Dodd-Frank Compensation and Anti-Steering

Account Executive Recommendation:
☐ Approve ☐ Deny
Expected Monthly Volume:

Signed By (Account Executive) Date

Quality Control/Operations Recommendation:
☐ Approve ☐ Deny
Address Issues:

Date of Annual Review

Signed by (Quality Control) Date

Management Recommendation
☐ Approve ☐ Deny

Signed by: (Management) Date

7/26/2011

3-60-2 Annual Review Process

Each Third-Party Originator (TPO)/Correspondent/ Broker will be reviewed annually for compliance with all applicable regulations and agency requirements. The compliance analyst/broker liaison is responsible for maintaining information and exhibits for all TPOs. The individual TPO file will be set up from the original broker application checklist. At the time of annual renewal, the TPO must provide

______________ Financial Statement
______________ Current Year Loan Level Quality Control Audit Reports (at least quarterly)
______________ Copy of current State Broker's/Lender's License
______________ Copy of Lender Report Card
______________ Copy of Servicing Report for Broker/Correspondents – For Early Payment Default, Early Payoff
______________ MARI Search
______________ OFAC Search
______________ FHFA Suspended Counterparty List
______________ HUD, F Excluded Participants Search
______________ HUD Neighborhood Watch Compare Ratio

The compliance analyst/broker liaison will log into the NMLS and compile a list of all individuals licensed for the location (s).

3-60-21 Broker Renewal Process

Individual	**Step**
Broker Liaison	60 days prior to anniversary or year end, retrieve: TPO File Production Report for TPO Quality Control Reviews for TPO Servicing Report on Broker Originated Loans (Report Card) to include: • Pull-through • Defect rates • EPDs • EPOs • Fraud findings • Documentation deficiencies • Investor kickouts • Repurchase requests • Licensing/compliance issues
Broker Liaison	Generate Renewal Request Letter to broker Request Financial Statement Current License Quality Control Reviews/Findings/Resolutions MARI/OFAC/HUD/SAM Search FHFA Check
Broker	Provide requested documentation
Broker Liaison/Compliance	Review NMLS listing for current licensing Evaluate Compare, MARI, OFAC, LDP, FNMA Compare Loan Originator listing with reported listing Forward entire package to Quality Control for review
Quality Control	Review Findings of Quality Control Review TPO Quality Control Plan Findings inconsistent with Broker QC Plan? If yes, forward to Management for TPO suspension
Management	Review Quality Control findings – follow QC Plan for reporting fraud/inconsistencies If broker does not follow its own QC Plan, suspend broker

3-60-22 Broker/Correspondent Scorecards

Company Name is responsible for assembling information from underwriting, closing/funding, secondary marketing and delivery, quality control and servicing to ascertain the overall performance of the Third Party Originator/Correspondent.

This includes:

- Monthly delinquency reporting
- Servicing transfer monitoring
- Secondary market notifications
- Investor repurchase notifications
- QC defect trending
- Fraud review escalation
- Broker-specific defect tracking