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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 – MIDEEX 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