

# **Lakeview Loan Servicing**

Delegated and Non-Delegated

## **Seller Guide**

Revision Date 11.13.24





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## **Chapter 1- Seller Contractual Obligations**

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By signing the Lakeview Loan Servicing, LLC (“Lakeview”) Loan Correspondent Purchase and Sale Agreement (“Agreement”), Seller is bound by the requirements of this Seller Guide as the same may be amended or supplemented from time to time (“Guide”), which Guide is incorporated into and made part of the Agreement. This Guide, the Agreement and any other Purchase Documents govern the sale of Mortgage Loans by Seller to Lakeview.

### **100 Descriptions of Underlying Chapter**

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Chapter 1A – Rules of Interpretation and Miscellaneous

Chapter 1B – Seller Eligibility

Chapter 1C – Representations, Warranties

Chapter 1D – Defaults, Remedies, and Early Pay Off

Chapter 1E – Terms of Use and Electronic Services



## **Chapter 1A Rules of Interpretation and Miscellaneous**

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### **A100 Rules of Interpretation**

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#### **A. Defined Terms; General Rules of Interpretation**

Defined terms may be used in the singular or plural, as the context requires. Unless the context in which it is used otherwise clearly requires, the word “or” has the inclusive meaning represented by the phrase “and/or”. The words “include”, “includes”, and “including” are deemed to be followed by the phrase “without limitation”.

#### **B. Headings for Convenience**

All captions or paragraph headings in the Purchase Documents are for convenience only and in no way define, limit or describe the scope or intent of any provision in the Purchase Documents.

#### **C. Lakeview’s Sole Discretion**

Whenever any provision of this Guide or any Purchase Document requires or allows Lakeview to act in its discretion or to make a determination of fact or a decision to act, or to permit, approve, or deny another a party’s action, such determination or decision shall be made in Lakeview’s sole and absolute discretion.

#### **D. Lakeview’s Sole Opinion**

Whenever any provision of this Guide or any Purchase Document requires or allows Lakeview to make a determination in its opinion, such determination shall be made in Lakeview’s sole and absolute opinion.

### **A101 Miscellaneous**

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#### **A. Consent to Credit References**

Seller consents to the disclosure of information regarding Seller and its subsidiaries and their relationship with Lakeview to persons making credit inquiries to Lakeview about Seller

#### **B. Use of Seller’s Name**

Lakeview may, at its option, make the name of the Seller generally available, publicly associate the name of the Seller with Lakeview Mortgage Loan Programs, and refer business prospects to Seller. Upon Seller’s request, Lakeview will waive its right to use Seller’s name in accordance with this paragraph.

#### **C. MARI Authorization**

We release and agree to hold harmless you, MARI, all MIDEX subscribers and any trade associations that endorse the MIDEX system from any and all liability for damages, losses, costs and expenses that may arise from the reporting or use of any information submitted by us or any other MIDEX subscriber to MARI, recorded in the MIDEX system and used in any way by you or any other MIDEX subscriber.

#### **D. Use of Lakeview’s Name, Trade Names and Service Marks**

Seller must not use the trade name Lakeview Loan Servicing, LLC or any of the trade names or service marks of any of the foregoing in any of Seller’s promotional or other materials without the prior written consent of Lakeview.



**E. Relationship of Parties Under this Guide**

Nothing in this Guide, any related marketing or other materials creates or may be construed as permitting or obligating Lakeview to act as a financial or business advisor or consultant to Seller, as permitting or obligating Lakeview to control Seller or to conduct Seller's operations, as creating any fiduciary duty on the part of Lakeview, or as creating any joint venture, agency, partnership or other relationship between Lakeview and Seller other than as explicitly and specifically set out in a formal writing, signed by both parties, intended to create such a relationship. Seller acknowledges that it has had the opportunity to obtain the advice of experienced counsel of its own choosing in connection with the negotiation and execution of the Agreement and this Guide. Seller further acknowledges that it is experienced with respect to the transactions contemplated by this Guide and made its own independent decisions with respect to the Agreement, Guide, or Purchase Documents.

**F. Seller's Responsibility**

Seller is responsible for the performance of requirements and obligations contained in this Guide, even if the requirement or obligation is performed by a third party.

**G. Confidentiality**

As a result of its relationship with Lakeview and access to this Guide and its incorporated references, Seller will have access to various trade secrets, confidential and proprietary methods, techniques, processes, applications, approaches, products, programs, policies, practices and procedures in various forms, which information is used or is useful in the conduct of Lakeview's business, including Lakeview's origination, purchase, sale and servicing of mortgage products (all such information is collectively referred to as "Confidential Information"). Seller acknowledges that such Confidential Information is the exclusive property of Lakeview. Seller shall not, at any time, regardless of if, when, and how its relationship with Lakeview may terminate, directly or indirectly, disclose, publish, reveal, disseminate, or otherwise make available to anyone such Confidential Information, except to the extent required by applicable law.

**H. Privacy of Consumer Financial Information**

All capitalized terms used in this section and not otherwise defined shall have the meanings set forth in the Federal "Privacy of Consumer Financial Information" Regulation (12 CFR Part 40), as amended from time to time (the "Privacy Regulation"), issued pursuant to Section 504 of the Gramm-Leach-Bliley Act (15 U.S.C. 6801 et seq.). Lakeview and Seller acknowledge that the Privacy Regulation governs disclosures of nonpublic personal information about Consumers. Both parties (i) agree to comply with any applicable laws and regulations regarding the privacy and security of the Consumer information, (ii) agree to not use Consumer Information in any manner inconsistent with any applicable laws and regulations regarding the privacy and security of Consumer Information, (iii) agree to maintain adequate physical, technical and administrative safeguards to protect Consumer Information from unauthorized access.

**I. Address Confidentiality Programs (ACP)**

A Borrower may be a participant in a State sponsored Safe at Home or address confidentiality program that provides the borrower with an alternative mailing address that can be used instead of the Borrower's home address for all mail correspondence. Sellers must comply with the applicable Federal and State laws related to the Safe at Home/Address Confidentiality Programs.



Within five business days after the Purchase Date of the subject loan for which the Borrower is a participant in the Safe at Home/Address Confidentiality Program, the seller must notify Lakeview at [ACP@bayview.com](mailto:ACP@bayview.com). The following information must be included in that communication:

- Borrower Name
- Seller or Lakeview Loan Number
- The subject property address and a separate ACP mailing address
- Notice of program enrollment



## Chapter 1B Seller Eligibility

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### B100 Seller Eligibility

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In order to become and remain a Seller, a Mortgage Loan lender must, among other requirements:

- A. Satisfy the Lakeview Seller eligibility standards
- B. Have its completed Prospect Application approved by Lakeview
- C. Enter into a Loan Correspondent Purchase and Sale Agreement
- D. Deliver an executed Officer's Certificate
- E. Deliver three original Limited Power of Attorney documents to Lakeview. The Limited Power of Attorney grants Lakeview the authority to execute and/or correct documents for the purpose of assigning and transferring mortgage assets to Lakeview. The use of the Limited Power of Attorney is restricted to those assets which Seller has sold to Lakeview.

In order to remain eligible to participate in Lakeview's Mortgage Loan Programs, Seller must comply with all of the terms of the Agreement, including this Guide.

### B101 Underwriting Authority

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Seller's underwriting authority is determined at Lakeview's discretion based on net worth requirements, experience, Agency eligibility, Mortgage Loan Programs, and other criteria. Delegated underwriting authority means that Seller has the authority to make the initial determination of whether the Loan is eligible for sale to Lakeview. Seller must make its own determination of whether to make the Loan to the applicant. To learn more about underwriting authority requirements, contact your Director or VP of Business Development.

Refer to our Product Matrices for available underwriting authority and options.

| Delegated Mortgage Loan Authority   |  |   |
|---|--|---|
| Conforming Programs   | Government Programs  | Contract Underwriting   |
| Delegated underwriting authority is limited to programs as outlined in the product matrices and in accordance with agency guidelines. | For direct submission and purchase, Seller must be a Supervised or Non-Supervised Mortgagee with Direct Endorsement authority for FHA Mortgage Loans and VA LAPP and VA Automatic for VA Mortgage Loans. | Mortgage loans must be underwritten under the Contract Underwriting Agreement between the client and the MI provider. |

| Non-Delegated Mortgage Loan Authority   |   |
|---|---|
| Conforming Programs   | Government Programs   |
| All Mortgage Loans must be submitted to Lakeview for prior approval underwriting. | All Mortgage Loans must be submitted to Lakeview for prior approval underwriting. |

### B102 Continuing Seller Obligations

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In order to remain eligible, Seller must be active with Lakeview, maintain the initial eligibility standards or eligibility standards currently in effect, and comply with the continuing obligations as defined in this Guide. In addition, at Lakeview's discretion Lakeview reserves the right to amend any or all continuing eligibility standards for a Seller based upon factors including Seller's current financial strength, volume and performance, license and background checks. Even if Seller is eligible to sell Loans to Lakeview, Lakeview is not obligated to purchase any Loan from Seller except as may be expressly stated in this Guide or otherwise in writing from Lakeview to Seller. Finally, Lakeview may terminate the Mortgage Loan sale relationship as set out in this Guide, even if Seller is otherwise eligible.

#### **A. MERS Rules and Procedures**

On Mortgage Loans closed in Seller's name and sold to Lakeview, Seller must comply with the rules and procedures of MERS in connection with all Mortgage Loans registered with MERS.

#### **B. Sanctions and Administrative Actions**

At the time of Loan submission to Lakeview, Seller and its sponsored third party originators (and any officer, partner, director, principal, manager, supervisor, Mortgage Loan processor, Mortgage Loan underwriter, or Mortgage Loan originator of Seller or of its sponsored third party originators) has not been subject to the following sanctions or administrative actions:

- Be suspended, debarred, under a limited denial or participation (LDP), or otherwise restricted under 2CFR part 2424 or 24 CFR part 25, or under similar procedures of any other Federal agency;
- Be indicted for, or have been convicted of, an offense that reflects adversely upon the integrity, competency, or fitness to meet the responsibilities of the lender to participate in Department of Housing and Urban Development (HUD) Title I or Title II programs;
- Be subject to unresolved findings as a result of HUD or other governmental audit, investigation, or review;
- Be engaged in business practices that do not conform to generally accepted practices of prudent mortgagees or that demonstrate irresponsibility;
- Be convicted of, or have pled guilty or *nolo contendere* to, a felony related to participation in the real estate or mortgage loan industry;
  - A. During the 7-year period preceding the date of the application for licensing or registration; or
  - B. At any time preceding such date of application, if such felony involved an act of fraud, dishonesty, or a breach of trust or money laundering;
- Be in violation of provisions of the Secure and Fair Enforcement (SAFE) for Mortgage Licensing Act of 2008 (12 U.S.C. 5101 *et seq.*) or any applicable provision of state law; or
- Be in violation of any other requirement established by the Secretary of HUD.





## **B103 Disqualification, Suspension or Inactivation**

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See Chapter 1D, Defaults and Remedies, Early Pay Off, of this Guide.

## **B104 Reporting Requirements**

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### **A. Reporting Requirements**

#### 1. Interim Financial Statements

Upon Lakeview's request, Seller shall provide its monthly or quarterly un-audited financial statements, Form 10-Qs, or any other financial information pertaining to Seller.

#### 2. Fidelity Bond and Errors and Omissions Insurance

- Seller must notify Lakeview if it receives notice from its insurer of intent to cancel, not renew, or otherwise modify Seller's coverage. This notification must be sent to Lakeview by registered mail at least 10 days before it becomes effective.
- Seller must report to Lakeview all cases of material theft, embezzlement, or fraud and all claims made against the insurer within 10 days after the occurrence.
- If requested by Lakeview, Seller must provide current certificates of insurance outlining its fidelity and errors and omission insurance.

### **B. Mailing Address**

Submit all information required under the Reporting Requirements section above to:

Lakeview LLC  
Counterparty Risk Management  
507 Prudential Rd  
Horsham, PA 19044

### **C. Regulation AB Disclosures**

#### 1. Originator Disclosure

As requested by Lakeview in its sole discretion, within three Business Days, Seller will provide to Lakeview either

- The disclosures required under Item 1110(b) of Regulation AB (Originator disclosure) or any successor regulation for inclusion in a prospectus or other disclosure document, or
- A confirmation that previously provided disclosure does not require updating.
- "Originator disclosure" required to be provided shall include:
  - A. Seller's form of organization,
  - B. A description of Seller's origination program and how long Seller has been engaged in originating residential Mortgage Loans,
  - C. Discussion of Seller's experience in originating residential Mortgage Loans,
  - D. Information regarding the size and composition of Seller's origination portfolio and
  - E. Seller's underwriting criteria (or other information material to an analysis of the performance of the Mortgage Loans, as determined by Lakeview).



As requested by Lakeview in its sole discretion, within three Business Days, Seller shall provide in a specified electronic format the name of the originator of each Mortgage Loan if originated by an entity other than Seller.

## 2. Legal Proceedings for Prospectus Disclosure or Update of Periodic Reports

As requested by Lakeview in its sole discretion, within three Business Days of Lakeview's request, Seller will provide to Lakeview (a) a complete written description of any legal proceedings pending against Seller, or of which Seller's property is the subject, that, if adversely determined, could have a material adverse impact on Seller's financial condition or its continuing ability to sell Mortgage Loans to Lakeview or would affect the enforceability of any Mortgage Loan (including any similar proceedings known by Seller to be contemplated by governmental authorities) for inclusion in a prospectus or other disclosure document pursuant to Regulation AB or any successor regulation ("Legal Proceedings Description"), certified as to accuracy by an officer of Seller, or (b) a written certification of an officer of Seller stating that the previously provided Legal Proceedings Description does not require updating and continues to be complete and accurate as of such date.

## 3. Updates Regarding Legal Proceedings

If at any time any previously provided Legal Proceedings Description is no longer current or requires updating, or if Seller is the subject of new legal proceedings that would require disclosure under Item 1117 of Regulation AB or any successor regulation, Seller will provide to Lakeview a revised legal proceedings description, certified as to accuracy by an officer of Seller.

## 4. Other Information Required under Regulation AB

Seller will provide to Lakeview such other information, including historical Mortgage Loan performance information, as Lakeview shall reasonably request to enable Lakeview to comply with any applicable requirements of Regulation AB or any successor regulation. Such information shall be provided within 15 days of request from Lakeview.

## 5. Mailing Address for Regulation AB Disclosures

When Lakeview requests any Regulation AB disclosure or information under this Section 206(D), it will provide to Seller the address to which all such disclosure or information must be delivered.

## **B105 Audits and Inspections**

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Seller agrees to allow Lakeview to conduct, from time to time, audits or inspections at one or more of Seller's offices during normal business hours. At that time, Seller must provide the assistance of a knowledgeable and responsible individual and will grant Lakeview access to all books, records, and files pertaining to the following:

- A. The Mortgage Loans
- B. Seller's compliance with the terms and provisions of the Agreement, including this Guide

Seller also agrees, upon the request of Lakeview, to deliver the material described in the Maintenance of Records section in this chapter.

From time to time, Lakeview may conduct audits at Lakeview offices using information and documents provided by Seller. During these audits, Seller must provide a person or persons to contact by telephone for additional information.





## **B106 Disclosure of Information**

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Upon the request of Lakeview, Seller shall disclose to Lakeview information relating to Seller's origination or servicing experience. This information may include, but is not limited to, information required under Regulation AB or any successor regulation, information on losses, mortgage insurance claims, delinquency, and declination experience on Mortgage Loans originated or serviced by Seller, as well as related information. Seller also consents to the disclosure by Lakeview of any such information to investors, rating agencies, credit enhancement providers, or any other entity that needs the information in connection with Lakeview's secondary marketing operation. Seller releases and agrees to hold harmless Lakeview and any insurer or other entity that discloses information as provided above from and against any claims or liabilities connected with such disclosure.

## **B107 Maintenance of Records**

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Seller shall maintain adequate records of all Mortgage Loans submitted to Lakeview for purchase for such periods of time as may be necessary to comply with all applicable federal and state laws

Lakeview has the right to examine any and all records that pertain to Mortgage Loans governed by the Seller Agreement and the Purchase Documents. The records must include the individual Mortgage Loan file, any and all accounting reports associated with the Mortgage Loan, and any other reports, data, information and documentation that Lakeview in its discretion considers necessary to ensure that Seller is in compliance with Lakeview's requirements. Seller must satisfy a request for records within 15 days of the request. Seller must reproduce all records at its own expense, regardless of whether these records are maintained in paper or other format.

State and federal law now recognize electronic images that meet certain standards as being equivalent to paper documents for legal purposes. Our requirements for document accessibility and retention apply equally to paper and electronic documents. Generally, the only documents associated with the origination and servicing of a mortgage that must be retained in paper format are the Security Instrument (and any related riders), any other document that changes the terms of the mortgage, the assignment for a MERS registered mortgage (when MERS is not named as nominee for the beneficiary), the unrecorded assignment of the mortgage to Lakeview (if the Security Instrument is not registered with MERS), and the Note and any related addenda. Seller is responsible for ensuring that any electronic documents it uses meet all legal standards and must have appropriate storage, retrieval, and back-up systems for such electronic documents. Upon request, Seller must provide Lakeview with information about the methods it uses for document and records storage and must convert the documents and records to a different format if requested by Lakeview.

Seller shall maintain an individual Mortgage Loan file for each Mortgage Loan, clearly marked with the Lakeview Mortgage Loan number and, for Mortgage Loans registered with MERS, the MIN. The file must contain:

- a. Copies of all documents delivered in their original form to Lakeview
- b. Originals of all documents, copies of which were delivered to Lakeview
- c. All other Mortgage Loan and related documents not required to be sent to Lakeview



## **B108 Quality Control**

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### **A. Recommended Program**

#### Quality Control Plan Requirements

It is necessary that the Seller maintain an internal quality control program that meets Lakeview guidelines, as well as standard industry requirements.

The program must be documented and supported by a written plan that details the objectives and the scope of the review. The program must also include applicable policies and procedures. This written plan must be provided to Lakeview upon request. Results of the quality control program must also be provided, upon request, in the form of a summary report that is distributed to the Seller's senior management.

Seller's internal quality control program, as documented, must at a minimum cover the following:

- Accuracy of legal and origination documents
- Federal and State regulatory compliance
- Soundness of underwriting decisions (if applicable)
- Evidence of monitoring for Red Flags, including any evidence of discovery of fraud and misrepresentation
- Identification of any systemic issues, their root causes, and resolution
- Monitoring of corrective action plans in place
- Sound reporting procedures
- Description of sampling methodology, which must include random and high-risk targeted samples and Mortgage Loans that have delinquencies
- Seller maintains an active focus on preventive controls, such as pre-funding quality assurance, and document and appraisal procurement policies
- A post-closing review that monitors adherence to agency and investor requirements

## **B109 Notification of Changes in Seller Status**

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### **B. Notification**

Seller must notify Lakeview prior to the occurrence of any of the following:

- Any change in Seller's business address and/or telephone number.
- Any material increases in capital, alteration of debt/equity ratios, or changes in management that are ordered or required by a regulatory authority supervising or licensing Seller.
- Loss of any senior management overseeing the origination, processing, underwriting, closing, and if applicable, secondary marketing operations of Seller. Resumes of replacement personnel must be furnished within 30 days of such replacement.
- Loss of any state mortgage banking license of Seller and any of its employees, including corporate, branch and loan originator approvals.
- Entry of any court judgment or regulatory order in which Seller is or may be required to pay a claim or claims which may have a material adverse effect on Seller's financial condition or regulatory status or which may call into question Seller's compliance with the requirements of this Guide.
- The winding down or dissolution of Seller's business.
- Seller has been terminated, disqualified, or suspended by MERS. Client must demonstrate to Lakeview's satisfaction that it has taken corrective action to remedy such termination, disqualification, or suspension.



When Lakeview receives this written notification, it will contact Seller if further documentation is required. Lakeview reserves the right to suspend further business with Seller while determining the impact of the change on Seller's qualifications. Failure to notify Lakeview of any such change may result in termination, disqualification, suspension, inactivation or other remedies available to Lakeview under the Agreement.



## **Chapter 1C - Representations and Warranties & Covenants**

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### **C100 Representations and Warranties Regarding the Seller**

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In addition to the representations and warranties made by Seller in the Agreement, Seller hereby makes the following representations and warranties as of the date of the Agreement and as of each Funding Date with respect to any Mortgage Loan sold by Seller to Purchaser on such Funding Date (in each case, if the then applicable version of the Guide contained such representation and warranty as of the applicable date):

1. Truth and Accuracy

No representations, warranty or written statement made by the Seller or certificate furnished to Purchaser by the Seller in connection with the Agreement or the Mortgage Loans sold thereunder, including, without limitation, the Application<sup>1</sup>, contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary to make the statements contained herein or therein true, accurate and complete and not misleading.

2. Ability to Perform

Seller does not believe, nor does it have any reason or cause to believe, that it cannot perform each and every covenant contained in the Agreement.

3. Independent Decision

The Seller's decision to purchase or originate any Mortgage Loan or to deny any Mortgage Loan application is an independent decision and is in no way made as a result of Purchaser's decision to purchase, or not to purchase, or the price Purchaser may offer to pay for, any such Mortgage Loan, if originated.

4. No Government Actions

Except as disclosed in writing to Purchaser, none of the Seller or any Affiliates of the Seller, nor any of their respective officers, directors or employees, is (or in the last five (5) years has been), a party to or is subject to any (a) suspension, debarment, limited denial of participation, exclusionary list, outstanding order, decree, agreement, finding, memorandum of understanding or similar supervisory arrangement with, or a commitment letter or similar submission to, or extraordinary supervisory letter from, any Investor, Insurer or any Governmental Authority, including without limitation those charged with the supervision or regulation of residential mortgage lenders or the supervision or regulation of the Seller and its employees or (b) an indictment, arraignment, or conviction (or has been in the last five (5) years or currently is under investigation) for any fraudulent activity or any criminal offenses involving financial services, real estate or corporate governance. There is no unresolved violation by any Governmental Authority with respect to any report or statement relating to any examinations or investigation of the Seller or any of its officers, directors or employees.

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<sup>1</sup> Note that this is the application for approval as a loan correspondent.



## **C101 – Representations and Warranties Regarding Individual Mortgage Loans**

In addition to the representations and warranties made by Seller in the Agreement as of each Funding Date with respect to any Mortgage Loan sold by Seller to Purchaser on such Funding Date, Seller makes the following representations and warranties as of the relevant Funding Date: (if the then applicable version of the Guide contained such representation and warranty)

### 1. Valid First Lien

Each Mortgage is properly recorded and is a valid, existing and enforceable First Lien and first priority security interest with respect to each Mortgage Loan which is indicated by the Seller to be a First Lien Mortgage Loan, on the Mortgaged Property, including all improvements on the Mortgaged Property, free and clear of all adverse claims, liens and encumbrances having priority over the lien of the Mortgage, subject only to (i) the lien of current real property taxes and assessments not yet due and payable, (ii) covenants, conditions and restrictions, rights of way, easements and other matters of the public record as of the date of recording being acceptable to mortgage lending institutions generally and specifically referred to in the lender's title insurance or Attorney Opinion Letter (AOL) policy which do not adversely affect the Value of the Mortgaged Property, and (iii) other matters to which like properties are commonly subject which do not individually or in the aggregate materially interfere with the benefits of the security intended to be provided by the Mortgage or the use, enjoyment, value or marketability of the related Mortgaged Property. Any security agreement, chattel mortgage or equivalent document related to and delivered in connection with the Mortgage Loan establishes and creates a valid, existing and enforceable First Lien and first priority security interest with respect to each Mortgage Loan which is indicated by the Seller to be a First Lien Mortgage Loan on the property described therein and the Seller has full right to sell and assign the same to Purchaser. The Mortgaged Property was not, as of the date of origination of the Mortgage Loan, subject to a mortgage, deed of trust, deed to secure debt or other security instrument creating a lien subordinate to the lien of the Mortgage except to the extent i) the preexisting lien is properly re-subordinated or ii) any concurrent subordinate lien is properly subordinated at time of origination and iii) in either case, is permissible per the applicable product guidelines and the Guide.

### 2. Validity of Mortgage Documents

If a file is delivered in imaged format, such images are of sufficient quality to be readable and able to be copied and satisfy all requirements of imaged documents required by the Agency Guide and the Guide. The Mortgage Note (including any allonges thereto) and the related Mortgage are original and genuine and each is the legal, valid and binding obligation of the maker thereof, enforceable in all respects in accordance with its terms except as enforceability may be limited by (i) bankruptcy, insolvency, liquidation, receivership, moratorium, reorganization or other similar laws affecting the enforcement of the rights of creditors and (ii) general principles of equity, whether enforcement is sought in a proceeding in equity or at law and the Seller has taken all action necessary to transfer such rights of enforceability to Purchaser. The Loan File contains, and there only exists, one original note, with all original borrower(s) signatures. Neither the operation of any of the terms of any Mortgage or Mortgage Note, nor the exercise of any right there under, will render the Mortgage or Mortgage Note unenforceable, in whole or in part, or subject to any right of rescission, setoff, counterclaim or defense, and no such right of rescission, setoff, counterclaim or defense has been asserted with respect thereto. All parties to the Mortgage Note and the Mortgage had the legal capacity to enter into the Mortgage Loan and to execute and deliver the Mortgage Note and the Mortgage, and the Mortgage Note and the Mortgage have been duly and properly executed by such parties.





3. Customary Provisions

Mortgage Loan complies with all federal, state, and local laws, rules, and regulations, as well as all applicable Agency guidelines or requirements. The Mortgage and related Mortgage Note contain customary and enforceable provisions such as to render the rights and remedies of the holder thereof adequate for the realization against the Mortgaged Property of the benefits of the security provided thereby, including (i) in the case of a Mortgage designated as a deed of trust by trustee's sale, and (ii) otherwise by judicial or non-judicial foreclosure. Upon default by a Mortgagor on a Mortgage Loan and foreclosure on, or trustee's sale of, the Mortgaged Property pursuant to the proper procedures, the holder of the Mortgage Loan will be able to deliver good and merchantable title to the Mortgaged Property. There is no homestead or other exemption or right available to the Mortgagor or any other Person or restriction on the Seller or any other Person, including without limitation, any federal, state or local, law, ordinance, decree, regulation, guidance, attorney general action, or other pronouncement, whether temporary or permanent in nature, which would interfere with, restrict or delay, the ability of the Seller, Purchaser or any servicer or any successor either (y) the right to sell the Mortgaged Property at a trustee's sale or otherwise, or (z) the right to foreclose on the related Mortgage. The Mortgage Note and Mortgage are on forms that are conforming to the applicable Agency, or the Guide as applicable.

4. Original Terms Unmodified

The terms of the Mortgage Note and the Mortgage have not been impaired, waived, altered or modified in any respect.

5. No Defenses

The Mortgage Note and the Mortgage are not subject to any right of rescission, set-off, counterclaim or defense, including, without limitation, the defense of usury, nor will the operation of any of the terms of the Mortgage Note and the Mortgage, or the exercise of any right there under, render either the Mortgage Note or the Mortgage unenforceable, in whole or in part, or subject to any right of rescission, set-off, counterclaim or defense, including, without limitation, the defense of usury, and no such right of rescission, set-off, counterclaim or defense has been asserted with respect thereto; and the Mortgagor was not a debtor in any state or federal bankruptcy or insolvency proceeding at the time the Mortgage Loan was originated nor are any such proceedings pending. The Mortgaged Property is not subject to any bankruptcy proceeding or foreclosure proceeding and the Mortgagor has not filed for protection under, or has been a debtor under, applicable bankruptcy laws as of the Purchase Date.

6. No Outstanding Charges

There are no defaults by the Seller in complying with the terms of the Mortgage, and (1) all taxes, ground rents, special assessments, governmental assessments, insurance premiums, leasehold payments, water, sewer and municipal charges which previously became due and owing have been paid, or escrow funds have been established in an amount sufficient to pay for every such escrowed item which remains unpaid and which has been assessed but is not yet due and payable prior to any "economic loss" dates or discount dates (or if payments were made after any "economic loss" date or discount date, then Seller has paid any penalty or reimbursed any discount out of Seller's funds) and (2) all flood and hazard insurance premiums and mortgage insurance premiums which are due, have been paid without loss or penalty to the Mortgagor. Seller has received no notice of, and has no knowledge of, any event, including but not limited to the bankruptcy filing or death of a Mortgagor, which may or could give rise to a Mortgagor default under the Note or Mortgage. The Seller has not advanced funds, or induced, solicited or knowingly received any advance from any party other than the Mortgagor, directly or indirectly, for the payment of any amount due under the Mortgage Loan, unless otherwise permitted in the Guide.



7. No Satisfaction of Mortgage

The Mortgage has not been satisfied, canceled, subordinated or rescinded, in whole or in part, and the Mortgaged Property has not been released from the lien of the Mortgage, in whole or in part, nor has any instrument been executed that would affect any such satisfaction, cancellation, subordination, rescission or release. The Seller has not waived the performance by the Mortgagor of any action, if the Mortgagor's failure to perform such action would cause the Mortgage Loan to be in default, and the Seller has not waived any default.

8. No Default

There is no default, breach, violation or event of acceleration existing under the Mortgage or the Mortgage Note and no event which, with the passage of time or with notice and the expiration of any grace or cure period, would constitute a default, breach, violation or event permitting acceleration, and the Seller has not waived any default, breach, violation or event permitting acceleration. With respect to each Mortgage Loan (i) the First Lien is in full force and effect, (ii) there is no default, breach, violation or event of acceleration existing under such First Lien Mortgage or the related Mortgage Note, (iii) no event which, with the passage of time or with notice and the expiration of any grace or cure period, would constitute a default, breach, violation or event of acceleration there under, and either (A) the First Lien Mortgage contains a provision which allows or (B) applicable law requires, the mortgagee to receive notice of, and affords such mortgagee an opportunity to cure any default by payment in full or otherwise under the First Lien Mortgage.

9. Full Disbursement of Proceeds

The Mortgage Loan has been closed and the proceeds of the Mortgage Loan have been fully disbursed to or for the account of the Mortgagor and there is no obligation for the mortgagee to advance additional funds there under and any and all requirements as to completion of any on site or off site improvement and as to disbursements of any escrow funds therefore have been complied with. All costs, fees, and expenses incurred in making or closing the Mortgage Loan and the recording of the Mortgage have been paid, and the Mortgagor is not entitled to any refund of any amounts paid or due to the mortgagee pursuant to the Mortgage Note or Mortgage with exception to escrow holdbacks.

10. Future Advances

Except as may be permitted in the Guide for the applicable product type, as of the Closing Date, the full original principal amount of each Mortgage Loan has been fully dispersed as provided for in the Mortgage Loan documents, and there is no requirement for any future advances.

11. No Mechanics' Liens

There are no mechanics' or similar liens or claims filed for work, labor or material (and no rights are outstanding that under law could give rise to such lien) affecting the related Mortgaged Property which are or may be liens prior to, or equal or coordinate with, the subject First Lien of the related Mortgage.

12. No Additional Collateral

The Mortgage Note is not and has not been secured by any collateral except the lien of the corresponding Mortgage on the Mortgaged Property and the security interest of any applicable security agreement or chattel mortgage.



13. Origination; Payment Terms

The Seller is (1) in compliance with any and all applicable licensing requirements of the laws of the state wherein the Mortgaged Property is located, and (2) organized under the laws of such state, or (3) qualified to do business in such state, or (4) federal savings and loan associations or national bank having principal offices in such state. Principal payments on the Mortgage Loan commenced no more than sixty (60) days after the proceeds of the Mortgage Loan were disbursed. The Mortgage Loan requires interest payable in arrears on the first day of the month. Each Mortgage Note requires a Monthly Payment which is sufficient (i) during the period prior to the first adjustment to the Mortgage Interest Rate, to amortize the original principal balance fully over the original term thereof (unless otherwise provided in the Guide) and to pay interest at the related Mortgage Interest Rate, and (ii) during the period following each Adjustment Date in the case of each ARM Mortgage Loan (or following each interest-only adjustment date in the case of each interest-only Mortgage Loan), to amortize the unpaid principal balance fully as of the first day of such period over the then remaining term of such Mortgage Note and to pay interest at the related Mortgage Interest Rate. With respect to each Mortgage Loan the related First Lien does not permit negative amortization. None of the Mortgage Loans are simple interest Mortgage Loans.

14. Source of Loan Payments

No portion of the loan proceeds has been escrowed for the purpose of making monthly payments on behalf of the Mortgagor. No payments due and payable under the terms of the Mortgage Note and Mortgage, except for seller or builder concessions or amounts paid or escrowed for payment by the Mortgagor's employer, have been paid by any person (other than the Mortgagor and any guarantor) who was involved in, or benefited from, the sale or purchase of the Mortgaged Property or the origination, refinancing, sale, purchase or servicing of the Mortgage Loan.

15. Transfer of Mortgage Loans

The Assignment of Mortgage is in recordable form and is acceptable for recording under the laws of the jurisdiction in which the Mortgaged Property is located (except with respect to each MERS Designated Mortgage Loan). Each original Mortgage was recorded and, except for those Mortgage Loans subject to the MERS identification system, all subsequent assignments of the original Mortgage (other than the assignment to Purchaser) have been recorded in the appropriate jurisdictions wherein such recordation is necessary to perfect the lien thereof as against creditors of the Seller, or is in the process of being recorded. With respect to each MERS Designated Mortgage Loan, the Seller has designated Purchaser as the MERS Investor and no Person is listed as interim funder on the MERS® System.

16. Flood and Hazard Insurance

All buildings or other customarily insured improvements upon the Mortgaged Property are insured by a Qualified Insurer generally acceptable to prudent mortgage lending institutions against loss by fire, hazards of extended coverage and such other hazards as are required in the Agency Guide as well as all additional requirements set forth herein, pursuant to an insurance policy conforming to the requirements of customary servicing procedures and providing coverage in an amount equal to the lesser of (i) the full insurable value of the Mortgaged Property or (ii) the unpaid principal balance owing on the Mortgage Loan. All such insurance policies are in full force and effect and contain a standard mortgagee clause naming the Seller of the Mortgage Loan, its successors and assigns as mortgagee and all premiums thereon have been paid. If the Mortgaged Property is in an area identified on a flood hazard map or flood insurance rate map issued by the Federal Emergency Management Agency as having special flood hazards (and such flood insurance has been made available), a flood insurance policy meeting the requirements of the current guidelines



of the National Flood Insurance Program and the requirements of the Guide. The Mortgage obligates the Mortgagor there under to maintain all such insurance at the Mortgagor's cost and expense, and on the Mortgagor's failure to do so, authorizes the holder of the Mortgage to maintain such insurance at the Mortgagor's cost and expense and to seek reimbursement therefore from the Mortgagor. Where required by state law or regulation, the Mortgagor has been given an opportunity to choose the carrier of the required hazard insurance, provided the policy is not a "master" or "blanket" hazard insurance policy covering the common facilities of a planned unit development. The hazard and/or flood insurance policy is the valid and binding obligation of the insurer, is in full force and effect, and will be in full force and effect and inure to the benefit of Purchaser upon the consummation of the transactions contemplated by the Contract. The Seller has not engaged in, and has no knowledge of the Mortgagor having engaged in, any act or omission which would impair the coverage of any such policy, the benefits of the endorsement provided for herein, 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 Seller.

17. Title Insurance

The Mortgage Loan is covered by an ALTA or CLTA lender's title insurance policy, acceptable to Fannie Mae or Freddie Mac, Purchaser, or state law, issued by a title insurer acceptable to Fannie Mae or Freddie Mac, Purchaser, or state law and qualified to do business in the jurisdiction where the Mortgaged Property is located, insuring the Seller, its successors and assigns as to the first priority lien of the Mortgage in the original principal amount of the Mortgage Loan and, with respect to ARM Mortgage Loans, against any loss by reason of the invalidity or unenforceability of the lien resulting from the provisions of the Mortgage providing for adjustment in the Mortgage Interest Rate or Monthly Payment. Where required by state law or regulation, the Mortgagor has been given the opportunity to choose the carrier of the required mortgage title insurance. Additionally, such lender's title insurance policy affirmatively insures ingress and egress, and against encroachments by or upon the Mortgaged Property or any interest therein. The Seller and its successors and assigns are the sole insureds of such lender's title insurance policy, and such lender's title insurance policy is in full force and effect and will be in full force and effect upon the consummation of the transactions contemplated by the Contract and will inure to the benefit of Purchaser and its assigns without any further act. No claims have been made under such lender's title insurance policy, and no prior holder of the related Mortgage, including the Seller has done, by act or omission, anything which would impair the coverage of such lender's title insurance policy.

*A. As an alternative to title insurance specific in Section 17, the Mortgage Loan (owner occupied Fannie Mae or Freddie Mac, {excluding HFA MRB, and TX 50a6 loans } only) has an AOLPro™ Attorney Opinion Letter (AOL), which is a product of Alita Group that is backed by a specialty insurance policy that covers the full value of the loan for the life of the loan and is fully transferrable in the secondary market. To be accepted, an AOL must be clearly identified as an AOLPro™, and the coverage provided by the AOLPro™ must extend to the Seller and its successors and assigns, must be in full force and effect upon consummation of the transactions contemplated by the Contract, and must inure to the benefit of the Purchaser and its assigns without any further act. No prior holder of the related Mortgage, including the Seller, shall have done anything, by act or omission, which would impair the coverage of the AOLPro.™”*

18. LTV, PMI Policy

In the event that the Mortgage Loan has a Loan to Value“(LTV”) ratio, that is in excess of what is provided in the Guide for the respective product type and as a result a Private Mortgage Insurance (“PMI”) policy is required by Purchaser, the Mortgage Loan has a valid and transferable PMI policy, except where such policy was impermissible at origination under applicable law, such Mortgage



Loan was originated in compliance with applicable law. Unless the PMI policy for a Mortgage Loan was cancelled at the request of the Mortgagor or automatically terminated, in either case in accordance with applicable law, all premiums have been paid and all provisions of such PMI policy have been and are being complied with.

19. Optional Insurance

All Mortgage Loans for which mortgage/credit life, accidental death, disability, unemployment, or any similar insurance is collected as part of the Mortgagor's Monthly Payment are identified in the Loan File and fully comply with applicable law. No Mortgagor was required to purchase any single premium credit insurance policy (e.g., life, mortgage, disability, accident, unemployment, or health insurance product) or debt cancellation agreement as a condition of obtaining the extension of credit. No Mortgage Loan contains a single premium credit life or disability insurance policy that has been financed. Any Mortgage Loan involved with any type of optional insurance has been properly serviced including, without limitation, the proper application and collection of premiums, the maintenance of complete and accurate records, processing and payment of claims and the handling of correspondence. None of the Mortgage Loans has an optional insurance product that, as of the Purchase Date, is being provided free of charge to a Mortgagor.

20. Insurance

All required insurance policies, of whatever type, remain in full force and effect. Seller has not engaged in, and has no knowledge of the Mortgagors having engaged in, any act or omission which would impair the coverage validity or binding effect of any such policies. 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 applicable flood and/or hazard insurance policy, FHA/VA/RHS policy, PMI policy, LPMI policy, irrespective of the cause of such failure of coverage. In connection with the placement of any such insurance, no commission, fee, or other compensation has been or will be received by the Seller, or any designee of the Seller, or any corporation in which the Seller, or any officer, director, or employee of the Seller had a financial interest at the time of placement of such insurance.

21. Mortgaged Property Undamaged; No Condemnation Proceedings

As of the related Purchase Date, there is no damage to the Mortgaged Property from waste, fire, windstorm, flood, tornado, earthquake or earth movement, hazardous or toxic substances, other casualty, or any other property related circumstances or conditions that would adversely affect the value or marketability of any Mortgage Loan or Mortgaged Property, and adequate insurance is in place to cover all such events. As of the related Purchase Date, there is no proceeding pending or, to the best of Seller's knowledge, threatened for the partial or total condemnation of the Mortgaged Property that would adversely affect the Mortgage Loan.

22. Location of Improvements; No Encroachments

All improvements subject to the Mortgage which were considered in determining the Value of the Mortgaged Property lie wholly within the boundaries and building restriction lines of the Mortgaged Property (and wholly within the project with respect to a condominium unit) and no improvements on adjoining properties encroach upon the Mortgaged Property except those which are insured against by the title insurance or AOL policy referred to in subsection (17) above and all improvements on the Mortgaged Property comply with all applicable zoning and subdivision laws and ordinances.

23. Appraisal



The Loan File contains an appraisal or property valuation relating to the Mortgaged Property, in a form acceptable to Fannie Mae or Freddie Mac and the Guide. Any appraisal or property valuation prepared in connection with a Mortgaged Property (i) complies with the requirements of FIRREA, provides an accurate estimate of the bona fide market value of such Mortgaged Property at the time of origination, and was prepared by an appraiser, acceptable to the applicable Agency, with no direct or indirect interest in the Mortgaged Property or the transaction, (ii) complies in all respects with all applicable appraiser/valuation independence requirements, restrictions and guidelines including those contained in the Appraiser or Property Data Collector Independence Requirements as adopted by Fannie Mae or Freddie Mac and the Appraisal Independence Requirements set forth in Title XIV, Subtitle F, Section 1472 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203 (adding Section 129E to the Truth in Lending Act 15 U.S.C. 1631 et seq.) and any regulations promulgated pursuant thereto, (iii) complies with all applicable requirements related to Reconsideration of Value (ROV) issued by the GSEs, HUD, FHFA and (iv) complies with the applicable requirements, restrictions, and guidelines contained in the Guide.

24. Construction Defects

Any home or other improvement included within the Mortgaged Property was constructed in a workmanlike manner, and was accepted by the original homeowner or Mortgagor in good and habitable condition and working order, and conforms with all warranties, express or implied, representations, legal obligations, and local, state and federal requirements and codes concerning the condition, construction, and placement of the home or improvement.

25. Occupancy of the Mortgaged Property

The Seller gave due consideration, which need not be documented, at the time of origination to factors, such as other real estate owned by the Mortgagor, commuting distance to work, appraiser comments and notes, and any difference between the mailing address in the servicing system and the Mortgage Property address, to evaluate whether the intended occupancy status of the property as represented by the Mortgagor was reasonable. The Mortgaged Property is lawfully occupied under applicable law. All inspections, licenses and certificates required to be made or issued with respect to all occupied portions of the Mortgaged Property and, with respect to the use and occupancy of the same, including but not limited to certificates of occupancy, have been made or obtained from the appropriate authorities and no improvement located on or part of the Mortgaged Property is in violation of any zoning law or regulation.

26. Type of Mortgaged Property

The Mortgaged Property consists of a parcel of real property with a detached single family residence erected thereon, or a two-to four-family dwelling, or an individual condominium unit, or an individual unit in a planned unit development. As of the date of origination, no portion of the Mortgaged Property was used for commercial purposes, and since the date of origination, no portion of the Mortgaged Property has been used for commercial purposes; provided, that mortgaged properties which contain a home office shall not be considered as being used for commercial purposes as long as the Mortgaged Property has not been altered for commercial purposes and is not storing any chemicals or raw materials other than those commonly used for homeowner repair, maintenance and/or household purposes.

27. Environmental Matters

There is no pending action or proceeding directly involving any Mortgaged Property of which the Seller is aware in which compliance with any environmental law, rule or regulation is an issue and nothing further remains to be done to satisfy in full all requirements of each such law, rule or regulation constituting a prerequisite to use and enjoyment of said property. The Mortgaged Property is free from any and all toxic or hazardous substances and there exists no violation of any local, state or federal environmental law, rule or regulation.



28. Unacceptable Investment

The Seller has no knowledge of any circumstances or condition with respect to the Mortgage, the Mortgaged Property, the Mortgagor or the Mortgagor's credit standing that could reasonably be expected to cause investors to regard the Mortgage Loan as an unacceptable investment, cause the Mortgage Loan to become delinquent or materially adversely affect the value or the marketability of the Mortgage.

29. Income/Employment/Assets

Seller verified the Mortgagor's income, employment and/or assets in accordance with its written guidelines and employed procedures reasonably designed to authenticate the documentation supporting such income, employment and/or assets, all in accordance with the Guide. The Seller has reviewed all of the documents constituting the Loan File and Credit File and has made such inquiries as it deems necessary to make and confirm the accuracy of the representations set forth herein.

30. Delinquency

All payments required to be made prior to the related Purchase Date for such Mortgage Loan under the terms of the Mortgage Note have been made, the Mortgage Loan has not been dishonored, and no Mortgage Loan has been more than thirty (30) days delinquent since the related origination date.

31. Disclosure and Rescission Materials

The Mortgagor has received all disclosure materials required by applicable law with respect to the making of Mortgage Loans of the same type as the Mortgage Loan, has received in writing all rescission materials required by applicable law and has acknowledged receipt of such materials and such acknowledgement will remain in the Loan File.

32. Texas Refinance Loans

Each Mortgage Loan originated in the State of Texas pursuant to Article XVI, Section 50(a)(6) of the Texas Constitution (a "Texas Refinance Loan") has been originated in compliance with the provisions of Article XVI, Section 50(a)(6) of the Texas Constitution, Texas Civil Statutes and the Texas Finance Code. With respect to a Texas Refinance Loan that is a Cash-Out Refinance, the related Mortgage Loan documents state that the Mortgagor may prepay such Texas Refinance Loan in whole or in part without incurring a prepayment penalty. The Seller does not collect any such prepayment penalties in connection with any such Texas Refinance Loan.

33. Anti-Money Laundering Laws

The Seller and its agents have at all times complied with all applicable federal, state and local anti-money laundering laws, orders and regulations to the extent applicable to Seller or its agent, including without limitation the USA PATRIOT Act of 2001, the Bank Secrecy Act and the regulations of the Office of Foreign Asset Control (collectively, the "Anti-Money Laundering Laws"), in respect of the origination and servicing of each Mortgage Loan; the Seller has established an anti-money laundering compliance program as and to the extent required by the Anti-Money Laundering Laws, has conducted the requisite due diligence in connection with the origination and servicing of each Mortgage Loan for purposes of the Anti-Money Laundering Laws to the extent applicable to Seller, and, to the extent required by applicable law, maintains, and will maintain, either directly or through third parties, sufficient information to identify the applicable Mortgagor for



purposes of the Anti-Money Laundering Laws. No Mortgage Loan is subject to nullification pursuant to Executive Order 13224 (the "Executive Order") or the regulations promulgated by the Office of Foreign Assets Control of the United States Department of the Treasury ("OFAC Regulations") or in violation of the Executive Order or the OFAC Regulations, and no Mortgagor is subject to the provisions of such Executive Order or the OFAC Regulations nor listed as a "blocked person" for purposes of the OFAC Regulations.

34. Predatory Lending Regulations

None of the Mortgage Loans are classified as (a) "high cost" loans under the Home Ownership and Equity Protection Act of 1994 ("HOEPA") or (b) "high cost," "threshold," "covered," "predatory" or "abusive" loans under any other applicable state, federal or local law, regulation relating to such loans (as such terms are defined therein) (or similarly classified loan using different terminology under a law, regulation or ordinance imposing heightened regulatory scrutiny or additional legal liability for residential mortgage loans having high interest rates, points and/or fees). No Mortgage Loan has an "annual percentage rate" or total "points and fees" payable by the related Mortgagor (as each such term is calculated under HOEPA) that equal or exceed the thresholds set forth by HOEPA and its implementing regulations, including 12 C.F.R. § 226.32(a)(1)(i). No predatory or deceptive lending practices, including, without limitation, the extension of credit without regard to the ability of the Mortgagor to repay and the extension of credit which has no apparent benefit to the Mortgagor, were employed in the origination of the Mortgage Loan.

35. Arbitration

No Mortgagor agreed to submit to arbitration to resolve any dispute arising out of or relating in any way to the Mortgage Loan transaction; any breach of this representation shall be deemed to materially and adversely affect the value of the Mortgage Loan and shall require a repurchase of the affected Mortgage Loan.

36. Higher Cost Products

With respect to delegated underwritten loans, the Mortgagor was not encouraged or required to select a Mortgage Loan product offered by the Seller which is a higher cost product designed for less creditworthy Mortgagors, unless at the time of the Mortgage Loan's origination, such Mortgagor did not qualify for a lower-cost credit product then offered by Seller taking into account such facts as, without limitation, the Mortgage Loan's requirements and the Mortgagor's credit history, income, assets and liabilities and debt-to-income ratios.

37. Prepayment Penalties

With respect to any Mortgage Loan that contains a provision permitting imposition of a penalty or fee upon a prepayment, in whole or in part, prior to maturity: (i) the Mortgage Loan provides some benefit to the Mortgagor (e.g., a rate or fee reduction) in exchange for accepting such prepayment penalty, (ii) the Seller has a written policy of offering the Mortgagor the option of obtaining a Mortgage Loan that did not require payment of such a penalty, (iii) the prepayment penalty was adequately disclosed to the Mortgagor in the Mortgage Loan documents pursuant to applicable state, local and federal law, and (iv) the Mortgage Loan documents with respect to such Mortgage Loan specifically authorize such prepayment premium to be collected and such prepayment premium is permissible and enforceable in accordance with the terms of the related Mortgage Loan documents and applicable law.





38. Complete Mortgage Files

The instruments and documents with respect to each Mortgage Loan required to be delivered to the Purchaser on or prior to the Funding Date have been delivered to the Purchaser.

39. Escrow Payments

All escrow payments have been collected in full compliance with state and federal law and the provisions of the related Mortgage Note and Mortgage. As to any Mortgage Loan that is the subject of an escrow, escrow of funds is not prohibited by applicable law and has been established in an amount sufficient to pay for every escrowed item that remains unpaid and has been assessed but is not yet due and payable. No escrow deposits or other charges or payments due under the Mortgage Note have been capitalized under any Mortgage or the related Mortgage Note.

40. Escrow Holdbacks

There are no Mortgage Loans subject to outstanding escrow holdbacks except those specifically identified by Seller as defined in the Guide.

41. Regarding the Mortgagor

The Mortgagor is one or more natural persons and/or trustees for an Illinois land trust or a trustee under a "living trust" and such "living trust" is in compliance with the Guide for such trusts. Either the Mortgagor is a natural person or the related co borrower or guarantor is a natural person. The Mortgagor is not in violation of any laws regarding identity theft.

42. Tax Identification

All tax identifications for individual Mortgagors have been certified as required by law. Seller has complied with all IRS requirements regarding the obtainment and solicitation of taxpayer identification numbers and the taxpayer identification numbers submitted to Purchaser are correct.

43. Deeds of Trust

If the Mortgage constitutes a deed of trust, a trustee, duly qualified under applicable law to serve as such, has been properly designated and currently so serves and is named in the Mortgage, and no fees or expenses are or will become payable by Purchaser to the trustee under the deed of trust, except in connection with a trustee's sale after default by the Mortgagor.

44. Adverse Selection

No selection procedures were used by the Seller that identified the Mortgage Loans as being less desirable or valuable than other comparable Mortgage Loans in the Seller's portfolio.

45. Due on Sale Clause

Each Mortgage contains a provision for the acceleration of the payment of the unpaid principal balance of the related Mortgage Loan in the event the related Mortgaged Property is sold without the prior consent of the mortgagee there under.

46. Nontraditional Mortgage Loan

Each Mortgage Loan that is a "nontraditional mortgage loan" within the meaning of the Interagency Guidance on Nontraditional Mortgage Product Risk, 71 FR 58609, and complies in all respects with such guidance, including any interpretations, applications or implementation plans with respect



thereto that have been communicated and/or agreed to by a regulator of the Seller, as originator of the Mortgage Loan.

47. **FHA Mortgage Insurance Certificate; VA Loan Guaranty; USDA Loan Note Guarantee – Delegated Only**

With respect to each FHA Loan, Seller has taken all steps required by FHA Regulations (including, without limitation, (i) the processing, underwriting [Delegated] and closing of such FHA Loan in accordance with FHA Regulations and any conditions imposed by the FHA in its “firm commitment” which relates to such FHA Loan and (ii) the timely remittance of the related mortgage insurance premium to the FHA in accordance with FHA Regulations) which are a prerequisite to the issuance of the FHA MIC and the issuance of such FHA MIC is subject only to the completion of standard FHA clerical procedures. With respect to each VA Loan, Seller has taken all steps required by VA Regulations (including, without limitation, (i) the processing, underwriting [Delegated] and closing of such VA Loan in accordance with VA Regulations and any conditions imposed by the VA in its “firm commitment” which relates to such VA loan and (ii) timely remittance of the related funding fee to the VA in accordance with VA Regulations) which are a prerequisite to the issuance of the LGC and the issuance of such certificate is subject only to the completion of standard VA clerical procedures. [Delegated only] With respect to each USDA Loan, Seller has taken all steps required by USDA Regulations (including, without limitation, (i) the processing, underwriting and closing of such USDA Loan in accordance with USDA Regulations and any conditions imposed by the USDA in its “conditional commitment” which relates to such USDA loan and (ii) the timely remittance of the related guarantee fee to the USDA in accordance with USDA Regulations which are a prerequisite to the issuance of the USDA Loan Note Guarantee and the issuance of such USDA LNG is subject only to the completion of standard USDA clerical procedures. The evidence of insurance or loan guaranty must be delivered to Purchaser within sixty (60) days of the Closing Date for FHA and VA loans. For USDA, evidence of insurance must be delivered to Purchaser within thirty (30) days of the Closing Date.

48. **Servicing Issues**

To the extent any Mortgage Loan is serviced in any manner prior to the purchase and transfer of such Mortgage Loan to Purchaser, the servicing of such Mortgage Loan and the transfer of the servicing for such Mortgage Loan to Purchaser complies with any and all federal, state or local laws, rules or regulations applicable to such servicing activities as well as any and all applicable Agency guidelines or requirements, whether such servicing was performed by Seller or by any other person. Without in any way limiting the foregoing, such servicing shall include but shall not be limited to, the provision of any notices or disclosures to Mortgagor, maintenance of the payment, any escrow amounts required in connection with such servicing, and any actions or inactions involved with respect to the transfer of servicing to Purchaser.

49. **SAFE Act Compliance**

Without limiting any other provision of the Agreement or the Guide, Seller represents and warrants that it is in compliance with all state or federal licensing or registration requirements enacted pursuant to the Secure and Fair Enforcement for Mortgage Licensing Act (“SAFE Act”) including (but not limited to) adoption of policies and procedures necessary and appropriate to ensure that Seller and its employees meeting the definition of “mortgage loan originator” under such laws are licensed or registered, as applicable. Seller agrees to provide, on Purchaser’s request, reasonable access to documents and records relating to or evidencing Seller’s compliance with state or federal licensing or registration requirements for individuals performing mortgage loan origination activities, including (but not limited to) Seller’s policies and procedures to comply with any state or federal licensing or registration requirements. If at any time during the term of the Agreement, Seller or any employee, agent or contractor of Seller is found to have failed to comply with state or federal licensing or registration requirements or if Seller fails or refuses to provide documents or records requested by Purchaser pursuant to this paragraph, Purchaser may immediately terminate the



Agreement as provided in Article IV of the Agreement. Seller shall promptly report to Purchaser any agency or judicial finding or other determination of SAFE Act noncompliance by Seller or any employee of Seller.



50. Leases

The Mortgaged Property is either a fee simple estate or a long-term residential lease. If the Mortgage Loan is secured by a long-term residential lease and (1) the terms of such lease expressly permit the mortgaging of the leasehold estate, the assignment of the lease without the lessor's consent (or the lessor's consent has been obtained and such consent is in the Mortgage File) and the acquisition by the holder of the Mortgage of the rights of the lessee upon foreclosure or assignment in lieu of foreclosure or provide the holder of the Mortgage with substantially similar protection; (2) the terms of such lease do not (x) allow the termination thereof upon the lessee's default without the holder of the Mortgage being entitled to receive written notice of, and opportunity to cure, such default or (y) prohibit the holder of the Mortgage from being insured under the hazard insurance policy related to the Mortgaged Property; (3) the original term of such lease is not less than 15 years; (4) the term of such lease does not terminate earlier than five years after the maturity date of the Mortgage Note; and (5) the Mortgaged Property is located in a jurisdiction in which the use of leasehold estates for residential properties is an accepted practice.



## **Chapter 1D Defaults and Remedies, Early Pay Off**

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### **D100 Defaults**

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Any one or more of the following events constitute an Event of Default:

- Seller has not complied with one or more of the requirements, terms or conditions, or has breached a representation, warranty or covenant, contained in this Guide or in the Purchase Documents.
- Any changes in Seller's ownership whether by direct means, or indirect means, without prior written notice to Lakeview. Indirect means include any change in ownership of 50% or more of Seller's direct or indirect parent.
- Any assumption of control of Seller by the Federal Deposit Insurance Corporation (FDIC), or other similar federal or state governmental entity.
- Any change in the financial or organization status of Seller that Lakeview in its discretion believes could adversely affect Lakeview or any Mortgage Loans sold to Lakeview.
- Seller sells, assigns, or transfers all or substantially all of Seller's business or assets.
- The placement of Seller on probation or restriction of its activities in any manner by a (a) federal or state government agency, including Freddie Mac, Fannie Mae, or HUD, or (b) MERS.
- Seller's misstatement or omission of any material fact on any application, certification or other document delivered to Lakeview.
- Seller's failure to repurchase any Mortgage Loans within the required timeframe.

### **D101 Remedies**

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#### **Non-Exclusive, Cumulative Remedies**

Lakeview's remedies are cumulative and not exclusive. Lakeview may exercise any remedy described in this Guide, contained in any other Agreement between Lakeview and Seller, or available at equity or at law. Lakeview's exercise of one or more remedies in connection with a particular Event of Default will not prevent it from exercising any other remedies in connection with that same Event of Default or another Event of Default.

#### **Waiver of Defaults**

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

#### **Survival of Remedies**

Lakeview's remedies will continue in full force and effect, notwithstanding any termination of the Agreement, this Guide or the Purchase Documents, and shall inure to the benefit of Lakeview and its assigns, notwithstanding any restrictive or qualified endorsement on any Note or assignment of mortgage, or Lakeview's examination of or failure to examine any Mortgage Loan Documents or Mortgage Loan files.



## **D102 Repurchase**

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### **Repurchase Obligations**

Lakeview has the right to demand that Seller repurchase a Mortgage Loan (and its servicing, if the Mortgage Loan was sold on a servicing-released basis) if Seller has breached a representation, warranty or covenant, contained in this Guide or in the Purchase Document pertaining to a Mortgage Loan. For the avoidance of doubt, Seller shall be obligated to repurchase a Mortgage Loan if an Investor demands repurchase of such Mortgage Loan based on, arising out of or resulting from any fact or circumstance that would constitute a breach of a representation, warranty, covenant, obligation or responsibility of Seller under the Purchase Documents and the Guide.

If Seller discovers an Event of Default with respect to a Mortgage Loan, it must give Lakeview prompt written notice describing the breach. Sellers are encouraged to utilize [selfreports@bayview.com](mailto:selfreports@bayview.com) to communicate Events of Default. Upon receipt of this notice, Lakeview will review the materials and any additional information or documentation that Seller believes may influence Lakeview's decision to require Seller to repurchase the Mortgage Loan or impose or exercise other remedies or rights available to Lakeview.

If Lakeview demands that Seller repurchase a Mortgage Loan, Seller agrees to repurchase the Mortgage Loan (and its servicing if the Mortgage Loan was sold servicing released) for the repurchase price within 30 days of receiving Lakeview's written demand.

Lakeview is not required to demand repurchase within any particular time, and may elect not to require immediate repurchase. However, any delay in making a repurchase demand does not constitute a waiver by Lakeview of any of its rights or remedies.

Upon Seller's satisfaction of its repurchase obligations, Lakeview will endorse the Note in blank and will deliver the Note and other pertinent Mortgage Loan Documents that are in Lakeview's possession to Seller. If Lakeview has acquired title to any of the real property securing the Mortgage Loan pursuant to a foreclosure sale and has not disposed of such property, it will transfer such property to Seller on a "quit claim" basis, or if required by state law, a "warranty deed" basis.

Any of the real property securing the Mortgage Loan pursuant to a foreclosure sale and has not disposed of such property, it will transfer such property to Seller on a "quit claim" basis, or if required by state law, a "warranty deed" basis.

### **Repurchase Price**

The Repurchase Price is the sum of the following amounts:

- The current principal balance on the Mortgage Loan as of the paid-to date; plus,
- The accrued interest calculated at the Mortgage Loan Note rate from the Mortgage Loan paid-to date up to and including the repurchase date; from last paid date to and including the repurchase date; plus,
- Any unpaid Early Payment Default fee and/or price paid in excess of par by Lakeview on the Funding Date; plus,
- Any Interest, Principal, or other advances made to investors and all out of pocket costs and expenses incurred of any kind by Lakeview; and any additional amount that Lakeview or any affiliates is required to pay to repurchase the Mortgage Loan from any subsequent assignee.

## **D103 Indemnification**



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Seller shall indemnify Lakeview, its affiliates and their respective officers, directors, employees, agents, contractors and representatives from all liabilities, obligations, losses, damages, penalties, fines, forfeitures, court costs and reasonable attorneys' fees, judgments, suits and any other costs, fees and expenses, directly or indirectly resulting from or arising out of (a) an Event of Default, (b) any litigation or governmental proceeding that alleges any violation of local, state or federal law or an event which, if true, would be an Event of Default, by Seller or any other party in connection with the origination of a Mortgage Loan or the servicing of a Mortgage Loan prior to the sale of servicing to Lakeview, (c) any breach of a representation, warranty, or covenant made by Lakeview in reliance upon any representation, warranty, or covenant made by Seller, or (d) Lakeview's enforcement of the Agreement, including this Guide.

Seller must reimburse Lakeview within 10 days of receiving Lakeview's demand for indemnification. Except for notices of demand for indemnification, Lakeview is not required to give Seller notice of any events that may trigger Seller's indemnification obligations. Seller and its counsel must cooperate with Lakeview in connection with the defense of any litigation or governmental proceeding involving a Mortgage Loans. Lakeview has the right to control any litigation or governmental proceeding related to a Mortgage Loan, including choosing defense counsel and making settlement decisions.

#### **D104 Set Off**

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Upon any Event of Default Lakeview may, without prior notice to Seller, set-off and apply all or any amounts owed by Lakeview to Seller (including the Purchase Price for any Mortgage Loans) against any repurchase, indemnification or other obligations owed by Seller to Lakeview. Lakeview will notify Seller within a reasonable time after any set off, provided, however that the failure of Lakeview to give such notification shall not affect the validity of the set-off.

#### **D105 Suspension, Inactivation, and Termination**

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Either party may terminate the Agreement at any time (a) by the mutual written consent of the Seller and Purchaser, (b) by either party, without cause, upon five (5) days written notice to the other party or (c) immediately by Purchaser upon the occurrence of an Event of Default.

In the event of a termination with cause, Lakeview may refuse to register or fund any or all Mortgage Loans after the effective date of the suspension, inactivation, or termination.

Inactivation, suspension, and termination do not affect Seller's obligations with respect to Mortgage Loans already sold to Lakeview.



## **D106 Early Pay Off**

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### **Premium Recapture for Early Pay Off (EPO)**

In the event of prepayment of the outstanding balance in full within **180 days of the purchase of the Mortgage Loan**, Seller must reimburse Lakeview:

- Any SRP, yield spread and/or above par pricing paid on the subject transaction or any combination thereof.

### **Timing of Payment**

Seller must repay the Premium or other recaptured amount within 30 days of written notice from Lakeview.

For additional guidance on Early Pay Off, please see Section B604 Post Acquisition and Servicing.

## **D107 Early Payment Default**

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For purposes of this Agreement, an Early Payment Default exists when any of the first four (4) payments due after purchase of the Mortgage Loan by Lakeview becomes ninety (90) or more days delinquent and such delinquency is not attributable to an error in servicing or other material error of Lakeview or its affiliates. A Mortgage Loan is considered delinquent if the payment has not been received and applied by the end of day immediately preceding the Mortgage Loan next due date. Receipt of payments originally due prior to the date on which Lakeview purchases the Mortgage Loan will not satisfy EPD requirements.

### **Remedies for an Early Payment Default**

- Requires Repurchase or
- In lieu of Seller's obligation to Repurchase resulting from any Early Payment Default, Lakeview, in its sole and absolute discretion, may allow Seller to indemnify Lakeview for any future potential losses provided Seller:
  - Pay Lakeview a fee of \$1,500 for Conventional or \$3,500 for Government Loans
  - Return all sums in excess of Par paid to Seller by Purchaser in connection with the purchase of said Mortgage Loan and
  - Sign a written indemnification agreement in the form and content provided by Lakeview to Seller

## **D108 Recast Allowance**

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A recast allows you to put a lump sum toward the principal balance of your mortgage resulting in the re-amortization of the principal and interest (P&I) portion of the monthly payment. Sellers are expected to follow the recast policy as published by Fannie Mae, Freddie Mac, FHA, VA and USDA.





## **Chapter 1E Terms of Use and Electronic Services**

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This Electronic Services Chapter sets out standards that apply to all Lakeview Mortgage Loan Programs. Generally, requirements that vary from one Mortgage Loan Program to another are described in our Product Matrices. In most cases, differences will not be referenced in this chapter.

### **E100 Overview and Incorporation of Terms of Use**

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Sellers may be eligible to use various electronic services, forms and materials offered by Lakeview for its sellers, including such electronic services as automated decisioning, compliance and pricing engine services.

Lakeview may require all Sellers who wish to use any of the electronic services, forms and/or materials to obtain a User ID and password for each of the Seller's individual users. Additionally, Lakeview may require Sellers to obtain an administrator User ID and issue User IDs and passwords to each of the Seller's individual users. Lakeview may make the forms, materials and/or one or more of the electronic services available through those User IDs, depending on the requests and needs of the Seller. From time to time, Lakeview may also make forms, materials and certain electronic services available via selected third party providers. A Lakeview User ID and password may or may not be required to access Lakeview's forms, materials and electronic services through these third parties, but the third party provider may require Sellers to obtain and use User IDs and passwords and to agree to terms and conditions of use.

By requesting or using any User IDs for the Lakeview electronic services, forms or materials directly through Lakeview or via a Lakeview third party provider, Seller agrees to the current Terms of Use or the individual web pages dedicated to the particular electronic service, form or material. Lakeview may amend any such Terms of Use in accordance with the Guide update process or by posting the amended Terms of Use or on those same web pages. Seller's use of the electronic service, forms or materials after notification of such amended terms shall constitute Seller's agreement to the amended Terms of Use. The Terms of Use are intended to supplement the terms of this Guide. In the event of an irreconcilable conflict between any Terms of Use and this Guide, the Guide shall prevail.



## **Chapter 2 Compliance**

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### **200 Communications Regarding Legal Issues and Lakeview Policies**

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From time to time, Lakeview will alert its Sellers to important legal requirements related to the origination of Mortgage Loans. However, Sellers should not rely upon Lakeview to inform them of the legal requirements applicable to the origination of Mortgage Loans. Instead, as described in the Representation, Warranties, and Covenants section, and other sections of this Guide, Seller must ensure that it is aware of, understands and implements all applicable federal, state and local laws.

Lakeview may also inform Sellers of its specific policies regarding certain laws, and may provide the above-described information regarding legal requirements or policies in this Guide. Alternatively, Lakeview may provide the information through other means, including bulletins, communications, or Compliance Alerts, by whatever name or other communications. Regardless of the method of communication, Seller must comply with such policies.



## **Chapter 3 Registration & Commitments**

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Chapters 3A through 3C describe the proper procedure for Registration and Commitment of Loans, with a primary focus on process. These sections do not define or alter the actual Loan Program purchase criteria and eligibility standards, which are contained in other chapters of this Seller Guide.

### **300 Description of Underlying Chapters**

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Chapter 3A – Registration

Chapter 3B – Flow Commitments

Chapter 3C – Multiple Loan Mandatory Commitments - Delegated only

### **Chapter 3A Flow Registration**

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The Lakeview Registration Desk works with Sellers to ensure timely and accurate registration of Individual loan Commitments. This chapter references flow business specifically. A comprehensive overview of Lakeview pricing and lock-in policies is contained in Chapter 3B, Flow Commitments.

### **A300 Requesting a Commitment**

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Seller may register and lock loans with Lakeview through one of the following three methods:

#### **A. Internet**

Visit us at [www.LakeviewCorrespondent.com](http://www.LakeviewCorrespondent.com)

#### **B. Telephone**

Call the Registration Desk at 855-253-8439. The desk is staffed from 8:30 AM to 7:00 PM ET.

#### **C. Fax**

Fax a Registration Sheet to 855-862-8779.

### **A301 Register/Float**

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Individual loans can be registered in one of two ways:

- a float status (no price or delivery timeframe is set or given); or
- lock status

A Seller may register a loan into float status in order to obtain a loan number prior to submission for underwriting with Lakeview. If requested, pricing will be quoted from the current day's Ratesheet for the loan attributes and delivery timeframe requested.



## **A302 Key Registration Data Fields**

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The following data fields are required to register a loan:

- Seller's company name and Lakeview assigned ID number
- Web User Name
- Seller loan Number, if applicable
- Primary Borrower first and last name
- Primary Borrower Social Security Number<sup>3</sup>
- Primary Borrower Credit Score
- All Co-Borrowers' first and last names
- All Co-Borrowers' Social Security Numbers<sup>3</sup>
- All Co-Borrowers' Credit Scores <sup>1</sup>
- Primary wage earner
- Loan Program code number and product name
- Property address, city, state and zip code<sup>2</sup>
- Property type
- Loan Amount
- Base loan Amount, if applicable
- Note Rate (optional for floating loans)
- Term/Amortized Term - (in months)
- Buydown type, if applicable
- Occupancy
- Loan Purpose
- Documentation Type
- Escrows
- Sales price, Appraised Value, or LTV
- Ratio (DTI)
- Qualified Mortgage (QM) eligible- Yes or No
- Units
- Condominium Type, if applicable
- CLTV – required if there is another lien
- Other Lien Balance (required for CLTV)
- Locking the loan—Indicate lock window and delivery option
- Any other loan Program specific field, as required

<sup>1</sup> If Credit Scores are not available at time of registration, pricing may be denied or the loan may be placed in a pending status if a lock is required.

<sup>2</sup> Property Address Clarification - On a purchase transaction, Seller may request a credit pre-qualification for the Borrower prior to a property being located. In this instance, the street address may be input as "To Be Determined". A loan with a "To Be Determined" property address cannot be locked, and is only eligible for registration as a float for underwriting purposes. A full and complete property address is required at the time of a rate lock request. Any lock requests with incomplete or incorrect addresses will be classified as invalid and subject to worst-case pricing.

<sup>3</sup>Valid social security numbers or ITINS are required for all borrowers.

## **A303 Licensing**

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Lakeview will not accept loans in states where Sellers are not properly licensed to conduct business. In the event that Lakeview does not have a Seller's current license or exemption on record, we cannot accept loan registrations or locks. If any Seller license issues are under review, the Seller's loans will be placed in a pending status. To remove the loans from pending status the Seller must take the following steps:

- Seller must update all state licensing information by emailing state licensing and exemption information directly to Lakeview at [CRM@bayviewloans.com](mailto:CRM@bayviewloans.com).
- Once this information is received and the system has been updated to reflect the appropriate approval, the Seller must submit a new lock request to the Registration Desk at the prevailing loan rate. Rates effective on the original request date will not be honored.

### **A304 Escrow Waivers**

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Tax and insurance escrows are required on all loans greater than 80% loan to value (LTV) with the exception of California where state law prescribes escrows are not required on loans less than 90% LTV. Flood insurance premiums paid by the borrower must be escrowed and cannot be waived regardless of LTV. If flood insurance premiums are paid by a condominium association, homeowner's association or other group, no escrow is required. Escrow waivers for property taxes and homeowners insurance are permitted on loans with LTVs less than or equal to 80% in accordance with the agency requirements and all state specific restrictions.

### **A305 Policy/Loan Program Exceptions**

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Exceptions will be considered for registered, closed and delivered loans on a case-by-case basis. Sellers can initiate the exception review process by submitting a Loan Exception Request (located in the Forms Library on the Company website). To register a loan before submitting an Exception Request, Seller may contact the Registration Desk via telephone or fax and request a loan to be registered into a Pending Status to obtain a loan number.

Lakeview will communicate the decision to Seller. In some cases, the exception request may require review and approval by either the designated GSE or HFA partner. If the exception is approved, Seller may email the approved exception along with a completed Loan Registration Sheet to the Registration Desk to request a lock. The Registration Desk can be reached via [CommitmentDesk@bayviewloans.com](mailto:CommitmentDesk@bayviewloans.com). The Registration Desk will then confirm the loan registration with the Seller.

In general, policy and loan program exceptions will be subject to an additional price adjustment. Lakeview, at its discretion, may charge a cancellation or Pair-off Fee if the decline of an exception request results in cancellation of a locked Commitment.

### **A306 Locked Loan Changes**

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The Registration Desk will determine if a request to change loan information requires that a loan be re-priced. Changes to loan information are not automatic, nor recommended. The Registration Desk may require additional information to facilitate the change. Lakeview routinely runs audit checks against the changed fields to guard against fraud and to comply with certain banking and regulatory requirements.

Any incorrect Borrower information, such as Borrower name or Social Security number, will require additional documentation and may result in worst-case re-pricing.

Regardless of loan status, the following fields **cannot** be changed:



- Seller ID
- Borrower's and Co-Borrower's names
- Borrower's and Co-Borrower's Social Security Numbers or ITIN
- Property address<sup>1</sup>
- Property state
- Property zip code

On a locked loan, revisions to the following additional fields will not be permitted:

- Delivery Method
- Lock Window

Any changes to the following fields on a locked loan may result in re-pricing the loan:

- Loan Amount
- Loan Purpose
- LTV
- CLTV
- Occupancy
- Credit Scores
- Sales Price
- Appraised Value
- Other liens or Secondary Financing
- DTI
- Qualified Mortgage (QM) eligible- Yes or No
- Interest Rate
- Term
- Program Code
- Documentation Type
- Property Type
- Escrows
- Buydown

For more complete information regarding loan changes resulting in re-pricing, see the Locked loan Changes section in Chapter 3B.

<sup>1</sup> Changes to property address: The only time the property address may change is on a purchase transaction in which the initial agreement of sale is cancelled and a new property is located. Under that scenario, the original loan will be cancelled and a new loan with the updated information will be registered subject to current market pricing conditions. In order to process this request, the Registration Desk may request additional documentation. See Chapter 3B, Flow Commitments of this Seller Guide for potential pricing implications.

Other circumstances necessitating a change to the property address will result in worst-case pricing and may require additional documentation for review.

### **A307 Incomplete Registration (Pending Status)**

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In some cases, the Registration Desk may attempt to register and / or lock a loan, but cannot complete the registration, due to one or more of the following issues:

- Missing/incomplete/incorrect Social Security/ITIN numbers



- Missing/incomplete/incorrect property address
- Missing/incomplete/incorrect Borrower's and/or Co-Borrower's names
- No credit score is provided, and product requires it
- No DTI is provided, and product requires it
- No Qualified Mortgage (QM) indicator provided
- Loan does not fit product guidelines
- Product code not provided
- Rate is not selected
- Rate lock window and Delivery Type is not selected
- Requested rate is not available
- Seller is not licensed in the state where property is located (see the Licensing section in this chapter for more information)
- Other reasons not listed here

In these cases, the loan will be placed into Pending Status. Placing a loan in Pending Status will save some of the loan information. However, the loan cannot be locked until all open issues have been resolved. Lakeview will communicate information to Seller outlining the deficiency that requires correction. It is Seller's responsibility to contact the Registration Desk to rectify any outstanding issues. Once the correction is received and reviewed by Lakeview, the Seller may submit an updated lock request based on the prevailing loan rates at the time the complete lock request is submitted.

Lakeview will not assume responsibility for unlocked or unregistered loans that have been sent on improper forms, to incorrect fax numbers, or incorrectly filled out.

See the Pending Status section in Chapter 3B, Flow Commitments of this Seller Guide for more information.

### **A308 Intra-Day Pricing Changes**

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Due to the volatile nature of the secondary market pricing, our pricing is subject to change at any time and without notice. Lakeview reserves the right to determine the standard used to establish the cutoff time for intra-day pricing changes.

#### **A. Internet**

When Lakeview is re-pricing or preparing new ratesheets, website transactions will be disabled.

#### **B. Phone**

Sellers that are in the Lakeview phone queue at the time of a re-price will typically be able to complete their registration, lock, or change requests as of the pricing in effect at the time they entered the phone queue. Sellers contacting the desk once re-pricing is in process will receive a message that we are currently going through a rate change and will be asked to call back after the new prices are posted.

#### **C. Fax**

Lakeview time stamps all inbound and outbound facsimile transmissions. All registrations, changes, and other time-sensitive requests will be honored if received by Lakeview before the established rate change and are deemed complete. Pricing for loan registrations, changes or locks received after the price change has started will be subject to pricing as of the next available Ratesheet.

### **A309 Web User Names**



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Any time the Seller contacts the Registration Desk via phone, the caller is required to provide their personal user name for the website. Since web user names are used by the Desk to determine the caller's appropriate security access, it is important that the Seller Web Administrator sets up each user at their company with a unique user name and provides them with appropriate access levels. Generic User Names like "LockDesk" may not be permitted. If a caller does not have their own user name, under no circumstances should user names be shared between co-workers. The Seller's Web Administrator is responsible per the Web Agreement & Terms of Use to ensure that all users are set up with appropriate access at all times. Lakeview will not be held responsible for transactions completed by unauthorized individuals.

### **A310 Error Notification**

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Lakeview will not be held responsible for incorrect registrations and/or loan lock errors. Errors, omissions, or mistakes that are reported to the Registration Desk within 24 hours after the incident occurs will be considered on a case-by-case basis for correction without penalty. It is the Seller's responsibility to contact the Lakeview Registration Desk to report registration or lock-in issues or missing lock-in requests within 24 hours of the initial request. Any correction of errors or supplemental information for omissions after the 24-hour period will require that the loan be repriced based on prevailing rates.

See the Problem Resolution section in Chapter 3B, Flow Commitments of this Seller Guide for more information.

### **Chapter 3B Flow Commitments**

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In order to sell loans to Lakeview, Seller must obtain a Rate Lock Commitment. A variety of pricing options are available to meet the needs of our Sellers. For related information, see Chapter 3A, Flow Registration of this Seller Guide.

### **B300 Commitment Defined**

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A Rate Lock Commitment is an agreement whereby Seller commits to deliver a loan, as described in the Commitment Confirmation that is eligible for purchase under the terms of this Seller Guide. Seller must enter into a Commitment for each loan prior to delivering it to Lakeview.

Depending on approval authorization, Sellers may enter into a Flow Commitment under either a Best Efforts or a Mandatory Delivery Commitment:

#### **A. Best Efforts Delivery Commitment**

A Best Efforts Delivery Commitment option offers correspondents the ability to lock in a competitive price for a single mortgage loan, for a specific Borrower(s) for a specific property, without incurring borrower-driven fallout risk.

Fallout occurs with respect to a Best Efforts commitment when a correspondent cancels a commitment, when the commitment delivery due date lapses prior to the delivery of the Mortgage Loan to Lakeview, or when Lakeview rejects a Mortgage Loan due to failure to meet Lakeview guidelines or commitment terms.

Once the loan closes, Seller is required to deliver the loan and it becomes a Mandatory Delivery Commitment. If the loan does not close, Seller is not assessed a Pair-off Fee.





Under a Best Efforts Delivery Commitment, Seller commits to the following:

- Best efforts will be made to close the loan as described in the Commitment
- If closed the Seller will deliver the full credit and closing file in purchasable condition by the Delivery Expiration Date
- Although there is no penalty charged on an individual loan if it does not close, Lakeview closely monitors pull-through ratios.
- Unacceptably low pull-through levels may impair Seller's ability to sell loans to Lakeview or maintain normal business relationships.

## **B. Mandatory Delivery Commitment [Delegated only]**

Under a Mandatory Delivery Commitment, Seller commits to deliver a loan to Lakeview that is eligible for purchase and that conforms to the terms described in the Commitment prior to the end of the Commitment Period. Lakeview will charge a Pair-off Fee to Seller if the committed amount is not delivered by the specified date.

Prior to entering into a Mandatory Delivery Commitment, Seller must first be approved and set up for this delivery option and must be closing in their own name and utilizing an approved warehouse line. The interest rate on a Mandatory Delivery Commitment can only vary plus or minus 0.125% from the initial locked interest rate and the unpaid principal balance can only vary plus or minus 2% from the initial commitment balance. A Mandatory Delivery Commitment is ineligible to be re-locked as a Best Efforts Delivery Commitment. However, at Lakeview's discretion, a loan that was previously committed under a Best Effort Delivery Commitment may be re-locked into a Mandatory Delivery Commitment provided that more than 30 days have lapsed since the initial lock expiration date. Once a loan is re-locked as a Mandatory Delivery Commitment, further extensions or changes in loan parameters are not permitted.

Lakeview offers the following Mandatory Delivery Commitment options:

- Flow- one loan per Commitment (applies to a closed loan locked as Best Efforts Delivery Commitment)
- Multiple Loan Mandatory – multiple loans per Commitment (see Chapter 3C of this Seller Guide for information)
  - Bulk Purchases
  - Rate Sheet Forwards
  - Mandatory Forwards

## **C. Additional Rules Applicable to Commitments [Delegated only]**

- A property may have no more than one Commitment outstanding at any one time with Lakeview.
- In the event that a duplicate lock is created, the loan will become subject to worse case pricing.
- If Seller is approved by Lakeview to utilize other delivery or closing options besides the standard Closed loan option, Seller may be required to provide closing, credit, and/or collateral on a different time line than stated above.
- Seller may not assign or transfer a Commitment, in whole or in part, without the prior express written consent of Lakeview.

Note: The term Commitment is not to be confused with other agreements or terminology that may be in effect between Seller and Lakeview (such as a master commitment or a forward commitment).



## **B301 Daily Pricing and After Market Rate Protection**

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### A. Daily Prices & Ratesheets

Daily prices are established at approximately 10:00 AM ET and are available every day (including weekends) at [www.lakeviewcorrespondent.com](http://www.lakeviewcorrespondent.com). Weekend pricing will be based off of the last active rate sheet and is subject to the After Market Rate Protection policy.

Lakeview will have periods when no pricing is available. These “blackout periods” generally occur from 12:00 AM ET through 10:00 AM ET. There may also be periods during the day when market conditions will necessitate a general ratesheet price update. During these periods Sellers will be unable to obtain rate locks over the phone or Internet. Any faxes received during these blackout periods will be priced under the next available ratesheet.

### B. After Market Rate Protection

Lakeview may provide, at its discretion, After Market Rate Protection for its Sellers. After Market Rate Protection enables Sellers to lock in new originations after the close of normal business hours, and applies only to Best Efforts Delivery Commitments. After Market Rate Protection begins at 7:00 PM local time to 12:00 AM ET.

If a Seller exceeds their After Market Rate Protection limit, they will be notified the next day and Lakeview may reject or re-price any dollar amount over the limit. Once new pricing becomes available the next business day, the Seller may submit a new lock request based on current rates. Lakeview is not responsible for lock requests that are rejected due to After Market Rate Protection limits.

## **B302 Pending Status**

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Lakeview activates a rate lock only when Seller provides complete loan data that meets Lakeview's program guidelines. Loans with incomplete loan data will be placed in Pending Status and will not be priced. Once the cause of the pending condition is removed or corrected, Lakeview will allow loans to receive a rate lock at the current market. It is Seller's responsibility to contact the Registration Desk to rectify any problems and to request to lock the loan.

See the Incomplete Registration (Pending Status) section in Chapter 3A, Flow Registration, of this Seller Guide for more information.

## **B303 Commitment Confirmation**

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A Commitment Confirmation is Lakeview's written communication to the Seller confirming that the Seller's Commitment request is accepted and outlining the additional terms and conditions applicable to Lakeview's potential purchase of the loan.

If Seller delivers an eligible loan within the Commitment Period, and the loan conforms to Lakeview's Guidelines, the loan will be reviewed for potential purchase under the pricing and terms described in this Commitment Confirmation section.

After Seller has communicated a request to enter into a Commitment, the request is non-revocable by Seller. Once accepted or rejected, Lakeview will communicate its response and, if applicable, the terms of the Commitment including the price and the Commitment Period. Lakeview is not deemed to have accepted a request to enter into a Commitment until Lakeview has sent its written Commitment Confirmation to Seller.



Although Lakeview will use commercially reasonable means to receive requests and send its responses for Commitments, Lakeview is not responsible for any failures of Seller to deliver or receive any such communications, and Seller acknowledges that Lakeview will act in reliance of a Commitment that it has accepted even if Seller does not receive the Commitment Confirmation. Sellers that wish to mitigate the risk of market shifting should use time-sensitive means of communication (such as lakeviewcorrespondent.com or the Registration Desk) rather than means without immediate feedback (such as fax).

Seller also acknowledges that if Lakeview accepts a Commitment by voice (such as by telephone), the Commitment will remain subject to all terms and conditions shown in a subsequently delivered Commitment Confirmation.

Each Commitment Confirmation will provide Lakeview's applicable Commitment number and/or Lakeview loan number, which Seller must include in all future correspondence regarding such Commitment.

Further, Seller acknowledges that prices in a Commitment Confirmation will be those applicable at the time Lakeview acknowledges they received a completed/acceptable request for a Commitment, and that Lakeview is not responsible for market changes or other re-pricing events that may have occurred between the time of Seller's request and Lakeview's receipt. Lakeview reserves the right to determine the standard used to ascertain the time such request is considered to be received.

The pricing provided on the Commitment Confirmation is subject to change. Changes, including but not limited to changes in loan characteristics, program eligibility, commitment terms and late fees will affect the final loan price. Lakeview and its Affiliates reserve the right to modify and/or revise its Commitment Confirmation should any of the information submitted in the final loan package differ from the information provided during the Pricing Functions service or if the loan does not meet Lakeview's or its Affiliates' guidelines. A Commitment Confirmation does not constitute a loan decision/approval or a commitment to purchase a loan.

### **B304 Locked loan changes**

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Most changes to a locked commitment would constitute a relock and would be subject to worst case re-pricing. The following list includes examples of changes that would be subject to re-pricing.

- Rate lock expired prior to loan closing and disbursing
- Delivery date expired prior to delivery of complete package
- Loan in suspense for more than 30 days
- Commitment cancelled/denied and new commitment requested
- Address changes (except corrections to original subject property address that were made in error at the time of rate lock)
- Product changes<sup>1</sup>

For more information regarding Locked loan changes, see the Locked loan Changes section in Chapter 3A Flow Registration of this Seller Guide. Also see Section B307 Expirations for additional information regarding relock fees that may apply.

<sup>1</sup> All product changes completed without re-price are at the total discretion of the Registration Desk and may be approved or denied based upon existing market conditions.



### B305 Out of Tolerance

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Unless otherwise specified, when fulfilling a Commitment, Lakeview allows a tolerance of plus or minus 5% on individual Best Efforts Delivery Commitment, and a tolerance of plus or minus 2% on Mandatory Commitment loan amounts. Loan amount changes outside of these tolerances are subject to Out of Tolerance (OOT) pricing adjustments. These pricing adjustments help to compensate for the negative effects of market movement on the marginal dollar amount change of the loan.

The OOT amount is subject to re-pricing and fees per the grid below:

| If Loan Amount | If Market Price | Best Effort Delivery Commitments | Mandatory Delivery Commitments <sup>1</sup> |
|----------------|-----------------|----------------------------------|---|
| Increases      | Increases       | No OOT fee                       | OOT fee = -0.125                            |
| Decreases      | Decreases       | No OOT fee                       | OOT fee = -0.125                            |
| Increases      | Decreases       | OOT fee applies                  | OOT fee minimum amount = -0.125             |
| Decreases      | Increases       | OOT fee applies                  | OOT fee minimum amount = -0.125             |

The OOT fee is calculated by the Registration Desk. The OOT Fee is applied to the loan pricing, and once the loan has been recalculated for OOT, the new recalculated loan balance is the new starting point for any future loan amount changes.

<sup>1</sup> For Mandatory Delivery Commitments, the OOT fee is subject to the 0.125% minimum Pair-off Fee. See the Commitment Defined section in this chapter for more information.

Example:

If the initial locked loan amount is \$100,000 and the commitment is Best Efforts Delivery Commitment, the loan amount tolerance limit is \$95,000 to \$105,000. A change in loan amount to \$80,000 calculates to an out of tolerance amount of \$15,000 (\$95k – \$80k). This \$15,000 variance in delivery amount would be subject to the OOT calculation. If the original price of the loan was 100.00 and the current market price for the same delivery is 101.00, then an OOT fee or pricing adjustment would apply based on the grid above (loan amount down and market price up). The fee is calculated on the \$15k OOT balance at a 100 basis point loss (price move from 100.00 to 101.00) and would equal (\$150.00). A (\$150.00) change in value on an \$80,000 loan would equate to a price adjustment of -18.8 basis points. Therefore, 18.8 basis points would be deducted from the final loan price.

### B306 Rate Lock Extensions

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Seller may request Rate Lock Extensions via website, fax, or telephone.

Lakeview may grant Individual Best Efforts & Mandatory Delivery Commitment extensions of up to 30 days on or before the Lock Expiration date. Current extension terms and fees can be found on the initial page of the daily Ratesheet. The fees on the Ratesheet in effect at the time Seller requests the extension will apply. Seller must request any extension beyond 30 days through the Lakeview Registration Desk. Extension Requests beyond 30 days from the original lock expiration will only be considered on a case-by-case basis and must be requested directly with the Lakeview Registration Desk. Upfront fees or higher extension fee charges may be required for any exceptions to our standard extension policy.

Automated extensions on the website may be disabled due to market conditions. In these circumstances please contact the Registration Desk for extension options.



All rate lock extensions are calculated in continuous calendar days. Extension fees and policies are at the discretion of Lakeview and are subject to change without notice. Lakeview has the right to refuse to permit extensions on individual loans or products at any time for a variety of reasons including but not limited to current market conditions or changes in product eligibility/guidelines.

Sellers must advise Lakeview of any erroneous extension requests prior to 5:00 PM ET on the same day as the request. Requests for changes after this time will not be permitted.

## **B307 Expirations**

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### **A. Delivery Expiration vs. Lock Expiration**

The Rate Lock Expiration is the expiration of Lakeview's commitment to honor a locked loan at a particular interest rate. All loans must be closed and funded by the Lock Expiration Date. Any extension requests must be made on or before the Rate Lock Expiration Date, and requests received after this date would be subject to re-lock at worse-case pricing.

The Delivery Expiration Date is the deadline within which Sellers must deliver closed loans with all required documents including complete credit and closing package to Lakeview. As a courtesy delivery expiration date is 2 business days after the lock expiration date. Even if the delivery expiration date falls on a weekend or Lakeview observed holiday, seller must ensure that the complete credit and closing files are received on or before the delivery expiration date. If a Seller fails to deliver by the delivery expiration, Lakeview will re-price the loan subject to worse-case pricing once the credit and closing files are received.

The Delivery Expiration when applicable will display on the Commitment Confirmation.

Lakeview encourages all Sellers to monitor lock expiration dates very carefully. Failure to extend locks prior to its expiration date in order to meet Funding Dates may result in costly re-pricing.

### **B. Holiday or Weekend Lock Expirations**

If the initial lock expiration on a loan would fall on a weekend or Lakeview observed holiday, Lakeview will automatically roll the Lock Expiration Date to the next business day. Any subsequent extensions or relocks however may cause the loan to expire on a weekend or Lakeview holiday; in that case, the expiration date will NOT roll to the next business day. In all cases, the loan must be closed and disbursed by the Lock Expiration Date.

As a courtesy, if a rate lock expires on a weekend or a Lakeview observed holiday, Sellers may request to extend the rate lock during standard hours until 5:00 PM ET on the first business day after the weekend or holiday that Lakeview is open for business.

#### **Example:**

The rate lock expires on Saturday 5/24/2014. On Tuesday, 5/27/2014 (due to holiday on Monday, 5/26/2014) Seller extends the rate lock for five additional days using the extension fees published on the 5/27/2014 ratesheet. Therefore, the Lock Expiration date is Thursday 5/29/2014.

If the Delivery Expiration Date falls on a weekend or Lakeview observed holiday Seller must still ensure that the complete credit and closing files are received on or before the Delivery Expiration Date of the Rate Lock Commitment. To ensure the loan is received without any issue, Lakeview strongly encourages Sellers to deliver the full file prior to the delivery expiration date.



### **C. Expired Commitments**

If a relock on an Individual Best Effort Commitment is requested within 30 days of the Rate Lock Expiration Date the loan will be relocked subject to worse-case pricing comparison and the applicable relock fee as identified in Subsection D, Relock Fees and Terms.

If the loan is canceled prior to the lock expiration, and then reestablished as a new loan, the same relock fee structure noted below will be applied based on cancellation date rather than lock expiration. If the loan has been delivered for purchase and suspended greater than 30 days please see subsection F.

- If the relock is requested more than 30 days after the Commitment's Lock Expiration, or cancellation, whichever applies, the loan will be priced at current market. However, the loan will continue to be assessed any previously purchased lock extensions or other fees unless the loan has been expired or canceled for more than 60 consecutive days
- A relock request may be subject to additional risk of secondary market illiquidity, and Lakeview may not accept the original locked rate.
- Lakeview may deny the original locked rate on an expired lock due to market illiquidity.
- Rates not listed on the current ratesheet are illiquid rates and Seller may not be able to relock them.
- Loans that are relocked must meet all current product eligibility guidelines.
- Loans that have expired and have been relocked more than once may be subject to additional fees or may become ineligible for relock.
- If a loan has been expired more than 60 consecutive days, the loan can be relocked at current market with no market comparison and is no longer subject to the cost of previous extensions. However, in most cases, a new loan number should be assigned and the old expired loan number should be withdrawn.

### **D. Relock Fees and Terms**

If Seller requests to relock an Individual Best Effort committed loan that is expired or canceled, whichever applies, less than 30 days the relock will be subject to the following conditions:

- Lakeview will relock loans up to a maximum of 4 times for no greater than a total of 60 days, never to exceed the original lock window.
- All relocks are subject to current Lakeview product eligibility guidelines. Loans not meeting current product guidelines will not be eligible for relock.
- Relock windows can only be taken in increments of 15 or 30 days, but may not be longer than the original lock window.
- Relocks are calculated on a "worse case" pricing basis as outlined below.

Worse-Case will be determined from several factors:

- The requested relock period of either 15 or 30 days
- The base price on the expired or canceled lock
- The current market base price for the requested relock period
- The current extension fees as posted on the ratesheet

Once the requested relock period (15 or 30 days) is established, comparisons for the same product and interest rate will be made between the most recent lock base price less extension costs to the current ratesheet base price. If the current market price is lower than a commensurate extension fee would cost from the date of the prior lock expiration to the new requested expiration, then the current base ratesheet price will be applied.



If the current ratesheet base price is higher than the original (most recent) expired/canceled lock, then the total extension cost will be applied to the original base price and the lock expiration date adjusted accordingly.

If Seller requests to relock an undelivered loan that has been expired or canceled for more than 30 days, the loan will be eligible to be relocked at current market without worse case pricing comparison or relock fee, however, any previously purchased extension or relock fees will remain with the loan unless it has been expired/canceled for over 120 concurrent days.

#### **Example # 1**

A loan is locked for 30 days at a base price of 101.00. The lock expires and a relock is requested for 15 days on day 10 past the original lock expiration. The current comparable 15-day price is 101.10. Since the original base price is worse, the loan would be extended for 25 days at extension costs.

#### **Example #2**

A loan is locked for 30 days at a base price of 101.00. The lock expires and a 30-day relock is requested on day 1 past the original lock expiration. The current comparable 30-day price is 99.50. Since the current price is worse than a 31-day extension, the loan is relocked for 30 days at current market.

#### **Example #3**

A loan is locked for 30 days at a base price of 101.00. The lock expired and a 30-day relock is requested on day 20 past the original lock expiration. The current comparable price is 100.50. Current price is worse than original but not greater than the extension costs of 50 days, lock is extended at extension cost.

### **E. Late Delivery**

If Seller delivers into a Rate Lock Commitment where the delivery expiration date has already past, Lakeview will assume that Seller is requesting the loan to be relocked. Once the credit and closing files are received and the loan has been identified as delivered late, Lakeview will automatically relock the loan subject to worse case pricing comparison as described above in Subsection D.

The Delivery Expiration will be reset to reflect the later of the credit or closing file received date, no additional time will be provided.

#### **Example**

A loan is locked for 30 days at a base price of 101.00. It is delivered 4 days late (assuming a 2 day delivery window, loan is 6 days past Rate Lock Expiration). Current market at the same note rate is 101.00. Loan is relocked charging a 6-day extension cost.

### **F. Loans Suspended Greater Than 30 Days**

If Lakeview makes an exception to purchase a loan that has been in suspense for more than 30 days, the loan will be relocked, subject to the worse of either the accrued suspense fees for 30 days or worse case market reprice. In the case of loans suspended greater than 30 days, worse case market pricing will be determined by comparing base price to base price for the same rate lock terms. If the Loan has been delivered for purchase and suspended greater than 30 days, and is subsequently withdrawn and resubmitted, the new loan will continue to be subject to the worse of either the accrued suspense fees for 30 days or worse case market reprice for 30 days from the date of cancellation. All previously applied fees such as extension charges will remain on the loan. Any loans suspended



greater than 30 days must also meet all current pricing and product guidelines and eligibility. Lakeview, by policy does not purchase seasoned loans. If a Loan becomes seasoned while Seller attempts to clear deficiencies, Lakeview reserves the right to no longer accept delivery at any time.

For additional information on suspended loans, see Section B308 Suspended Closed loans.





## **B308 Suspended Closed loans**

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Lakeview will not purchase loans with incomplete funding documents. If a document or qualification deficiency is determined, the loan will be suspended.

Seller may incur late fees in the event that Lakeview does not receive the information or documentation needed to purchase the loan within the following timeframe:

- Five business days from the later of the delivery expiration or the initial suspense notification

If Seller does not provide complete and compliant funding documents within the timeframe listed above, Lakeview may, at its discretion, allow or require any of the following (either singly or in any combination):

- Allow Seller additional time subject to payment of an extension or suspense fee
- Allow Seller additional time subject to Lakeview's re-pricing the loan
- Reject the delivery
- Reject the delivery and require payment by Seller of a Pair-off Fee [Delegated]
- Require a recertification of value after 120 days from date of suspension

A delivery is not deemed accepted by Lakeview unless and until Lakeview acknowledges receipt of the closing and credit files, and in addition, wires applicable funds to Seller via wire instructions provided. Once this occurs, a Purchase Advice detailing the funds sent will be posted to the secured website for the Seller to review.

If the initial outstanding deficiencies/suspense items are not resolved by the delivery expiration date suspense fees will accumulate on a per diem basis until the Lakeview determines that the loan is eligible to fund.

- Beginning from the later of the Delivery Expiration or the date of initial loan Suspense Seller will have 5 business days to provide all requirements to clear all suspense items before suspense fees begin to accumulate.
- After the suspense grace period, fees will be calculated on a per diem basis, based on the number of days the loan remains in suspense.
- The per diem charge may fluctuate based on market and business conditions.
- Per diem values will be posted daily on the ratesheet near extension costs
- The per diem charge in effect on the day the loan is deemed eligible for purchase will be applied to calculate the total suspense fee.

### Suspense Expiration Dates

Correspondents are encouraged to clear suspense items expeditiously to avoid potential pair-off, roll fees, or suspense fees. If the correspondent cannot clear pre-purchase suspense items before the suspense expiration date outlined in this section, loan files will be deemed ineligible for purchase and returned to the seller. Suspense expiration dates are as follows:

Non-HFA loans - 45 calendar days from the audit completion date.  
[Delegated] HFA loans - 60 calendar days from the audit completion date.

The audit completion date is defined as the day on which the credit and compliance deficiencies are published to the correspondent via the Lakeview/Bayview client portal.



Exceptions to this policy are limited and reviewed on a case-by-case basis only. If it is determined at Lakeview/Bayview's discretion to purchase a loan that has been in suspense for longer than the allowed time, the loan will be relocked, subject to the worse of either the accrued suspense fees accumulated beyond the allowable timeframe or worse case market reprice. Worse case market pricing is determined by comparing base price to base price for the same rate lock terms.

The Delivery Expiration will be reset to reflect the date relocked, and no additional time will be provided. All previously applied fees, such as extension charges, will remain on the loan. Any loan suspended beyond the allowable timelines must meet all current pricing, product guidelines, and eligibility. Suspense fees and policies are at the discretion of Lakeview/Bayview and are subject to change without notice.

## **B309 Failure to Deliver**

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### **A. Best Efforts Delivery Commitments**

Participation in a Best Efforts Delivery Commitment is permitted at Lakeview's discretion, and Lakeview may restrict or halt Seller's future participation in a Best Efforts Delivery Commitment at any time.

Once Seller closes a loan subject to a Best Efforts Delivery Commitment, the Commitment is deemed a Mandatory Delivery Commitment and is subject to the terms listed for Mandatory Delivery Commitments.

### **B. Mandatory Delivery Commitments [Delegated only]**

Participation in a Mandatory Delivery Commitment is permitted at Lakeview's discretion. Seller must be prior approved by Lakeview's Credit Risk Group to take out Mandatory Trades. Lakeview may restrict or halt Seller's future participation in a Mandatory Delivery Commitment at any time.

Unless otherwise stated by the Registration Desk, Seller must deliver eligible loans under a Mandatory Delivery Commitment, conforming to the applicable loan Program described in the Commitment, with a loan amount that is within 2% (plus or minus) of the original committed amount.

To the extent Seller's delivery of eligible loans under a Mandatory Delivery Commitment has an aggregate outstanding principal balance (subject to the allowances stated above) less than the Commitment amount, Lakeview may, at its discretion, charge Seller a Pair-off Fee as described in the Calculation of Pair-off Fees section in this chapter. It is the Seller's responsibility to notify Lakeview if they cannot deliver a Mandatory loan on time. Lakeview may, at its discretion, assess a fee in accordance with the Seller Contract.

### **C. Collection of Non-Delegated Underwriting Fees**

Lakeview reserves the right to invoice the correspondent seller for any underwriting fees associated with the credit decision of a loan file in which the closed loan was not submitted back to Lakeview for final purchase.



## **B310 Withdrawing or Canceling loans**

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### **A. Withdrawing or Canceling loans**

A Seller may request Lakeview to cancel or withdraw a best effort or mandatory loan commitment. [Delegated] - Cancellation or withdrawal of a mandatory commitment is subject to Pair-off fees. Once cancelled or withdrawn for any reason, the loan immediately ceases to be price or guideline protected. There can be no reinstatement of that specific loan number. Should Seller request a loan reinstatement and should Lakeview reinstate the loan, it will be re-registered and Re-priced according to worse case pricing policies outlined in Section B307 subsection C & D. All extension fees remain with the loan. Cancellation may take place through the website or through the Registration Desk.

Seller is responsible for monitoring and ensuring that only authorized personnel make requests for cancellation.

### **B. Cancellation of Best Efforts Delivery Commitments**

Lakeview monitors patterns to identify potential non-compliance with the Best Efforts Delivery Commitment policy. Lakeview reserves the right to contact the applicant or use other available means in the event of a cancellation, to confirm the status of the loan.

### **D. Declined loans**

In order to ensure Lakeview's ability to comply with the Home Mortgage Disclosure Act (HMDA) and the Equal Credit Opportunity Act (ECOA), all loans underwritten by Lakeview or Contract Underwriting that result in the loan being declined will be declined regardless of lock expiration. The rate lock will be cancelled.

Resubmissions after the decline date will require a new registration and underwriting submission. The new loan will be subject to worse case pricing review if locked within 30 days after the previous rate lock was cancelled (regardless of when the loan was actually declined).

## **B311 Calculation of Pair-off Fees – Delegated Only**

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Pair-off Fees are fees that may be assessed at Lakeview's discretion if Seller fails to deliver qualifying loan files in the amount of the commitment by the expiration date.

- If Seller does not deliver a loan locked into an individual Mandatory Delivery Commitment before the lock expiration date, the market price used to determine the Pair-off Fee is the price for a comparable Commitment, at a comparable rate, at a comparable lock window, the next business day following the lock expiration date.
- If Seller cancels or withdraws an individual Mandatory Delivery Commitment before the lock expiration, the current market price used to determine the Pair-off Fee is the price for a comparable Commitment at a comparable rate at a comparable lock window on the day the pair off request is made.
- If market prices have risen, the Pair-off Fee is the full difference between the locked price and the market price plus \$200.
- If market prices have declined, the pair-off Fee is \$200 unless the hedge gain attributed to the market decline is greater than \$200. If this is the case, the pair off fee would be zero. If the hedge gain attributed to the market decline is less than or equal to \$200, the pair off fee is the difference between \$200 and the hedge gain.
- If Seller relocks an individual Mandatory Delivery Commitment trade, the Pair-off Fee may be imbedded into the price of the new commitment. The new commitment will be priced at current



market less the Pair-off Fee. If Seller does not deliver the relocked commitment, the commitment will be paired-off at the new price (net of the imbedded Pair-off Fee).

- Pair-off fees will appear on the monthly invoice generated by Correspondent Post Acquisition and are due upon receipt.

### **B312 Policy/Loan Program Exceptions**

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Lakeview will consider exceptions on a case-by-case basis by submission of a completed Loan Exception Request. Seller must register the loan in order for Lakeview to consider it. When the loan is outside current guidelines, Seller can only register the loan into a pending status by contacting the Registration Desk via phone or fax. Lakeview will review but not lock loans in a pending status until the pending status clears. Lakeview will not lock any loan under consideration until the exception is approved and Seller submits current request to lock. In general, policy and loan program exceptions will be subject to additional price adjustments.

Lakeview may at its discretion, charge a cancellation or Pair-off Fee if the decline of an exception request results in cancellation of a locked commitment.

### **B313 Collection of Non-Delegated Underwriting Fees**

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If Lakeview underwrites a file that is returned to the seller (i.e. withdrawn, cancelled, denied, etc.), a fee of \$495 per file will be charged to the Seller. Once Lakeview issues an invoice for the collection of a Non-Delegated Underwriting fee, the Seller is required to pay the fee within 30 Business Days. If the Underwriting fee is not paid, Lakeview reserves the right to offset any fees due from proceeds owed to the Seller by Lakeview.

### **B314 Rate Re-Negotiations**

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Under certain market conditions, Lakeview will consider a re-negotiation of a locked rate on Best Efforts delivery commitments. The minimum market movement needed before Lakeview will consider renegotiating the rate is 0.75% in price for the same product and lock term.

At Lakeview's discretion and depending on market conditions, some products at times will not be eligible for negotiation regardless of market move. The Registration Desk will be able to assist with negotiable products.

Seller must have a Best Efforts Delivery Commitment pull through and delivery rate that is acceptable to Lakeview, in its discretion.

Seller must close, disburse, and deliver the negotiated loan within 10 calendar days or by lock expiration whichever comes sooner. Lakeview will change the Lock Expiration to reflect this. The loan must not have been expired, cancelled, or withdrawn. Only one rate negotiation per commitment can be granted.

The price difference between the original ratesheet date and the current ratesheet at the renegotiated rate (for the same product and lock term) will be split with Seller. The new negotiated price will not exceed the original quoted price. The end Borrower must receive the full benefit of the renegotiation in the form of a rate reduction with no additional points. Fees associated with the established lock commitment and other loan level adjustments are factored into the final renegotiated price paid to Seller.



### **B315 Seasoned loans**

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Complete closed loan packages (Credit file, Closing file, and Note) must be received by Lakeview within 45 calendar days from Note date. Loans with Note dates beyond this timeframe are considered seasoned. **Lakeview does not purchase seasoned loans.** Loans in suspense will be guided by the policy as set forth in section B-308, Loans in Suspense.

This is for all Loan Programs and Delivery types.

Any loans not meeting these guidelines will be returned to the Correspondent.

### **B316 Problem Resolution**

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Any contingency, issue, process, or scenario not covered in this document should be considered outside of Lakeview's policy and, therefore, subject to review by the Registration Desk. Sellers are encouraged to call the Registration Desk when they have questions or pricing issues with a loan. An agent will make every effort to resolve the issue, but if the issue cannot be resolved, the matter may be escalated to the Team Leads for resolution. If the resolution is not satisfactory, the problem can be escalated to the Manager of the Registration Desk and then to the appropriate Sales Director.



## Chapter 3C Multiple Loan Mandatory Commitments – Delegated Only

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Before selling Loans to Lakeview, Seller must obtain a pricing Commitment. A variety of pricing options are offered to best suit the needs of our individual Sellers. Our pricing policies are designed to work for the mutual benefit of all parties involved. For related information, see Chapter 3A Flow Registration of this Seller Guide.

### C300 Multiple Loan Mandatory Commitment Defined

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A Commitment is an agreement whereby Seller commits to deliver a Loan, as described in the Commitment and eligible for purchase under the terms of this Seller Guide. Seller must enter into a Commitment for Loans prior to delivering to Lakeview.

Lakeview evaluates Sellers and upon meeting all requirements, grants multiple loan mandatory approval. Multiple loan mandatory approval grants a Seller the ability to deliver under the following two delivery options.

#### A. Bulk Purchase Commitment

A bulk Commitment is a group of Loans that a Seller agrees to sell at one time, at a negotiated price. Loan level information is required from Seller, and is generally provided to Lakeview in a Microsoft Excel spreadsheet (See the Bulk Purchase Commitments section in this chapter for complete information).

#### B. Mandatory Forward Commitment

A forward commitment is a Mandatory Delivery Commitment to sell a group of Loans, meeting all parameters of a specified Loan Program, at an agreed price, at or before a specific expiration date. The advantage of this method is that while the delivered Loans must meet the parameters of the specified Loan Program, Seller need not provide Loan level detail at the time of Commitment.

Lakeview will assign a master commitment number for each of the above referenced delivery scenarios.

### C301 Process Information

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Prospective bulk Sellers will be contacted by their Seller Manager prior to the initial bulk transaction. The purpose of this session is to determine the following.

- Time lines/Expectations: Delivery and funding expectations vary by trade and Loan Program and will be negotiated with the Bulk Trade Desk at the time of each bid.
- Delivery Options (See Chapter 7, Shipping and Delivery Methods, of this Seller Guide for delivery options)
  - Standard
  - Image

Lakeview bulk transaction contacts are as follows:

#### A. Contact Information

- Phone 855-253-8439 (8:30 AM to 5:00 PM EDT)
- Email Bulk Bids: [BulkBids@bayviewloans.com](mailto:BulkBids@bayviewloans.com)



## **B. Document Delivery Locations**

Refer to Shipping and Delivery Methods section of the guide

## **C302 Commitment Confirmation**

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A Commitment Confirmation is Lakeview's written communication to Seller confirming acceptance of the Seller's Commitment and additional terms and conditions applicable to Lakeview's potential purchase of the Loan under such Commitment.

If Seller delivers an eligible Loan within the Commitment Period, which conforms to purchase guidelines, Lakeview will review the Loan for potential purchase under the pricing and terms described in this section.

Additional terms applicable to all Commitments include the following.

- Each lien position of a property may have only one Commitment outstanding at any one time with Lakeview
- Seller may not assign or transfer a Commitment, in whole or in part, without the prior express written consent of Lakeview

The term Commitment is not to be confused with other agreements or terminology that may be used between Seller and Lakeview, such as a master commitment or a forward commitment.

After Seller has communicated its request to enter into a Commitment, the request is non-revocable. Upon receipt of a request, Lakeview will thereafter determine at its discretion if it will accept or reject the request, the means it will use to communicate its response, and if applicable the terms of the Commitment including the price and the Commitment Period. Lakeview is not deemed to have accepted a request to enter into a Commitment until Lakeview has sent its written communication of a Commitment Confirmation to Seller.

Although Lakeview will use commercially reasonable means to receive requests and send its responses for Commitments, Lakeview is not responsible for any failures of Seller to deliver or receive any such communications, and Seller acknowledges that Lakeview will act in reliance of a Commitment that it has accepted even if Seller does not receive the Commitment Confirmation.

Further, Seller acknowledges that prices in a Commitment Confirmation will be those applicable at the time Lakeview responds to the request for Commitment, and that Lakeview is not responsible for market changes or other Re-Pricing events that may have occurred between the time of Seller's request and Lakeview's response. Further, Seller acknowledges that if Lakeview accepts a Commitment by voice (such as by telephone), the Commitment will remain subject to all terms and conditions shown in a subsequently delivered Commitment Confirmation.

Each Commitment Confirmation will provide Lakeview's applicable Commitment number, which Seller must include in all future communications regarding such Commitment.



### **C303 Over-Delivery or Failure to Deliver**

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Unless otherwise stated by the Trading Desk, Seller must deliver eligible Loans under a Mandatory Delivery Commitment, conforming to the applicable Loan Program described in the Commitment, with an aggregate outstanding principal balance that is within the following allowances.

- Within the negotiated Tolerance set forth in the Commitment Confirmation for the Commitment amount
- As may be negotiated by the Trading Desk

To the extent Seller's delivery of eligible Loans under a Mandatory Delivery Commitment has an aggregate outstanding principal balance (subject to the allowances stated above) less than the Commitment amount, Lakeview may, at its discretion, charge Seller a Pair-off Fee as described in the Calculation of Bulk Pair-off Fees section in this chapter.

To the extent Seller's delivery of eligible Loans under a Mandatory Delivery Commitment has an aggregate outstanding principal balance (subject to the allowances stated above) greater than the Commitment amount, Lakeview may, at its discretion:

- Reject any submitted Loans (as chosen by Lakeview) until the delivery is within the Commitment amount
- Reject the entire delivery
- Accept and purchase the additional Loans subject to Re-Pricing

With regard to the delivery of eligible mortgage loans under a Mandatory Delivery Commitment, Lakeview provides both a delivery and funding expiration date with the intent that the Seller deliver eligible loans by the former date to allow Lakeview to purchase eligible loans by the later funding expiration date. Lakeview does allow Sellers to deliver eligible loans after the delivery expiration date up until the funding expiration date however, if the loan purchase is not completed by the later date, extension fees will be applied to final pricing. In the event that an eligible mortgage loan is not delivered by the funding expiration date, the loan will be subject to a pair-off fee.

### **C304 Calculation of Multiple Loan Mandatory Pair-off Fees**

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Pair-off Fees are fees that may be assessed if Seller does not deliver qualifying Loan files in the Commitment amount by the expiration date.

- Lakeview considers Multiple Loan Mandatory (Bulk Purchases & Mandatory Forwards) deliveries separately and handles them on a case-by-case basis. Please contact the Trade Desk for pair-off procedures and fees on these special transactions.
  - If market prices have risen, the pair-off fee is the full difference between the locked price and the current market price plus \$200
  - If market prices have declined, the pair-off fee is \$200 unless the hedge gain attributed to the market decline is greater than \$200. If this is the case, the pair-off fee would be zero
  - If the hedge gain attributed to the market decline is less than or equal to \$200, the pair-off fee is the difference between \$200 and the hedge gain





## **C305 Bulk Purchase Commitments**

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A bulk purchase Commitment is a group of Loans a Seller agrees to sell at one time, at a negotiated price. Loan level information is required from Seller in an Excel spreadsheet. The Bulk Purchase Acquisitions team provides this spreadsheet to Seller and addresses it during initial bulk discussions. The spreadsheet must contain all required fields needed to price the pool. See the Process Information section in this chapter for contact information.

### **A. Eligible Loan Programs**

All Loan Programs posted on the daily Ratesheet are eligible for bulk bids at Lakeview's sole discretion.

### **B. Trade Execution**

- Seller emails a spreadsheet containing all pertinent information about each Loan in the package to the Lakeview Trade Desk. See the Process Information section in this chapter for contact information
- Seller also notifies the Trade Desk of the day and time the package will be bid
- The Trade Desk calculates a weighted average price for the entire pool of Loans and then communicates Lakeview's final price to the customer at the predetermined day and time
- When the Bulk Desk accepts the trade or bid, they email a confirmation to Seller describing the details of the trade including delivery deadlines and funding deadlines

### **C. Delivery and Funding**

Delivery instructions for the specific Loans are found in the Process Information section in this chapter (Shipping Loan Files and Original Notes).

Loans are funded when all Loans clear the purchase review process by the Funding Date agreed to at the time of the original transaction.

Lakeview will not purchase Loans with incomplete Funding Documents. If upon review a document or qualification deficiency is determined, the Loan will be suspended.

### **D. Late Delivery/Non Delivery**

The bulk confirmation contains two dates.

- Delivery Expiration date
- Commitment Expiration or Funding Date

Complete Loan files (Loans in a fundable format) must be in receipt at Lakeview by the Delivery Expiration date. This ensures that all Loans are audited, have notice of suspense posted, cleared of suspense, and funded by the Commitment expiration date as stated on the confirmation.

Online reports to review deliveries, suspense, and current fundings are available on [www.lakeviewcorrespondent.com](http://www.lakeviewcorrespondent.com). Additional reporting can be obtained from the respective Seller Manager assigned to the account.

Loans received after the Delivery Expiration date are at risk for not being audited, cleared of suspense, and funded by the Commitment expiration date and thus may be subject to a Pair-off Fee.



Extension fees may be provided on a Commitment prior to the Commitment expiration date. Lakeview may, at its discretion, grant an extension on a Commitment expiration date, but an extension fee will apply. These extension fees are deal specific and are calculated by the Bulk Acquisitions Desk.

### **C306 Seasoned Loans**

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Complete closed loan packages (Credit file, Closing file, and Note) must be received by Lakeview within 45 calendar days from Note date. Loans with Note dates beyond this timeframe are considered seasoned. **Lakeview does not purchase seasoned loans.** Loans in suspense will be guided by the policy as set forth in section B-308, Loans in Suspense.

This is for all Loan Programs and Delivery types.

Any loans not meeting these guidelines will be returned to the Correspondent.



## **Chapter 4 Insurance and Loan Documents**

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This chapter outlines Lakeview's standards for insurance, surveys, and loan documents requirements that apply to all Lakeview Loan Programs.

### **400 Description of Underlying Chapters**

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Chapter 4A – Insurance and Survey Requirements

Chapter 4B – Loan Documents and Notes

### **Chapter 4A Insurance & Survey Requirements**

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This chapter describes the insurance and survey requirements that apply to all Lakeview Loan Programs. Generally, eligibility policies that vary from one Loan Program to another are described in our Product Matrices.

#### **A400 Insurance Requirements**

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The following sections define the insurance requirements that must be satisfied for Loans offered for sale to Lakeview.

#### **A401 Hazard Insurance**

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##### **A. General Hazard Insurance Requirements**

###### **1. Carrier**

The hazard insurance policy for a property securing any first mortgage – including blanket policies for condos and PUDs - must be underwritten by a carrier that meets the following rating requirements:

###### **a) An Insurer With An Acceptable Rating**

Carriers Rated by A.M. Best Company, Inc

- “B” or better Financial Strength Rating in *Best’s Insurance Reports*
- “A” or better Financial Strength Rating and a Financial Size Category of “VIII” or greater in *Best’s Insurance Reports Non-US Edition*
- Freddie Mac (LPA) underwritten loans will require a minimum Financial Strength Rating of B+/III, or for a non-U.S. insurer, A/VIII



Carriers Rated by Demotech, Inc.

- “A” or better rating in *Demotech’s Hazard Insurance Financial Stability Ratings*

Carrier’s Rated by Standard and Poor’s

- “BBB” or better Insurer Financial Strength Rating in *Standard and Poor’s Ratings Direct Insurance Service*.

Insurers rated by more than one rating company need only meet one of the rating requirements.

**b) An Insurer Covered by a Reinsurance Policy**

- The reinsurance company must meet either one of the A.M. Best ratings or the Standard & Poor’s rating specified above.
- The primary insurer and the reinsurance company must be authorized (or licensed, if that is required) to transact business within the state where the property is located.
- The reinsurance agreement must have a “cut-through” endorsement that provides for the reinsurer to become immediately liable for 100% of any loss payable by the primary insurer in the event that the primary insurer becomes insolvent. The endorsement must be attached to each insurance policy that is covered by the reinsurance agreement.
- Both the primary insurer and the reinsuring company must execute an Assumption of Liability Endorsement Form 858 or any equivalent endorsement that provides for 100% reinsurance of the primary insurer’s policy and 90-day written notice of termination of the reinsurance arrangement. The endorsement must be attached to each insurance policy that is covered by the reinsurance agreement.
- A reinsurer can limit its coverage exposure by specifying a dollar limitation in the reinsurance endorsement. However, the insurance written under the policy cannot exceed that amount.

**c) Other Acceptable Insurance Underwriters**

- A state insurance pool created by statutory authority to provide insurance for geographic areas or insurance lines which suffer from lack of voluntary market availability, if that is the only coverage that is available. Such pool may be designated as a property insurance plan, a Fair Access to Insurance Requirements (FAIR) plan, an underwriting association, a joint underwriting association or an insurance authority. The following are examples of such plans:
  - Hawaii Property Insurance Association (HPA); and
  - Florida Citizens Property Insurance Corporation

In addition, all insurance companies (insurers) and insurance companies which guarantee coverage provided by other insurance companies (reinsurers) must also be licensed or otherwise authorized by law to conduct business in the jurisdiction where the Mortgaged Premises are located.

**2. Assessments**

Insurance contracts must provide that no assessment may be made against the lender or the servicer, or any subsequent assignees, and that any assessment made against other may not become a lien on the Mortgaged Premises superior to the lien of the lender or any subsequent assignee.

**3. Mortgagee Clause Endorsement**



The mortgagee clause on all mortgage policies, binders, and certificates of insurance must show the mortgagee using the following language:

Lakeview Loan Servicing, LLC c/o LoanCare, LLC  
ISAOA/ATIMA  
PO Box 202049  
Florence, SC 29502-2049

The mortgagee clause must provide that the insurer will notify the named mortgagee at least 10 days before cancellation of the policy.

#### **4. Policy Term**

The policy must be written for at least a one year term or be continuous until cancelled.

#### **5. Policy Effective Date**

The policy effective date must be on or before the date the Borrower's loan is funded.

#### **6. Evidence of Insurance**

At closing, the Borrower must provide evidence that the property is covered by hazard insurance in one of the following forms:

- Hazard Insurance Policy;
- A Certificate of Insurance, Evidence of Insurance Form, Declaration Page, or Insurance Binder (Temporary Insurance Contract) that contains at least the following information:
  - Name of insured (for condominiums and PUDs, the homeowners association is the named insured);
  - Name of mortgagee
  - Property address, including zip code. A legal description must be shown for rural properties, condominiums, or other properties if the property address does not adequately define the location of the property.  
(Example: Route 1, Box 5, is inadequate).
  - Mailing address, if different from property address (second homes and non-owner occupied investment property)
  - Type, amount and effective dates of coverage
  - Deductible amount and coverage to which each such deductible applies;
  - Any endorsement or optional coverage obtained and made part of the original policy;
  - Insurer's agreement to provide at least 10 days' notice to the mortgagee (including any applicable PUD or Condominium Unit or ground lease community leasehold mortgagee) before cancellation of the policy; and
  - Signature of an authorized representative of the insurer, if required by law

Purchase Transactions – At closing, the borrower must provide a paid receipt for the first year's premium.

Refinance Transactions – If the insurance is due to expire within 60 days of closing, the Borrower must submit a paid receipt for the next year's premium



## **B. Minimum Property Insurance Types and Amounts**

### **1. 1-4 Unit Properties**

#### **(a) Type of Coverage**

At a minimum, the Mortgaged Premises must be protected against loss or damage from fire and other perils covered within the scope of the standard extended coverage endorsement. TPO Operations will not accept hazard insurance policies that limit or exclude from coverage (in whole or in part) windstorm, hurricane, hail damage, civil commotion (including riots), smoke, hail, and damages caused by aircraft, vehicle, or explosion. If any of these perils is excluded from the primary insurance policy, coverage of the excluded peril must be picked up through a secondary insurance policy.

#### **(b) Coverage Amount**

The hazard insurance coverage must equal the lesser of the following:

- 100% of the insurable value of the improvements as established by the property insurer or
- The unpaid principal balance of the first mortgage and the second mortgage Loan amount, as long as it equals the minimum amount—80% of the insurable value of the improvements—required to compensate for damage or loss on a replacement cost basis

Seller must ensure that the Mortgaged Premises will be adequately covered even when vacant, and where necessary, must obtain a vacancy permit endorsement.

#### **(c) Deductible**

The maximum allowable deductible for all property types is 5% of the face amount of the insurance policy. When a policy provides for a separate wind-loss deductible (either in the policy itself or in a separate endorsement), that deductible must be no greater than 5% of the face amount of the policy.

### **2. Condominiums and PUDs**

#### **(a) Type of Coverage**

This insurance policy must provide, at a minimum, fire and all other hazards that are normally covered by the standard extended coverage endorsement and all other perils customarily covered for similar types of projects, including those covered by the standard “all risk” endorsement.

- **Condominium Requirements** - The condominium association must maintain a master or blanket type of insurance policy, with premiums that are paid as a common expense. The policy must cover all general and limited common elements normally included, such as fixtures, building service equipment, and common personal property and supplies belonging to the homeowners’ association. The policy also must cover fixtures, and other personal property inside individual units (e.g., stoves and refrigerators), whether or not the property is part of the common elements.

If the master policy does not reflect “all-in” insurance or betterments, the HO-6 policy with coverage, as determined by the insurer is required which is sufficient to repair the condo unit to its condition prior to a loss claim event.



In addition, the hazard insurance policy should include the following provisions:

- Any Insurance Trust Agreement must be recognized
- The right to subrogation against unit owners must be waived
- The insurance must not be prejudiced by any acts or omissions of individual unit owners that are not under the control of the homeowners' association
- The policy must be primary, even if a unit owners has other insurance that covers the same loss

A Special Condominium Endorsement usually covers these four requirements.

- **PUD Requirements** – The homeowners' association must maintain a property insurance policy, with premiums being paid as a common expense. The policy must cover all of the common elements except for those that are normally excluded from coverage, such as land, foundation, excavations, etc. Fixtures and building service equipment that are considered part of the common elements, as well as common personal property and supplies, should be covered.

Individual insurance policies are also required for each unit in the PUD project. If the project's legal documents allow for blanket insurance policies to cover both the individual units and the common elements, a blanket policy is acceptable in lieu of the insurance for the unit.

- **Impermissible Policies** – The following are not permitted:
  - A self-insurance arrangement whereby the homeowners' association is self-insured or has banded together with other unaffiliated associations to self-insure all of the general and limited common elements of the various associations
- **Blanket Insurance Policies Covering Multiple Unaffiliated PUDs or Condo Projects** – Mortgages secured by units in a PUD or a Condominium Unit in a Condominium Project with a master or blanket insurance policy that combines insurance coverage for multiple unaffiliated PUDs or Condominium Projects are permissible in accordance with Fannie Mae and Freddie Mac requirements. Each covered PUD or Condominium Project must have a dedicated policy limit and a specific dedicated deductible that does not exceed the requirements below. The policy must clearly state that each association is a named insured. The policy limit must cover the full replacement cost required for the common areas, and to the extent required, the units.

## **(b) Coverage**

Insurance must cover 100% of the insurable replacement cost of the project improvements including the individual unit in a condominium project. Coverage does not need to include land, foundations, excavations or other items that are usually excluded from insurance coverage. An insurance policy that includes either of the following endorsements ensures full insurable value replacement coverage:

- A Guaranteed Replacement Cost Endorsement (under which the insurer agrees to replace the insurable property regardless of the cost) and, if the policy includes a coinsurance clause, an Agreed Amount Endorsement (which waives the requirement for coinsurance), selection of the agreed value option, or an amount of coverage to fully cover the insurable replacement cost of all units and all insurable common elements in the approved condominium project, is required for all FHA products; or
- A Replacement Cost Endorsement (under which the insurer agrees to pay up to 100% of the property's insurable replacement cost, but no more) and, if the policy includes a coinsurance clause, an Agreed Amount Endorsement (which waives the requirement for coinsurance), selection of the agreed value option, or an amount of coverage to fully cover the insurable



replacement cost of all units and all insurable common elements in the approved condominium project, is required for all FHA products.

### **(c) Deductible**

For policies covering the common elements in a PUD project and for blanket policies covering condominium projects, the maximum deductible amount must be no greater than 5% of the face amount of the policy.

For losses related to individual PUD units that are covered by the blanket policy for the project, the maximum deductible amount related to the individual unit should be not greater than 5% of the replacement cost of the unit. If however, the policy provides for a wind-loss deductible (either in the policy itself or in a separate endorsement), that deductible must be no greater than 5% of the face amount of the policy.

For blanket insurance policies that cover both the individual units and the common elements, the maximum deductible amount related to the individual unit should be no greater than 5% of the replacement cost of the unit.

### **(d) Special Endorsements**

The following special endorsements are required:

- An Inflation Guard Endorsement, when it can be obtained
- Building Ordinance or Law Endorsement, if the enforcement of any building, zoning, or land-use will result in loss or damage, increased cost of repairs or reconstruction, or additional demolition and removal costs. (The endorsement must provide for contingent liability from the operation of building law, demolition costs and increased costs of reconstruction).
- A Steam Boiler and Machinery Coverage Endorsement, if the project has central heating or cooling. This coverage should provide for the insurer's minimum liability per accident to at least equal the lesser of \$2 million or the insurable value any buildings housing the boiler or machinery

### **(e) Name of Insured**

The policy must show the homeowners' association as the named insured. The named insured should be substantially similar to the following:

"Association of Owners of the [name of condominium or PUD] for use and benefit of the individual owners" [designated by name, if required].

## **A402 Mortgage Insurance**

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If primary mortgage insurance is required by the Loan Program, as stated in our Product Matrices, Seller must obtain a mortgage insurance commitment certificate from an approved mortgage insurer that is acceptable to Lakeview. The primary mortgage insurance coverage must transfer to Seller and its successors and assigns and must protect the interest of Lakeview. Mortgage insurance coverage must not be subject to exclusions beyond those stated in the mortgage insurer's master policy.

An Escrow/Impound account must be established at closing for monthly payment of future premiums, unless a single premium was paid in full at closing or unless Seller obtained lender-paid mortgage insurance.





## **A. Mortgage Insurance Premiums**

Lakeview accepts mortgage insurance premiums scheduled to be paid on a monthly or annual basis.

### FHA Upfront Mortgage Insurance Premiums

- The correspondent seller is required to pay the upfront mortgage insurance premium (UFMIP) within 10 days of the mortgage disbursement date, as required by FHA.
- Any penalties or fees resulting from the Seller's failure to pay or delayed payment of the UFMIP, will be the responsibility of the seller. Lakeview reserves the right to invoice the seller for any expenses incurred by Lakeview resulting from non-payment or late payment by the seller.

### FHA Monthly Collection and Payment of Annual MIP

- Sellers are required to make monthly payments of Annual Mortgage Insurance Premiums (MIP) until Lakeview initiates the collection of MIP through the borrower's monthly payments.
- Sellers must submit all monthly payments of MIP to FHA via FHA Connection.
- Payments made by the Seller before the effective servicing transfer date, must be supported by a current pay history uploaded to the loan file.
- The seller is responsible for any penalties or interest charges resulting from non-payment or late payment of the MIP owed by the seller or collected monthly by the seller. Lakeview reserves the right to invoice the seller for any fees incurred by Lakeview resulting from non-payment or late payment by the seller.

### VA Funding Fee

- Lenders must remit the VA Funding Fee to the Department of Veterans Affairs via the FFPS website within 15 calendar days of loan closing.
- The seller is responsible for any penalties or interest charges resulting from non-payment or late payment of the VA Funding Fee owed by the seller. Lakeview reserves the right to invoice the seller for any fees incurred by Lakeview resulting from non-payment or late payment by the seller.

### USDA Upfront Guarantee Fee



- The Seller is required to submit the upfront guarantee and technology fee to USDA within 30 days of closing the loan with the borrower.
- The seller is responsible for any penalties or interest resulting from non-payment or late payment of the upfront guarantee fee owed by the seller. Lakeview reserves the right to invoice the seller for any fees incurred by Lakeview resulting from non-payment or late payment by the seller.

#### Private Mortgage Insurance Premiums

- Private Mortgage Insurance (MI) is typically required for Fannie Mew and Freddie Mac loans when the Loan-to-Value (LTV) exceeds 80.00%.
- Sellers are responsible for submitting payments to the private mortgage insurance company for the months they are servicing contractual payments. Lakeview will not deduct MI payments from the Purchase Advice at the time of purchase.
- Sellers must ensure that all PMI payments, either due or collected as part of the Borrowers monthly mortgage loan payment, are made before the effective date of the transfer of the mortgage loan to Lakeview, indicated as the "1<sup>st</sup> due to purchaser" on the Purchase Advice.
- Sellers will be invoiced for any penalties incurred for the late PMI payments that were due to be paid by the seller as outlined above.
- The responsibility for remitting lender-paid or borrower paid single-premium mortgage insurance payments lies with the seller. Lakeview reserves the right to invoice the seller for any fees incurred by Lakeview resulting from non-payment or late payment by the seller.

#### **B. Over / Under Disclosed Mortgage Insurance**

- Sellers will retain responsibility for any fees, costs, or penalties imposed by Lakeview due to under or over-disclosed mortgage insurance premiums across all product types. Lakeview, at its discretion, may require additional measures by the lender to guarantee the accuracy of mortgage insurance, including but not limited to actions such as borrower refunds, supplemental payments in cases of under-disclosure, and corrections to documents. Sellers are responsible for any costs or fees determined by FHA, VA, USDA, or PMI companies resulting from errors.
- Lakeview reserves the right to invoice the seller for any fees incurred by Lakeview resulting from non-payment or late payment by the seller.

#### **C. Single Premium Mortgage Insurance**



Lakeview accepts mortgage insurance premiums paid as a single premium. When financing the cost of the premium in the Loan amount, the entire Loan amount (inclusive of premium) is used to calculate the LTV ratio. The LTV cannot exceed the maximum LTV allowed for the Loan Program.

#### **D. Mortgage Insurance Coverage Requirements**

When required, mortgage insurance must be obtained from the companies listed in the Pre-Fund Diligence chapter, Mortgage Insurance section.

#### **E. Mortgage Insurance Requirements for Loans Originated in New York – Delegated Only**

The value used in determining the Loan-to-Value ratio is generally the lower of the sale price or the current appraised value of the property securing the Loan. Under New York law, Approved Contract Underwriters may not issue mortgage insurance if the mortgage amount is less than 80% of the “fair market value” of the real estate. “Fair market value” is not defined (see below). In addition, on a first mortgage loan, a borrower may not be required to pay mortgage insurance premiums once the unpaid Loan balance is 75% or less of the “appraised value” of the real property at the time the Loan was made.

On an exception basis, Lakeview will purchase New York Loans with mortgage insurance issued in accordance with New York law. A lender may base its determination of when to require mortgage insurance for a mortgage secured by a property located in New York solely on the “appraised value” of the property—not the lower of the sale price or current appraised value. Lakeview will continue to use our standard definition of value to calculate the Loan-to-Value ratio used in determining whether the mortgage satisfies our eligibility criteria based on the Loan to- Value ratio of the mortgage.

#### **F. Cancellation: Original Borrower**

The Mortgage Insurance must be canceled if either it is required by law or all of the following conditions are met and the borrower requests:

1. Two years has elapsed since the origination of the Mortgage.
2. The unpaid principal balance of the Loan has been reduced to the LTV (CLTV in the case of a Junior Lien) where Mortgage Insurance is not required under the Loan Programs, at the time the Loan was purchased by Lakeview, where value is:
  - Based upon the original appraised value of the property, and the Servicer represents that the current value of the Mortgaged Premises is at least equal to the original appraised value or
  - Based upon a current appraised value (ordered by the Servicer from their approved appraiser list and paid for by the borrower). The applicable appraisal form must be used and it must have been performed within 120 days of the request for cancellation of the mortgage insurance. Under certain circumstances (based upon the structure of the pool a Loan may be in) it may not be possible to cancel mortgage insurance on an individual Loan where a new appraisal is used as the basis of determining the current LTV.
3. The borrower’s monthly installment of principal, interest, and Escrow/Impound was never more than 30 days past due for the 12 months immediately preceding the date insurance cancellation is requested and no payment 60 days or more past due in the past 24 months.
4. There was no other default under the terms of the Loan at any time during the same 12-month period.

#### **G. Cancellation: Transfer of Ownership**



If the transferee so requests and all of the conditions below are met, mortgage insurance may be canceled following an authorized transfer of ownership of the Mortgaged Premises.

1. The unpaid principal balance of the Loan has been reduced to the Loan-to-Value ratio required within our Product Matrices, at the time the Loan was purchased by Lakeview, where value is:
  - The lesser of the Purchase Price at transfer or the appraised value at transfer as estimated by a Seller-Approved appraiser OR
  - If the Mortgaged Premises were not reappraised at the time of transfer or the value has declined, the lesser of the Purchase Price at transfer or the value of the Mortgaged Premises as estimated by a Seller-Approved appraiser, using the applicable appraisal form, within 60 days of the request for cancellation of insurance
2. The transferee's monthly installment of principal, interest, and Escrow/Impound was never more than 30 days past due for the 12 months preceding the date insurance cancellation is requested.

This satisfactory payment record requirement is not applicable if insurance cancellation is requested at the time of transfer. A shorter period of satisfactory payments is acceptable if it is shorter than the period between the transfer date and the date insurance cancellation is requested.

3. There was no other default under the terms of the Loan at any time during the applicable period stated in clause (b) above, provided this requirement is not applicable if insurance cancellation is requested at the time of transfer.

#### **H. Cancellation: Appraisal Fee**

Any applicable appraisal fee incurred to determine the appropriateness of mortgage insurance coverage cancellation may be charged to the borrower.

#### **I. Cancellation: Adjustment and Notice**

Upon cancellation of mortgage insurance:

- The collection of related premiums must be discontinued
- Necessary adjustments to the borrower's Escrow/Impound account and the Escrow/Impounds portion of the monthly installment amount must be made
- The borrower must be advised, in writing, of all such adjustments

#### **J. Cancellation: Disclosure of Terms and Conditions**

Seller must disclose to the borrower, in writing, the terms, and conditions that must be met prior to the primary mortgage insurance being eligible for cancellation. A copy of this disclosure must be retained in the loan file as a permanent record in order to ensure adherence to the mortgage insurance requirements in effect at the time the loan was purchased by Lakeview.

### **A403 Earthquake Insurance**

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Lakeview does not require earthquake insurance as a condition for purchase; however, if coverage is in place, the following applies:



Seller must ensure that the earthquake insurance policy contains a standard mortgagee clause identifying the first or second mortgage interest, and for second mortgage Loans, it does not replace the mortgagee clause pertaining to the first mortgage Loan.

#### **A404 Lava Zone Insurance**

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Lakeview accepts Mortgaged Properties located in lava zones in accordance with investor guidelines. Acceptable standard hazard insurance and/or lava insurance coverage is required.

#### **A405 Mine Subsidence Insurance (Pennsylvania only)**

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Mine subsidence insurance is required for Pennsylvania Loans if Lakeview Loan Servicing has notice that the property is undermined (tunnels). If notification has been received or if it has been determined that the property is undermined, Mine Subsidence Insurance is required.

- Homeowner insurance companies sell Mine Subsidence Insurance to homeowners and also have special access to the Pennsylvania Department of Environmental Resources website to determine if properties require mine subsidence insurance. Due to the unique nature of this type of transaction, all homeowner insurance companies may not have the special access for completing the determination process.
- The Pennsylvania Department of Environmental Resources website at [www.pamsi.org](http://www.pamsi.org) does allow individuals to key in their address to determine if their property requires Mine Subsidence Insurance, but the turnaround time can range from two days to three weeks depending on the research required.

#### **A. Property Undermining Determination**

To determine if the property is undermined, such information may be included in one of the following documents:

- Purchase Contract
- Appraisal
- Title Commitment

#### **B. Coverage**

Mine Subsidence Insurance must equal 80% of the value of the structure or the maximum insurance available from the Pennsylvania Department of Environmental Protection. The maximum insurance available is \$250,000.



### **C. Evidence of Insurance**

Evidence of Mine Subsidence Insurance may be any the following:

- An original Hazard Insurance Policy that includes Mine Subsidence Insurance
- If the Loan is a refinance, the original or a photocopy of an existing Mine Subsidence Insurance Policy from the Pennsylvania Department of Environmental Protection and an Assignment of Interest Endorsement form
- If the property is located in the Anthracite (hard coal) Region, an Assignment of Interest Endorsement form and a town map which has been marked with an X to show the location of the property
- If the property is located in the Bituminous (soft coal) Region, an Assignment

## **A406 Flood Insurance**

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### **A. General Flood Insurance Requirements**

#### **1. Standard Flood Hazard Determination**

Each Mortgage Loan Application submitted to Lakeview must include the FEMA Standard Flood Hazard Determination (FEMA Form 81-93) used in determining whether any of the improvements for a Mortgaged Property are located within an identified Special Flood Hazard Area. SFHAs are shaded on a flood hazard boundary map and designated on a flood insurance rate map. All flood zones beginning with the letter "A" or "V" are considered SFHAs.

Seller must ensure that there is no discrepancy between the flood hazard designation on the SFHDF and the flood insurance policy if the flood insurance policy shows a lower risk zone than the SFHDF, unless the discrepancy results from the application of the "Grandfather Rule" of the National Flood Insurance Program ("NFIP"). For information on the "Grandfather Rule" see Question #71 in the Q&A's issued by the federal banking regulators available at <http://www.federalreserve.gov/newsevents/press/bcreg/bcreg20090721a1.pdf>.

#### **2. Federally Available Flood Insurance**

Flood insurance is generally required if any building, dwelling, structure, or improvement is located within an SFHA that has mandated flood insurance purchase requirements under the NFIP. Except as provided in Section 12, if flood insurance is not available because a community does not participate in the NFIP, Lakeview will not purchase Loans secured by properties located in those areas.

#### **3. Location of Property Within the SFHA**

##### **a. Principal Structure Located Within an SFHA**

Flood insurance is required if any part of the principal structure is located within an SFHA. Flood insurance on detached buildings, such as stand-alone garages, sheds, or greenhouses, located within an SFHA is required if they serve as part of the security for the Mortgage Loan.



**b. Principal Structure Not Located Within an SFHA**

If the principal structure is not located in an SFHA, but a residential detached structure attached to the land that serves as part of the security for the mortgage loan is located within the SFHA, then flood insurance is required for the residential detached structure.

If the principal structure is not located in an SFHA, but a non-residential detached structure attached to the land that serves as part of the security for the mortgage loan is located within the SFHA, then flood insurance is not required on either structure.

If the principal structure is not located in an SFHA, but a detached structure attached to the land that does not serve as part of the security for the mortgage loan is located within the SFHA, then flood insurance is not required on either structure.

**c. Waivers**

Lakeview will waive flood insurance requirements if the Borrower obtains a letter from FEMA stating that its maps have been amended so that the buildings securing the Mortgage Loan are no longer in an SFHA.

**4. Notice of Special Flood Hazards and Availability of Federal Disaster Relief Assistance**

If any part of the principal structure is located within an SFHA, the Mortgage Loan File must include the Notice of Special Flood Hazards and Availability of Federal Disaster Relief Assistance that was provided to a Borrower in accordance with the Flood Disaster Protection Act. The Mortgage Loan File must contain evidence that the Borrower received the Notice of Special Flood Hazards no later than 10 days prior to closing unless the Mortgage Loan File documents why it was not feasible to meet that time frame. The Notice of Special Flood Hazards may not be provided the same day as closing.

Lakeview recommends that the Borrower receive the following additional information, or substantially similar information, either on the Notice of Special Flood Hazards or on a separate notice acknowledged by the Borrower.

“If you obtain the minimum amount of flood insurance coverage identified in your Notice of Special Flood Hazards, you may not have sufficient coverage to rebuild or restore your home in the event of a catastrophic flood. You may be required to use your own cash reserves to make necessary repairs if the insurance is insufficient to fully repair your home. Servicers also have the right to require flood insurance coverage equal to the maximum amount available under the NFIP, which is more than you are required to obtain at the closing of your loan.

You should carefully review your potential exposure to flood damage with your insurance provider and consider purchasing coverage equal to the maximum amount available under the National Flood Insurance Program (NFIP), which is the lesser of:

1. The maximum limit available for the type of structure; or
2. The “insurable value” of the structure (the replacement cost value).”

**5. Acceptable Policies**

The flood insurance policy must be one of the following:

- a standard policy issued under the NFIP; or
- a policy issued by a private insurer as long as



- the terms and amount of coverage are at least equal to that provided under an NFIP policy based on a review of the full policy issued by a private insurer, and
- the insurer meets Lakeview's rating requirements as specified earlier.

## 6. **Mortgagee Clause**

The mortgagee clause on all mortgage policies, binders, and certificates of insurance must show the mortgagee using the following language:

Lakeview Loan Servicing, LLC c/o LoanCare, LLC  
ISAOA/ATIMA  
PO Box 202049  
Florence, SC 29502-2049

The mortgagee clause must provide that the insurer will notify the named mortgagee at least 10 days before cancellation of the policy

## 7. **Policy Term**

The policy must be written for at least a one year term.

## 8. **Policy Effective Date**

The policy effective date must be on or before the date the Borrower's Mortgage Loan is funded.

## 9. **Evidence of Insurance**

At closing, the Borrower must provide evidence that the Mortgaged Property is covered by flood insurance in one of the following forms:

- Flood insurance policy;
- Declarations page; or
- Copy of the flood insurance application with a paid receipt for the first year's premium

Acord evidence of coverage, Acord Certificate of insurance, temporary declaration page or insurance binder are not acceptable as evidence of flood insurance.

## 10. **Escrow Policy**

If a Mortgage Loan requires flood insurance, flood insurance must be escrowed.

## 11. **Flood Insurance Coverage**

### a. **1-4 Unit Properties, individual PUD units, Detached Condominium units, Townhouses, and Rowhouses**

#### 1. **Coverage Amount**

Follow the applicable agency guidelines with respect to flood insurance coverage requirements. As a clarification, LLS defines replacement cost value as 100% of the insurable value of the





improvements (also known as 100% replacement cost, or RCV) as determined by the hazard insurance provider or the flood insurance provider, whichever is greater.

## 2. **Deductible**

The maximum allowable deductible is the maximum deductible available from the NFIP (currently \$10,000).

### b. **PUDS**

#### 1. **Coverage Amount for Individual PUD Unit**

A PUD unit requires its own separate flood insurance policy unless the Home Owner's Association (HOA) has worked with FEMA to be covered by a Residential Condominium Building Association Policy (RCBAP) in the HOA's name.

## 2. **Deductible**

- **Individual unit** - The maximum deductible available from the NFIP (currently \$10,000)
- **PUD Project** - The maximum deductible available from the NFIP (currently \$25,000)

### c. **Condominiums**

#### 1. **Homeowners' Association**

The Condominium homeowners' owners must obtain an NFIP Residential Condominium Building Association Policy (RCBAP) with the following coverage:

- **Building/ Contents Coverage**

Follow the applicable agency guidelines with respect to flood insurance coverage requirements. As a clarification, LLS defines replacement cost value as 100% of the insurable value of the improvements (also known as 100% replacement cost, or RCV) as determined by the hazard insurance provider or the flood insurance provider, whichever is greater.

## 2. **Unit Owner's Coverage**

An individual (borrower maintained) flood insurance policy is allowed for loans secured by two-to four-unit, horizontal condominiums, when allowed by the HOA documents.

## 3. **Deductible**

- **Individual unit (if required)** - The maximum deductible available from the NFIP (currently \$10,000)
- **Condominium Project** - The maximum deductible available from the NFIP (currently \$25,000)



## 12. **Properties Located in the Coastal Barrier Resources System or in an Otherwise Protected Area**

Federal flood insurance may not be available for Mortgage Loans in the Coastal Barrier Resources System (“CBRS”) or Otherwise Protected Area (“OPA”), as defined by the Coastal Barrier Resources Act. Private flood insurance is acceptable for these Mortgage Loans. Coverage amounts and deductible must meet the requirements in this chapter. The carrier must meet the minimum rating requirements for insurance underwriters specified in the Hazard Insurance chapter.

### 13. Flood Insurance Transfer Policy:

- a. **PURCHASE TRANSACTIONS** An existing flood policy transfer is permitted on a purchase transaction from seller to buyer if at least 30 days are remaining on the policy at the time of closing/purchase. A copy of the seller’s declaration page and general change endorsement or transfer agreement signed by all parties is required. Coverage must be sufficient to meet investor and Lakeview guidelines.
- b. **REFINANCE TRANSACTIONS** An existing policy may be used, provided that the policy has a minimum of 30 days remaining before expiration/renewal from the date of closing. If the policy has less than 30 days remaining from the time of closing, a copy of the renewal policy along with a 1-year paid receipt will be required prior to purchase. Coverage must be sufficient to meet investor and Lakeview guidelines.

## **A407 Liability Insurance for PUDs and Condominiums**

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### **A. Minimum Property Insurance Types and Amounts**

The insurance policy must contain a “severability of interest” endorsement, precluding the insurer from denying the claim of a condominium unit owner because of negligent acts of the homeowners’ association or other unit owners. If the policy does not include “severability of interest” in its terms, TPO Operations requires a specific endorsement to prevent the insurer from rejecting a unit owner’s claim because of negligent acts of the homeowners’ association or of other unit owners.

#### 1. **Type of Coverage**

The homeowners association must maintain a commercial general liability insurance policy for the entire project, including all common areas and elements, public ways, and any other areas that are under its supervision. The insurance must also cover commercial spaces that are owned by the homeowners’ association, even if they are leased to others. The commercial general liability insurance policy must provide coverage for bodily injury and property damage that result from the operation, maintenance, or use of the project’s common areas and elements.

The association must also maintain any additional coverage commonly required by private institutional mortgage investors for projects similar in construction, location, and use.

#### 2. **Coverage Amount**

Liability coverage must be for at least \$1 million per occurrence for personal injury and/or property damage and the coverage must provide for claim settlements on an occurrence basis.



### 3. **Special Endorsements**

The insurance policy must contain a “severability of interest” endorsement, precluding the insurer from denying the claim of a condominium unit owner because of negligent acts of the homeowners’ association or other unit owners. If the policy does not include “severability of interest” in its terms, TPO Operations requires a specific endorsement to prevent the insurer from rejecting a unit owner’s claim because of negligent acts of the homeowners’ association or of other unit owners.

### **B. Cancellation/Modification Requirements**

The policy must provide for at least ten days’ written notice to the homeowners’ association before the insurer can cancel or substantially modify it. For condominium projects, similar notice also must be given to each holder of a first mortgage or share loan on an individual unit in the project.

## **A408 Fidelity or Employee Dishonesty Insurance for Condominiums**

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### **A. Projects Requiring Fidelity Insurance**

Fidelity insurance is required for condominium projects consisting of more than 20 units.

### **B. Minimum Property Insurance Types and Amounts**

#### **1. Type of Coverage**

The homeowners’ association must maintain a blanket fidelity or employee dishonesty insurance policy covering losses resulting from dishonest or fraudulent acts committed by the association’s directors, managers, trustees, employees or volunteers responsible for handling funds belong to or administered by the homeowners’ association. The policy must provide coverage for anyone who either handles or is responsible for funds that the homeowners’ association holds or administers, whether or not that individual receives compensation for services. A management agent that handles funds for the homeowners’ association should be covered by its own fidelity insurance policy, which must provide the same coverage required of the homeowners’ association. If a condominium project is located in a state that requires the homeowners’ association to maintain fidelity or employee dishonesty insurance on terms different from TPO Operations’, TPO Operations will accept those requirements in place of its own.

#### **2. Coverage Amount**

Coverage must equal the maximum amount of funds held by the homeowners association at any one time while the policy is in force. A lower coverage limit is acceptable if the project’s legal documents require the homeowners association and any management firm to adhere to certain financial controls. However, in such case, the coverage limit must at least equal the sum of three months of assessments on all units in the condominium project. The financial controls must include at least one of the following:

- The condominium homeowners’ association or its management firm maintains separate accounts for the operating budget and the reserve fund. The depository institution in which funds are deposited sends copies of the monthly account statements directly to the association.
- Separate records and accounts are maintained for each condominium homeowners’ association or other community association using the management firm’s services. The



management firm does not have the authority to draw checks on or to transfer funds from the reserve fund of the condominium owners association.

- Two or more members of the board of directors must sign any checks drawn on the reserve account.

### **C. Name of Insured**

The fidelity bond or insurance policy must name the homeowners' association as the insured, and premiums must be paid as a common expense by the association.

### **D. Cancellation/Modification Requirements**

The policy must provide that the insurer will notify the homeowners' association at least 10 days before cancellation or substantial modification of the policy.

## **A409 Rent Loss Insurance**

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Lakeview is removing all references to rent loss insurance in the Seller Guide in the section noted above.

### **A. Minimum Property Insurance Types and Amounts**

#### **1. Type of Coverage**

Generally, rent loss insurance pays the insured homeowner ("policyholder"):

- For rental income lost due to the insured property being rendered un-rentable by direct physical loss caused a peril such as fire, lightning, windstorm, hail, etc. on which hazard insurance is required and the property was covered by such insurance; and
- Only for such time needed to repair or replace the property or 12 months, whichever is shorter. Some policies may not have a time limit, but may provide coverage for "the shortest time required to repair or replace the property" combined with a standard monetary limit of 10 to 30 percent of the insurance maintained for direct physical loss to the "dwelling" on the insured property.

The insurance policy may have many different names, including "homeowners' policy," "rental dwelling policy," "apartment policy," "landlord protector policy," or "special form," depending upon the company offering the policy and/or the jurisdiction in which the policy is offered. The rent loss insurance may be designated as "fair rental value" or "fair rental income" under the general heading of "loss of use" or "loss of rents."

#### **2. Amount of Coverage**

The rent loss insurance coverage must be equal to at least six months of gross monthly rent.

Generally, there is no additional charge to the policyholder for rent loss insurance that is provided as standard coverage under a property insurance policy. If the standard monetary limit for rent loss insurance applicable to the Mortgaged Premises is less than six months of gross rent, the borrower must pay to have the monetary limit for rent loss insurance increased to equal at least six months of gross rent for the Mortgaged Premises.



## **A410 Title Insurance & Attorney Opinion Letters**

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Loans purchased by Lakeview must be covered by a mortgagee title insurance policy or other approved form of title evidence such as an Attorney Opinion Letter with an insurance wrapper; see requirements below.

- I. **Mortgagee Title Insurance policy**; If utilizing Title Insurance it must comply with the following requirements:
- The amount of coverage must be equal to the face value of the mortgage. Loans with either scheduled negative amortization, or the potential for it, require coverage that equals the original mortgage amount of the Loan plus the maximum amount of potential negative amortization (as stated in the Note and/or Rider). If an equivalent endorsement is obtained, it must provide protection in an amount sufficient to cover the mortgage amount, plus the maximum amount of negative amortization that is permitted in the Note and/or Rider.
  - Which has been paid in full, is valid and binding, and remains in full force and effect.
  - All title Commitments and/or policies must be issued by an approved American Land Title Association (ALTA) insurance company. Prior to any Loan disbursement, a marked-up title binder for an ALTA title policy, indicating Lakeview's proposed lien position is required. If proof of satisfaction/release is a condition for eliminating any liens on the title, copies of these documents must be retained with the title work.
  - All judgments and liens must be paid off, subordinated, or insured over.
  - Real estate taxes must reflect, "Not yet due and payable." On condominiums and Planned Unit Development (PUD), taxes can only be assessable against the subject unit and its undivided interest in the common areas and not the project as a whole.
  - In purchase transactions, the home-seller must be the owner of record.

### **A. Title Insurer**

The title insurance policy must be issued by a title insurer who is acceptable to Fannie Mae or Freddie Mac, and who is qualified to do business in the state where the Mortgaged Premises is located.

### **B. Form**

The title insurance policy must be written on the current standard form required by ALTA or other form currently acceptable to Fannie Mae or Freddie Mac.

A master title insurance policy, evidenced by a certificate issued under a master policy in lieu of a separate policy for the Loan, is also acceptable by providing a master title insurance policy; Seller represents and warrants the following:

1. Seller has examined the title insurer's master policy documents and, based on this review and certifications from the title insurer, Seller has confirmed that the master policy provides at least the amount and scope of coverage given by the ALTA standard policy and that the master policy otherwise meets the requirements of this Title Insurance section.
2. Seller has obtained from the title insurer a fully executed master title insurance policy issued in Seller's name.
3. Master policy and certificates of title have been approved by the applicable state or (comparable) regulatory authorities and that the use of the master policy and certificates of title insurance will be valid in each jurisdiction concerned.
4. Seller will cause the title insurer to replace the title insurance certificate with a full individual ALTA policy within ten days' notice from Lakeview.



Lakeview may refuse to accept the master title insurance policy of any title insurer.

For a Loan secured by Mortgaged Premises located in the State of Iowa, only an Iowa Title Guaranty issued by the Iowa Finance Authority is acceptable.

### **C. Beneficiary**

The protection and benefits from the title insurance policy must insure the lender and the mortgagee of the Loan, including all successors and assigns. Where MERS is the original mortgagee, the title insurance policy must insure the lender, including all successors and assigns, and additionally name MERS as an insured.

### **D. Effective Date**

The effective date of the title insurance coverage written on forms that do not provide the gap coverage included in the 2006 ALTA policies must be no earlier than the later of the date of the final disbursement of loan proceeds or the date on which the Security Instrument was recorded.

### **E. Lien Requirements**

The title insurance policy must insure that the Security Instrument creates a valid first or second lien on the Mortgaged Premises.

The policy must list any lien for Secondary Financing and state that the lien is subordinate to the lien of the Security Instrument.

### **F. Acceptable Minimum Coverage**

The acceptable minimum title insurance coverage must at least equal the current principal balance of the Loan. Loans with negative amortization must have title insurance coverage equal to the highest obtainable balance of the Loan.

### **G. Exceptions**

The title insurance policy must not be subject to any exceptions, other than those permitted under the Title Exceptions and Title Exception Warranties sections.

### **H. Required Endorsements**

Each title insurance policy must contain the following endorsements or provide equivalent affirmative coverage, if applicable to the Loan:

- ALTA Endorsement form 8.1-06: Environmental Protection Lien Endorsement or equivalent state form provides the required coverage
- ALTA Endorsement form 4-06 or 4.1-06: Condominium Endorsement is required for all Loans secured by a condominium unit.
- ALTA Endorsement form 5-06 or 5.1-06: PUD Endorsement is required for all Loans secured by a PUD unit.
- ALTA Endorsement form 6-06: Variable Rate Mortgage Endorsement is required for all ARM Loans.
- Form T-42: Equity Loan Mortgage Endorsement including the optional coverage provided by Paragraph 2(f) and a Supplemental Coverage Equity Loan Mortgage Endorsement (Form T-42.1) for all Texas Section 50(a)(6) loans



- CLTA Endorsement form 100 and form 116: Comprehensive Endorsement and a Location Endorsement are required for all Loans in areas where surveys are not customary.
- CLTA Endorsement form 110.5: Modification of Mortgage Endorsement (bring-down endorsement) is required for all converted ARM Loans and all Loans that have had the terms of the Security Instrument modified.

## **I. Title Exceptions and Impediments**

### **1. Title Exceptions**

The title to the Mortgaged Premises must be good, marketable, and free and clear of all encumbrances and prior liens. Lakeview will not purchase a Loan secured by property that has an unacceptable title impediment, including unpaid real estate taxes and survey exceptions.

### **2. Minor Impediments to Title**

Title for a property is acceptable even though it may be subject to the following conditions, which Lakeview considers minor impediments:

- Customary public utility subsurface easements, the location of which are fixed and can be verified, providing that the exercise of rights of easement will not interfere with the use and enjoyment of any present improvements on the
- Mortgaged Premises or proposed improvements upon which the appraisal or Loan is based.
- Above-Surface public utility easements that extend along one or more property lines for distribution purposes or along the rear property line for drainage, as long as they 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 Mortgaged Premises itself.
- Any encroachment on an easement for public utilities by a garage or any other improvement, except those improvements that are attached to, or are a portion of the main dwelling structure, provided this encroachment does not interfere with the use of the easement or exercise of rights or repair and maintenance.
- Cost, minimum dwelling size, use, building materials or setback restrictions as long as its violation will not result in the forfeiture or reversion of the title or lien of any kind for damages, or have an adverse effect on the fair market value of the Mortgaged Premises.
- Mutual easement agreements that establish joint driveways or Party Walls constructed on the Mortgaged Premises and on an adjoining property, as long as all future owners have unlimited and unrestricted use of them.
- Encroachments of one foot or less on adjoining property by eaves or other overhanging projections or by driveways, as long as there is at least a ten foot clearance between the buildings on the Mortgaged Premises and the property affected by the encroachments.
- Encroachments on the Mortgaged Premises by improvements on adjoining property where these encroachments:
  - extend one foot or less over the property line of the Mortgaged Premises and
  - have a total area of 50 square feet or less and
  - do not touch any buildings and
  - do not interfere with the use of any improvements on the Mortgaged Premises or the use of the Mortgaged Premises not occupied by improvements
- Encroachments on adjoining properties by hedges or removable fences.
- Outstanding oil, water, or mineral rights customarily waived by other lenders are acceptable, as long as they will not result in damage to the Mortgaged Premises or impair its use for residential purposes.



- Liens for real estate or ad valorem taxes and assessments not yet due and payable.

### **3. Title Defect - Unexpired Redemption Periods**

Certain state laws provide a “redemption period” after a foreclosure or tax sale has occurred. During the redemption period, the property may be reclaimed by the prior mortgagor or other party upon payment of all amounts owed. The length of the redemption period varies by state and does not expire automatically upon sale of the property to a new owner.

Properties with unexpired redemption periods have unacceptable title defects. If a Loan is secured by a foreclosed property in a state where a redemption period is allowed, Lakeview will not purchase the Loan or close the Loan in the name of Lakeview if the loan is referred to Lakeview for underwriting and closing in the name of Lakeview until the redemption period has expired and the foreclosure sale has been confirmed. The purchase of additional insurance, a redemption bond or similar coverage during the redemption period does not remedy the title defect and the Loan is ineligible for delivery to Lakeview.

### **J. Title Exception Warranties**

Loans with minor impediments to title (other than those listed in the Title Exceptions section of this Seller Guide) may be eligible for purchase by Lakeview. Seller warrants to Lakeview, however, that these impediments do not adversely affect the value, use, enjoyment, or marketability of the Mortgaged Premises. Seller agrees to indemnify Lakeview if Lakeview incurs a loss that can be attributed to the impediment(s).

To support the warranty stated above, Lakeview reserves the right, upon request, to receive from Seller:

1. A statement from the appraiser, explaining the effect of the title exception on value, marketability, use and enjoyment of the Mortgaged Premises
2. A statement from the Approved Contract Underwriter (if applicable) stating that the condition of the title will not affect the amount of coverage in the event of a claim
3. Any additional documentation or information Lakeview deems necessary

**II. An Attorney Opinion Letter (AOL) policy:** If utilizing an AOL, it must comply with the following requirements:

- Owner Occupied Fannie Mae or Freddie Mac (excluding HFA MRB and TX50a6) Loans only;
- the AOL must meet the GSE requirements as described in the applicable GSE selling guide.
- the AOL must be identified as an AOLPro™, which is a product of Alita Group that is backed by a specialty insurance policy

For a Mortgage Loan secured by Mortgaged Property located in the state of Iowa, Lakeview will accept an attorney’s certificate of title in lieu of a title insurance policy meeting the above requirements, provided all the following conditions are met:

1. The certificate must be addressed to Lakeview and all of its successors in interest as evidenced by the Mortgage Note and Security Instrument.
2. The certificate must be given by an attorney licensed to practice law in the state of Iowa, who is insured against malpractice for rendering certificates of title in an amount not less than the amount commonly written in the state of Iowa, taking into account the number of these certificates rendered by the attorney.
3. The certificate must state: “We (I) agree to indemnify you and your successors in interest in the Security Instrument opined hereto, to the full extent of any loss attributable to a breach of our





(my) duty to exercise reasonable care and skill in the examination of the title and the giving of this opinion.”

4. The certificate must not be subject to any exceptions, other than those permitted under the above Title Exceptions and Title Exception Warranties sections

## **A411 Survey Requirements**

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### **A. Plat of Survey or Improvement Survey**

1. Seller must submit a plat of survey or improvement survey with the final Loan Documents it sends to Lakeview. In areas where surveys are not customary, in loans where a title insurance policy is obtained it must ensure against loss or damage by any violation, variation, encroachment, or adverse circumstance that an accurate survey would have disclosed. Note that a survey is not required for condominium units.
2. The survey must be based on the results of an instrument survey performed, dated and certified by a licensed civil engineer or registered surveyor. The survey must have been performed, dated, and certified within one year from the date of issuance of the title insurance policy insuring a particular Mortgaged Premises. A survey more than one year old will be accepted, provided the survey has been recertified by a licensed civil engineer or a registered surveyor within the past year. The survey must be certified to Seller and the company furnishing the title insurance policy.
3. The survey must present the following information:
  - The location by courses and distances of the plot covered by the Security Instrument; the relation of the point of beginning of the plot to the monument from which it is fixed; all easements adjacent to the plot; any established building line; the street or streets abutting the plot and the width
  - Any encroachments and the extent of any encroachments in terms of feet and inches upon the plot or any easement appurtenant to the plot
  - All structures and improvements on the plot with horizontal lengths on all sides; and the relation of the structure and improvements by distances to all boundary lines of the plot, easements, established building lines and street lines
4. If the plot is described as being on a filed map, the survey must contain a legend relating the plot to the map on which it is shown. The survey must disclose and provide assurance that the improvements erected lie wholly within the boundaries of the plot and that no part of the improvements encroach upon or overhang an easement or right of way or upon the land of other sections, unless an affirmative title policy endorsement is obtained.

The survey must also provide proof that the improvements are wholly within the established building restriction lines and that no adjoining structure encroaches upon the plot or upon any dominant easement appurtenant to the plot.

### **B. Variations in Length of Property Lines**

1. Variations between the property lines' length as shown on the appraisal and on the survey are acceptable as long as:
  - The variance does not interfere with the current use of any of the improvements on the Mortgaged Premises
  - The variance in the length of the front line is not deficient by more than 2%, and the variance in length of any other line is not deficient by more than 5%
2. Lakeview may choose to purchase Loans with variations other than those stated above. In these cases, Seller must warrant that these variations will not adversely affect the value, use, enjoyment, and marketability of the Mortgaged Premises.



3. The appraiser must provide a statement about any other variations, explaining how they affect the Mortgaged Premises' value. If mortgage insurance is required, Seller must obtain a statement from its carrier, stating that the variance will not affect the insurability of the Mortgage.

## **Chapter 4B Loan Documents & Notes**

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This section describes Loan Document and Note requirements that apply to all Lakeview Loan Programs. Generally, eligibility policies that vary from one Loan Program to another are described in our Product Matrices.

### **B400 Note Requirements**

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#### **A. Note Form**

If a Fannie Mae or Freddie Mac Uniform Note is available for the applicable product type, Seller must use the most recent version Single-Family Fannie Mae or Freddie Mac Uniform Note. Sellers may reprint the Uniform Notes on their own letterhead, by computer or in any other way Sellers may choose. On loans eligible for sale to Fannie Mae or Freddie Mac, the tagline that identifies the instrument as a Uniform Instrument must remain part of the document and be included on each page. The Multi state Note can be used in most jurisdictions, unless the security property is located in a jurisdiction for which Fannie Mae and Freddie Mac have published a state-specific Note or has indicated that the lender must adapt the Note to include required state-specific language. In these States, Seller must make all changes required by Fannie Mae and Freddie Mac.

If a Fannie Mae or Freddie Mac Uniform Note is not available for the applicable product type, Seller must use a Note published by Lakeview. If Lakeview has provided only a Multi-state Note, Seller must modify the Note to reflect any changes required by state law, including all mandatory state law changes required by Fannie Mae and Freddie Mac.

#### **B. Late Charge Provision**

The Note for a first mortgage must provide for the borrower to pay a 5% (4% for FHA/VA Loans) late charge on any installment that is not received by the 15th day after it is due. If state law does not allow a charge that high, the maximum amount allowed by state law must be used. The late charge must be computed on the principal and interest (P&I) payment only, not on the full monthly payment (PITI).

If the Note provides for payment of a late fee that is more than 5% or that may be assessed for payments received earlier than the 15th day after it is due, Seller must notify the borrower in writing that during the time that Lakeview owns the loan, the borrower will be charged a late fee of 5% on any installment that is not received by the 15th day after it is due.

#### **C. Payment Dates**

The first payment date must be the first of the month. The first payment is due no later than 62 days after the final disbursement of the loan proceeds to the borrower.

### **B401 Security Instrument Requirements**

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## **A. Security Instrument Form**

Seller must use the most recent version Single Family Fannie Mae or Freddie Mac first mortgage Uniform Security Instruments. The standard Uniform Security Instruments are not used for Texas Section 50(a)(6) mortgages, Fannie Mae and Freddie Mac have developed special uniform Security Instruments for these mortgages. Sellers may reprint the Uniform Security Instruments on their own letterhead, by computer or in any other way Sellers may choose. On loans eligible for sale to Fannie Mae or Freddie Mac, the tagline that identifies the instrument as a Uniform Instrument must remain part of the document and be included on each page.

## **B. Riders to the Security Instrument**

All Security Instruments must be amended by state-specific Fannie Mae or Freddie Mac Uniform riders as required by Fannie Mae and Freddie Mac or the applicable Uniform state specific Rider. Sellers may reprint the Uniform Riders on their own letterhead, by computer or in any other format that Sellers may choose. On loans eligible for sale to Fannie Mae or Freddie Mac, the tagline that identifies the instrument as a Uniform Instrument must remain part of the document and be included on each page. See Prefund Diligence chapter, Security Instrument Riders section for information regarding required riders and form numbers.

## **C. Signatures on Security Instruments**

See Prefund Diligence chapter, Security Instrument section, for information regarding signatures on the security instrument and riders.

## **D. Master Form and Short Form Security Instruments**

Lakeview will accept first mortgage loans with a master form mortgage or deed of trust ("Master Form") and short form mortgage or deed of trust ("Short Form") in the following states:

Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Florida, Idaho, Kentucky, Maine, Maryland, Nebraska, Nevada, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, Tennessee, Texas, Utah, Washington, Wisconsin, and Wyoming

The Fannie Mae/Freddie Mac Uniform Master Form and Short Form documents may be used in lieu of the current version of the Fannie Mae/ Freddie Mac Uniform first mortgage security instruments.

Under applicable state law, lenders may record a Master Form in a given recording jurisdiction, and then may subsequently record a Short Form for any mortgage loan originated in that jurisdiction.

The Master Form consists of a title page, which contains the state specific requirements for a master security instrument, and the current long form uniform security instrument for that state. The Short Form contains the loan specific information, such as closing date, borrower name, lender name, loan amount, maturity date, and description of property and identifies the provisions of the Master Form that are being incorporated into the Short Form. Any applicable riders to the security instrument must be attached to the Short Form. The lender must provide the borrower with a copy of the recorded Master Form as well as the signed Short Form and any applicable riders.

The short form must reference the master form that has been previously recorded and will state the following:



- That the master form instrument was recorded in the county in which the subject mortgage is offered for recording.
- The date when the master form instrument was recorded.
- The book and page where the master form instrument was recorded.
- That a copy of the master form instrument was provided to the borrower executing the security instrument.

## **B402 Disclosures**

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Seller must ensure that any description of the lender's program, and all other disclosures and material, furnished to borrower comply with applicable state and federal laws and regulations.

## **B403 Changes to Required Documents**

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When Lakeview requires Seller to use a Fannie Mae or Freddie Mac Uniform Instrument, documents prepared by Lakeview, or document prepared by a particular document provider, Seller may not change or alter the required Note except when authorized in writing by Lakeview.

## **B404 Certification and Authorization**

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Each loan file submitted for purchase must contain a Certification and Authorization form signed by the borrowers. Seller may develop its own Certification and Authorization form, which must comply with all applicable law and include the following information.

1. Authorization for the Lender and its successors and assigns to do the following:
  - Order one or more credit reports
  - Re-verify all information including, but not limited to, income, assets, employment, and outstanding obligations after closing as part of a post-closing audit
  - Inspect the property securing the loan for purposes of determining its market value and ensuring that it otherwise meets the Lender's property requirements for the type of loan requested and in connection with any post-closing audit review
2. Authorization for any third party who receives an original or copy of the Certification and Authorization to provide the Lender, or its agents, successors or assigns, as well as any investor or mortgage insurance carrier, any and all information and documentation requested. Such information may include, by way of example, employment history, income, bank, money market, and similar account balances, credit history, and copies of income tax returns.
3. Certification that all information provided to the Lender is current, accurate, true, and correct, that the borrowers have not made misrepresentations in the loan application or any other related document and that they have not omitted any pertinent or material information.

## **B405 Taxpayer Identification Theft**

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Taxpayer Identification Theft occurs when a taxpayer's social security number has been stolen and then used to file a forged tax return in an attempt to claim a fraudulent refund. This type of theft is most commonly identified by tax transcripts that conflict with the information reported on the tax return, such as inconsistent income or the income on the transcript is significantly different than what is reported on the



tax return. The borrower may also provide an IRS victim notification or when an extended fraud alert is reflected on the credit report.

Once the determination has been made that a borrower is a victim of taxpayer identification theft the following documentation is required:

- Proof identification theft was reported to and received by the IRS (form 14039); and
- Copy of the notification from the IRS notifying the taxpayer of possible identity theft; or
- A copy of a police report or proof that the borrower filed a complaint regarding the identity theft with the Federal Trade Commission.

Also, to validate the income reported on the tax return(s) in question, all of the following documents as applicable must be obtained:

- W-2 or 1099 transcripts that match the applicable income on the borrowers tax return;
- 1098 Mortgage Interest must match the interest reported on Schedule A or Schedule B of the borrowers tax return;
- 1099 Interest/Dividend amount must match the income reported on the tax return for dividend and interest;
- Prior year's tax return to validate the income is in line with the current year's income.



## **Chapter 5 Pre-Fund Diligence**

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This chapter contains documentation requirements for the Legal, Servicing Compliance, and Collateral review completed on loans purchased by Lakeview.

### **500 Description of Underlying Chapters**

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Chapter 5A – Loan Submission and Credit Analysis for Non-Delegated

Chapter 5B – Underwriting

Chapter 5C – Legal, Servicing and Compliance Review

Chapter 5D – Pre-Purchase Credit and Collateral Review

Chapter 5E – Disaster Guidelines

### **5A Loan Submission and Credit Analysis for Non-Delegated**

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#### **A500 Non-Delegated Correspondent Operations Team**

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The Non-Delegated Operations Team may be contacted by calling 85LAKEVIEW (855-253-8439) and selecting option X.

#### **A501 File Submission**

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Lakeview Loan Servicing recommends a full Credit File to be submitted. The Non-Delegated Submission Checklist, available on the Correspondent Portal, lists the required submission documents for all loans. Details on using the Non-Delegated Portal to upload loan documents are presented in Action A502. If the file review reveals missing documentation that prevents the file from moving to Underwriting, the Non-Delegated Correspondent Operations team will notify the Correspondent and place the file in a Loan Setup Incomplete status.

#### **A502 Image Upload**

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Image Upload through the Lakeview Correspondent Portal is the method of file submission. A complete credit package is required for all loan submissions. The Correspondent Loan Submission Checklist, available in the Forms sections of the Lakeview Correspondent website, lists the required submission documents for all loans. Use Image Upload to submit all loan documents. After the file is uploaded, it is moved into the Loan Set Up queue. Once the Loan Set Up criteria is met, the Mortgage Loan Application will then move into the Underwriting queue.

Conditions of loan approval may fall into three different areas:

- Loan Set-Up Conditions
- Prior to Final Commitment - Lakeview to Clear conditions
- Prior to Funding - Correspondent to Clear conditions

In order to clear a condition(s), the supporting documents must be uploaded through Image Upload.



## **A503 Loan Set Up**

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The Loan Set Up Group is responsible for the initial review of the Credit File. Duties of Loan Set Up include validating receipt of documents against the Correspondent Loan Submission Checklist. Submitting a full Credit File when sending the loan in for underwriting will ensure the loan is decisioned quickly with as few conditions as possible. Files are moved to underwriting upon Loan Set Up's completed review

## **5B Underwriting**

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### Credit Philosophy:

Lakeview Loan Servicing is committed to originating high quality loans with a focus on both the manufacturing and credit quality.

Our focus for credit quality is evaluating transactions to validate the information within the transaction to be true and accurate as well as making a reasonable, good-faith evaluation of our borrower's ability to repay. The likelihood of timely repayment is expected to be commensurate with the quality of the loan program and the represented value of the subject property is expected to accurately reflect its market value. Areas of focus in our validating the borrower's ability to repay the mortgage obligation include, but are not limited to:

- Current or reasonably expected income or assets (other than the value of the property that secures the loan) that the consumer will rely on to repay the loan
- Current employment status
- Monthly mortgage payment
- Monthly payment on any simultaneous loans secured by the same property
- Monthly payments for property taxes and insurance the consumer is required to buy, and certain other costs related to the property such as homeowners' association fees or ground rent
- Debts, alimony, and child-support obligations
- Monthly debt-to-income ratio or residual income calculated using the total of all of the mortgage and non-mortgage obligations listed above, as a ratio of gross monthly income
- Credit history

Seller must ensure that each Mortgage Loan is eligible for sale to Purchaser in accordance with the Guide, including the specific loan program for which Seller registered such Mortgage Loan with Purchaser. Note: Loans with builder standby or builder forward commitment fees are ineligible for purchase by Lakeview Loan Servicing.

**Please see Conforming Product Matrices at [www.lakeviewcorrespondent.com](http://www.lakeviewcorrespondent.com) for loan program specifics**

## **B500 Loan Decision**

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All loans sent to Lakeview Loan Servicing for initial submission must be decisioned within 30 days of an acceptance date by Lakeview. The creditor must notify an applicant within 30 days of either an approval, counteroffer or adverse action decision. Lakeview Loan Servicing's current process is to provide the decision to the originator, who in turn is responsible for informing the applicant of the decision. Whether the loan is floating or locked has no impact on the 30 days within which an underwriting decision must be rendered. If the loan is locked and a decline decision is rendered, the lock/price will be cancelled. Re-submission of a declined loan will require additional information as well as a new Lakeview Loan Servicing loan number. The loan may be subject to worst case pricing.







## **B501 Clearance of Conditions**

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Before a file can be closed and funded by the Correspondent and delivered to Lakeview Loan Servicing for purchase, it must be in an approved status. All underwriting and correspondent conditions must be satisfied. Documentation to clear Lakeview underwriting conditions must be submitted through Image Upload as defined in Section A1202. It is recommended that documentation to clear all conditions be submitted together as a single package. If the documentation is satisfactory, the conditions will be cleared, if not acceptable, the file will remain in a Prior-to-Commitment status.

## **5C Legal, Servicing and Compliance Review**

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### **C500 Note**

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#### **General**

- An original Note is always required.
- Lakeview does not accept lost note affidavits.
- An original Note with white out will not be accepted, and the borrower must initial any cross outs on Note.
- Remote Online Notarizations (RON) is not permitted at this time for Borrower signed documents
- Closing Date needs match closing date on the Security Instrument
- If the late charge is incorrect a new Note is required
- Property address must match the title and legal description.
- The Note must have a lender name filled in and cannot reference Lakeview
- Loan amount, interest rate and principal & interest payment must be correct and match other documents in file.
- First payment on Note must be the first of the month
  - If first payment date to Lakeview is 3 or more payments from 1st payment due date on Note a pay history will be required for review prior to purchase.
- Maturity date must match the term of the loan.
- Note form must be correct according to the product & state. If the form is incorrect, a new Note is required.
  - Refer to <http://www.efanniemae.com> or <http://www.freddiemac.com> as applicable for state and product specific note forms.
- Note must be signed by all qualifying borrowers.
- If closed in the name of a trust, signatures must meet all applicable Fannie Mae requirements as outlined in the selling guide
- If loan is a FHA Loan case number is required to be on the Note
- On all loans eligible for sale to Fannie Mae or Freddie Mac, the tagline that identifies the instrument as a Uniform Instrument must remain part of the document and be included on each page.
  - The tagline requirements do not apply to FHA or VA loans.

### **C501 Corrective Note**

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When a revised original Note needs to be signed by the borrower, Lakeview will not accept Notes marked as 'duplicate original', 'corrected copy', 'replacement note' or similar, even if there is an original signature, or if the words 'duplicate original', 'corrected copy', or 'replacement note' are crossed through with or without initials.



## **C502 Pre-Signing of Mortgage Documents**

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On purchase and rescindable transactions, the closing loan documents can be signed prior to the computer generated date on the documents. The computer generated document date remains the same. The notarization (of the security instrument and other documents that require notarization), however, must match the date the documents are signed by the borrower.

On rescindable transactions, the 3 day rescission period begins following consummation, delivery of the notice of right to cancel, or delivery of all material disclosures, whichever occurs last. The rescission period begins the day the borrowers sign and date the notice of right to cancel.

## **C503 Allonges/Endorsements to the Note**

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- Must have complete endorsement chain in blank
- Seller name on the face of the note must be the exact name of the Seller in the endorsement language
- DBA's - whenever the lender's name on the note does not match the lender's name on the endorsement exactly Lakeview will accept a Corporate Name Trade Certification to purchase the loan
- Officer's name and title must be typed under signature line of allonge/endorsement
- Allonge is an attachment to the note with the endorsement information. It must include the following loan specific information:
  - Loan number
  - Borrower(s) name(s)
  - Property address
  - Note/loan Date
  - Note/loan amount
- If you sign a Corporate Resolution with Lakeview, Lakeview will have the ability to make any corrections to endorsements from you the Seller to Lakeview prior to purchase on your behalf.
- Example of an endorsement:

Pay to the order of \_\_\_\_\_ without recourse

\_\_\_\_\_ (Seller Name)

By \_\_\_\_\_ (Signature of Officer)

Name : \_\_\_\_\_ ( Printed Name of Officer)

Title: \_\_\_\_\_ (Printed Title of Officer)

## **C504 Power of Attorney**

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The Power of Attorney must:

- be specific to the transaction
- be signed and dated by the party granting the power of attorney
- be signed by an appropriate "witness" (if required by state law)
- specifically identify the subject property address
- be in effect on the date of the closing transaction
- be notarized



- not be an interested party in the transaction unless otherwise permitted in accordance with applicable investor Seller Guide requirements

A Durable Power of Attorney is acceptable. A durable power of attorney allows a mentally competent person, called the "Principal", to authorize a second party, called the "Agent or Attorney in Fact", to act on his or her behalf, even if the Principal later becomes incapacitated. This particular form becomes effective upon disability or incapacity of the Principal. A durable power of attorney should always be notarized, especially if the Agent will be dealing with real property. Notarization allows the Durable Power of Attorney to be recorded as a public record, if necessary.

- Example of acceptable signature Line for all documents:

(Signature Line) \_\_\_\_\_  
(Typed Name) John Doe by his Attorney in Fact Jane Doe

Jane Doe should sign as "John Doe by his Attorney in Fact Jane Doe."

- Example of an unacceptable signature Line:

(Signature Line) \_\_\_\_\_  
(Typed Name) John Doe

Signature as Jane Doe POA.

## **C505 ARM Loans**

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- Forms - Refer to ARM Document Matrix for appropriate Note and ARM Rider form for each product (see Reference Library)
- Interest Change Date - Date the 1st scheduled interest rate change will take place. This date is found on both the Note and Rider
  - If incorrect on Note, need new Note executed by borrower
  - If incorrect on Rider, need new Rider executed by borrower and a Letter of Intent to rerecord security instrument with corrected rider
- Initial Caps, Lifetime Caps, Margin - Refer to ARM Document Matrix for correct Caps and Margin for each ARM product (see Reference Library)
- If Caps and/or Margin are incorrect on Note, a new Note must be executed by the borrower
  - If Caps and Margin are incorrect on Rider, a new Rider must be executed by borrower and a Letter of Intent to record security instrument is required
- FHA ARM - refer to Government Document Matrix in the Reference Library for Interest Change dates and Cut-off dates
  - If incorrect, new Note needs to be executed by the borrower
- ARM Disclosure - check for appropriate disclosure according to ARM product
  - Disclosure must to be provided to the borrower within 72 hours of their initial application

## **C506 Name Affidavit**

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A name affidavit will be required only in situations where the borrower did not sign the note or mortgage exactly as typed or when the borrower is on title differently from the note and mortgage. (e.g., middle initial is included on note but borrower did not sign with initial on note and/or borrower is in title under maiden name and is refinancing as a married person).



## C507 Security Instrument

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- Must be stamped "True and Certified Copy of the Original sent for Recordation". The stamp must be initialed by the individual stamping the document.
- Complete Security Instrument, including all pages and a complete and correct legal description is required.
- Check closing date, loan amount, maturity date and property address against Note
- Check county name and legal description against title commitment and appraisal
- Lender name must be correct
- Mortgagor and mortgagee must be correct
- If there is a Deed of Trust, the trustee name and address must be filled in.
- If any information on the Security Instrument is incorrect, the errors must be corrected and the Security Instrument re-recorded. Lakeview will require a copy of the instrument with corrections and letter of intent to rerecord prior to funding of loan.
- Changes on the Security Instrument that affect the terms of the loan (i.e., loan amount and maturity date) must be initialed by borrower and a letter of intent to rerecord must be received prior to funding of loan.
- If closed in the name of a Trust, borrower must sign individually and as trustee. The complete name of the trust is required on the signature line.
- Correct forms must be used according to the product & state.
- If loan is a FHA Loan the case number must be listed on Security Instrument
- On all loans eligible for sale to Fannie Mae or Freddie Mac, the tagline that identifies the instrument as a Uniform Instrument must remain part of the document and be included on each page.
  - The tagline requirements do not apply to FHA or VA loans
- A MERS Security Instrument must have 18 digit MIN (MERS Identification Number)
  - Ensure that the MIN number is printed in the designated location on the security instrument
  - If Seller's MER's Org ID, and/or MIN # is incorrect or missing , Seller may take one of the following actions to correct:
    - Execute a mortgagee's affidavit or scrivener's affidavit to be recorded
    - In CA only - an assignment from MERS to MERS may be recorded to correct the MIN #
    - Execute mortgage modification to be recorded
    - Correct the mortgage and re-record
  - For properties in Mississippi, the security instrument must include MERS PO Box address and physical address:
    - PO Box 2026, Flint MI, 48501-2026
    - 1901 E Voorhees St, Suite C, Danville, IL 61834
  - MERS will not accept a Security Instrument with Lakeview's Org ID and MIN # on the document
- The following person(s) must sign the Security Instrument and any riders to the Security Instrument:
  - Each person who has an ownership interest in the security property (an individual "in title"), even if the person's income is not used in qualifying for the loan.
  - The spouse or domestic partner of any person who has an ownership interest in the property, if his or her signature is necessary under applicable state law to waive any property right he or she has by virtue of being the owner's spouse or domestic partner.
- Short form security instruments for properties that are located in the following states are acceptable:
  - Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Florida, Idaho, Kentucky, Maine, Maryland, Nebraska, Nevada, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, Tennessee, Texas, Utah, Washington, Wisconsin and Wyoming
  - At closing the borrower signs a short form security instrument that contains the specifics of the transaction, such as closing date, loan amount, maturity date, property address, and any applicable riders, but incorporates the details of a master mortgage only by reference.



- The short form security instrument must reference the master form that has been previously recorded:
  - It must state that the master form instrument was recorded in the county in which the subject mortgage is offered for record.
  - It must state the date when the master form instrument was recorded.
  - It must state the book and page where the master form instrument was recorded.
  - And it must state that a copy of the master form instrument was provided to the person executing the security instrument.

## **C508 Security Instrument Riders**

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- Check that appropriate riders are attached and signed. If a rider is not signed at closing, borrower(s) must execute the applicable Riders and Security instrument with Rider attached must be re-recorded.
  - Multistate Planned Unit Development (PUD) Rider (Form 3150)
    - If appraisal states that the property is a PUD, a signed PUD rider must be attached to the Security Instrument.
    - Special rider must be used for Texas Section 50(a)(6) mortgages that are secured by units in a PUD project.
    - If PUD rider was signed and property is a Single family, this is acceptable
    - Required for all conventional loans and VA loans when the Fannie Mae/Freddie Mac form is used
    - The project name must be filled in. Check project name against appraisal and title/complete and correct legal description. If project name is incomplete or incorrect, need completed or corrected copy along with a letter of intent to rerecord the Security Instrument.
  - Multistate Condominium Rider (Form 3140)
    - If appraisal states that the property is a Condominium, a signed Condominium rider must be attached to the Security Instrument.
    - Special Rider must be used for Texas Section 50(a)(6) mortgages that are secured by units in a condominium project
    - If Condominium Rider was signed and property is a single family detached, the condo rider must be removed from the Security Instrument and the Security Instrument must be re-recorded.
    - Required for all conventional loans and VA loans when the Fannie Mae/Freddie Mac form is used
    - The project name must be filled in. Check project name against appraisal and title/complete and correct legal description. If project name is incomplete or incorrect, need completed or corrected copy along with a letter of intent to re-record the Security Instrument.
  - Applicable Multistate Adjustable Rate Rider (and, if applicable, an addendum to the rider)
    - There are a number of different versions of this rider, based on the applicable ARM plan or index.
    - A special ARM rider is required for Texas Section 50(a)(6) adjustable-rate loans.
  - Multistate Second Home Rider (Form 3890)
    - Required for a loan secured by a second home.
    - If loan is not a second home, rider must be removed from the Security Instrument and the Security Instrument must be re-recorded.
  - Multistate 1 - 4 Family Rider (Form 3170)



- Required for loan secured by a one- to four-unit investment property or a two- to four-unit principal residence.
- Rider is not required on FHA loans
  
- VA Assumption Rider
  - Required on all VA loans if these clauses are not incorporated in the body of the Security Instrument:
  - Acceleration clause; Funding Fee clause; Processing Charge clause; and Indemnity Liability Assumption clause.
  
- Revocable Trust Rider
  - Maybe used to amend security instruments for loans with *inter vivos* (living trust) trust borrowers.
  - Fannie Mae has developed a sample rider for mortgages that are made to *inter vivos* trust borrowers and are secured by California properties.
  
- A Rider that includes a cross-default *provision*
  - Must be used to amend security instruments for loans secured by leasehold estates so that a default on the lease is a default on the mortgage. Fannie Mae does not publish a standard rider that includes this provision.
  
- MERS Rider (Form 3158)
  - Required if property is Montana, Oregon, or Washington
  
- On all loans eligible for sale to Fannie Mae or Freddie Mac, the tagline that identifies the instrument as a Uniform Instrument must remain part of the document and be included on each page.
  - The tagline requirements do not apply to FHA or VA loans

### **C509 Marital Rights- Non Owner Spouses**

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If a loan is subject to rescission under the Truth-in-Lending Act, the following person(s) must receive the Truth-in-Lending/Closing Disclosure and two copies of the Notice of Right to Cancel:

- Each person who has an ownership interest in the security property (an individual "in title), even if the person's income is not used in qualifying for the loan.
- The spouse or domestic partner of any person who has an ownership interest in the property, if his or her signature is necessary under applicable state law to waive any property right he or she has by virtue of being the owner's spouse or domestic partner. An ownership interest does not include leaseholds or inchoate rights, such as dower and curtesy. An ownership interest does include ownership rights under homestead laws and community property laws.

The loan file must contain evidentiary documentation of receipt of the Truth-in-Lending/Closing Disclosure and two copies of the Notice of Right to Cancel by the required person(s). Evidence of delivery is not sufficient.



## **C510 Modification Agreement**

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The Mortgage or deed of trust and note will be audited upon receipt to confirm compliance with program parameters. If an error is identified during the audit, it is the Seller's responsibility to provide corrected documents. In lieu of correcting the original documents, a Modification agreement may be prepared and executed by all borrowers and then recorded. The modification agreement must be stamped "True and Certified Copy of the Original sent for Recordation". The stamp must be initialed by the individual stamping the document. If a modification agreement is used solely to correct an error on the note, it is not necessary to record the document.

## **C511 Intervening Assignments**

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- If intervening Security Instrument is on MERS form or assigned to MERS, then an intervening assignment is not required
- Must be stamped "True and Certified Copy of the Original sent for Recordation". The stamp must be initialed by the individual stamping the document.
- Must be assigned to Seller (follow chain)
- If there is an Assignment of Deed of Trust, the trustee must be the same as on the Deed of Trust
- The assignment note date must match the closing date on both the Note and the Security Instrument
- Borrower name must match the borrower name on the Security Instrument
- Assignment must reference the property address or complete and correct legal description or Security Instrument recording information
- Lender name must match Security Instrument exactly

## **C512 Assignment – MERS**

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All loans must be assigned to Mortgage Electronic Registration Systems, Inc. For information on MERS membership, visit their Web site at [www.mersinc.org](http://www.mersinc.org).

### **General**

- Required only if loan did not close using MOM Security Instrument (MERS on Mortgage)
- If required, must be assigned to "Mortgage Electronic Registration Systems Inc" and include 18 digit MIN # , MERS address and phone number
  - MIN # and MERS phone number must be placed on the first page of the assignment
- For properties in Mississippi the assignment must include MERS PO Box address and physical address
  - PO Box 2026, Flint, MI 48501-2026
  - 1901 E Voorhees St, Suite C, Danville, IL 61834
- Must be stamped "True and Certified Copy of the Original sent for Recordation". The stamp must be initialed by the individual stamping the document.
- If Seller's Org ID, and MIN # is incorrect or missing, one of the following corrective actions can be taken:
  - Execute a Mortgagee's Affidavit to be recorded
  - In CA only - an Assignment from MERS to MERS may be recorded to correct the MIN#
  - Execute Mortgage Modification to be recorded
  - Correct the Assignment and re-record
- If there is an Assignment of Deed of Trust, the Trustee must be the same as on the Deed of Trust
- Assignment Note date must match closing date on Note and Security Instrument
- County must be correct
- Seller name must match Security Instrument
- Notary Section must be complete



- Assignment should be a copy of the original, which is sent for recording
- Needs to be signed by Seller representative

### **C514 MERS Members**

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The following are MERS Members policies:

1. For originations, the originator must register the loan with a MOM security instrument on the MERS System within seven calendar days of the Note Date (or Funding Date in escrow states).
2. If purchased before registration, the buyer must ensure that the loan is registered on the MERS System within 14 calendar days of the Note Date (or Funding Date in escrow states).

### **C515 MERS Org ID and Transfer Information**

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The following identifies relevant Org ID numbers for MERS Members who complete the registration of their loans with MERS and how to transfer loans correctly.

- 1st Mortgages – Lakeview Loan Servicing - Org ID - 1010298
- Sub Servicer – LoanCare - Org ID - 1000723

The correct way to transfer is:

- Investor – Lakeview Loan Servicing - 1010298
- Servicing – Lakeview Loan Servicing - 1010298
- Sub- Servicer – LoanCare - 1000723

The MERS transfer of beneficial rights and transfer of servicing rights must be initialed by the Seller within 7 calendar days of purchase date.

### **C516 Closing Disclosure**

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- A final Closing Disclosure is required for all loans
- Must include borrower names, property address and loan amount
- Closing Disclosure must be signed unless loan is an escrow state transaction
  - States that may close in escrow are Alaska , Arizona , Arkansas , California , District of Columbia , Idaho , Illinois , Indiana, Iowa , Kansas , Missouri , Montana , Nevada , New Jersey , North Carolina , Ohio , Oregon , Pennsylvania , Utah , Virginia, and Washington
  - To meet Fannie Mae's delivery requirement for signatures on a Closing Disclosure in escrow state transactions, Lakeview will accept an estimated Closing Disclosure signed by all parties to the transaction or signed addendums to the estimated Closing Disclosure or signed escrow/closing instructions.
- Interest Credit
  - Lakeview's Servicing Division must have sufficient time to process the loan before receipt of the first payment, therefore an interest credit to the borrower can only be made up to the 10th day of the month.
- Interest on Closing Disclosure
  - If interest starts the day of closing loan, must be a purchase. If loan is a refinance, occupancy must be a second home or investment.
  - If loan is a refinance and primary residence the Interest Start day must be the 4th day after the loan closed.





- Validate the First Payment Date on the Note by looking at the interest collected in Section F, Prepays of Closing Disclosure. Interest should be collected from disbursement date to the month prior to the first payment date.
  - For example: Loan disbursed on 06/12/13, interest is collected from 06/12/13 to 07/01/13, and First payment date is 08/01/13.
- For Conforming loan amounts, a loan is considered to be Cash Out if the cash back to the borrower is 2% of the loan amount or \$2000 whichever is less.
- For non-conforming loan amounts, a loan is considered to be Cash Out if the cash back to the borrower is more than 1% of the loan amount.
- A loan can also be considered Cash Out according to underwriting restrictions (i.e. Paying off major debt, a previous loan or buyout of a co-owner) always refer to Underwriting Approval and AUS Findings when referring to the loan purpose.
- If there is cash back to the borrower as stated above:
  - And it's a primary residence located in Texas loan must close as a Texas Home Equity transaction. Refer to Texas Home Equity section for more detail
  - Lakeview will show the loan purpose as a Cash Out. This is important and affects the pricing of the loan
- If escrows are collected on the Closing Disclosure, Lakeview will net escrows from the purchase advice.

## **C517 Escrows / Impounds**

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### **Tax Bills**

Prior to starting escrow calculations, it is important that all tax bills due within sixty (60) days of the settlement date are paid before or at settlement.

### **Property Tax Payment Requirements**

Sellers must pay all property taxes for any Economic Loss Date or Discount Date that occurs on or before the loan purchase date, and within 30 calendar days after the loan purchase date. This ensures that the loan can be properly processed by our servicers. Any property tax bills paid before settlement must be accompanied by a receipt to confirm payment. ***Sellers will be charged for any tax penalties that arise from unpaid taxes.*** If tax bills are unavailable, the title policy must indicate that taxes are up to date.

### **Property Tax Reductions and Exemptions**

To prevent servicing issues for borrowers, sellers should ensure that all property taxes are accurately accounted for. Borrowers who believe they qualify for tax exemptions—such as for senior citizens, veterans, low-income individuals, **homestead**, or people with disabilities—should consult their county assessor's office about how to apply for any available reductions or exemptions.

Borrowers are responsible for submitting the necessary documentation to the assessor's office for discounted or exempt status. Once approved, they should send a copy of the approval documents to the servicer noted in their welcome letter or monthly payment statement, requesting an adjustment to their tax escrows based on the new status. ***Tax escrow funds should be collected at closing based on the most recent tax bill, unless other documentation is provided. This documentation can include a tax exemption application, proof of an eligible exemption, which must indicate the projected tax amount after the exemption is applied. The borrower will be responsible for any escrow shortage resulting from underestimated taxes.***



If sellers do not fully account for property taxes in the closing documents, borrowers may be under-informed about their escrows, which could lead to an escrow analysis and an increase in their monthly payments to cover higher tax bills. ***Any tax penalties resulting from under-disclosed taxes will be billed to the seller.***

## **Insurance Policy**

Escrow accounts – the policy must have a remaining term of at least 45 days after closing.

Non-escrow accounts – the policy must have a remaining term of at least 30 days after closing.

If the renewal insurance policy is not available, obtain one of the following:

- Temporary binder from the insurance company
- Offer of renewal from the insurance company
- Quote with underwriting approval from a new company

On an annual basis, each loan is reviewed according to assure compliance with the State requirements.

## **Initial Escrow Statement**

- Initial Escrow Statements are required on all loans in which escrows / impounds are being held by the servicer.
- Flood Insurance must be escrowed.
- If loan has MI, monthly MI must be on Initial Escrow Account Disclosure and amount match MI Cert
- A two (2) month cushion should be used in the Initial Escrow Statement unless state regulations specify differently.
- This statement must be provided to the borrower at the time of settlement. Initial Escrow Statements must include the following information:
  - Amount of the total monthly payment
  - Portion of monthly payment that is being placed into their escrow account
  - Itemize the estimated charges such as school taxes, city taxes, insurance premiums, etc. that is expected to be paid during the next escrow computation year. Need to include the description of the item, due date, term and disbursement amount.
  - Running Trial Balance which reflects the estimated activity in the escrow account during the next 12 months.
  - Starting Reserves (inclusive of the Initial PMI premium amount); escrow disbursements prior to the 1st Pay Date; interim/added assessment; Total Reserves to be collected at Closing and Target Balance.
  - For loans with monthly FHA/MIP insurance, the MIP amount is NOT included in the calculation of the target balance/cushion.

## **Escrows for New Construction**

- To avoid "payment shock" Regulation X applies to Escrows for New Construction loans.
  - The customer shall estimate the amount of escrow account items to be disbursed. In cases of un-assessed new construction, the servicer may base an estimate on the assessment of comparable residential properties in the market area.



## **C518 Escrow Waiver Policy**

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If loan has no escrows collected there should be an Escrow Waiver in the file. The following can be used as an escrow waiver

- Escrow Waiver form/Closing Disclosure with applicable option completed in the Escrow Account section
- Payment Letter signed by borrowers showing no escrows with payment
- A blank signed Initial Escrow Account Disclosure Statement

Lakeview will consider escrows waived if only homeowners/hazard insurance are being escrowed on the Closing Disclosure.

All loans closing on or after January 1, 2016 require flood insurance premiums to be escrowed for all properties located in identified flood hazard areas, as outlined by the Biggert-Waters flood insurance escrow requirements, regardless if there is an escrow waiver in place. Only if the property has adequate flood insurance coverage provided by a condominium association, homeowners association, or similar group, and the premium is paid by the group as a common expense, are escrow for flood insurance premiums and fees not required.

Escrow Waiver is not permitted in the state of NM.

If escrows were waived and product does not permit an escrow waiver an approved exception must be obtained.

## **C519 Tax Certificate**

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A completed Tax Certificate must be in the file. If there is not a completed Tax Cert, Tax information provided within the Title Commitment or Policy is acceptable

- Tax Authorization form is required in NJ, PA, NY or IL

## **C520 Hazard Insurance**

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- Refer to Insurance and Survey Requirements chapter

## **C521 Flood Insurance**

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- Refer to Insurance and Survey Requirements chapter

## **C522 Life of Loan Certification**

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- Lakeview requires that all loans submitted for funding contain a Standard Flood Hazard Determination Contract.
- Flood Cert must contain correct property address
- The initial flood determination verifies whether the property lies in a Special Flood Hazard Area.
- The Life of Loan Monitoring Contract enables the investor to continue to track any changes in the property flood zone status over the life of the loan.
- Federal law requires proof of flood insurance if the property lies in a flood zone, and that the certification meets regulatory requirements including compliance with the National Flood Insurance Reform Act of 1994.



- If Standard Flood Hazard Determination states that the property is located in a zone beginning with A or V, then the property is located in a Flood Zone and requires Flood Insurance.
- Flood Insurance is not required if the property is located in one of the following zones (B, C, D, or X)
- Sellers can obtain a Standard Flood Hazard Determination with a Life of Loan Contract from a company of their choice who performs flood determination services in accordance with the most recent Federal Emergency Management Agency Flood Determination guidelines. Lakeview recommends using either of the following preferred vendors:
  - Corelogic Flood Data Services, Inc
  - LPS National Flood
- Lakeview will charge \$10.00 at loan purchase for the beneficiary name transfer

## **C523 Mortgage Insurance**

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Mortgage Insurance Certificate with the following information is required on all loans with an LTV over 80%. If the certificate shows initial premium due, the amount must be shown on the Closing Disclosure as being paid. If the cert shows zero payment, no payment is required to be on the Closing Disclosure. If the cert states "Zomp" no payment is required to be on the Closing Disclosure. All loan information listed below must match the loan terms. If the loan information is different, a new certification must be obtained. MI coverage must meet Lakeview's requirements

- Borrower's Name and Property Address
- Correct Loan Amount and Loan Term
- Correct Appraised Value and Sales Price

### **Borrower Paid MI Option**

- Enact Mortgage Insurance (FKA Genworth)
- MGIC
- Radian
- Arch Mortgage Insurance Company (formerly CMG)
- Essent
- National MI

### **Acceptable Borrower Paid Mortgage Insurance Payment Options**

- Monthly
- Level
- Split Premium
- Single Premium

If Split Premium cert must reflect monthly MI Payments and lump sum premium must show on Closing Disclosure. Evidence must be provided to show that premium has been paid.

### **Lender paid Single Policy (LPSP) MI Option - Acceptable Companies**

- Radian
- MGIC
- Enact Mortgage Insurance (FKA Genworth)
- Essent
- Arch Mortgage Insurance Company (formerly CMG)
- National MI



The LPSP MI certificate must reflect Single Premium only with no monthly payments and must be non-refundable. The LPMI disclosure is required to be signed at time of application. Evidence must be provided to show the premium has been paid.



## C524 PMI Disclosure

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- Disclosure is required if:
  - Borrower paid mortgage insurance
  - 1 unit Primary residence
- Disclosure must contain the two dates informing the borrower when they can cancel their Mortgage Insurance
- If loan is a Balloon or an ARM, a Disclosure is required but the dates are not required to be on the form
- LPMI Disclosure is needed on loans with lender paid single policies

## C525 FHA Loans

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- FHA connection for all FHA loans must verify the following:
  - Borrowers names
  - Property address
  - If UFMIP has been paid – Delegated only
  - Sellers who are responsible for insuring their FHA loans must verify that the term, maturity date, original loan amount and ADP codes in FHA Connection are correct. If information is found to be inaccurate, Lakeview will issue a post funding suspense item. In order to clear the suspense item, a copy of the FHA Application Screen with the corrected information must be submitted.
- FHA Test Case Phase – Not eligible for Non-Delegated or purchase by Lakeview
- The following documents are required on all FHA Loans.
  - Addendums to Application must be completed, signed and dated as required
  - Amendatory Language Clause – can be separate form or part of Sales Contract
    - Required on all Purchase Transactions
    - Must be signed and dated by all Borrowers and Sellers
    - If Seller is HUD or a Financial Institution/Bank, then this form is not required
    - Value Section must be completed
  - Real Estate Certification - Can be on separate form or part of Amendatory Language Clause form or part of Sales Contract
    - Required on all Purchase Transactions
    - If Seller is HUD or a Financial Institution/Bank, then this form is not required
    - Must be signed and dated by all Borrowers, Sellers and Agent – agent signature not required if real estate not involved and date is only required if there is a date field
    - If Seller is HUD or a Financial Institution/Bank, then this form is not required
  - Signed and Dated Notice to Homebuyer 92900B– required on all loans except Streamline Refinances
  - Informed Consumer Choice Disclosure – not required to be signed
  - For Your Protection – Get a Home Inspection or acknowledgement of receipt
    - Only required on Purchases- N/A for New Construction
    - If Language is in the Sales Contract this is acceptable in place of the form
  - Conditional Commitment 92800.5B – required on all loans with an appraisal
    - Underwriter Name and CHUMS ID number required – Delegated
    - Lakeview Underwriter Name and CHUMS ID number – Non-Delegated
  - Certificate of Occupancy – required on Purchases only, Owner Occupied properties, that are new construction
  - Termite Certification – required when appraiser asks for one
    - Not required on streamlines
    - Signed by Borrowers and Sellers
  - Evidence of SS Number – SS Card, Paystubs, W2's, Rapid Reporting, Tax Transcripts



- HUD-1 FHA Addendum/Settlement Certification Required
  - Required on all Purchase Transactions
  - Must be signed and dated by all Borrowers, Sellers and Closing Agent
  - If Seller is HUD or a Financial Institution/Bank, then this form is not required

### **C526 Application (1003)**

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- Lakeview requires a completed fully executed 1003.
- Initial and final 1003's must be provided at time of submission for Non-Delegated Underwriting and final 1003's must be provided at the time of purchase for Delegated Underwriting
- All HMDA data must be completed
- TPO is determined by reviewing the Interview section of the 1003.
  - TPO Approval is included in Sellers contract

### **C527 HMDA**

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The Home Mortgage Disclosure Act (HMDA) was enacted by Congress in 1975 and is implemented by the Federal Reserve Board's Regulation C. This regulation provides the public and regulatory agencies with loan data that can be used, among other things, to assist:

- in determining whether financial institutions are serving the housing needs of their communities; and
- in identifying possible discriminatory lending patterns.

Lenders must report data about:

- home purchase loans, home improvement loans, and refinancing loans that they originate or purchase, or for which they
- receive applications (application date, action taken and date of that action, loan amount, loan type and purpose, and if the loan is sold, type of purchaser)
- each applicant or borrower (ethnicity, race, sex and income)
- each property (location and occupancy status)
- rate spread if over certain thresholds, HOEPA status, and loan status (a/o 01/01/04 )

Additional details can be obtained by reviewing "A Guide to HMDA Reporting-Getting it Right" at [www.ffiec.gov/hmda](http://www.ffiec.gov/hmda)

The following scenarios illustrate whether Lakeview or Seller have HMDA reporting responsibilities:

- Closed Loan - Delegated Seller:
  - Seller takes the application and underwrites; Lakeview purchases the loan. HMDA action: the seller reports the loan as an origination on its LAR and Lakeview reports the loan as Code 6, "Loan purchased by your institution"
- Closed Loan - Non Delegated Seller:
  - Seller takes the application; Lakeview or an MI partner underwrites the loan, and Lakeview subsequently purchases the loan. HMDA action: Lakeview reports the loan as an origination on the LAR. Seller is not required to file a report.

### **C528 Title Insurance**

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Title insurance policy must grant Lakeview their valid lien position and comply with Fannie Mae's or Freddie Mac's title insurance requirements as it relates to coverage, acceptable title exceptions and



endorsements. You can find more information at <http://www.efanniemae.com> or <http://www.freddiemac.com> and in the Insurance and Survey Requirements chapter.

- If refinance, title must be vested in our borrower(s) only, if not a Quit Claim Deed is required
- If purchase, current owner must match current owner on appraisal or Sales Contract
- Determine if the property is Fee Simple or Leasehold.
  - Leasehold Agreement should not expire before the maturity date of mortgage and ground rents must be paid current
- Appraisal will also confirm if property is Leasehold or Fee Simple.
- Required endorsements, if applicable:
  - Adjustable Rate Mortgage Endorsement (ALTA 6) - insures that the rate adjustments will not make the mortgage unenforceable or cause our lien to lose priority over other liens attached to the property after the loan is made.
  - Condominium Endorsement (ALTA 4) - insures, among other things, that the unit is listed on the required condominium documents (Master Deed, Condo Declarations, etc.) and is part of the condominium. Additionally, it
    - insures that condominium documents properly create a condominium; restrictions in the condominium documents will not cause a loss of title; that the lien of mortgage is superior to any lien for assessments; and that the unit is a separate tax parcel.
  - Planned Unit Development Endorsement (ALTA 5) - insures, among other things, against loss from violations of restrictions, prior assessment liens, encroachments.
  - Manufactured Housing Endorsement (ALTA 7) - clarifies that the housing unit is insured under the policy.
  - Balloon Payment Loan Endorsement - insures that the Conditional Right to Refinance and the subsequent change in interest rate will not make the mortgage unenforceable or cause our lien to lose priority over other liens created after the loan is made.
- For a Loan secured by Mortgaged Premises located in the State of Iowa, only an Iowa Title Guaranty issued by the Iowa Finance Authority is acceptable.
- Due to the bankruptcy filing by LandAmerica's holding company and the related credit rating agency downgrades of LandAmerica subsidiaries, Lakeview will no longer accept title commitments, title insurance policies, or Insured Closing Protection Letters from the following:
  - Land Title Insurance Company
  - LandAmerica NJ Title Company
  - Title Insurance Company of America

Lakeview will accept title commitments, title insurance and insured Closing Protection Letters from the following LandAmerica subsidiaries, subject to evidence of reinsurance from Fidelity National Title or its subsidiary, Chicago Title:

- Lawyers Title Insurance Corporation
- Commonwealth Land Title Insurance Company
- United Capital Title Insurance Company
- **C528A-Attorney Opinion Letters (AOL)** are acceptable on Fannie Mae and Freddie Mac Loans on owner occupied properties (excluding HFA MRB and TX50a6 loans) that meet the GSE requirements for use of the AOL. The AOL must be clearly identified as an AOLPro™, a product of Alita Group that is backed by a specialty insurance policy, to be eligible for purchase by Lakeview. An AOL that is not identified as an AOLPro™ will not be accepted.

## **C529 Short Form Title Policies**

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Short form title policies provide the same amount of coverage as a standard policy but in a shorter format. The policy references the loan specifics (insured amount, date of policy, property address, borrowers, etc.) and refers to general documents for all coverage. Limited Coverage Policies are not acceptable.

For example: it automatically provides the Environmental Protection Lien Endorsement (ALTA 8.1) Condo and PUD endorsements and all other standard endorsements without actually providing copies of these endorsements.

It also provides affirmative coverage for property specific exceptions such as restrictions, encroachments, etc. with general statements in the policy text.

Not acceptable when:

- Property State is in Texas and Oregon
- Property is a leasehold
- Investor guidelines prohibit (refer to product summary)

An attorney's opinion of title is acceptable t in lieu of a title insurance policy if all requirements listed in section C101, 17A are met.

### **C530 Final Truth in Lending/Closing Disclosure**

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- A Final Truth in Lending/Closing disclosure signed at closing is required
- Truth in Lending/Closing Disclosure document must be signed by all borrowers (all parties on title must sign for primary residence)
- Confirm Truth in Lending/Closing Disclosure is dated same day as Note/Security Instrument.
- Demand Assumption section must be completed. Products that allow assumption are all ARM products and FHA and VA loans
- Prepay Section must be completed correctly.
- Creditors extending closed end consumer credit secured by real property or a dwelling must disclose certain summary information about interest rates and payment changes in a tabular format. The interest rate and payment summary tables must replace the payment schedule previously required as part of the TILA disclosure for mortgage transactions. The previously required payment schedule will now apply only to closed end transactions not secured by real property or a dwelling.

### **C531 PMI Drop Off in Payment Schedules**

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The Homeowners Protection Act sets out rules for termination of PMI insurance on residential home loans. It provides that the borrower may request PMI cancellation when the principal balance of the loan reaches 80% of the property's value and that the servicer must cancel PMI when the principal balance of the loan reaches 78% of the property's value.

Because the reduction in principal balance to 78% of the property's value would rarely coincide exactly with the timing of the monthly payment, lenders cut off the MI payment just above the cancellation figure (i.e. 78.05%) or just below (i.e. 77.95%). The calculation of when the servicer must cancel PMI affects the payment schedule on the Truth in Lending/Closing disclosure. If the PMI payment is dropped just above the 78% LTV, the payment schedule will show one month (or more) fewer PMI payments than if the PMI payment is dropped just below the 78% LTV. See example below.

Lakeview audits the Truth in Lending/Closing disclosure on its purchased loans pre-fund or post fund and reviews the payment schedule calculations.



Additional audits of the Truth in Lending/Closing disclosure payment schedule calculations will require that PMI payments must continue until the principal balance of the loan has reached 78% of the property value. Since the 78% does not coincide exactly with the timing of the monthly payment, this will mean the principal balance will actually be below 78% at the time that the PMI payments can be dropped.

### **C532 Calculation of PMI/MIP Payments**

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For loans that include mortgage insurance (PMI/MIP), the amount of the PMI/MIP payment calculated is included in the finance charge.

To calculate the amount of the monthly PMI payment on conventional loans, multiply the loan amount on the note by the initial premium percentage rate from the PMI Certificate and divide the result by 12.

For HUD/FHA loans, the HUD required calculation must be used to determine the monthly MIP payments. This is described at: <http://www.hud.gov/offices/hsg/comp/premiums/sfpcalc.cfm>

Lakeview will not purchase loans where the lender has multiplied the loan amount by .5 and divided by 12 to calculate the MIP payment on FHA/HUD loans. If the .5 calculation is used instead of the calculation required by HUD on an FHA/HUD loan, the payment stream will be inaccurate. This practice is unacceptable.

Lakeview requires that the FHA/HUD MIP calculation be always used to determine the MIP payment on FHA/HUD loans.

### **C533 Right of Rescission**

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- Use the rescission form that most accurately describes what is happening in the transaction:
  - H-9 Rescission Model Form (Refinancing with Original Creditor) - applies when a creditor that has a prior lien on the borrower's home extends additional credit that is also secured by the home
  - H-8 Rescission Model Form (General) - applies to a loan from a creditor with no prior lien on the borrower's home
- Right of rescission documents must be signed and dated by all borrowers and all parties on title.
- Right of rescission should be signed and dated the same day as TIL/Closing Disclosure and Security Instrument was notarized.
- New rescission must be issued if cancellation date is not within 3 full days after date of the TIL/Closing Disclosure, and Security Instrument notarized date.
- If Rescission is not signed by all applicable parties, if dates are missing or incomplete or if the borrowers did not receive a full 3 days - Lakeview will suspend for a new rescission period to be opened and disclosed to the borrower(s). The new rescission notice must have current dates.
- Waivers of rescission period are not permitted.

### **C534 State and Federal Disclosures**

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All disclosures must be in compliance with state, federal and local mortgage lending laws and regulations.

Lakeview will accept loans for purchase, in which borrowers received initial federal and state disclosures electronically according to the requirements outlined by the Electronic Signatures in Global and National Commerce (E-SIGN) Act of 2000. This also applies to FHA loans as long as the initial disclosures are not required as part of the insuring process.

### **C535 Closing Instructions - Borrower Identity**



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For Conventional Conforming loans located in an escrow state, Escrow/Closing Instructions signed by Borrower and Seller or a signed Estimated Closing Disclosure is required.

The Seller's closing instructions must include specific instructions to the closing agent to confirm the identity of the borrowers. Copies of the closing instructions must be included in the file for purchase.

The following documents may be used to certify the borrower's identity:

**U.S. Person:**

- Valid State driver's license (photo)
- Valid State non-driver's license (photo)
- Work ID (photo)
- Student photo ID
- Military photo
- Military dependents' photo ID
- Department of Public Welfare photo ID
- Medicare card
- U.S. Passport (photo)

**Non-U.S. Person:**

- Non-U.S. Passport (photo)
- Resident Alien Card

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**C536 W-9 Form**

Required to be signed by the primary borrower.

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**C537 4506-C Form**

Guidelines relevant to the 4506-C form can be found within the individual product matrices.



### **C538 Consolidation/Extension/Modification Loans (NY Loans) – Delegated Only**

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A consolidation is having all previous liens and if previously consolidated - that modification - re-set into a new CEMA paying off all previous lien holders - BUT not releasing the debt of public records. These liens/CEMAS, as well as the Notes being endorsed to Lakeview, are assigned to Lakeview. Lakeview must be in receipt of all these documents at the time of purchase. Loan will be suspended until all documents are received OR if the consolidation does not make sense.

- Original Old note
  - Must be original, Lost Note Affidavits are not acceptable
  - Dates must reference of old mortgage in modification agreement
  - Must have complete endorsement chain up to Lakeview
  - Endorsement chain must match assignment chain – refer to chain of title that is an attachment to modification agreement
- Original old Mortgage
  - Must be original recorded or a county certified copy of the original
  - Dates must reference of old mortgage in modification agreement
  - Must be signed by all parties currently in title. If old mortgage does not reference the current parties in title you must have a Quit Claim deed showing full transfer of title.
- New Note - This is the note showing the amount of new money that is being borrowed for the current transaction
- New Mortgage - This is the mortgage showing the amount of new money that is being borrowed for the current transaction
- Gap Note - If there is an advance Amount, original Gap Note required
- Gap Mortgage - If there is an advance Amount, Gap Mortgage required
- Assignments
  - Assignment chain must follow endorsement chain
  - Final assignment to Lakeview must be assigned to MERS
  - If property is located in Suffolk County final assignment must be assigned to Lakeview
- Consolidation/Extension/Modification agreement on Fannie/Freddie form 3172 1/01 rev. 5/01
  - If current modification agreement does not reference all of the same borrowers as the original loan, must have deeds in file showing title has been transferred
  - Must be stamped "True and Certified Copy of the Original sent for Recordation". The stamp must be initialed by the individual stamping the document.
  - Must be fully executed and notarized
  - Must have Exhibit "A" attached - This is a listing of Notes and Mortgages
  - Must have Exhibit "B" attached - This is the property description
  - Must have Exhibit "C" attached - This is an unsigned copy of a new note showing full consolidated loan amount and new maturity date
  - Must have Exhibit "D" attached - This is an unsigned copy of a new mortgage showing full consolidated loan amount and new maturity date
- If FHA CEMA – form 3172 1/01 (rev. 5/01) may be used on FHA refinance transactions but reference to “Fannie Mae/Freddie Mac” must be removed and replaced with “Federal Housing Administration”

### **C539 Interim Interest Calculation and Interest Credits**

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Lakeview charges interest to the Seller and interest is calculated based on 360 days per year for all loans.

Our Servicing Division must have sufficient time to process the loan before receipt of the first payment, therefore an interest credit to the borrower can only be made up to the 10th day of the month.



### **Purchase Advice**

Once a purchase advice is generated, it will be posted to our web site for your access at <http://www.Lakeviewcorrespondent.com>

Sellers can view purchase advices for loans funding that day or for historical purposes.

### **C540 Year End Reporting**

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Closed Loan Sellers are required to provide the 1098 to the borrower for pre-paid interest collected at closing as reflected on the final Closing Disclosure and for points paid by the borrower to the lender. Lakeview will only provide the 1098 for interest on payments received. If Lakeview purchases the loan at Original Balance, the seller is still responsible to report pre-paid interest collected at closing.

### **C541 TILA-RESPA Integrated Disclosure Rule**

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The Consumer Financial Protection Bureau (CFPB) has adopted a final regulation creating new, integrated disclosures for mortgage loans. Specifically, the Truth in Lending Act-Real Estate Settlement Procedures Act (TILA-RESPA) Integrated Disclosure Rule (TRID) consolidates existing disclosures into two forms:

- The Loan Estimate (LE) replaces the GFE and Early TIL
- The Closing Disclosure (CD) replaces the HUD-1 and Final TIL

TRID amends Regulations Z (TILA) and X (RESPA) to create new, integrated disclosures. Some of the revisions included in TRID are:

- Creation of the new Loan Estimate and Closing Disclosures forms
- Changes the definition of an application
- Creates new requirements on the collection of advance fees and pre-disclosure requirements
- Adds new timing requirements
- Revises allowable fee tolerances

TRID covers most closed-end consumer loans for which an application is received on or after October 3, 2015 except:

- HELOCS
- Reverse Mortgages
- Loans secured by mobile homes (not secured to real property)
- Partial exemption for certain junior liens associated with housing assistance
- Loans made by creditors that make 5 or less loans per year

#### **For applications:**

- Taken on or before October 2, 2015 use old disclosures (GFE, TIL HUD-1)
- Taken on or after October 3, 2015 use new disclosures (LE, CD)
  - Use of the LE and CD prior to October 3, 2015 is not allowed
  - MDIA still applies



### **Loan Estimate:**

The new Loan Estimate form is designed to provide disclosures that will be helpful to consumers in understanding key features, costs, and risks of the mortgage loan for which they are applying.

- Must be provided within 3 business days of receiving an application
- Must be delivered at least 7 business days prior to consummation (loan signing)
- Revised Loan Estimates may only be issued as a result of a valid change of circumstance and provided within 3 business days of the changed circumstance
- Rounds fees
- Combines the Appraisal Valuation Disclosure and Servicing Transfer Disclosure

Loan Estimate Timing Requirements:

- If the Loan Estimate is not provided to the borrower in person, it is considered to be received 3 business days after it is placed in the mail or sent via electronic delivery.
- This “receipt” date is important as it drives the ability to impose a fee, providing written estimates of terms or costs (i.e. Fee Worksheet), and requiring documents for verification.
- Fee Worksheets, if given, prior to the LE must state that the terms and cost may change.

### **Closing Disclosure:**

The new Closing Disclosure form is designed to provide disclosures that will be helpful to consumers in understanding all the costs of the transaction.

- Must be delivered 3 business days before consummation of the loan (loan signing) to borrower and any non-borrowers who have the right to rescind
- Some changes are permitted, however if any of these three items change, the 3 day waiting period begins again:
  - APR increases by more than .125
  - Loan product changes (fixed to ARM, ARM to fixed, etc.)
  - A prepayment penalty is added
- Document is dynamic and only certain items print for certain product types
- Fees must be exact and not rounded

Closing Disclosure Timing Requirements:

If the initial Closing Disclosure is:

- Delivered in person, it must be received at least 3 business days before consummation
- Delivered by mail (USPS, UPS, FedEx, etc.), borrower is considered to have received it 3 days after it was placed in the mail (unless creditor can prove earlier receipt).
- Delivered by email (as long as compliant per E-SIGN-ACT), borrower is considered to have received it 3 days after the email was sent (unless creditor can prove earlier receipt)

Application definition has been changed to consist of the below 6 items and is considered complete when all 6 items are provided:

- Borrower's name
- Borrower's income
- Borrower's SSN
- Property Address
- Estimate of value of the property
- Loan amount

The 7th piece of information, “catch-all item” has been eliminated.



New Restrictions on activity prior the consumer’s receipt of the Loan Estimate:

- Cannot charge a fee until after the consumer has received the Loan Estimate and has indicated the intent to proceed
- Cannot provide written estimates of terms or costs before the consumer has received the Loan Estimate
- Cannot require the submission of documents verifying information related to the consumer’s application before providing the Loan Estimate
  - You may ask for names, account numbers, balances of a borrower’s checking/savings account, however you may not require a copy of the bank statement

**Fee Tolerances**

Fee tolerances are much more stringent than before and are classified in three tiers: 0% tolerance, 10% tolerance, and unlimited. Emphasis has shifted from the line number a fee should be placed on to whom a fee is paid and whether or not the Consumer can shop for the service.

Tolerance violations must be cured within 60 days of settlement.

| Zero Tolerance   | 10% Tolerance   | No Tolerance Limit   |
|--|---|--|
| <ul style="list-style-type: none"> <li>▪ Fees paid to the creditor, mortgage broker, or an affiliate of either</li> <li>▪ Fees paid to an unaffiliated third party if the creditor did not permit the consumer to shop for a third party service provider for a settlement service (such items as flood certification, appraisal, FHA UFMIP, VA Funding Fee, USDA Guarantee Fee and credit report fees)</li> <li>▪ Transfer Taxes</li> </ul> | <ul style="list-style-type: none"> <li>▪ Recording fees</li> <li>▪ Charges for third party services where:               <ul style="list-style-type: none"> <li>▪ The charge is not paid to the creditor or the creditor’s affiliate, and</li> <li>▪ The consumer is permitted by the creditor to shop for the third party service and the consumer selects a third party service provider on the creditor’s written list of service providers</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>▪ Prepaid interest, property insurance premiums, amounts placed into an escrow impound, reserve or similar account;</li> <li>▪ Services required by the creditor if the creditor permits the consumer to shop and the consumer selects a third party service provider not on the creditor’s written list of services providers; and</li> <li>▪ Charges paid to third party service providers for services not required by the creditor (may be paid to the affiliates of the creditor)</li> </ul> |

Loans delivered for purchase with initial applications taken on and after October 3, 2015 must comply with TRID requirements.



Below is required documentation as part of the pre-purchase review:

Loan Estimate related:

- Initial 1003
- All LEs provided to the borrower with some form of evidence of receipt
- All changed circumstance documentation associated with the issuance of revised LEs
- Evidence no fee was imposed other than the reasonable credit report fee prior to the borrower's receipt of the LE
- Written List of Service Providers

Closing Disclosure related:

- All CDs provided to the borrower and non-borrowers with a right to rescind with some form of evidence of receipt
- Final CD signed and dated at closing
- On purchase transactions, the Seller's CD is required
- All CDs provided to borrowers after closing

The LE must contain a good faith estimate of credit costs and transaction terms.

The CD must contain the actual terms and costs of the transaction.

Loans will be reviewed to determine if fee changes were within acceptable tolerance limits. If charges have increased beyond allowable tolerance limits, the tolerance violation must be cured by refunding the excess payment for the charge to the borrower and providing a corrected CD documenting the refund. The tolerance cure must be completed within the 60 days of settlement.

Any loan where the consumer has waived any of the required waiting periods is ineligible for purchase.

## **C542 Partial eClosings**

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Lakeview Loan Servicing, LLC accepts electronically signed closing documents with exceptions noted below. We will accept hybrid closings, where key documents are printed to paper and wet-signed, while other documents throughout the process are signed electronically. This does not apply to eNotes or eMortgages (see below description)\*.

Unacceptable e-Signed closing documents are:

- Notes
- Security Instruments and applicable riders
- Documents that require notarization or witnesses

All electronic signatures by the borrower must be in compliance with the E-Sign Act and other applicable federal and state laws.

Applicable agency guidelines related to e-closings must also be followed.

The loan file must include a properly disclosed and executed E-Sign Disclosure and a Consent Form from each borrower.

\* The term "eMortgage" generally refers to the use of electronic processes and signatures in the mortgage production process. More specifically, it refers to electronically-signed closing documents paired with an original electronic promissory note (eNote), signed on an eClosing platform and registered with the MERS eRegistry® upon execution. The term "eMortgage" is often used to indicate an eNote, even though eMortgage is the broader term for the electronic process that includes the eNote and the electronic security instrument.





\* Lakeview does not allow Remote Online Notarizations (RON) at this time for Borrower signed documents

## **5D Credit and Collateral Review**

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Lakeview will randomly select loans prior to funding and review them to ensure they meet our underwriting and applicable agency guidelines as stated in the Underwriting Section of this manual and as specified by the Product Summaries. These reviews may be targeted to a specific area of review (such as collateral) or may be a full underwriting review of the loan file. The review may include re-verification of loan information which may include (but not limited to): Employment, Income, Social Security, Property Information and valuation, as well as Public Records information. These reviews will be used to determine:

- Complete loan file and all underwriting disclosures provided (as required by product)
- Soundness of underwriting decisions
- Detection of fraud and misrepresentation

Lakeview will use fraud detection tools to screen every loan both prior to issuing the Non-Delegated Purchase Commitment and at the time of closed loan delivery.

## **D500 Underwriting Approval and Automated Underwriting Requirements**

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Every loan file submitted to Lakeview must include a signed underwriting approval that matches the terms of the loan.

- Delegated Sellers must have some form of approval signed by an underwriter. The following documents, signed by an underwriter, will be accepted as approval:
  - 1008 with Automated Findings
  - HUD 92900-LT
  - VA Loan Analysis or Interest Rate Reduction Refinance Loan Worksheet
  - Seller's own approval form with conditions
  - If contract underwritten, approval must reference the delegated Seller as the Seller and not Lakeview
- Non-Delegated Seller must have an Underwriting approval from Lakeview for conventional loans which is labeled "clear to close" and all "prior to final commitment" conditions must be provided. All Governments loans must have an underwriting approval signed off by a Lakeview underwriter.
- Underwriting Conditions must be cleared prior to closing for Delegated and prior to purchase commitment being issued for Non-Delegated. Loans submitted for purchase without conditions being cleared may be rejected for purchase.
- Credit Docs cannot be expired on approval
- The AUS findings/Purchase Commitment Confirmation must match how the loan was closed:
  - If the loan amount and/or interest rate are higher than the Note, findings are acceptable. If they are lower, you need corrected findings/contract underwriting approval
  - If the appraised value and/or sales price are higher, the findings are acceptable. If they are lower then you need corrected findings/contract underwriting approval
  - Always need corrected findings/contract underwriting approval if the following are not correct:
    - Loan type (i.e. product/term)
    - Property type (i.e. Condo/PUD)
    - Occupancy type (i.e. primary/second home/investment)



- Units
- Property address
- Correct Version of DU must be used
- DU Preliminary Findings are not acceptable
- The latest DU Submission is required
- Submission Number Must Match Contract Approval
- AUS Credit Report Reference # must match Credit Report

## **D501 Condo/PUD Warranty**

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All loans with Condo and PUD projects must be warranted to applicable agency requirements and must have the completed warranty form included in the file.

## **D502 Appraisal**

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- If the DU PIW (Property Inspection Waiver) or LPA ACE (Automated Collateral Evaluation) option is selected, then the borrower must sign the PIW Borrowers Disclosure form (sample can be found in the Reference Library). The Closing Disclosure must not reflect an appraisal waiver fee greater than \$50.00 for Freddie Mac products.
- Lakeview will accept an original or a copy of an Appraisal with legible photos.
  - Appraisal must be signed
- Check AUS findings & Product Matrix to determine appraisal form is required.
- Appraiser license is required and must be active and not expired
- Appraisal must be "As-Is", if not:
  - Completion Certification (442) with original photos is required (for 1st mortgage conventional loans only)
  - If Completion Certification is missing due to escrow repairs - loan file must contain copy of escrow holdback agreement.
  - If nothing in file showing there is an escrow holdback, Lakeview will suspend loan file for a completion cert.
- If appraisal reflects property as a Condo or an attached PUD, a Condo/PUD warranty form must be provided in the loan file.
- The monthly rental income and number of bedroom data must be provided for primary residence multi-family (2-4 units) and investment properties (1-4 units). Rental income can be found on the below documents:
  - Operating Income Statement (Fannie Mae Form 216)
  - Comparable Rent Schedule (Fannie Mae Form 1007)
  - Fair Market Rent letter from Realtor
  - Lease agreement
  - Rental income noted on the Application or 1008
- The monthly rental income and number of bedrooms is required regardless of processing style or if the PIW option is selected.
- Fannie Mae requires delivery of property data such as the number of bedrooms and year built on the HomePath product. Since the HomePath product does not mandate an appraisal, it will be necessary to print out the property information containing number of bedrooms and year built and rental income, if required, from Fannie Mae's HomePath website. This information must be in the loan file when submitting to Lakeview for purchase. If the information is not available on the HomePath website, needs to be stated on the 1008 underwriting transmittal summary
- Refer to the product matrix for additional appraisal requirements.



### **D503 Verbal Verification of Employment**

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All loan files must contain a verbal verification of employment for each borrower whose income was used to qualify the loan. If borrower is in the military a military Leave and Earnings Statement dated within 120 days of Note date is acceptable in lieu of a verbal verification. VVOE must have the following info.

- Must be dated within 10 business days of Note date (10 calendar days for FHA)
- Borrower's date of employment
- Borrower's employment status and job title
- Name, phone number, and title of individual contact at employer
- Name of the employer contacted
- Name and title of associate contacting employer from Lender

### **D504 Credit Report**

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A complete credit report is required on all loans.

- If there are fraud or identity alerts on credit report and identity verification form is required.

### **D505 Tax Transcripts**

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- Refer to specific product matrix for transcript requirements.
- Borrower obtained transcripts are not permitted
- **NOTE:** Typically, tax transcripts are not available from the IRS until two to three weeks after a consumer e-files their tax return and six to eight weeks after filing by mail. If the current year tax return has been filed but the corresponding tax transcript is not yet available due to IRS lag times, the prior year's transcripts are required (either one or two years dependent upon the AUS requirement) in addition to the current year tax return and current year transcript request returned as "No Record Found". The current year tax returns must be reviewed to validate the stability of income/business and determine the reasonableness of any positive trends for the purpose of considering as qualifying income. *Additional documents, (i.e. copies of cancelled checks for IRS Payment/IRS refund, or electronic filing receipt from the IRS indicating the Submission Identification Number (SID) and AGI that matches the return) may be required on a case-by-case basis.*

### **D506 VA Loans**

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**The following documents are required on all VA Loans.**

- Delegated - Copy of VA Funding Fee receipt – required even if borrower is exempt from VA Funding Fee
  - Receipt must indicate Processed or Settled and not Pending
- VA case number must be consistent throughout the file
- Final Application Signed and Date by borrowers
  - All pages must be provided & loan terms must match actual loan terms
- VA Report & Certification of Loan Disbursement (form 1820) must be completed
  - GMI section must be completed
  - Must be signed and dated by Borrower & Lender



- Amendatory Language Clause/VA Escape Clause – can be part of Sales Contract or on separate form
  - Required on Purchases Only
  - Must be signed and dated by all Borrowers & Sellers – date only required if there is a date field
  - If Seller is the VA or a Financial Institution/Bank this form is not required
  - Value section must be completed
- VA Loan Summary Sheet – must be completed
- VA Interest Rate Reduction Refinance Comparison Sheet required on Streamlines
  - Must be signed by borrower and terms of new loan must match actual terms

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### **D507 Wire Instructions/Bailee Letter**

- Please reference Shipping and Delivery Methods chapter for details on Wire Instructions and Bailee Letter requirements

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### **D508 Prior Lien Validation**

- Lakeview internal process is to verify that all prior liens have been satisfied on refinance transactions and will purchase the loan once the payoff has been validated.
- Inclusion of the payoff statement in the loan file is now required.

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### **D509 SAM, LDP and Exclusionary List**

- Lakeview is prohibiting loans where any company or individuals who are material parties to the transaction listed on HUD's "Limited Denial Participation" list or System For Award Management (SAM) Excluded Party list. Both lists must be checked for all parties to the transaction. If any of the names appear on either list, the loan is not eligible for purchase. This applies to all loans and is not limited to FHA and VA loans.
- In addition to checking the SAM and LPD lists Lakeview has established an Exclusionary List identifying certain individuals and businesses. Lakeview will not purchase a loan where an individual or company on the Lakeview Exclusionary List was directly or indirectly involved in the transaction. The Exclusionary List can be found on the Lakeview website.

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### **D510 Income Calculation Worksheet – Delegated Only**

The Income Calculation Worksheet is used to help the reviewer determine stable monthly income for qualification. The worksheet is not intended to capture all underwriting requirements and documentation standards but will help the reviewer consider income trends and document how the income was calculated. Sellers are responsible for reviewing guidelines and documentation to access whether income is reasonable and properly documented. The Seller Guide and product summaries provide detailed information on income documentation and standards.

The worksheet will provide a total of all income considered on the worksheet. Comments on the worksheet can be included to show how income was calculated or to identify unique notes specific to the calculation of income. This worksheet can be used for non-self-employed income. For borrowers who are self-employed or receive income from real estate activities, a self-employed analysis worksheet, Fannie Mae 1084, or a comparable form showing how income was calculated must be used.

All loans submitted to Lakeview for purchase must include an income calculation breakdown. It may be defined on the 1008 or on a separate worksheet. Sellers may use the worksheet provided in our



Reference Library or a comparable worksheet to document income. It must be detailed and clearly document how income was calculated.

### **D511 Social Security Number Verification Form**

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Fannie Mae has made changes to the Potential Red Flag messages that are issued when a Social Security Number provided on the loan application appears to be invalid. The messages have been updated to require additional verification to confirm the accuracy of the Social Security Number and will now specify the following verification requirements:

- The SSN accuracy must be confirmed, and if incorrect, the SSN must be updated and the loan casefile resubmitted to DU. If the SSN is determined to be correct, it must be verified directly with the SSA (direct validation by a third party is acceptable), and the loan must be delivered with SFC 162. If the SSN cannot be validated with the SSA, the loan is not eligible for delivery to Fannie Mae.
- If verification with the Social Security Administration is required, the Authorization for the Social Security Administration to Release Social Security Number Verification form SSA-89 must be completed by the borrower(s). This form can be found on the Social Security administration website at <http://www.ssa.gov/cbsv/docs/FormSSA89.pdf>.
- The completed form as well as the Social Security Administration's response must be retained in the loan file when submitting to Lakeview for purchase.



## **5E Disaster Guidelines**

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### **OVERVIEW**

These guidelines describe the requirements for loans delivered to Lakeview Loan Servicing, LLC that are secured by properties located in a Declared Disaster Area as federally defined by FEMA or an investor or as determined by Lakeview Loan Servicing, LLC (including areas that may be impacted by a pending disaster). This document outlines the minimum requirements for loans secured by properties impacted by a disaster (or a pending disaster) in order to assist in ensuring marketability, soundness and value of the structure.

In addition to the requirements outlined in this document, Lakeview Loan Servicing reserves the right to impose restrictions and/or suspend purchases for properties subject to any disasters and adverse events that may impact the collateral.

This section provides guidelines to be followed for properties impacted (or potentially impacted) by a disaster in:

- FEMA Major Disaster Declarations with designated counties eligible for **Individual Assistance (IA)**
- Areas where FEMA has not made a disaster declaration, but Lakeview Loan Servicing or an Investor (Fannie Mae, Freddie Mac, FHA, USDA or the Veterans Administration) has determined that there may be an increased risk of loss due to a disaster
- Areas where the Seller has reason to believe that a property might have been damaged in a disaster

Upon the occurrence of multiple events, such as a hurricane followed by a flood, the requirements of these guidelines apply to the date of the most recent event.

### **E500 SELLER RESPONSIBILITY FOR PROPERTY CONDITION**

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Notwithstanding any other requirements set forth herein regarding disasters and similar events, seller represents and warrants that the property securing the mortgage loan is free of damage on the purchase date. In addition, any adverse event must be evaluated in terms of its effect on the subject's habitability, marketability and value.

Sellers are responsible for determining potential impact to a property located in an area where a disaster is occurring or has occurred. Irrespective of whether a declaration or announcement has been made, if a Seller has reason to believe that a property might have been damaged in a disaster the Seller must take appropriate action as outlined below to ensure that the property meets Lakeview Loan Servicing requirements and applicable investor requirements at the time of purchase by Lakeview Loans Servicing.

Additionally, if Lakeview Loan Servicing has a reason to believe that a property might have been damaged in a disaster and has placed a prior-to-purchase condition on the mortgage loan, then the Seller must follow the requirements of the loan condition.

### **E501 DISASTER ASSESSMENT AND DISASTER NOTIFICATION ANNOUNCEMENTS**

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Lakeview Loan Servicing will assess the significance of events in geographic areas impacted by disasters. The assessment will utilize data provided by FEMA and other sources regarding impacted areas. As a result of this assessment, Lakeview Loan Servicing may define the affected area differently than the FEMA declaration. Unless communicated otherwise, Lakeview Loan Servicing will utilize FEMA for declaration dates, incidents begin dates and incident end dates. The Lakeview Loan Servicing Credit Policy department, at its discretion and if permitted by investor guidelines may choose to declare disaster



incident period begin dates and/or incident period end dates other than those recommended by FEMA if there are mitigating factors. Lakeview Loan Servicing may communicate a list of counties and/or zip codes by which a property's location is determined to be covered by these guidelines as a disaster area.

Sellers are responsible for monitoring the Disaster Declaration File and the FEMA Website including the FEMA Declarations Summary on an ongoing basis to ensure that the property is not located in an area impacted by a disaster. In the event of a declared or undeclared disaster area requiring action, Lakeview Loan Servicing will update the disaster file with the following information:

- Nature and location of disaster
- Disaster incident period (an incident period is defined as the beginning and subsequent ending date to a particular disaster). The incident beginning period is defined by FEMA.
  - Incident period end date may be either:
    - Determined by FEMA and published at FEMA.gov, or
    - Determined by Lakeview Loan Servicing and published in the *Disaster Declaration File*, or
    - Determined by an Investor (Fannie Mae, Freddie Mac, FHA, USDA or the Veterans Administration)
- Impacted counties as determined by FEMA's Major Disaster Declaration of areas eligible for individual assistance and/or Lakeview Loan Servicing and/or an Investor (Fannie Mae, Freddie Mac, FHA, USDA or the Veterans Administration)
- Any related Lakeview Loan Servicing and/or Investor (Fannie Mae, Freddie Mac, FHA, USDA or the Veterans Administration) announcements and special requirements
- Any additional documentation requirements, including
  - Additional appraisal or appraisal product requirements
  - Additional re-inspection requirements
  - Employment re-verification requirements, if any
- Effective date of any requirements

### **E502 Re-Inspection Requirements**

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The inspection document provided must address the specific disaster and indicate any apparent damage to subject property. Inspection reports may not be used to estimate or recertify value.

It is the responsibility of the Lakeview compliance auditor to review the re-inspection report to deem acceptability in both form and content.

### **Loans with Appraisals (Not Yet Purchased)**

If a property is in a Declared Disaster Area and the most recent appraisal was completed on or before the incident period end date, or an incident period end date has not yet been declared, then, subject to the applicable product matrix and investor requirements, Lakeview Loan Servicing requires that an acceptable property inspection dated after the declared incident period end date be completed prior-to-purchase confirming the property was not adversely affected by the disaster prior to our purchase of the loan.

### **Fannie Mae, Freddie Mac, VA, USDA, and FHA loans closed and endorsed prior to the incident beginning date**

- A final **exterior** inspection or appraisal with exterior photos update signed and dated by the original appraiser
  - Appraisal Update, form Fannie Mae 1004D, Disaster Inspection, or
  - Completion Report, form Freddie Mac 442, or
- Property Inspection Report with exterior photos –



- Form Fannie Mae 2075, or
- DAIR
- Seller Certifications are permitted and must meet the below listed requirements
- Additional forms and/or certifications may be required as per investor guidelines (i.e., VA Lender Certification, VA Veteran Certification, VA Form 26-0286, Employment/Income Certification)

### **Seller Certification Requirements**

A Seller Certification is permitted when the following requirements are met:

- Must be executed by an employee of the Seller who will **NOT** receive direct compensation from the subject transaction
- Seller may determine their own form however the certification must meet the following requirements:
  - Must state that an acceptable inspection of the property was completed
  - Must indicate either the Seller's or Lakeview's loan number
  - Must be on Seller letterhead or a certification of property condition form
  - Must indicate subject property complete street address, including city, state and zip code
  - Must include the following language or a reasonable facsimile "This is to confirm that the above referenced property has been inspected on XX/XX/XXXX (date of inspection to be included) and I have determined that it was either not damaged in the recent disaster or has been restored to its pre-disaster condition or better."
  - The date of the property inspection referenced above must be after the disaster incident end date as identified in the Disaster Declaration File
  - Printed Name and Signature of Seller's Representative, Title and Date
  - Photos of the property front, back, street in both directions, house number and any visible damage
    - Condos also require pictures of the lobby and front of the building; picture of the lobby through the window is acceptable if lobby is not accessible due to security

If the re-inspection notes that the property is uninhabitable, unsound, or that the property condition has been affected by the disaster, then a new appraisal must be completed, including an interior inspection and interior and exterior photos showing that:

- All identified damages and associated repairs have been resolved and meet applicable investor guidelines (Fannie Mae, Freddie Mac, FHA, VA, and USDA) and,
- The property is habitable, sound, and the property value is supported

### **FHA loans closed and/or were endorsed after the incident beginning date**

Re-inspections for FHA Loans that closed and/or were endorsed on or after the beginning of the incident period cannot occur until after the incident period end date (as defined by FEMA) or fourteen (14) days from the incident period begin date, whichever is earlier. In some instances, Lakeview may extend the incident period ending date, longer than the FHA guidance of fourteen (14) days. This depends on the scale and scope of the incident. Please refer to the [Disaster Declaration File](#) for the incident starting and ending dates for all Lakeview declared disasters.

If the effective date of the appraisal is on or after the date required above for an inspection, a separate damage inspection report is not necessary.

FHA disaster inspections on properties located within a Declared Disaster Area or in areas for which HUD/FHA have issued a notification that an appraisal update or inspection is required due to a disaster must:

- Have a damage inspection report that identifies and quantifies dwelling damage and complies with the following requirements:





- A final **exterior** inspection or appraisal update signed and dated by the original appraiser and includes exterior photos.
  - Appraisal Update, form Fannie Mae 1004D, Disaster Inspection, or
  - Completion Report, form Freddie Mac 442, or
- Property Inspection Report with exterior photos –
  - Form Fannie Mae 2075, or
  - DAIR
- Be completed by an FHA Roster Appraiser in good standing with geographic competence in the affected market may be used, even if the inspection shows no damage to the property. If the Mortgagee uses a different appraiser to inspect the Property, the appraiser performing the damage inspection must be provided with a complete copy of the original appraisal.

If the re-inspection notes that the property is uninhabitable, unsound, or that the property condition has been affected by the disaster, then a new appraisal must be completed, including an interior inspection and interior and exterior photos showing that all identified damages and associated repairs have been resolved and meet FHA Handbook 4000.1, II.A.7.c - Inspection and Repair Escrow Requirements for Mortgages Pending Closing or Endorsement in Presidentially-Declared Major Disaster Areas .

**Loans without Appraisals Not Yet Purchased: (See table below)**

If a property is in a Declared Disaster Area and the date of issuance of the PIWACE is on or before the incident period end date, or an incident period end date has not yet been declared, then, subject to the applicable product matrix and investor requirements, Lakeview Loan Servicing requires that an acceptable property inspection dated after the declared incident period end date be completed prior-to-purchase confirming the property was not adversely affected by the disaster prior to our purchase of the loan.

The inspection document provided must address the specific disaster and indicate any apparent damage to subject property. Inspection reports may not be used to estimate or recertify value.

**Loans without Appraisals**

| Program            | Applies to:  | Property Inspection Requirements   |                              |
|--------------------|--|--|------------------------------|
|                    |  | Loans Not Closed   | Loans Closed - Not Purchased |
| <b>Fannie Mae</b>  | Loans with a Property Inspection Waiver (PIW) or any other Fannie Mae loan without an appraisal.         | <ul style="list-style-type: none"> <li>• An acceptable property inspection with exterior photos dated after the incident end date is required and must indicate that the property has not been impacted by the disaster, or</li> <li>• A Seller Certification meeting Lakeview requirements as outlined above.</li> </ul> If the re-inspection indicates no damage, then the PIW may be exercised. |                              |
| <b>Freddie Mac</b> | Loans with an automated Collateral Evaluation (ACE) or any other Freddie Mac loans without an appraisal. |  |                              |
| <b>FHA</b>         | FHA Streamline   | <ul style="list-style-type: none"> <li>• An acceptable property inspection with exterior photos dated after the incident end date is required and must indicate that the</li> </ul>  |                              |



|           |          |   |
|-----------|----------|---|
|           |          | property has not been impacted by the disaster, or <ul style="list-style-type: none"> <li>• A Seller Certification meeting Lakeview requirements as outlined above.</li> </ul>  |
| <b>VA</b> | VA IRRRL | <ul style="list-style-type: none"> <li>• An acceptable property inspection with exterior photos dated after the incident end date is required and must indicate that the property has not been impacted by the disaster, or</li> <li>• A Seller Certification meeting Lakeview requirements as outlined above.</li> </ul> |

If the re-inspection notes that the property is uninhabitable, unsound, or that the property condition has been affected by the disaster, then a new appraisal must be completed, including an interior inspection and interior and exterior photos showing that:

- All identified damages and associated repairs have been resolved and meet applicable investor guidelines (Fannie Mae, Freddie Mac, FHA, & VA) and,
- The property is habitable, sound, and the property value is supported.



## Chapter 6 Shipping and Delivery Methods

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This chapter describes the processes for Prior Underwriting Approval, delivery, or funding of Loans. Chapters 6A through 6B focus primarily on process, and do not define or alter the actual Loan Program purchase criteria and eligibility standards. For product-specific information on loan criteria and eligibility, please refer to the current product matrices. Chapter 6C includes detailed information regarding processes related to the funding of loans, including wire transfer instructions. Following these instructions will help to speed the funding of your loans.

### 600 Descriptions of Underlying Chapters

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Chapter 6A – Methods of Delivery

Chapter 6B – How to Deliver

Chapter 6C – Funding Requirements and Wire Instructions

### Chapter 6A Methods of Delivery

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This section describes alternative methods that Sellers may utilize to deliver loans to Lakeview.

#### A600 Image Delivery through Seller Portal

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To submit a closed loan image file, upload the documents to the Seller portal at [www.LakeviewCorrespondent.com](http://www.LakeviewCorrespondent.com). For more detailed information on how to deliver image files, refer to the File Upload Utility document located in the Reference Library.

1. The upload images function enables the import of the following types of documentation:
  - Appraisals
  - Credit file
  - Closing file
  - Credit and Closing files
  - Trailing/ Suspense Documents
2. Image files must be in PDF or TIFF formats only.
  - PDF format is preferred
  - Security Restrictions or bookmarks on PDF Files are not permitted
  - TIFF format should be multi-page (typically Group IV TIFF format)
  - All file documents should be within one electronic file
  - Zip files, folders or password protected documents may not be uploaded, this will cause a delivery failure after receiving a successful upload
  - Adobe PDF Package files (is a PDF packaging similar to a zip file) may not be uploaded or transferred
3. Our naming convention must be followed before uploading files.
  - The beginning of the file name should be the Seller loan number followed by an underscore (e.g. 1234567890\_Smith\_Closing\_Pack.pdf)
  - Do not include any special characters in your file name (e.g. ' ^ @ # \$ & ( ) = +)
  - A period should only be used once as part of the file extension (ex: .pdf)
  - Use an underscore in lieu of space (underscores should never be part of the loan number)
  - Trailing/suspense documents should be named with “\_TDOC” behind the loan number (e.g. 1234567890\_TDOC.pdf)



- A description can be added after the loan number if uploading multiple documents for the same loan (e.g. 1234567890\_Appraisal.pdf, 1234567890\_Bank\_Statment.pdf, 1234567890\_TDOC\_FinalHUD, 1234567890\_TDOC\_1.pdf)
- 4. Original recorded documents cannot be uploaded.
- 5. Appraisals must be in a PDF format and uploaded separately from the loan file.
- 6. Indexing or doc typing is not required or accepted.
- 7. Image Upload provides an immediate confirmation of delivery
- 8. Once a Loan image file is uploaded for a prior approval or closed Loan file, supplemental documents such as suspense conditions may be uploaded regardless of where Lakeview is in the review process.

## **A601 Paper Delivery – Delegated Only**

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### **1. Shipping Labels/ File Identification**

- Every loan file should be submitted with labels identifying:
  - Lakeview loan number
  - Seller Name and ID
  - Borrower's Name
  - Suite Number
- Boxes/envelopes delivered with multiple files should contain a shipping inventory of files

### **2. Delivery Addresses**

- For More information on specific Delivery addresses, access the How to Deliver section of this guide

## **Chapter 6B How to Deliver**

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This section outlines the process for delivery of Non-Delegated underwritten loans, Prior Underwriting Approval, Exceptions, Closed Loan Files, Post Acquisition as well as other documentation. This section's primary focus is on process, and does not define or alter the actual Loan Program purchase criteria and eligibility standards, which are contained in other chapters of this Seller Guide.

## **B600 Non-Delegated Underwriting Loan Submissions**

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- Register the Loan within the Lakeview Non-Delegated Underwriting Portal.
- Upload the loan images through the Lakeview Non-Delegated Underwriting Portal utilizing the portal handbook housed [here](#).
- Utilize the Non-Delegated Loan Submission Checklist for document requirements by product type.
- Seller is not required to submit or forward an original file for any loan credit file that has been submitted through Image Upload.

### **1. Image Upload Prior Approval Underwriting Delivery**

- The following file types may be uploaded for Prior Approval Underwriting review:
  - Credit File
  - Appraisal File (must be in a PDF format - no size restriction)
  - Trailing/ Suspense Documents



## **B601 Prior Approvals**

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- Register the Loan with Lakeview.
- If required, obtain DU or LP recommendation.
- Process the Loan according to findings.
- Use the findings report to assemble the package. If the Loan is not submitted to DU or LP, use the Lakeview Underwriting Checklist to assemble the package.
- Placement of the Lakeview Loan Submission Cover sheet
  1. Image Delivery: form should be included in the imaged file, if possible
  2. Paper Delivery: on the top, right side of the package.
- If applicable, place Loan in a FINAL status in DU or in FINAL ASSIGNMENT in LP.
- To submit the file to Lakeview, select from the following methods:
  - Image Delivery
  - Paper
- Seller is not required to submit or forward an original file for any Loan credit file that has been submitted through Image Upload.

### **1. Image Upload Prior Approval Underwriting Delivery**

- The following file types may be uploaded for Prior Approval Underwriting review:
  - Credit File
  - Appraisal File (must be in a PDF format - no size restriction)
  - Trailing/ Suspense Documents

### **2. Paper Delivery for Prior Approval Underwriting**

- If mailing, overnight the package to:

Lakeview Loan Servicing, LLC c/o MRN Cubed, LLC  
6201 Technology Drive, Suite 104  
Frisco, TX 75034
- Lakeview requires a copy of the credit file; do not send any original documentation in the file with the exception of the Appraisal.
- Appraisals may be uploaded in a PDF format on the Lakeview Seller website.
- Submission of Trailing or Suspense documents must be made via Seller Portal.

## **B602 Closed Loan**

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After Seller has entered into a Commitment, the normal stages of the delivery and subsequent funding process for a Loan are as follows:

- Seller closes the Loan and submits the Funding Documents for the Loan to Lakeview.
- Lakeview reviews and determines acceptance of the Funding Documents; if necessary, Seller submits corrected or additional Funding Documents.
- If the Funding Documents have been accepted and approved by Lakeview, Lakeview funds the Loan purchase.
- For final documents, if applicable, see Final Documents section.
- Closing and Credit must be received on or before the Delivery Expiration Date

For Closed Loan, the following methods of delivery may be utilized:



- Image Delivery
- Paper

### 1. Image Upload of Closed Loan File through Delegated Correspondent Portal

- The upload images function will allow the import of the following types of documentation.
  - Appraisals
  - Credit and Closing files
  - Trailing/ Suspense Documents
- Image files must be in PDF or TIFF formats only.
  - TIFF format should be multi-page (all file documents should be within one electronic file, typically Group IV TIFF format)
  - All file documents should be within one electronic file
- Appraisals must be in a PDF format and are limited to 5MB.
- Indexing or doc typing is not required.

### 2. Submitting a Closed Loan File through Overnight Mail – Delegated Only

Ship a complete full file (credit and closing) to:

Lakeview Loan Servicing, LLC  
507 Prudential Rd  
Mail Stop S142  
Horsham, PA 19044  
Attn: Lakeview Correspondent

- Sellers are encouraged to use the Lakeview Delivery File Checklists when submitting Closed Loans for review and purchase.
- Using our Delivery File Checklists ensures submission of the required and correct documentation as applicable for product/program
- Delivery File Checklists can be found in the Reference Library.
- To help ensure accurate processing, Seller should submit closed loan files with labels identifying:
  - Lakeview Loan number
  - Seller ID and name
  - Borrower's name

### 3. Delivery of Original Notes:

- Lakeview will require a Bailee Letter to be submitted with the delivery of the Original Note.
  - Bailee letter must be issued in the name "Lakeview Loan Servicing, LLC or its Custodian, Wells Fargo"
- Wire instructions will be required in lieu of the Bailee Letter on the following approved Exceptions:
  - Sellers with Tri-Party agreements
  - Sellers with a Master Bailee
  - Sellers with a Regulated Financial Institution parent
  - Warehouse Banks not issuing Bailee Letters
- In these cases, Wire Instructions should be delivered with the Original Note.
- Original Notes and either the Bailee letter or Wire Instructions should be delivered to the following address by the delivery expiration date:

#### TPO - Agency Delivery

Lakeview Loan Servicing, LLC  
507 Prudential Rd  
Mail Stop S142  
Horsham, PA 19044  
Attn: Lakeview Correspondent



## **B603 Final Documents**

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This chapter describes the process for Sellers to deliver Final Documents to Lakeview.

### **1. Delivery of Final Documents**

- Seller must include the Final Documentation Transmittal with the shipment of documents and the Lakeview loan number on all final documents and communications regarding a loan.
- The loan number can be found on the Purchase Advice, at [www.lakeviewcorrespondent.com](http://www.lakeviewcorrespondent.com)
- Seller must deliver all final documents to Lakeview for each loan sold within 120 days from the funding date. See Final Document Fee section below for more details.

### **2. Original Recorded Documentation Exceptions**

The final documents for each loan are the following original recorded documents (subject to the differences below):

- Security instrument and any required addendums or riders
- Intervening assignments, including any recorded assignment to MERS, if applicable
- Where the original security instrument or intervening assignment has been retained by the controlling jurisdiction: Lakeview will accept a county certified copy, provided it contains an original certification by the judicial or other governmental authority of the jurisdiction where the security instrument was recorded.
- Consolidation, Extension, and Modification Agreement, if applicable
- Modification Agreement, if applicable
- Any other original recorded documents specific to the property type (e.g., condos, co-ops) and/or applicable to lien perfection
- Original Title Insurance Policy or Short Form Title Policy when applicable
- If the original Title Insurance Policy is not available to Seller: Seller may, in lieu of delivering the original Title Insurance Policy, deliver a duplicate original with jacket signed (or counter signed) by the issuing title insurance company, which must include Schedules A & B and all applicable conditions and stipulations or comparable information.
- If the title insurance carrier offers an electronic verification service: electronic verification is acceptable in lieu of the original policy.
- For a Loan secured by Mortgaged Premises located in the State of Iowa, only an Iowa Title Guaranty issued by the Iowa Finance Authority is acceptable.
- Loan Guaranty Certificate (LGC) for VA Loans (copy)
- Mortgage Insurance Certificate (MIC) for FHA Loans (copy), issued by HUD no later than 60 days after loan settlement or funds disbursement to the borrower(s), whichever is later, on loans with delegated underwriting
- Loan Note Guarantee (LNG) for USDA loans provided within 30 days of the Note date

### **3. Final Documents Mailing Information**

Seller is solely responsible to ensure delivery of all final documents.

**TPO / Agency Delivery**  
Indecomm Global Services  
FD-BV-9902  
1427 Energy Park Drive  
St. Paul, MN 55108  
Attn: Final Docs



Note: For MSR sales, please use [finaldocs1pa@lakeview.com](mailto:finaldocs1pa@lakeview.com). The above address is NOT to be used for MSR sales.

Sellers may email loan documents to Indecomm at [bayview.docgenius@indecomm.net](mailto:bayview.docgenius@indecomm.net). In addition, documents can be uploaded directly to the Indecomm DocGenius portal at <https://dmg.indecomm.net/ViewPointUpload/>. Any document delivered via SFTP or email must be subsequently sent as a physical copy to the address listed above.

Sellers are encouraged to create an online Indecomm account to access reporting, retrieve document status, or set up SFTP connections for delivery. Please contact the Indecomm support team at [DocGeniusAdmin@indecomm.net](mailto:DocGeniusAdmin@indecomm.net) for further information.

All questions or inquiries regarding recorded mortgages, final title policies, and assignments should be emailed to [BayviewTeam@indecomm.net](mailto:BayviewTeam@indecomm.net).

#### **4. Final Document Fee Schedule**

Final documents must be delivered within 120 days of the purchase date. Failure to deliver within this timeframe will result in a \$50 per document, per month, with a maximum charge of \$200 per document. Should all required documents not be provided within 240 days from the purchase date, we will make efforts to procure the missing document, itemize the associated costs, and subsequently invoice the seller.

#### **5. Receipt, Review and Acceptance of Final Document**

Lakeview will review all final documents for compliance with this Seller Guide and the terms of the commitment. Lakeview may provide Seller with a written demand requiring corrections or additional final documents. Seller must respond with the corrected or additional final documents within the timeframe specified in the written demand.

Seller's failure to deliver within the designated time may give cause for Lakeview, at its option, to instigate any or all of the following:

- Suspend Seller's approval status
- Declare a default for the affected Loans and demand repurchase
- Declare a general default under the terms of this Seller Guide
- Charge penalty fees up to and including all costs incurred by Seller to obtain missing documents

#### **6. Further Assurance Documents**

In order to allow Lakeview to receive the full intended benefit of the purchase of the loan, Lakeview reserves the right to demand delivery of further documents over and above the standard Final Document set where reasonably determined by Lakeview to be necessary for either:

- Lakeview's or a subsequent owner's enforcement of the mortgage
- Lakeview's ability to resell or securitize the loan, or
- The servicing of the loan (the "Further Assurance Documents")

Lakeview may make demands on Seller for Further Assurance Documents at any time after Lakeview has accepted the final documents. Seller must provide those Further Assurance Documents that are in Seller's possession or control, or which are reasonably obtained by Seller, within 15 days of Lakeview's demand. If Seller is unable to comply with a demand for Further Assurance Documents, Seller shall promptly give written notice to Lakeview with all reasons known to Seller regarding its inability to comply with the demand.

Seller's failure to properly comply with a demand for Further Assurance Document may give cause for Lakeview, at its option, to instigate any or all of the following:





- Suspend Seller's approval status
- Declare a default for the affected Loans and demand repurchase
- Declare a general default under the terms of this Seller Guide

## **B604 Post Acquisition and Servicing**

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### **Post-Acquisition Adjustments**

A Post-Acquisition Adjustment is a revision to a Purchase Advice after the loan has been purchased by Lakeview. Lakeview's post-acquisition adjustment team will work directly with the Seller to resolve any funding issues within 120 calendar days of the loan purchase date. Requests received after 120 calendar days of the loan purchase date are not eligible for reimbursement. Sellers are encouraged to review and reconcile their purchase advice immediately after funding to ensure accuracy.

- To expedite the processing of payments, Sellers must provide a written request and supporting documentation to [PostFundingAdjustments@bayviewloans.com](mailto:PostFundingAdjustments@bayviewloans.com).
- If the subject loan has been sold, paid in full or an escrow analysis has already been performed, Lakeview is not responsible for any reimbursement to the correspondent.
- Requests for reimbursements resulting from the under disclosure of monthly escrow estimates will not be accepted. Correspondents are responsible for ensuring prudent underwriting policies are utilized that meet agency requirements for estimating monthly escrow payments.
- Loans that are currently in active forbearance are not eligible for escrow adjustments.
- Invoices related to taxes, HOI and/or MI after Lakeview purchases the loan should not be paid by the Seller. Forward these invoices to the post funding adjustment mailbox.

Please follow the below documentation guidance when submitting Post-Acquisition Adjustments.

| Request Type              | Documentation Needed                         |
|---------------------------|--|
| MI Payment Reimbursement  | Copy of payment history                      |
| Tax Payment Reimbursement | Copy of tax bill and payment history         |
| HOI Reimbursement         | Copy of HOI bill and copy of check/wire sent |
| Escrow amount updates     | Copy of PCCD                                 |

### **Servicing - Hazard/ Flood Loss Payee**

Lakeview Loan Servicing, LLC c/o LoanCare, LLC  
 ISAOA/ATIMA  
 PO Box 202049  
 Florence, SC 29502-2049

### **Servicing – Payment Mailing Addresses**

East Coast:  
 LoanCare, LLC  
 PO Box 37628  
 Philadelphia, PA 19101-0628

West Coast:  
 LoanCare, LLC  
 PO Box 60509  
 City of Industry, CA 91716-0509



### Overnight Mailing Address for Payments

LoanCare, LLC  
3637 Sentara Way  
Virginia Beach, VA 23452

### Early Pay Offs After Mortgage Loan Purchase

If the Seller, or a Servicer acting as the Seller's agent, receives a Payoff for a Mortgage after Lakeview funds the Seller based on the Wire Date from Purchase Advice herein known as the "Purchase Date", it is the responsibility of the Seller to notify Lakeview immediately. Timely notification is critical to avoid additional costs to the Seller and to safeguard the Borrower from any negative credit impact.

1. If Lakeview is notified of the payoff within seven (7) days of the Purchase Date, the Seller must contact Post Funding at [postfundingadjustments@bayviewloans.com](mailto:postfundingadjustments@bayviewloans.com)

Lakeview will permit the original wire to be returned, our servicer will de-board the loan and a Pair Off will be invoiced based on our Seller's Guide Chapter 1D.

2. If Lakeview is notified after seven (7) days from the Purchase Date, the Seller must notify our servicer directly for a payoff quote:
  - a. Lakeview locked loans - [ClientPayoffProcessing@myloancare.com](mailto:ClientPayoffProcessing@myloancare.com)

Should the Seller, or a Servicer acting as the Seller's agent, fail to either (a) promptly notify Lakeview of receipt of Payoff, (b) timely remit Payoff funds, or (c) short fund the payoff quoted by Lakeview's servicer, Seller will owe Lakeview any and all additional outstanding funds accrued to the Borrower's account during the period of delay of notice, including but not limited to interest, fees, penalties and other charges.

- ***Lakeview does not, under any circumstances, authorize the Seller, or a Servicer acting as the Seller's agent, to prepare, execute, record or otherwise process a release or satisfaction on a Mortgage Loan which Lakeview has purchased.***

### Interim Servicing

The Seller (or their assigned sub-servicer) is responsible for the interim servicing period of the Mortgage Loan until such time the Mortgage Loan has been purchased by and servicing has been transferred to Lakeview.

The interim servicing period ("Interim Period") shall be defined as the period of time between the Wire Date on the Purchase Advice ("Purchase Date") and the effective date of transfer identified as the "1<sup>st</sup> Due to Purchaser" on the top right section of the Purchase Advice. The Interim Period includes providing notices to the Borrower, the collection of monthly contractual payments and the disbursement of taxes, insurance and other fees and costs due, except where otherwise explicitly stated in the Sellers Guide. Escrow payments due within the Interim Period should be paid by the Seller and a request for reimbursement submitted to the Post Funding Adjustments team via email at [postfundingadjustments@bayviewloans.com](mailto:postfundingadjustments@bayviewloans.com). See Section B604 Post Acquisitions and Servicing for further details and requirements regarding reimbursements for escrows.

Lakeview assumes Seller will collect scheduled contractual payments that have already come due prior to 1<sup>st</sup> Due to Purchaser Date.

During the interim period, borrowers may opt to make additional principal reduction payments reducing the Mortgage Loan balance beyond what Lakeview has paid the Seller for the loan. Should the Borrower(s) make such principal reduction payments, those additional payments should be forwarded to Lakeview as per the payment forwarding instructions listed in Lakeview's Quick Reference Guide (QRG). The Seller may also reach out to the [postfundingadjustments@bayviewloans.com](mailto:postfundingadjustments@bayviewloans.com) email box for



ACH/Wire instructions or for further guidance. The Seller should email the Lakeview sub-servicer found on the QRG with payment breakdown of the funds being forwarded for proper posting including:

1. Lakeview Loan Number
2. Borrower's Name
3. Amount
4. How funds should be posted to the borrower's account

Lakeview's post-acquisition adjustment team will work directly with the Seller to resolve any funding issues within 120 calendar days of the loan purchase date. Requests received after 120 calendar days of the loan purchase date are not eligible for reimbursement. Also see section B604 Post Acquisitions and Servicing for further information.

### **First Payment Refund Research Requests**

If the Seller did not receive the final contractual monthly Borrower payment due the Seller on a Mortgage loan sold to Lakeview, the Seller may email [postfundingadjustments@bayviewloans.com](mailto:postfundingadjustments@bayviewloans.com) to research further.

All requests should include:

- The Lakeview Loan Number
- Borrower's Name
- Property Address
- Due Date of the missing monthly contractual payment

Upon the receipt of a request from the Seller within the first three (3) months from the date of the first monthly payment due Lakeview, Lakeview will:

- Research the Mortgage loan
  - If after research it is determined Lakeview or our sub-servicer has received the amount that totals at least an entire extra contractual monthly payment, and
  - The amount was received by Lakeview or our sub-servicer no later than the 18<sup>th</sup> of the month prior to the month in which the next contractual monthly payment is due Lakeview or our sub-servicer, then
- The prepaid contractual monthly payment will be reversed from the borrower's account and remitted to the Seller.

If the payment request is received by the Lakeview Post Funding Adjustments team more than three (3) months after the date of the first contractual monthly payment due Lakeview on the Mortgage Loan (whether prepaid or not), the request will not be processed.

### **Post-Purchase Payments Received by the Seller**

Should the Seller receive payments due to Lakeview, Sellers must endorse and forward those payment to Lakeview upon receipt.

See Quick Reference Guide for forwarding instructions or reach out to [postfundingadjustments@bayviewloans.com](mailto:postfundingadjustments@bayviewloans.com) for ACH/wire instructions. Include the Lakeview loan number on all checks and correspondence sent to Lakeview or our sub-servicer for processing. If sending funds via ACH/Wire, please also email [postfundingadjustments@bayviewloans.com](mailto:postfundingadjustments@bayviewloans.com) with the Lakeview loan number, Borrower's Name, amount and how the funds are to be applied to each loan(s).



## **Post-Purchase Non-Sufficient Funds – Borrower Payment Checks**

Sellers receiving notification of a returned Borrower payment for non-sufficient funds (“NSF”) on a purchased loan payment should notify [postfundingadjustments@bayviewloans.com](mailto:postfundingadjustments@bayviewloans.com) immediately. The Post Funding Adjustments team will notify our sub-servicer for any refund due Seller. Please attach a copy of NSF backup documentation to email to the Post Funding Adjustments team.

## **Private Mortgage Insurance Premium Remittance**

For all loans purchased on or after June 9, 2016, the Seller will be responsible for making the payment to the private mortgage insurance company or to HUD on loans for the months they are servicing contractual payments. Lakeview will not deduct the MI payments from the Purchase Advice at the time of purchase.

## **B605 Invoicing and Accounts Payable Due Lakeview**

Funds due to Lakeview are assessed by various teams within our organization and are sent via monthly invoices to our Sellers. Examples include Pair Off Fees, Early Pay Offs (EPO), Early Payment Defaults (EPD), Post Funding Adjustments (PFA), Non-Delegated Admin Fees, Final Doc Fees, Indemnification Fees, and Servicing Penalties including MI late fees, MI under disclosures and Tax Base and/or penalties and interest. We invoice in arrears for all fees determined during the prior month.

Invoices are generated and sent to Sellers via email on or around the 15<sup>th</sup> of each month. Terms are Net 30 Day from the date the invoice was sent. Any invoice not paid after 90 days of the invoice due date, Lakeview reserves the right to net fund any outstanding funds due the Seller by Lakeview and its entities.

All invoiced funds should be sent to the address on the invoice referencing the invoice number on all remittances for accurate posting. It's important to note that borrower's payments, escrow funds, interest on escrow, or principal curtailments should **not** be sent to this address.

Any invoicing questions or disputes from Sellers regarding an invoice received should be directed to [InvoicingTPO@bayviewloans.com](mailto:InvoicingTPO@bayviewloans.com).

## **Chapter 6C Funding Requirements and Wire Instructions**

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This chapter describes Lakeview's processes to wire transfer payments to Seller for funded Mortgage Loans purchased by Lakeview, and procedures for complying with Sellers' remittance obligations.

### **C600 Holidays**

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The federally recognized holidays in section 6103(a) of title 5, of the United States Code at the time of publication of this Seller Guide are as follows:

- New Year's Day
- Martin Luther King, Jr. Day
- Washington's Birthday
- Memorial Day
- Juneteenth National Independence Day
- Independence Day
- Labor Day
- Columbus Day
- Veterans Day



- Thanksgiving Day
- Christmas Day

On federal holidays' Banks and the U.S. Postal Service do not operate and wire transfers of funds do not occur. Federal holidays are not included in the rescission period on refinance transactions. Lakeview's Wire Desk is closed on all federal holidays. Any funds that would otherwise be due for wiring on a federal holiday will be wired on the following Business Day.

Apart from the Wire Desk schedule noted above, Lakeview observes the following holidays:

- New Year's Day
- Memorial Day
- Independence Day
- Labor Day
- Thanksgiving Day
- Christmas Day



## **C601 Purchase Mortgage Loans at Scheduled Balance**

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Lakeview assumes Seller will collect scheduled payments that have already become due.

In an effort to allow correspondent lenders time to meet “Good-Bye Letter” timeline requirements, Lakeview’s amortization trigger date is the 11<sup>th</sup> calendar day of each month:

- For loans purchased prior to the 11<sup>th</sup> calendar day of each month, the effective Servicing Transfer Date will be the 1<sup>st</sup> day of the month following the month of the loan purchase.
- For loans purchased on or after the 11<sup>th</sup> calendar day of each month, the effective Servicing Transfer Date will be the 1<sup>st</sup> day of the second month following the month in which the loan was purchased.

The effective date of transfer is identified as the “1<sup>st</sup> Due to Purchaser” on the top right section of the Purchase Advise.

## **C602 Wire Transfer Process**

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Prior to wiring funds to Seller, Lakeview will review the Funding Documents and make a determination regarding completeness and accuracy. If Lakeview agrees the delivery is complete and accurate, the following occurs:

1. Using Seller’s wire instructions, Lakeview wires the agreed-upon funds to Seller. Lakeview will make commercially reasonable efforts to initiate each wire transfer in sufficient time to credit Seller’s account on the scheduled Funding Date.
2. Seller may view the Purchase Advice at [www.lakeviewcorrespondent.com](http://www.lakeviewcorrespondent.com) on the day of funding. The Purchase Advice will itemize the payments in a funding wire. Sellers may access a Purchase Advice for Loans that fund on that day or for historical purposes. A Purchase Advice will remain on the website for approximately one year after funding.
3. Any fees due to Lakeview will be netted from the wired funds ( e.g.: Underwriting fee; Funding fee; Standard Flood Hazard Determination fee; MERS fee; Tax Service Fee; or Interest charges).

Seller is solely responsible for the Purchase Advice reconciliation. Seller must notify Lakeview of any disputes immediately upon discovery. Seller must deliver any request to Lakeview for corrections to payments due to Seller within 30 days of the due date, or the right to pursue such disputes will be deemed waived by Seller.



## **Chapter 7 Definitions**

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The terms defined below shall have the same meaning throughout this Seller Guide, unless the context clearly requires otherwise.

### **1031 Tax Deferred Exchange**

A section of the U.S. Internal Revenue code that applies to business use or investment properties including rental, land and commercial real estate. It provides a safe and legal procedure for rolling sales profits into new property as a non-taxable exchange. These exchanges are often referred to as Starker exchanges.

### **Acord Certificate**

An Acord Certificate of liability insurance is a document that an organization must have. This document contains a summary of information about the insurance coverage. A certificate is not the same as an insurance policy.

### **Acquisition Cost/Mortgage Basis**

Total cost to the buyer for the real estate securing the mortgage, including the sales price, cost of any required repairs paid for by the buyer, plus Allowable Closing Costs. Total acquisition does not include non realty items, prepaid expenses (such as taxes, assessments, and insurance premiums), or seller concessions.

### **Active Duty**

Because of Public Law 97-66, service in the armed forces, for the purpose of Eligibility for Entitlement, does not commence until entry in to actual active duty status regardless of any reserve duty prior to that date OR enlistment under the Delayed Entry Program (considered in the reserves until reporting to active duty).

### **Active Trade Line**

The date of the last activity on the account is within six months and it is currently "open."

### **Adjustable-Rate Mortgage (ARM)**

A mortgage loan that allows the lender to adjust the interest rate in accordance with a specified index periodically and as agreed to at the inception of the loan. Also referred to as a variable rate mortgage (VRM).

### **Adjustment Date**

The date on which the interest rate changes for an adjustable-rate mortgage (ARM).

### **ADP Codes (Automated Data Processing)**

The ADP code identifies a specific section of the Housing Act that applies to a loan insurance program. This code breaks down a program by its features, such as, financing type, loan amount, property type.

### **Affiliates**

Any person or entity controlling, controlled by or under common control with a person or entity. Control means the power to direct the management and policies of a person or entity, directly or indirectly, whether through ownership of voting securities, by contract or otherwise; and controlling and controlled shall have meanings correlative to the foregoing.



### **Agency**

Fannie Mae or Freddie Mac

### **Agency Guide**

Fannie Mae's and Freddie Mac's Seller Guide as amended, supplemented, or replaced from time to time

### **Agreement**

The relevant contract executed by the Seller that governs the sale of Mortgage Loans or assignment of mortgage applications to Lakeview

### **Allonge**

A separate piece of paper on which is written endorsements to a Bill of Exchange or promissory note. This is usually done when the original document was not endorsed. The piece of paper must be securely attached to the instrument that is being endorsed.

### **ALTA**

American Land Title Association

1828 L Street NW, Suite 705

Washington, DC 20036

800.787.ALTA

### **Alternative Documentation**

A documentation option that allows lenders to obtain documentation related to a borrower's income, employment, funds for closing, and mortgage payment history directly from the borrowers, rather than from the borrowers' employer, bank, or mortgage servicer. Samples of alternative documentation include W-2 forms, bank statements, pay stubs, and canceled checks.

### **AMC Service**

Appraisal Management Company Service

### **American Institute of Real Estate Appraisers**

Mission is to advance professionalism and ethics, global standards, methodologies, and practices through the professional development of property economics worldwide.

### **American Society of Appraisers**

Organization established to foster professional excellence in its membership through education, accreditation, publication and other services with an emphasis on professional ethics to protect the public.

### **Annual Percentage Rate (APR)**

The actual cost of borrowing money expressed in the form of an annual rate to make it easy to compare costs between lenders. The rate includes such items as the base interest rate, origination fees, commitment fees, prepaid interest, and any other credit costs that may be paid by the borrower to obtain the loan.





### **Annualize Income**

Total year-to-date income (regardless of the number of months) divided by 12.

### **Anti-Money Laundering Laws**

All applicable federal, state and local anti-money laundering laws, orders and regulations to the extent applicable to Seller or its agent, including without limitation the USA PATRIOT Act of 2001, the Bank Secrecy Act and the OFAC Regulations.

### **Application**

The application provided by Purchaser to Seller for approval as a loan correspondent

### **Appraisal Waiver**

See also Property Inspection Waiver (PIW)

### **Appraisal Independence Requirements**

Valuation requirements set forth in Title XIV, Subtitle F, Section 1472 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (adding Section 129E to the Truth in Lending Act 15 U.S.C. 1631 et seq.) and any regulations promulgated pursuant thereto.

### **Appraiser Independence Requirements**

Valuation standards published by Fannie Mae and Freddie Mac.

### **Appraisal Standards Board of Appraisal Foundation**

Develops, interprets and amends the Uniform Standards of Professional Appraisal Practice (USPAP)

### **Approved Contract Underwriter**

List of approved contract underwriters provided to Seller by Purchaser

### **ARM Mortgage Loan**

A mortgage loan that allows the lender to adjust the interest rate in accordance with a specified index periodically and as agreed to at the inception of the loan. Also referred to as a variable rate mortgage (VRM).

### **Arm's Length Transaction**

A transaction between a buyer and a seller and there is no degree of relationship. The parties involved are entirely independent of each other, deal with each other as strangers, and have no reason for collusion. Also, see Non-Arm's Length Transaction.

### **Assignment of Mortgage**

A document sufficient under the laws of the jurisdiction where the related Mortgaged Property is located to reflect all transfers of the Security Instrument.

### **ATR – Ability To Repay.**

The analysis of certain information that would validate sufficient ability to repay the borrowers current obligations



### **Attorney-in-fact**

An individual, not necessarily an attorney, who is authorized to act for another in a specific or general assignment. This individual has privileges afforded as under power of attorney.

### **Audit Completion Date**

The audit completion date is defined as the day on which the credit and compliance deficiencies are published to the correspondent via the Lakeview/Bayview client portal.

### **Automated Underwriting System**

Desktop Underwriter (DU), Desktop Originator (DO) and Loan Prospector (LP).

### **Automated Valuation Model (AVM)**

A model using at least one of the two following methodologies to arrive at a determination of value for real property without the use of, or with limited intervention by a human appraiser. See also Qualified AVM. Index or repeat sales model: A mathematical model that derives an estimate of current market value by taking an old value from a previous sale or refinance and applying a market rate of change to reflect a present day value. The market rate of change percentage is derived from looking at repeat sales within a limited geographic area (i.e., 5-digit zip); by property type (e.g., condominium, detached, 2-4 unit); and often within price bands (e.g., <50% of median price, 50-100% of median, 100 - 150% of median, and >150% of median), for the same period as the Mortgaged Premises.

Hedonic or regression models: Also referred to as comparable sales models, these models derive an estimate of current market value by analyzing the various characteristics of like properties (e.g., square footage, lot size, number of bedrooms). The model then determines the impact that each characteristic has on value by looking at the characteristics of recent sales within a limited geographic area (i.e., 5-digit zip) and determining an appropriate formula. By applying the characteristics of the Mortgaged Premises to this formula, a current value can be derived.

### **Bank Secrecy Act**

A federal law, Public Law 91-508, as amended, and its implementing regulations. The Bank Secrecy Act requires U.S. financial institutions to assist U.S. government agencies to detect and prevent money laundering.

### **Best Efforts Delivery Commitment**

A Commitment under which Seller has committed that it shall make best efforts to close on an eligible-for-purchase Loan, which conforms to the Loan described in the Commitment, and that if Seller does so then Seller shall deliver the Loan to Lakeview Loan Servicing, LLC.

### **Board of Governors of the Federal Reserve System –**

the main governing body of the Federal Reserve System. It is charged with overseeing the Federal Reserve Banks and with helping implement monetary policy of the United States

### **Borrower**

In a real estate purchase transaction, the borrower is the party that receives funds in the form of a loan with the obligation of repaying the loan in full with interest, if applicable. A borrower is also referred to as a mortgagor. The primary borrower is defined as the occupying borrower with the highest income. In the case of a non-occupant co-borrower with a higher income, the occupying borrower would still be the primary borrower. Also see Co-Borrower.



### **Bridge Financing**

A loan spanning the gap between the termination of one loan (generally short-term) and the start of another (generally permanent long-term loan). Also referred to as gap financing.

### **Bridge Loan**

A short-term form of second mortgage that is collateralized by the borrowers' present home (which is usually for sale) in a manner that allows the proceeds to be used as down payment funds for closing on a new house before the present home is sold. Also referred to as a swing loan or gap financing.

### **Brokers**

An eligible residential mortgage company, financial institution or other financial intermediary that assigns mortgage loan applications secured by (1-4) family dwellings for underwriting and closing in the name of Lakeview.

### **Bulk Commitments**

A commitment that is taken for a specified dollar amount, a specified loan program, a specified interest rate range, and a specified number of days. Also see Best Effort Commitment.

### **Business Day**

Any day other than a Saturday, Sunday, or any of the holidays upon which Lakeview Loan Servicing, LLC is officially closed for business, as set forth in the Holidays section in Chapter 7C, Funding Requirements and Wire Instructions.

### **CAIVRS**

Credit Alert Interactive Voice Response System. The CAIVRS system provides an authorization number that identifies if the borrower has been delinquent or is currently delinquent on any federal debt.

### **Cantilevered Property**

A projecting structure supported at one end and carries a load at the other end or along its length.

### **Cash-Out Refinance Mortgage**

A Loan whose proceeds are distributed for debt consolidation, cash-in-hand, payoff of non-seasoned closed-end subordinate mortgages and payoff of Lines of Credit with cash advances in the past 12 months

### **CEMA**

A CEMA mortgage is a Consolidation Extension and Modification Agreement that reduces costs on mortgage recording tax costs in New York. The amount owed is based on the difference between the new mortgage amount and the old mortgage amount instead of only the new mortgage amount.

### **Certificate**

Certificate of Seller authorizing the execution, delivery and performance of the Agreement by the Seller.

### **CFPB**

Consumer Financial Protection Bureau, an agency created by the Dodd-Frank Wall Street Reform and Consumer Protection Act. The CFPB supervises certain consumer financial services companies and large depository institutions and their affiliates for consumer protection purposes.



### **Charge-Offs**

A charge-off is an account deemed by a creditor to be an underperforming receivable that has been (for accounting purposes) converted to a loss recovery account. The borrower remains contractually liable for the unpaid balance and related charges, except if the charge-off balance is legally uncollectible, such as following a settlement. Also known as a Profit & Loss (P&L) account and usually reflected on the credit report as R-9, I-9, U-9. A charge-off is a major adverse credit account.

### **Closing Date**

The date of the property purchase where the title is transferred from the seller to the buyer. Closing occurs at a meeting between the buyer, seller, settlement agent, and other agents. On the closing date, the seller receives payment for the property. Also known as settlement date.

### **Closing Protection Letter (CPL)**

An indemnity given to a lender from a title insurance company, agreeing to be responsible of the closing agent does not follow the lender's instructions or misappropriates the loan proceeds.

### **CLTA**

California Land Title Association  
1110 K Street, Suite 100  
Sacramento, CA 95814  
916.444.2647

### **Co-Borrower**

Describes any Borrower other than the first Borrower whose name appears on the Note.

### **Commingled Accounts**

The combining or mixing of accounts or funds.

### **Commitment Desk**

A department of Lakeview that will address questions about the sale and delivery of Mortgage Loans to Lakeview

### **Common Interest Apartments**

A project in which individuals have an undivided interest in a residential apartment building and land and have the right of exclusive occupancy of a specific apartment unit in the building. The project or building is often owned by several owners as tenants in common or by a HOA.

### **Commitment**

A Best Efforts or Mandatory Delivery Commitment obtained by Seller from Lakeview Loan Servicing, LLC for delivery of Loans as described in Chapter 6, Registration & Commitments.

### **Commitment Confirmation**

Lakeview Loan Servicing, LLCs written communication to Seller confirming that Lakeview Loan Servicing, LLC has accepted Seller's Commitment and additional terms and conditions applicable to Lakeview Loan Servicing, LLCs potential purchase of the Loan under such Commitment as described in the Commitment Confirmation section in Chapter 6B, Flow Commitments.



### **Commitment Period**

The period of time for any particular Commitment during which Seller has committed to deliver an eligible-for-purchase Loan which conforms to the Loan described in the Commitment.

### **Company**

Seller

### **Compensating Factors**

Positive characteristics of a borrower's credit, employment or savings history that may be used to offset high debt-to-income ratios in the underwriting process.

### **Compliance Alert**

Communication from Lakeview addressing legal requirements related to the origination of Mortgage Loans.

### **Condo-Hotel**

A condominium that is operated as a commercial hotel even though the units are individually owned. A Condo-Hotel is often referred to as a condotel or a condominium hotel.

### **Condominium (condo)**

A unit in a condominium project. Each unit owner has title to his or her individual unit, an individual interest in the project's common areas, and, in some cases, the exclusive use of certain limited common areas.

### **Conforming Loan**

A mortgage loan that meets the underwriting guidelines, loan amount limits, and regulatory parameters set by Freddie Mac and Fannie Mae.

### **Confidential Information**

Trade secrets, confidential and proprietary methods, techniques, processes, applications, approaches, products, programs, policies, practices and procedures in various forms, which information is used or is useful in the conduct of Lakeview's business, including Lakeview's origination, purchase, sale and servicing of mortgage products

### **Contract**

Loan Correspondent Purchase and Sale Agreement that incorporates the Seller Guide by reference (by whatever name, including Seller/Service Agreement or Agreement) for purchase and sale of Loans between one or more of the entities that make up Lakeview Loan Servicing, LLC and Seller, as amended, supplemented or replaced.

### **Consumer**

The term, as defined in the Privacy Regulations, as amended. That term is currently defined as an individual who obtains or has obtained a financial product or service from a bank that is to be used primarily for personal, family, or household purposes, or that individual's legal representative.

### **Consumer Credit Counseling (CCC) –**

Service that is intended for borrowers to reduce debt



## **Consumer Information**

Information, including nonpublic personal information, concerning an individual who obtains, from a financial institution, financial products or services which are to be used primarily for personal, family, or household purposes

## **Conventional Mortgage/Loan programs**

A mortgage/Loan Program that is not insured or guaranteed by the federal government (FHA or VA).

## **Corporate Resolution**

A corporate resolution is a corporate action, sometimes in the form of a legal document that will be voted on or has been voted on at a meeting of the board of directors for a corporation

## **Corporate Trade Name Certificate**

A certificate granted by a state authority that allows you to transact business under a name other than your own

## **Corporation**

A corporation is a state-chartered legal entity that exists separately and distinctly from its owners, who are stockholders or shareholders. It is the most flexible form of business organization for purposes of obtaining capital. A corporation can sue; be sued; hold, convey or receive property; enter into contracts under its own name; and does not dissolve when its ownership changes.

There are two types of corporations - publicly owned (widely held) corporations and privately owned (closely held) corporations. Because more than 50 percent of the outstanding stock of a privately owned corporation is owned directly or indirectly by no more than five people, the corporation has little or no access to public funds and must raise capital through institutional financing. Although legal control of the corporation rests with its stockholders, they typically are not responsible for the day-to-day operations of the business since they elect a board of directors to manage the corporation and delegate responsibility for the day-to-day operations to the directors and officers of the company. The corporation's board of directors or other entities that have a significant financial interest in the business determines the distribution of profits earned by the business. However, the profits are usually filtered down to the owners in the form of dividends. Since a stockholder is not personally liable for the debts of the corporation, losses are limited to his or her individual investment in the corporation's stock.

Corporations must report income and losses on the U.S. Corporation Income Tax Return (IRS Form 1120), and pay taxes on the income. The corporation distributes profits to shareholders in the form of dividends, which it reports on the Statements for Recipients of Miscellaneous Income (IRS Form 1099-DIV), and the shareholders must then report the dividends as income on their Individual U.S. Income Tax Returns (IRS Form 1040).

### **a. Limited Liability Company**

A limited liability corporation is a hybrid business structure which offers its member-owners the tax efficiencies of a partnership and the limited liability advantages of a corporation. The member-owners of the limited liability corporation (or their assigned managers) can sign contracts, sell assets, and make other important business decisions. The limited liability corporation operating agreement may set out specific divisions of power among the member-owners (or managers). Although the member-owners generally have limited liability, there may be some instances in which they are required to personally guarantee some of the loans that the limited liability corporation obtains. Profits from the operation of the limited liability corporation may be distributed beyond the pool of member-owners such as by offering profit distributions to managers. The limited liability corporation must report its profits or loss on the U.S. Partnership Return of Income (IRS Form 1065) and each member-owner's share of the profit or loss on the Partner's Share of Income, Credits, Deductions, etc. (Schedule K-1); however, the limited liability



corporation pays no tax on its income. Each member-owner uses the information from Schedule K-1 to report his or her share of the limited liability corporation's net profit or loss (and special deductions and credits) on the Individual U.S. Income Tax Return on Schedule E from IRS Form 1040 - whether or not he or she receives a cash distribution from the limited liability corporation. Individual member-owners pay taxes on their proportionate share of the limited liability corporation's net income at their individual tax rates. Because profits may or may not be distributed to the individual member-owners, it must be determined whether the borrower actually received a cash distribution from the limited liability corporation. To quantify the level of the borrower's financial risk, determine whether the borrower has guaranteed any loans obtained by the limited liability corporation (other than loans considered as non-recourse debt or qualified non-recourse debt).

#### b. S Corporations

An S corporation is a legal entity that has a limited number of stockholders and elects not to be taxed as a regular corporation. Business gains and losses are passed on to the stockholders. An S corporation has many of the characteristics of a partnership. Stockholders are taxed at their individual tax rates for their proportionate share of ordinary income, capital gains, and other taxable items. The ordinary income for the S corporation is reported on the U.S. Income Tax Return for an S Corporation (IRS Form 1120S), with each shareholder's share of the income reported on the Shareholder's Share of Income, Credits, Deductions, etc. (Schedule K-1). Because this income from the distribution of corporate earnings may or may not be distributed to the individual shareholders, it must be determined whether the borrower actually received a cash distribution from the S corporation. The cash flow of an S corporation is otherwise evaluated similarly to that of a regular corporation.

### **Counterparty Risk Management**

The risk group within the Lakeview originations business unit responsible for the execution of the approval standards established in this Policy.

#### **CPA**

Certified Public Accountant

#### **CPM (Condominium Project Manager)**

Fannie Mae's automated system that evaluates and approves Condominium projects based on the eligibility criteria that the user enters into the system

#### **Credit Alert Interactive Voice Response System (CAIVRS)**

The system checks the Social Security Number of all borrowers for FHA insured loans (except for Streamline refinances) for delinquent federal debts. Additionally, it checks for suspension or debarment from HUD's Limited Denial of Participation (LDP) list and the government-wide General Services Administration (GSA) List of Parties Excluded from Federal Procurement or Non-procurement Programs.

#### **Credit Documents**

A subset of the Loan Documents.

#### **Credit File**

Those documents, which may be originals, copies or electronic images, pertaining to each Mortgage Loan, which are delivered to Purchaser, which may include copies of Mortgage Loan Documents and the credit documentation relating to the origination of such Mortgage Loan.



### **Credit Limit**

The maximum aggregate principal amount of advances allowed to be outstanding under the terms of the Agreement (as defined below).

### **Credit Score**

Also known as the FICO Score, Beacon or Empirica an index assessing the Borrower's credit history. The Credit Score evaluates and considers only the information in a Borrower's file at a credit reporting agency. As an index, the score reflects the relative risk of serious Delinquency, default, foreclosure or bankruptcy associated with a Borrower. A Credit Score is available (as an enhancement to the credit report) through the following repositories:

- Equifax and Equifax Canada
- Beacon
- Trans Union
- Empirica
- Experian
- FICO
- Credit Utilization

An evaluation that is done to determine the Borrower's use of revolving credit by comparing the current balance on each open account to the amount of credit that is available. This evaluation allows Seller to determine whether the Borrower has a pattern of using revolving accounts up to the Credit Limit. Credit histories with a low balances-to-limits ratio generally represent a lower credit risk, while those that include accounts with a high balances-to-limits ratio represent a higher credit risk.

### **Credit Philosophy**

The underlying thought process that drives Lakeview decisions to create credit related items.

### **DBA (Doing Business As)**

The operating name of a company, as opposed to the legal name of the company. Some states require DBA or fictitious business name filings to be made for the protection of consumers conducting business with the entity.

### **DD Form 13**

Statement of Service document that may be issued when a veteran is still on active duty to verify military service.

### **DD Form 214**

A Report of Separation From Active Duty form for veterans separated after January 1, 1950.

### **Debt-to-Income Ratio (DTI)**

All of the Borrower's applicable monthly debt divided by the Borrower's monthly income.

### **Deed of Trust**

A written instrument legally conveying property to a trustee often used to secure an obligation such as a mortgage.





### **Delegated**

Describes an underwriting arrangement where approvals are granted by Seller using Lakeview Loan Servicing, LLC standards and guidelines set forth herein, or Fannie Mae or Freddie Mac guidelines as set forth in their respective Seller Guide, prior to purchase by Lakeview Loan Servicing, LLC. Delegated status is at the discretion of Lakeview Loan Servicing, LLC and is granted under separate agreement or expressly stated in the original and/or subsequent amendment to the Loan Correspondent Purchase and Sale Agreement.

### **Delinquency**

Delinquency occurs when all or part of the Borrower's monthly installment of principal, interest and, where applicable, Escrow/Impound is unpaid after the due date. A Delinquency as of the close of business of the last Business Day before the next due date is considered a one payment or 30-day Delinquency.

### **Delivery Date**

The date on which Lakeview Loan Servicing, LLC actually receives Seller's Funding Documents. The posting of the Funding Documents with the U.S. Postal Service or any other delivery service does not constitute delivery to Lakeview Loan Servicing, LLC.

### **Delivery Expiration**

Date that the completed closed Loan package is required to be received by Lakeview Loan Servicing, LLC.

### **Department of Housing and Urban Development ("HUD")**

The Department of Housing and Urban Development, or any federal agency thereof which may from time to time succeed to the functions thereof with regard to FHA Mortgage Insurance. The term "HUD" for purposes of this Guide, is also deemed to include subdivisions thereof, such as the FHA.

### **Designated Servicer**

A person or entity that has been designated by Lakeview Loan Servicing, LLC to service any Loan with respect to which Lakeview Loan Servicing, LLC purchases the Servicing Rights.

### **Desktop Originator (DO) / Desktop Underwriter (DU)**

Fannie Mae's automated decisioning tool.

### **Direct Endorsement**

HUD program whereby a lender, having successfully completed the pre-closing review phase, receives unconditional approval from FHA and may close loans prior to submitting them to FHA for endorsement.

### **Director of Business Development**

The Lakeview Loan Servicing, LLC associate, by whatever name, assigned to the Seller for the purpose of facilitating the loan sale relationship under this Seller Guide. AKA an Account Executive.

### **Dodd-Frank Wall Street Reform and Consumer Protection Act**

A federal law, public law 111-203, that established the Consumer Financial Protection Bureau and authorizes it to supervise certain consumer financial services companies and large depository institutions and their affiliates for consumer protection purposes.



### **Domestic Partner**

An eligible borrower and one other person (of the same or opposite sex) sharing a committed relationship that includes the following features: common residence, financial interdependence, joint responsibility for each other's welfare, and couples who consider themselves to be life partners. Roommates, siblings, parents, and people sharing other blood relationships are not considered to be domestic partners.

### **Early Scheduled Transfer**

The Simultaneous Sale of Servicing with the Sale Date being the date on which the Purchase Price of the Loan is funded, and the Effective Date of Transfer being the first day of the month following the Sale Date.

### **Effective Date of Transfer**

The date on which the responsibility for the servicing of a mortgage Loan is assumed by the Designated Servicer and responsibility for the servicing representations, warranties and duties are transferred to the Designated Servicer. In the case of negotiated Bulk Servicing Acquisition of Servicing Rights, the Effective Date of Transfer shall be the date agreed upon by Seller and Lakeview Loan Servicing, LLC. In the case of any sale of Servicing Rights to Lakeview Loan Servicing, LLC on a Loan-by-Loan basis, the Effective Date of Transfer:

For a Simultaneous Sale of Servicing is the first day of the second month following the Sale Date for an Early Scheduled Transfer, in which case the Effective Date of transfer is the first day of the month following the Sale Date

For a Post Purchase Sale of Servicing and an Early Purchase of Servicing, is the first day of the month following the Sale Date

### **Errors and Omissions ("E&O")**

A type of indirect loss insurance used to cover losses that occur because of an error or neglect on the part of an employee to whom a specific responsibility has been assigned.

### **ESIGN**

The official text of the federal Electronic Signatures in Global and National Commerce Act, 15 U.S.C. § 7001, et seq.

### **Escrow/Impound**

All funds collected by Seller and/or Servicer to cover expenses of the Borrower required to be paid under the Security Instrument, including, but not limited to, taxes, special assessments, ground rents, water, sewer and other governmental impositions or charges that are or may become liens on the Mortgaged Premises prior to that of the Loan, as well as hazard, flood and mortgage insurance premiums.

### **Established Relationship**

Defined as follows:

- Immediate Family:
  - Parents
  - Siblings
  - Children
  - Spouse
  - Grandparents
  - Aunts



- Uncles
- Domestic partner
- Fiancée or fiancé

### **Event of Default**

The events set forth in Chapter 1D of the Guide and characterized as “Events of Default” which would result in remedies being available to Purchaser.

### **Executive Order 13224**

An Executive Order effective September 24, 2001, which is designed to combat terrorist activities by restricting terrorist groups’ access to financial resources in the United States. The Executive Order included an initial list of designated “block persons.”

### **FACT Act**

Allows consumers to request and obtain a free credit report once every twelve months from each of the three nationwide consumer credit reporting companies (Equifax, Experian and TransUnion). In cooperation with the Federal Trade Commission, the three major credit reporting agencies set up the website, AnnualCreditReport.com, to provide free access to annual credit reports. The act also contains provisions to help reduce identity theft, such as the ability for individuals to place alerts on their credit histories if identity theft is suspected, or if deploying overseas in the military, thereby making fraudulent applications for credit more difficult. Further, it requires secure disposal of consumer information.

### **Factory-built Home**

Many types of housing structures are constructed right in the factory and are designed for long-term residential use. There are five categories of Factory-built Homes which include: Manufactured Home, Modular Home, Mobile Home, Panelized Home and Pre-cut Home and each are defined individually in this chapter.

### **Fannie Mae**

The government-sponsored enterprise formerly known as Federal National Mortgage Association, or any successor thereto.

### **Federal Deposit Insurance Corporation (FDIC)**

The Federal Deposit Insurance Corporation

### **Federal Emergency Management Agency ("FEMA")**

FEMA provides supplemental federal disaster grant assistance for debris removal, emergency protective measures, and the repair, replacement, or restoration of disaster-damaged, publicly owned facilities and the facilities of certain Private Non-Profit (PNP) organizations.

### **Federal Home Loan Mortgage Corporation (FHLMC)**

Also referred to as Freddie Mac. A quasi-governmental agency that purchases conventional mortgages in the secondary mortgage market. It sells participation sales certificates secured by pools of conventional loans; their principal and interest are guaranteed by the federal government through Freddie Mac. It also sells GNMA bonds to raise funds to finance the purchase of mortgages.



### **Federal Housing Administration (FHA)**

The Federal Housing Administration, an agency within the Department of Housing and Urban Development, or any successor thereto. FHA was established in 1934 to increase home ownership by providing an insurance program to safeguard lenders against borrower default. The FHA sets standards for property construction and credit underwriting, but it does not lend money, plan or build housing

### **Federal National Mortgage Association (FNMA)**

Also referred to as Fannie Mae. A government-sponsored private corporation created by Congress to support the secondary mortgage market. It is the largest purchaser and seller of conventional residential mortgages, as well as mortgages insured by the FHA or guaranteed by the VA.

### **Federal "Privacy of Consumer Financial Information" Regulation- "Privacy Regulation"**

Regulations issued pursuant to Gramm-Leach-Bliley Act, 12 CFR Part 40, as amended, governing the disclosure of nonpublic personal information about consumers

### **Fee Simple**

The greatest possible interest a person can have in real estate including the right to dispose of the property or pass it on to one's heirs.

### **FHA MIC**

FHA Mortgage Insurance Certificate evidencing that FHA has insured the loan.

### **FHA Case Number**

The 13-digit number used to identify the case on HUD/FHA's records during processing and, if insured, through the life of the loan. The number consists of: The 3-digit prefix that identifies the state and the HUD/FHA field office where the loan was accepted for processing. The 7-digit case serial number. The 3-digit suffix that identifies the loan as an ARM or fixed rate.

### **FHA Loan**

Any Mortgage Loan that is subject to an insurance policy granted by the FHA and is eligible for reimbursement under the insurance policy.

### **FHA MIC**

FHA Mortgage Insurance Certificate evidencing that FHA has insured the loan.

### **Fidelity Bond Insurance**

A liability insurance coverage for loss caused by dishonest or fraudulent acts committed by persons covered by the policy.

### **FIRREA**

The Financial Institutions Reform, Recovery, and Enforcement Act of 1989, Public Law 101-73, as amended. Title XI of FIRREA sets forth, among other requirements, minimum standards for the performance of real estate appraisals in connection with federally related transactions.

### **First Lien**

A lien that grants to the lienholder a claim against the property that, under the law of the jurisdiction where the Mortgaged Premises are located, is prior to the rights of all others.



### **First Lien Mortgage**

A legal claim against property that must be satisfied first when the property is sold. A claim of money against a property, wherein the value of the property is used as security in repayment of a debt. A lien release is a written report of the settlement of a lien and is recorded in the public record as evidence of payment.

### **First Lien Mortgage Loan**

A mortgage loan secured by a first lien on a one-to-four family residence.

### **First-time Homebuyer**

A Borrower who has had no ownership interest in a residential property during the three-year period preceding the date of the subject Note or has a scheduled mortgage payment history of less than 12 months.

### **Flood Insurance**

Insurance that compensates the property owner for physical property damage resulting from flooding. Flood insurance is required if the property improvements are located in federally designated Special Flood Hazard Areas. If the land is in the flood hazard area, but the improvements are not, flood insurance is not required.

### **Forbearance, Rearrangement, or Workout**

A forbearance on a mortgage will be considered as a foreclosure for grading purposes. An agreement to forbear, workout or otherwise rearrange the terms or debt shall not change the fact that such debt was not paid as agreed in accordance with its original terms; this is true even if the debt was subsequently paid as agreed in accordance with the rearranged terms. This fact must be considered in determining whether a new Loan satisfies Lakeview Loan Servicing, LLCs underwriting requirements.

### **Foreign National**

A citizen of another country who visits the United States periodically and is purchasing a property to reside in during visits to the U.S. A foreign national is not a permanent or non-permanent resident alien, and does not have full or partial diplomatic immunity.

### **Freddie Mac**

The government sponsored enterprise formerly known as the Federal Home Loan Mortgage Corporation, or any successor thereto.

### **Frozen Credit**

In certain circumstances, a Borrower has the right to freeze his or her credit information at one or more of the three national repositories, prohibiting a third party gaining access to their credit information.

### **Full-gut Rehabilitation**

The renovation of a property down to the shell with replacement of all HVAC and electrical components.

### **Funding Amount**

The funds wire transferred to Seller on the Funding Date in payment for any Loan and Servicing (if applicable) sold by Seller to Lakeview Loan Servicing, LLC.



### **Funding Date**

The date the Funding Amount is wire transferred to Seller in payment for any Loan and Servicing (if applicable) sold by Seller to Lakeview Loan Servicing, LLC

### **Funding Documents**

The documents required for funding.

### **GAAP**

Generally accepted accounting principles in effect from time to time in the United States.

### **Ginnie Mae**

The Government National Mortgage Association and any successor thereto.

### **Governmental Authority**

Any foreign, domestic, federal, territorial, state, or local governmental authority, quasi-governmental authority, instrumentality, court, government, or self-regulatory organization, commission, tribunal or organization or any regulatory, administrative or other agency, or any political or other subdivision, department or branch of any of the foregoing and, for purposes of determining Seller's obligations and Purchaser's rights, shall include the rules, regulations and any order, ruling, decision, verdict, decree, writ, subpoena, mandate, precept, command, directive, consent, approval, award, judgment, injunction, or other similar determination or finding by, before, or under the supervision of HUD, FHA, VA, CFPB, Fannie Mae and Freddie Mac.

### **Government Loans**

Those loans guaranteed or insured by an agency of the United States government.

### **Government Sponsored Enterprise ("GSE")**

Fannie Mae or Freddie Mac

### **Gramm-Leach-Bliley Act**

A federal law, 15 U.S.C. 6802–6809 governing the disclosure of nonpublic personal information about consumers.

### **Guarantor or Co-Signer**

A party who is secondarily liable for another's debt or performance (in a contrast to a surety who is primarily liable with the principal debtor).

### **Guide**

The relevant guide incorporated by reference in its entirety into the Agreement executed by the Seller. This Lakeview Loan Servicing, LLC Seller Guide, as amended, supplemented or replaced

### **HAWK Alert, SafeScan, FACS**

Service provided by credit vendors for the purpose of fraud prevention. These services provide red flag messaging that needs to be addressed in the loan file.



### **Hazard Insurance**

Insurance coverage that compensates for physical damage—by fire, wind, or other natural disasters—to the property.

### **HELOC**

Home Equity Line of Credit

### **Higher-Priced Mortgage Loan (HPML)**

A first-lien Mortgage secured by a Primary Residence that has an annual percentage rate (APR) of 1.5% or more above the average prime offer rate (APOR) for a comparable transaction as of the rate lock date. APR and APOR are both defined in Regulation Z of the Board of Governors of the Federal Reserve System. The APOR is published at least weekly by the Federal Reserve Board and is derived from pricing terms obtained from a survey of prime mortgage lenders.

### **Home Mortgage Disclosure Act (HMDA)**

The Home Mortgage Disclosure Act (HMDA), implemented by Federal Reserve Regulation C, is intended to provide the public and regulatory agencies with loan data that can be used, among other things, to assist in determining to what extent financial institutions are servicing the housing needs of their communities and identifying possible discriminatory lending patterns and enforcing anti-discrimination statutes.

### **Homeowners Association, Homeowners' Association (HOA)**

An owners group that manages common areas whether in a PUD, condominium, or single family subdivision that establishes general guidelines for the operation of the community, as well as its standards.

### **Home Ownership and Equity Protection Act of 1994 ("HOEPA")**

A federal law, 15 U.S.C. 1601 note, as amended, and its implementing regulations. The law imposes disclosure requirements and substantive limitations on certain closed-end mortgage loans bearing rates or fees above a certain percentage or amount.

### **Homeowners Protection Act (HPA)**

A law designed to reduce the unnecessary payment of private mortgage insurance (PMI) by homeowners who are no longer required to pay it. The Homeowners Protection Act mandates that lenders disclose certain information about PMI. The law stipulates that PMI must be automatically terminated for homeowners who accumulate the required amount of equity in their homes.

### **HUD-1**

Also known as the "settlement sheet," or "closing statement," the HUD-1 itemizes all closing costs. It must be given to the borrower at or before closing. Items that appear on the statement include real estate commissions, loan fees, points, and escrow amounts.

### **Individual Assistance**

Disaster assistance is money or direct assistance to individuals, families and businesses in an area whose property has been damaged or destroyed and whose losses are not covered by insurance. It is meant to help you with critical expenses that cannot be covered in other ways.



This assistance is not intended to restore your damaged property to its condition before the disaster. Individual Assistance must be identified on the disaster notification.

### **Inherited Property**

A real property that passed to an heir on the death of the owner.

### **Insurer**

FHA, VA or any private mortgage insurer which insures or guarantees any of the Mortgage Loans and providers of hazard, title or other insurance with respect to any of the Mortgage Loans or Mortgaged Property.

### **Interagency Guidance on Nontraditional Mortgage Product Risk**

Guidance issued by the federal financial regulatory agencies at 71 FR 58609 on September 29, 2006 to address the risks posed by residential mortgage products that allow borrowers to defer repayment of principal and sometimes interest, such as "interest only" mortgages and "payment option" adjustable-rate mortgages.

### **Interest**

A fee charged for the use of borrowing money.

### **Interested Party**

Person or entity who benefits from the completion of the property sales transaction and may be the property seller, builder, developer, real estate agent, or lender.

### **Intermittent Lates**

A pattern of late payments that is not consecutive, but is broken into intervals. For example, a mortgage rating with a three-month history reflecting the following is considered 2x30 for grading purposes:

First Month: 30-day Delinquency

Second Month: Current

Third Month: 30-day Delinquency

### **Inter Vivos Revocable Trust**

Inter vivos is the Latin term for "between the living." This means it is a trust that an individual creates and becomes effective during his or her lifetime, but can be changed or canceled at any time for any reason during the creator's lifetime. Inter vivos revocable trusts are created by individuals while they are still living as an estate planning tool. The inter vivos revocable trust, also called a family trust, living trust, or revocable living trust, can be used as an alternative form of property ownership. A trust is referred to as revocable when the individual who created it, usually called the grantor, trustor, or settlor, can change or cancel it at any time, for any reason, while they are still living. This ability to revoke the trust, or revocability, is important because it allows the grantor/trustor/ settlor, who would otherwise own the property directly, to retain control of the property.

### **Interim Financial Statements**

A financial statement prepared before the end of the current fiscal period and covering only financial transactions during the period to date.





### **Investor**

Fannie Mae, Freddie Mac, Ginnie Mae, and/or a Private Investor, as applicable

### **Investment Securities**

A project in which unit ownership is characterized or promoted as an investment opportunity, and/or projects that have documents on file with the Securities and Exchange Commission (SEC).

### **IRA, SEP-IRS, Keogh**

Individual retirement plans that are owned by the borrower.

### **IRS**

Internal Revenue Service

### **Lakeview Mortgage Loan Programs**

The types of loan products and underwriting authority offered by Purchaser, [as described in the Product Matrices].

### **Land Contract of Sale**

An agreement between buyer and property seller in which the seller retains title to the property until all or a specified part of the sales price has been paid to the seller. If recorded, the buyer will show on title as having an interest in the property. Also known as Installment Land Contract or Contract for Deed.

### **Land-to-Value**

The ratio that results when the lot value indicated on the appraisal report is divided by the value of the Mortgaged Premises.

### **Land Trust**

A land trust is an arrangement by which title to real estate is transferred to a trustee, but the full management and control of the property is retained by the beneficiaries of the trust. The trustee is named as owner of the property in the Security Instrument and is the borrower of record on the loan, even though the trustee is not personally liable for repayment of the loan

### **Leasehold**

An estate or interest in real property held by virtue of a lease.

### **Lease Purchase Agreement**

An arrangement whereby the tenant agrees to rent the property from the landlord for a set amount for a set period of time with the option for the tenant to purchase the property for a pre-determined agreed upon amount.

### **Legal Documents**

A subset of the Loan Documents.

### **Legal Proceedings Description**

A complete written description of any legal proceedings pending against Seller, or of which Seller's property is the subject, that, if adversely determined, could have a material adverse impact on Seller's financial condition or its continuing ability to sell Mortgage Loans to Lakeview or would affect the



enforceability of any Mortgage Loan (including any similar proceedings known by Seller to be contemplated by governmental authorities) for inclusion in a prospectus or other disclosure document pursuant to Regulation AB or any successor regulation, certified as to accuracy by an officer of Seller.

#### **LDP/GSA Lists**

Limited Denial Participation/Government Services Administration – List that is managed by the government that identifies certain excluded parties that are not permitted to be on the loan transaction.

#### **LGC**

Loan Guaranty Certificate evidencing that VA has guaranteed the loan.

#### **Life Estate**

A life estate is an interest in real estate held by an individual who is limited to the duration of the life of the individual holding the interest.

#### **Lifetime Cap**

The maximum interest rate increase or decrease over the term of the Loan

#### **Limited Denial or Participation ("LDP")**

The Limited Denial or Participation (LDP) list is one maintained by HUD showing those parties excluded from further participation in a HUD program area.

#### **Limited Power of Attorney**

A type of legal document authorizing a person or an organization to act on behalf of another person. The person or organization that is appointed is referred to an Attorney-In-Fact.

#### **Limited Power of Attorney Forms**

The form of the legal document authorizing a person or an organization to act on behalf of another person provided by Seller.

#### **Lis Pendens**

A notice of public record indicating that the real property is in litigation and in danger of an adverse judgment.

#### **Loan**

A residential mortgage loan or line of credit sold or intended to be sold by Seller to Lakeview Loan Servicing, LLC and that meets or is intended to meet all the requirements of this Seller Guide. The term Loan includes all of the Seller's rights, title and interest in and to the Loan, including but not limited to the Servicing Rights, Note, the Loan Documents, the Loan file and all other material and information collected by Seller in connection with the Loan.

#### **Loan Correspondent Purchase and Sale Agreement**

The relevant contract executed by the Client that governs the sale of closed mortgage loans or assignment of mortgage applications to Lakeview

#### **Loan Documents**

Includes originals and copies of the appraisal, the Security Instrument, the Note and all other documents described in the Loan Documents and Notes of this Seller Guide.

**Loan File**

Includes originals and copies of the appraisal, the Security Instrument, the Note and all other documents described in the Loan Documents and Notes of this Seller Guide

**Loan Program**

Any one or more of the Loan Programs pursuant to which a Seller may sell Loans in accordance with this Seller Guide. The Loan Programs are described in our Product Matrices.

**Loan to Value ("LTV")**

The ratio of the loan amount to the value of the Mortgaged Premises. The Combined Loan-to-Value (CLTV) is the ratio of the Loan amount plus any Secondary Financing to the value of the Mortgaged Premises

**Lock Expiration**

Date that the locked Commitment expires.

**LPMI**

Lender Paid Mortgage Insurance aka Lender-Purchased Mortgage Insurance: Mortgage insurance coverage for a conventional mortgage loan that the lender pays for by using its own funds, rather than requiring the borrower to include periodic accruals for such coverage as part of his or her mortgage payment.

**Maintenance of Records**

The requirements in the Guide applicable to the Seller's responsibility to maintain adequate records of all Mortgage Loans submitted to Lakeview.

**Mandatory Delivery Commitment**

A Commitment under which Seller has committed to deliver an eligible-for-purchase Loan, which conforms to the Loan described in the Commitment.

**Manually Underwritten**

Loans that are underwritten without the use of Automated Underwriting Systems where guidelines are manually applied by the underwriter rather than the automated system returning the findings.

**Manufactured Home**

A home built entirely in the factory under a federal building code administered by the Department of Housing and Urban Development (HUD) is classified as a Manufactured Home . These homes are constructed to meet the Federal Manufactured Home Construction and Safety Standards Act (HUD Code) which have been in effect since June 15, 1976.

**Margin**

The amount added to the index value to create the mortgage interest rate for an ARM Loan.

**MARI**

Mortgage Asset Research Institute, provider of MIDEX



### **Master Association**

A Master Association is a HOA in a large condominium project that consists of representatives from associations covering specific areas within the project. It is a second level association that handles matters affecting the entire development, while the first level association handle matters affecting their particular portion of the subject development. If a project is part of the Master Association and the Master Association operates as a hotel, resort, motel, inn or lodge the entire project is ineligible.

### **Mello Roos**

A Mello-Roos District is an area where a special property tax on real estate, in addition to the normal property tax, is imposed on those real property owners within a Community Facilities District. These districts seek public financing through the sale of bonds for financing public improvements and services. These services may include streets, water, sewage and drainage, electricity, infrastructure, schools, parks and police protection to newly developing areas. The tax paid is used to make the payments of principal and interest on the bonds.

### **MERS (Mortgage Electronic Registration System)**

MERSCORP or Mortgage Electronic Registration Systems, Inc. and the MERS® System. An electronic registration system that tracks the mortgage rights of a loan.

### **MERS Designated Mortgage Loan**

A Mortgage Loan that is registered with MERS.

### **MERS Investor**

An "Investor" as such term is defined in the MERS® OnLine User Guide issued by MERS, as the same may be amended or replaced.

### **MERS Org ID**

The 7 digit number that identifies the party that generated the MIN.

### **MI**

Mortgage insurance, which is insurance needed for mortgages with low down payments (usually less than 20% of the price of the home).

### **MI Company**

An insurance company that provides mortgage insurance

### **MIDEX**

Mortgage Industry Data Exchange, a tool used to help subscribers defend against mortgage fraud,

### **MIN**

An 18-digit identifier that MERS assigns to each registered mortgage, which is used to track the mortgage within MERS' electronic system.

### **Mixed Use Property**

A mixed-use property is a property that has a business use in addition to its residential use, such as a property with space set aside for a day-care facility, a beauty or barbershop, a doctor's office, and so on.



### **Mobile Home**

Mobile Home is a term applied to homes built prior to June 15, 1976 when the HUD Code went into effect. In many cases these homes were built to voluntary industry standards. Lakeview Loan Servicing, LLC does not consider Mobile Homes to be an eligible property type under any Loan Program.

### **Modification**

The act of changing any of the terms of the mortgage by agreement between the borrower and the note holder

### **Modular Home**

Modular Homes are Factory-built Home constructed to the state, local or regional building codes where the home will be located. Modular Homes are multi-sectioned units that are transported to the site and installed.

### **Monthly Payment**

The monthly payment of principal and interest collected by mortgage lenders. This may also include escrow items for taxes and insurance and is therefore called the housing payment.

### **Mortgage**

Collectively, the security instrument, the note, the title evidence, and all other documents and papers that evidence the debt (including the chattel mortgage, security agreement, and financing statement for a co-op share loan).

### **Mortgage File**

A file that includes originals and copies of the appraisal, the Security Instrument, the Note and all other documents described in the Loan Documents and Notes of this Seller Guide

### **Mortgage Insurance Premium**

A monthly payment, usually part of the mortgage payment, paid by a borrower for mortgage insurance.

### **Mortgage Interest Rate**

The rate of interest in effect for the periodic installment due. For fixed-rate mortgages or for ARMs that have an initial fixed-rate period, it is the rate in effect during that period. For ARMs after any initial fixed-rate period, it is the sum of the applicable index and the mortgage margin (rounded as appropriate and subject to any per-adjustment or lifetime interest rate ceilings).

### **Mortgage Loan**

First-lien, residential, mortgage loans secured by one-to-four family dwellings sold on a servicing released basis pursuant to the Agreement. A Mortgage Loan includes without limitation the Loan File, the Monthly Payments, interests in any related insurance policies, and all other rights, benefits, proceeds and obligations arising from or in connection with such Mortgage Loan. In this Guide, a mortgage loan also may be referred to as a loan.

### **Mortgage Loan Documents**

The originals and copies of the appraisal, the Security Instrument, the Note and all other documents described in the Loan Documents and Notes of this



### **Mortgage Loan Files**

A file that includes originals and copies of the appraisal, the Security Instrument, the Note and all other documents described in the Loan Documents and Notes of this

### **Mortgage Loan Programs**

The types of loan products and underwriting authority offered by Purchaser [as described in the Product Matrices].

### **Mortgage Loan Schedule**

A schedule of Mortgage Loans to be annexed for each sale, such schedule setting forth the following information with respect to each Mortgage Loan: [(1) the Seller's Mortgage Loan identifying number; (2) the Mortgagor's name; (3) the date on which the Mortgage Loan was originated; and (4) the stated maturity date and the other items listed on the required data set that is needed to register a mortgage loan as identified in the registration section of this guide.

### **Mortgage Loan(s)**

First-lien, residential, mortgage loans secured by one-to-four family dwellings sold on a servicing released basis pursuant to the Agreement. A Mortgage Loan includes without limitation the Loan File, the Monthly Payments, interests in any related insurance policies, and all other rights, benefits, proceeds and obligations arising from or in connection with such Mortgage Loan. In this Guide, a mortgage loan also may be referred to as a loan.

### **Mortgage Note**

The applicable form of instrument evidencing obligation to repay the Loan as required under this Seller Guide, including any addenda thereto.

### **Mortgaged Premises**

The land and improvements thereon subject to or intended to be subject to the lien of the Security Instrument.

### **Mortgaged Property**

Any one-to-four family residence (at the time of origination) that is encumbered by a Security Instrument, including all buildings and fixtures thereon and all accessions thereto including installations of mechanical, electrical, plumbing, heating and air conditioning systems located in or affixed to such buildings, and all additions, alterations and replacements.

### **Mortgage Service Providers**

An entity or individual engaged to handle or perform, for a Seller or Correspondent, part of the Loan application processing, underwriting, funding or post closing functions, but not any activities related to obtaining an application for a wholesale origination. This entity or individual is typically paid on a fee basis for services performed, with the payment of fees not being contingent on Loan approval or closing.

Mortgage Service Providers include but are not limited to:

- Contract underwriters
- Contract processing firms
- Contract quality control services
- Escrow companies and settlement agents
- Contract document preparation companies



## **Mortgagor**

The obligor on a Mortgage Note

## **National Flood Insurance Program**

Insurance that compensates the property owner for physical property damage resulting from flooding. Flood insurance is required if the property improvements are located in federally designated Special Flood Hazard Areas. If the land is in the flood hazard area, but the improvements are not, flood insurance is not required

## **No Cash-Out Refinance**

A refinance transaction in which the amount of money from the new loan is used to repay the existing first mortgage, to pay closing costs, point, prepayment penalties, and any seasoned subordinate mortgage liens. Incidental cash back may not exceed the lesser of 2% of the principal amount of the new mortgage or \$2000. Also referred to as a Rate and Term refinance.

## **Non-Arm's Length Transaction**

A transaction with a family member or relative, or when a personal or business relationship exists between the borrowers and the builder or property seller. This relationship may influence the transaction. Also, see Arm's Length Transaction.

## **Non-Conforming**

A mortgage loan that does not meet the loan amount limits or credit characteristics set by Freddie Mac and Fannie Mae.

## **Non-Conforming Loan**

A mortgage loan in which the loan amount, the LTV ratio, term, or some other aspect of the loan exceeds permissible limits as specified in agency (GSEs) regulations. These loans must meet or exceed the guidelines as set forth in the Seller Guide. Non-conforming loan guidelines may follow GSE underwriting guidelines or be a blend of various investor guidelines.

## **Non-Delegated**

Underwriting arrangement where Lakeview Loan Servicing, LLC must grant Loan approvals and set conditions prior to Loan settlement.

## **Non-Supervised Mortgagee**

Type of FHA approval applied to non-depository financial entities that have as their principal activity the lending or investment of funds in real estate mortgages.

## **Non-Standard Documents**

Any documents evidencing or securing a Loan that are not uniform instruments.

## **Non-United States Citizens**

Non-United States Citizens must be lawfully present in the United States (or otherwise meet the requirements shown below under deferred action). The term "lawfully present" includes those who have "qualified alien" status. A "qualified alien" is defined as an alien who, at the time the alien applies for, receives, or attempts to receive a Federal public benefit, per section 101(a) of the Immigration and Nationality Act {8 U.S.C. 1101(a)}. The classifications of Non-United States Citizens are described below:



### **Permanent Resident Qualified Alien**

- An alien who is lawfully admitted for permanent residence under the Immigration and Nationality Act, also known as a "permanent resident." Document legal residency and eligibility to work in the United States with one of the following:
  - A valid and current Permanent Resident card (form I-551); or
  - A passport stamped "processed for I-551," "temporary evidence of lawful admission for permanent residence," "valid through\_\_\_," and "employment authorized." Passport must be valid and not expired. This evidences that the holder has been approved for, but not issued, a Permanent Resident card (form I551).
  - Conditional Permanent Resident Qualified Aliens are treated as Non-Permanent Residents and therefore must provide a valid EAD card in addition to the Conditional Permanent Resident Card

### **Non-Permanent Resident Qualified Alien**

- An alien who is granted asylum under section 208 of the Immigration and Nationality Act. Document legal residency and eligibility to work in the United States according to investor guidelines. Note: FHA loans with Non-permanent resident borrowers must be insured prior to Lakeview purchase

Note: Freddie Mac does not permit DACA borrowers.

### **Note**

The applicable form of instrument evidencing obligation to repay the Loan as required under this Seller Guide, including any addenda thereto.

### **Office of Comptroller of Currency**

is an independent bureau within the United States Department of the Treasury that was established by the National Currency Act of 1863 and serves to charter, regulate, and supervise all national banks and thrift institutions and the federal branches and agencies of foreign banks in the United States.

### **Officer's Certificate**

Certificate of Seller authorizing the execution, delivery and performance of the Agreement by the Seller.

### **OFAC Regulations**

The regulations promulgated by OFAC, 31 C.F.R. §§ 500-599, as amended. These regulations implement a variety of sanctions programs, including those in which persons are added from the and removed from a "blocked persons" list maintained by OFAC.

### **Office of Foreign Asset Control ("OFAC")**

An office of the US Department of the Treasury that administers and enforces economic sanctions programs primarily against countries and groups of individuals, such as terrorists and narcotics traffickers. The sanctions can be either comprehensive or selective, using the blocking of assets and trade restrictions to accomplish foreign policy and national security goals.

### **Office of the Thrift Supervision**

Responsible for the chartered, supervised, and regulated all federally chartered and state-chartered savings banks and savings and loans associations

### **Originator Disclosure**





The disclosures required under Item 1110(b) of Regulation AB or any successor regulation for inclusion in a prospectus or other disclosure document

**Pair-off Fee**

A fee assessed if Seller does not deliver qualifying Loan files in the amount of the Mandatory Delivery Commitment or as otherwise required by the Seller Contract or Seller Guide. See also Buyout Fee.

**Panelized Home**

Panelized Homes are defined as homes where panels (flat units that represent a whole wall with windows, doors, wiring and outside siding) are constructed in the factory and then transported to the site and assembled. Panelized Homes are constructed to the state, local or regional building codes of where the home will be located.



## Par

The face value of the mortgage (the unpaid principal balance) equals its selling price (100%—there are no discounts or premiums).

## Parties

Seller and Purchaser

## Partnership

A partnership is an arrangement between two or more individuals who have pooled their assets and skills to form a business and who will share profits and losses (according to predetermined proportions that are set out in the partnership agreement). A partnership may be a general partnership or a limited partnership.

The partnership must report its profit or loss on IRS Form 1065 and each partner's share of the profit or loss on Form 1065, Schedule K-1; however, the partnership pays no tax on the partnership income.

### a. General Partnership

Under a general partnership, each partner has responsibility for running the business, is personally liable for the debts of the entire business, and is responsible for the actions of every other partner (unless otherwise specified in the partnership agreement). A general partnership is dissolved immediately upon the death, withdrawal, or insolvency of any of the partners, although the personal liability of partnership creators exists even after the partnership is dissolved. However, the partnership's assets will first be applied to the creditors of the business. The partner's individual assets will be first applied to their personal creditors, with any surplus in a partner's personal assets then being applied to the remaining business creditors.

Each partner uses the information from Schedule K-1 to report his or her share of the partnership's net profit or loss (and special deductions and credits) on the Individual U.S. Income Tax Return on Schedule E from IRS Form 1040, whether or not the partner receives a cash distribution from the partnership. Individual partners pay taxes on their proportionate share of the net partnership income at their individual tax rates. Because profits may or may not be distributed to the individual partners, it must be determined whether the borrower actually received a distribution from the partnership. To quantify the level of the borrower's financial risk, determine whether the borrower has guaranteed any loans obtained by the partnership (other than loans that are considered as non-recourse debt or qualified non-recourse debt).

### b. Limited Partnership

Under a limited partnership, a limited partner:

- Has limited liability based on the amount he or she invested in the partnership.
- Does not typically participate in the management and operation of the business.
- Has limited decision-making ability.

A limited partnership will have at least one general partner who manages the business and is personally liable for the debts of the entire business. A limited partner's death, withdrawal, or insolvency does not dissolve the partnership.

Each partner uses the information from Schedule K-1 to report his or her share of the partnership's net profit or loss (and special deductions and credits) on the Individual U.S. Income Tax Return on Schedule E from IRS Form 1040 - whether or not he or she receives a cash distribution from the partnership. Individual partners pay taxes on their proportionate share of the net partnership income at their individual tax rates. Because profits may or may not be distributed to the individual partners, it must be determined



whether the borrower actually received a cash distribution from the partnership. However, because limited partnerships are often formed as tax shelters, it is more likely that Schedule K-1 will reflect a loss instead of income. In such cases, the borrower's ability to deduct the loss will be limited by the at risk amount of his or her limited partnership interest (and will most likely be subject to passive loss limitations).

Review the U.S. Partnership Return of Income (IRS Form 1065) to determine the borrower's share of non-cash expenses that can be added back to the cash flow of the partnership business. To quantify the level of the borrower's financial risk, determine whether the borrower has guaranteed any loans obtained by the limited partnership (other than loans that are considered as non-recourse debt or qualified non-recourse debt).

### **Party Wall**

A wall built along the boundary line of adjoining properties and shared by the respective property owners or tenants.

### **Passive or Unearned Income**

Income that may not be readily verifiable by an outside, independent third party source. Examples include dividend/interest income, trust income, child support, alimony or separate maintenance, foster care, unemployment, disability, social security and other retirement income, rental income, and installment sales or land contract income.

### **Payment Change Date**

The first day of the month following an interest rate change date. It is the date on which a payment change, due to an interest rate change, becomes effective.

### **Payment Shock**

The amount of increase from the Borrower's current housing payment (rent or PITI) to the proposed subject mortgage PITI. For ARMs, Payment Shock is calculated using the qualifying rate.

### **Person**

An individual, corporation, limited liability company, partnership, joint venture, trust or unincorporated organization, or a federal, state, city, municipal or foreign government or an agency or political subdivision thereof.

### **PITIA**

Housing payment that consists of Principle, Interest, Taxes, Insurance, Association dues

### **Planned Unit Development**

A Planned Unit Development (PUD) is a development that has the following characteristics:

The individual unit owners own a parcel of land improved with a dwelling. Ownership is NOT in common with other unit owners. The development is administered by a HOA that owns and is obligated to maintain property and improvements within the development for the common use and benefit of the unit owners. The unit owners have an automatic, non-severable interest in the HOA and pay a mandatory assessment.

### **Portfolio Condominiums**

Condominium projects that are held for investment.



### **Post Acquisition Adjustment**

A post acquisition adjustment (PAA) is generally Lakeview's refund of monies owed to Seller or payable to Lakeview due to a discrepancy in the purchase wire transaction.

### **Power of Attorney**

A legal document authorizing a person or an organization to act on behalf of another person. The person or organization that is appointed is referred to as an Attorney-In-Fact. There are three types of Power of Attorney: General, Special/Specific/Limited, and Durable.

### **Pre-cut Home**

Pre-cut Homes are a type of factory-built housing. Materials for this type of home are factory-cut (pre-cut) to design specifications, transported to the site and then assembled. Pre-cut Homes include kit, log and dome homes. Pre-cut Homes are constructed to the state, local or regional building codes where the home will be located.

### **Pre-foreclosure Sale**

A pre-foreclosure sale involves the sale of the property by the Borrower to a third party for less than the amount owed to satisfy the delinquent mortgage, as agreed to by the lender, the investor, and the mortgage insurer.

### **Premium**

The Price Premium and Servicing Released Premium.

### **Prepayment**

Lakeview Loan Servicing, LLC considers a Prepayment to have occurred when an amount greater than the regularly scheduled principal payment is made, thereby reducing the principal balance of a Loan before the final due date.

### **Prepayment Penalty/Fee**

A charge that a borrower may be required to pay during the early years of a mortgage if it is paid in full or if the borrower makes a principal curtailment.

### **Primary Borrower**

If more than one person is obligated to repay the Loan, the Primary Borrower is considered to be the individual whose Credit Score is selected for grading and qualification purposes.

### **Principal**

The amount of money borrowed to buy a house or the amount of the loan that has not been paid back to the lender. This does not include the interest paid to borrow that money. The principal balance is the amount owed on a loan at any given time. It is the original loan amount minus the total repayments of principal made.

### **Prior Underwriting Approval**

Prior Underwriting Approval means that Lakeview Loan Servicing, LLC has performed a complete underwriting analysis of the Loan, including credit, income, assets, liabilities and appraisal prior to the Borrower closing the Loan, pursuant to Chapter 7A, Prior Underwriting Approval, of this Seller Guide.



In order for a Loan to have Prior Underwriting Approval, Lakeview Loan Servicing, LLC must have provided Seller with a written notification (by fax, email or regular mail) noting that the Loan has Prior Underwriting Approval Status.

### **Private Investor**

With respect to any Mortgage Loan, a person (excluding FHA, Fannie Mae, Freddie Mac, Ginnie Mae or VA) who has a beneficial interest in, or is a record owner of, such Mortgage Loan or any trustee acting on behalf of any such Person

### **Private Mortgage Insurance (“PMI”)**

Private mortgage insurance that is generally needed for mortgages with low down payments (usually less than 20% of the price of the home)

### **Product Matrices**

A chart outlining the types of loan products and underwriting authority offered by Purchaser.

### **Program Guidelines**

Guidelines that detail and conform to Agency or Lakeview Loan Servicing, LLC requirements, restrictions, or limitations of Loans.

### **Property Data**

Includes but is not limited to prior sale price, prior date sold, prior appraised value, prior appraised date, lot size, year built, property type or any other Property Data and/or characteristics.

### **Property Inspection Alternative (PIA)**

Loan Prospector® Minimum Assessment Feedback (MAF) message specified on the Feedback Certificate indicating that a Mortgage may be originated without an appraisal or inspection of the Mortgaged Premises.

### **Prospect Application**

The application provided by Purchaser to Seller for approval as a loan correspondent

### **Public Assistance**

Through the Public Assistance (PA) Program, Federal Emergency Management Agency “FEMA” provides supplemental Federal disaster grant assistance for debris removal, emergency protective measures, and the repair, replacement, or restoration of disaster-damaged, publicly owned facilities and the facilities of certain Private Non-Profit (PNP) organizations. Public Assistance disaster notifications are not acceptable when determining if a property is in an area that has been declared a natural disaster.

### **Purchase Date**

The date Lakeview Loan Servicing, LLC approves the Mortgage Loan for purchase and funds the Purchase Price for such Mortgage Loan to Seller. The Purchase Date for each Mortgage Loan shall also be deemed to be the Funding Date for that Mortgage Loan, as that term is used in other Sections of this Seller Guide



### **Purchase Documents**

The Agreement, Seller Guide, and all amendments supplements and replacements, and any other documents and agreements between Lakeview Loan Servicing, LLC and Seller regarding the sale of Loans.

### **Purchase Price**

The percentage of par that Lakeview applies to the unpaid principal balance of a mortgage submitted as a cash delivery to determine the amount of the purchase proceeds; the amount that Lakeview will pay the lender on the purchase date for a pool or mortgage loan being purchased in an early funding transaction.

### **Purchaser**

Lakeview Loan Servicing, LLC

### **Purchaser's Selling Guide**

The relevant guide incorporated by reference in its entirety into the Agreement executed by the Seller. This Lakeview Loan Servicing, LLC Seller Guide, as amended, supplemented or replaced

### **Qualified AVM**

A report of property valuation issued under an Automated Valuation Model, where such valuation report has been ordered from a Qualified AVM Vendor, as specified in the Automated Value Model Approved Vendors, using the vendor's Lakeview Loan Servicing, LLC Qualified AVM system, and the report of valuation has been given the Lakeview Loan Servicing, LLC Qualified AVM seal as may be determined through methods and systems issued at Lakeview Loan Servicing, LLC's discretion.

### **Qualified Insurer**

Qualified Insurer means an insurance company duly qualified as such under the laws of the states in which the Mortgaged Premises are located, duly authorized and licensed in such states to transact the applicable insurance business and to write the insurance provided, approved as an insurer by Fannie Mae and Freddie Mac and whose claims paying ability is rated in the two highest rating categories by the Standard & Poor's Ratings Services, Moody's Investors Service, Inc. and Fitch, Inc. with respect to primary mortgage insurance and in the two highest rating categories for general policyholder rating and financial performance index rating by Best's with respect to hazard and flood insurance

### **Recast**

The process of re-amortizing a mortgage to the remaining term at market interest rate and current unpaid principal balance. When a loan is recast, the payment required to fully amortize the loan over the remaining term becomes the new minimum payment.

### **Recreational Lease**

A lease that runs for a short period of time during each year; sometimes called time sharing.

### **Red Flags**

Those potential patterns, practices, or specific activities indicating the possibility of identity theft, as described in the Red Flag Rule.

### **Red Flags Rule**

The Red Flags Rule was issued by the FTC, 16 C.F.R. 681.1, as amended, addressing fraud and identity theft.



### **Redemption Period**

A period of time established by state laws during which a property owner has the right to redeem his or her real estate from a foreclosure or tax sale and reclaim title and possession of the property.

### **Reference Library**

Contains reference documents and sample documents for Sellers to use as required for applicable loan and or program.

### **Re-established Credit**

Credit that is established after a significant adverse credit event.

Re-established Credit is calculated from the discharge of bankruptcy or completion of foreclosure and requires the following:

#### **Re-price**

Lower of the existing commitment price or the current market price for the same Note rate in the same Commitment.

#### **Registered**

A Mortgage Loan submitted to Purchaser by Seller pursuant to the Agreement.

#### **Registration**

A process by which the Seller submits eligible Mortgage Loans to Purchaser pursuant to the Agreement.

#### **Regulation AB**

SEC regulations, 17 CFR 229, Subpart 229.1100, codifying requirements for the registration, disclosure, and reporting for all publicly registered asset-backed securities including mortgage-backed securities.

#### **REO Property**

Real Estate Owned is property acquired through foreclosure or deed-in-lieu of foreclosure.

#### **Repurchase**

The requirement that a Seller must buy back a mortgage previously sold

#### **Residential Mortgage Credit Report**

A Residential Mortgage Credit Report is a detailed account of the credit, employment and residence history as well as public records information prepared by a consumer reporting agency for an individual borrower or two individual borrowers. Credit information from two national repositories is merged and verified by a consumer reporting agency or bureau before it is sent to the user. The consumer reporting agency or bureau may also verify other information not contained in repository records

#### **Residual Income**

The income remaining after PITIA and debts listed on credit report or obtained through other documentation have been subtracted from the Borrower s gross monthly income.



### **Restructured Loan**

A restructured loan is a mortgage loan in which the terms of the original transaction have been changed resulting in either absolute forgiveness of debt or a restructure of debt through either a modification of the original loan or origination of a new loan that results in:

Forgiveness of a portion of principal and/or interest on either the first or second mortgage

Application of a principal curtailment by or on behalf of the investor to simulate principal forgiveness

Conversion of any portion of the original mortgage debt to a soft subordinate mortgage

Conversion of any portion of the original mortgage debt from secured or unsecured debt

In many cases, a borrower may not disclose that their existing Mortgage loan has been restructured. The credit report may show a restructured loan as settled for less than owed. If the credit report does not specify settled for less than owed, you will need to scrutinize the mortgage balance reported on the credit report versus the payoff balance. If the two balances do not match and the difference is more than unpaid interest or prepayment penalties, the loan may have been restructured.

### **RHS**

Rural Housing Service, a loan program administered by the United States Department of Agriculture.

### **Rural Property**

If any one of the following criteria exists, the property will be classified as rural:

Appraiser classifies the property as rural

Less than 25% of the surrounding market area is developed

If at least 50% of the acceptable comparable properties are not within five miles of the Mortgaged Premises, unless the appraiser provides sufficient justification for the distance of the comparables and clarifies that the property is not rural in nature.

### **Scheduled Principal Balance**

At any time and with respect to any Loan, the original principal amount of such Loan at the time it was purchased by Lakeview Loan Servicing, LLC less that portion of any cash payments received by Lakeview Loan Servicing, LLC from the primary Servicer for such Loan that is to be applied toward the reduction of the outstanding principal balance of the Loan.

### **Second Home**

A property that the borrower occupies for some portion of the year, in addition to their primary residence. The property must be located in an area that can reasonably function as a second home and must be suitable for year-round occupancy. Typically, this property is located far from the borrower's primary residence, and near either a resort or vacation area, such as mountains, oceanfront, desert, and so on. Second homes may also be located in a major metropolitan area that the borrower visits on a regular basis.

### **Secretary of HUD**

The Secretary of the Department of Housing and Urban Development





### **Secure and Fair Enforcement for Mortgage Licensing Act (“SAFE Act”)**

A federal law, 12 U.S.C. 5101 et seq., and its implementing regulations, 12 CFR 1007, as amended. The SAFE Act was enacted on July 30, 2008, and mandates a nationwide licensing and registration system for residential mortgage loan originators.

### **Security Instrument**

The applicable form of mortgage, deed of trust, deed to secure debt or security deed required under this Seller Guide, including any riders, creating a lien on the Mortgaged Premises.

### **Seller**

A person or entity that originates and sells loans secured by single (1-4) family dwellings to Lakeview Loan Servicing, LLC that has entered into an Agreement with Lakeview Loan Servicing, LLC

### **Seller Eligibility**

Those requirements set forth in the chapter titled "Seller Eligibility" in this Guide

### **Seller Guide “Guide”**

The relevant guide incorporated by reference in its entirety into the Agreement executed by the Seller. This Lakeview Loan Servicing, LLC Seller Guide, as amended, supplemented or replaced

### **Seller Services**

A [department]/[division] of Seller that can address Purchaser's questions regarding the Seller's underwriting authority requirements

### **Servicing Released Premium (SRP)**

A one-time Premium paid to Seller for the Servicing Rights on a mortgage Loan.

### **Servicing Rights**

The right, title and interest in and to the non-recourse servicing of any Loan and the maintenance and Servicing Fee income and any and all ancillary income arising from or in connection with any Loan.

### **Settlement Agent**

A neutral third party that facilitates the closing of a real estate transaction, including the closing of the loan, and the collection and disbursement of loan proceeds. The settlement agent can be a lender, an escrow company, title company, title agent, or attorney.

### **Simultaneous Transaction**

A mortgage loan that is originated other than the subject property and are originated and closed together.

### **Site Condominium**

A condominium project composed solely of one-unit detached dwellings and no common area improvements other than greenbelts, private streets and parking.

### **Sole Proprietorship**

A sole proprietorship is an unincorporated business that is individually owned and managed. The individual has unlimited personal liability for all debts of the business. If the business fails, the borrower will have to replace his or her income, as well as satisfy the outstanding obligations of the business. Since



no distinction is made between the owner's personal assets and the assets used in the business, creditors may take either (or both) to satisfy the borrower's business obligations.

The financial success or failure of this type of business depends solely on the owner's ability to obtain capital. Poor management skills or an inability to secure capital to keep the business running will compromise the continuance of the borrower's business (and income).

The income, expenses, and taxable profits of a sole proprietorship are reported on the Profit or Loss from Business (Schedule C) on the owner's Individual U.S. Income Tax Return (IRS Form 1040) and are taxed at the rates that apply to individuals. When evaluating a sole proprietorship, make sure that there is sufficient and stable cash flow to support both the business and the payments for the requested mortgage. Seller must confirm that the business can accommodate the withdrawal of assets or revenues should the borrower need them to pay the mortgage payment and/or other personal expenses.

### **Special Flood Hazard Area (SFHA)**

The land in the flood plain within a community having at least a 1% chance of flooding in any given year, as designated by FEMA.

### **Standalone Transaction**

A Loan, usually in junior position, closed independently from any other mortgage transaction.

### **Standard Flood Hazard Determination Form (SFHDF)**

The Standard Flood Hazard Determination Form (SFHDF) is used to comply with Section 303(a) of Title V of the National Flood Insurance Reform Act of 1994. The SFHDF is used by federally regulated lending institutions when making, increasing, extending, renewing or purchasing a loan for the purpose of determining whether flood insurance is required and available.

### **Substitution Date**

The date on which Lakeview Loan Servicing, LLC receives a Loan that Seller has substituted for a denied Loan.

### **Supervised Mortgagee**

Type of FHA approval for banks, savings banks, and credit unions that participate in originating, underwriting, purchasing, holding, servicing, and selling of FHA loans

### **Tax Service Fee**

A fee charged on all Loans to hire outside vendors to verify that all taxes on the Mortgaged Premises were paid.

### **Terms of use**

The conditions of use applicable to the electronic services, forms and materials offered by Lakeview.

### **Texas Refinance Loan**

A First Lien home equity refinance mortgage originated pursuant to Section 50(a)(6) of Article XVI of the Texas Constitution secured by homestead property located in Texas



### **Third Party Origination**

A process by which a lender uses another party to completely or partially originate, process, underwrite, close, fund, or package the mortgages it plans to deliver to the secondary mortgage market.

### **TNW**

Tangible Net Worth, as defined by GAAP.

### **TPO Operations**

Group responsible for the review and purchase of closed loans submitted for purchase by Sellers.

### **Truth in Lending Act**

A federal law, 15 U.S.C. 1601 et seq., as amended that requires disclosure of a truth-in-lending statement for consumer loans. The statement includes a summary of the total cost of credit, such as the APR and other specifics of the loan

### **UAD**

The Uniform Appraisal Dataset that provides common requirements for appraisal and loan delivery data

### **UFMIP (Upfront Mortgage Insurance Premium)**

The premium required to be paid when applying for a home loan with the Federal Housing Administration.

### **Uniform Standards of Appraisal Practices**

Quality control standards applicable for real property, personal property, intangibles, and business valuation appraisal analysis and reports in the United States and its territories

### **United States Citizen**

The borrower must have a valid social security number and be a citizen of the United States or a U.S. Possession or Territory. Borrower photo identification documents must also be provided to review and ensure identity and compliance with the U.S. Patriot Act.

### **USA Patriot Act of 2001**

A federal law, Public Law 107–56, the purpose of which is to deter and punish terrorist acts in the United States and around the world. Among other things, this law amended the Bank Secrecy Act.

### **User Id**

An identification name used to access Lakeview's forms, materials and electronic services, if applicable.

### **U.S. Possession or Territory**

American Samoa, Guam, Marshall Islands, Federated States of Micronesia, Northern Marianas, Palau, Puerto Rico, U.S. Virgin Islands.

### **US Treasury Table**

Table published by the US Treasury for the purpose of establishing the value of savings bonds

### **VA**

Department of Veteran's Affairs

**VA Automatic**

Approval from the Department of Veterans Affairs to close VA home loans without prior approval from the Department of Veterans Affairs

**VA LAPP**

The Veterans Administration Lender Appraisal Processing Program.

**VA Funding Fee**

A fee paid at closing by the borrower of a VA loan, established as a percentage of the loan amount which varies based on the type of loan and the borrower's military category.

**VA Loan**

A mortgage guaranteed by the Department of Veterans Affairs (VA)

**VA Regulations**

A mortgage guaranteed by the Department of Veterans Affairs (VA)

**Value**

An opinion or estimate set forth in an appraisal or evaluation, whichever may be appropriate, of market value of real property, prepared in accordance with applicable law.

**VOD – Verification of Deposit –**

Used to verify the cash deposits that the application has listed on their loan application.

**Web Agreement**

The agreement imposing conditions of use of Lakeview's website.

**Website**

The website maintained by Lakeview that facilitates registration, underwriting and funding of Mortgage Loans.

**Website Administrator**

The person within the Seller's company responsible for setting-up, controlling, and maintaining access to the Lakeview website.

**Wraparound Mortgage**

A refinancing technique involving the creation of a second mortgage which includes the balance due on any existing mortgages, plus the amount of the new secondary or junior lien.



|        |   |          | Version Control   |
|--------|---|----------|---|
| Author | Section   | Date     | Update  |
| DH     | Chapter 5D - Disaster Guidelines                      | 12.10.20 | <ul style="list-style-type: none"> <li>Bayview   Lakeview Disaster File name changed to Disaster Declaration File</li> </ul>  |
| DH     | Chapter 7 - Definitions                               | 12.10.20 | <ul style="list-style-type: none"> <li>Non-Permanent Resident Qualified Alien Section – added the below underlined language               <ul style="list-style-type: none"> <li>A current, valid Employment Authorization Document (EAD) with a category code A05 <u>or a valid Social Security card</u></li> </ul> </li> <li>Borrower Residency and Eligibility Guide name changed to Residency and Eligibility Guide</li> </ul>  |
| DH     | Chapter 5 – Prefund Diligence                         | 12.23.20 | <ul style="list-style-type: none"> <li>Updated</li> <li>Guidelines relevant to the 4506-C form can be found within the individual product summaries</li> </ul>  |
| DH     | Chapter 5 – Prefund Diligence                         | 01.07.21 | <p>Updated Section A504 Power of Attorney</p> <p>Removed</p> <ul style="list-style-type: none"> <li>The Power of Attorney must not be an interested party in the transaction, i.e.: real estate agent, seller, closing agent</li> </ul> <p>Replaced</p> <ul style="list-style-type: none"> <li>The Power of Attorney must not be an interested party in the transaction unless otherwise permitted in accordance with applicable investor seller guide requirements</li> </ul>  |
| DH     | Chapter 5 – Prefund Diligence                         | 01.07.21 | <ul style="list-style-type: none"> <li>Updated Section A542 Partial eClosings</li> <li>Removed transactions utilizing a Power of Attorney as an unacceptable e-Signed closing document</li> </ul>   |
| JR     | Chapter 6 – Shipping and Delivery Methods             | 02.04.21 | Added guidance and requirements to post-acquisition adjustment requests   |
| DH     | Chapter 7 - Definitions                               | 02.04.21 | <p>Added to Non-Permanent Resident Qualified Alien definition:</p> <ul style="list-style-type: none"> <li>An alien who entered the United States unlawfully as a child but has since been granted “deferred action” (AKA DACA) which defers removal action against the individual for a period of time. <b>This status is permitted only in FHA and VA programs.</b> Document legal residency and eligibility to work in the United States with the following:           <ul style="list-style-type: none"> <li>A current, completed I-797 form showing approved DACA status, <b>and</b></li> <li>A current, valid EAD Card with code C33</li> </ul> </li> </ul>  |
| DH     | Chapter 7 - Definitions                               | 03.04.21 | <p>Non-Permanent Resident Qualified Alien definition revised to include Fannie Mae HFA Preferred program:</p> <ul style="list-style-type: none"> <li>An alien who entered the United States unlawfully as a child but has since been granted “deferred action” (AKA DACA) which defers removal action against the individual for a period of time. <b>This status is permitted only in FHA, VA and Fannie Mae HFA Preferred programs.</b></li> </ul>  |
| DH     | Chapter 3 – Registration & Commitments                | 05.13.21 | <p>Added to Section C303 - Over-Delivery or Failure to Deliver</p> <ul style="list-style-type: none"> <li>With regard to the delivery of eligible mortgage loans under a Mandatory Delivery Commitment, Lakeview provides both a delivery and funding expiration date with the intent that the Seller deliver eligible loans by the former date to allow Lakeview to purchase eligible loans by the later funding expiration date. Lakeview does allow Sellers to deliver eligible loans after the delivery expiration date up until the funding expiration date however, if the loan purchase is not completed by the later date, extension fees will be applied to final pricing. In the event that an eligible mortgage loan is not delivered by the funding expiration date, the loan will be subject to a pair-off fee.</li> </ul> |
| DH     | Chapter 3 – Registration & Commitments                | 05.13.21 | <p>Section C304 - Calculation of Multiple Loan Mandatory Pair-Off Fees revised as follows:</p> <ul style="list-style-type: none"> <li>If market prices have risen, the pair-off fee is the full difference between the locked price and the current market price plus \$200</li> <li>If market prices have declined, the pair-off fee is \$200 unless the hedge gain attributed to the market decline is greater than \$200. If this is the case, the pair-off fee would be zero</li> <li>If the hedge gain attributed to the market decline is less than or equal to \$200, the pair-off fee is the difference between \$200 and the hedge gain</li> </ul>   |
| DH     | Chapter 3 – Registration & Commitments                | 06.07.21 | Section B311 – Calculation of Pair-off Fees updated to align with 5.13.21 changes made to Sections C303 & C304  |
| MM     | Chapter 5 – Prefund Diligence                         | 08.19.21 | <p>Updated Section B503 Verbal Verification of Employment</p> <ul style="list-style-type: none"> <li>Must be dated within 10 business days of Note date (10 calendar days for FHA)</li> </ul>   |
| DH     | Chapter 1 – Seller Contractual Obligations            | 08.19.21 | <p>In B101 Underwriting Authority:</p> <p><u>Removed:</u></p> <p>Delegated underwriting authority is limited to programs outlined in the product matrices. to a maximum Lakeview combined loan amount of \$1,000,000.</p> <p>If any of the following apply, Seller must submit the Mortgage Loan to Lakeview for underwriting:</p> <p>Individual Mortgage Loan amounts &gt; \$1,000,000<br/>         Combined Lakeview Mortgage Loan amounts &gt; \$1,000,000<br/>         Combined Mortgage Loan amounts. when the second is purchased by a party other than Lakeview, &gt; \$1,250,000</p> <p><u>Replaced:</u><br/>         Delegated underwriting authority is limited to programs as outlined in the product matrices and in accordance with agency guidelines.</p>   |
| MM     | Chapter 6C Funding Requirements and Wire Instructions | 09.10.21 | Added Juneteenth National Independence Day to the list of federally recognized holidays   |
| DH     | Chapter 1D Defaults and Remedies, Early Pay Off       | 09.22.21 | <p>Added to Section D102 Repurchase</p> <p>Sellers are encouraged to utilize <a href="mailto:selfreports@bayview.com">selfreports@bayview.com</a> to communicate Events of Default.</p>   |

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| DH | Chapter 3B Flow Commitments               | 09.22.21 | <p>In Section B308 Suspended Closed Loans</p> <p>Removed<br/>After 30 days of suspense, if the deficiencies are still not cleared, the loan will be determined to be un-purchasable. Loans with suspense items that cannot be cleared or loans where Seller does not appear to be actively working to resolve will be canceled, and the loan files returned to Seller. These loans will be paired-off, and all extension fees and suspense fees will be taken into account when determining the adjusted pair-off price.</p> <p>The only exception to this process will be at the discretion of Lakeview where as an exception, Seller may be permitted to have a loan remain in suspense longer than 30 days in order to accommodate special Seller circumstances. If Lakeview purchases a loan that has been in suspense for more than 30 days, the loan will be relocked, subject to the worse of either the accrued suspense fees for 30 days or worse case market reprice. Worse case market pricing will be determined by comparing base price to base price for the same rate lock terms. The Delivery Expiration will be reset to reflect the date relocked, no additional time will be provided. All previously applied fees such as extension charges will remain on the loan.</p> <p>Any loans suspended greater than 30 days must also meet all current pricing and product guidelines and eligibility. Suspense fees and policies are at the discretion of Lakeview and are subject to change without notice.</p> <p>Added<br/><u>Suspense Expiration Dates</u></p> <p>Correspondents are encouraged to clear suspense items expeditiously to avoid potential pair-off, roll fees, or suspense fees. If the correspondent cannot clear pre-purchase suspense items before the suspense expiration date outlined in this section, loan files will be deemed ineligible for purchase and returned to the seller. Suspense expiration dates are as follows:</p> <p>Non-HFA loans - 45 calendar days from the audit completion date.<br/>HFA loans - 60 calendar days from the audit completion date.</p> <p>The audit completion date is defined as the day on which the credit and compliance deficiencies are published to the correspondent via the Lakeview/Bayview client portal.</p> <p>Exceptions to this policy are limited and reviewed on a case-by-case basis only. If it is determined at Lakeview/Bayview's discretion to purchase a loan that has been in suspense for longer than the allowed time, the loan will be relocked, subject to the worse of either the accrued suspense fees accumulated beyond the allowable timeframe or worse case market reprice. Worse case market pricing is determined by comparing base price to base price for the same rate lock terms.</p> <p>The Delivery Expiration will be reset to reflect the date relocked, and no additional time will be provided. All previously applied fees, such as extension charges, will remain on the loan.<br/>Any loan suspended beyond the allowable timelines must meet all current pricing, product guidelines, and eligibility. Suspense fees and policies are at the discretion of Lakeview/Bayview and are subject to change without notice.</p> |
| DH | Chapter 6B How to Deliver                 | 09.22.21 | <p>In Section B603 Post Acquisition</p> <p>Removed<br/>Requests for reimbursements resulting from the under disclosure of monthly escrow estimates will not be accepted. Correspondents are responsible for ensuring prudent underwriting policies are utilized that meet agency requirements for estimating monthly <i>tax</i> payments.</p> <p>Added<br/>Requests for reimbursements resulting from the under disclosure of monthly escrow estimates will not be accepted. Correspondents are responsible for ensuring prudent underwriting policies are utilized that meet agency requirements for estimating monthly <i>escrow</i> payments.</p>  |
| DH | Chapter 7 Definitions                     | 09.22.21 | <p>Added Definition</p> <p>Audit Completion Date: The audit completion date is defined as the day on which the credit and compliance deficiencies are published to the correspondent via the Lakeview/Bayview client portal.</p>  |
| MM | Chapter 5B - Credit and Collateral Review | 10.08.21 | <p>B505 Tax Transcripts<br/>ADDED:</p> <ul style="list-style-type: none"> <li>Borrower obtained transcripts are not permitted</li> <li><b>NOTE:</b> Typically, tax transcripts are not available from the IRS until two to three weeks after a consumer e-files their tax return and six to eight weeks after filing by mail. If the current year tax return has been filed but the corresponding tax transcript is not yet available due to IRS lag times, the prior year's transcripts are required (either one or two years dependent upon the AUS requirement) in addition to the current year tax return and current year transcript request returned as "No Record Found". The current year tax returns must be reviewed to validate the stability of income/business and determine the reasonableness of any positive trends for the purpose of considering as qualifying income</li> </ul>  |

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| MM | Chapter 7 - Definitions                   | 10.08.21 | <p><b>Updated the definition of Active Trade Line</b></p> <ul style="list-style-type: none"> <li>• from reading: The date of the last activity on the account and not a current open balance.</li> <li>• To read as: The date of the last activity on the account is within six months and it is currently "open."</li> </ul>  |
| DH | Chapter 5 Pre-Fund Diligence              | 10.25.21 | <p>Updated Section 541 TILA-RESPA Integrated Disclosure Rule</p> <p>Prior:<br/>Closing Disclosure<br/>Some changes are permitted, however if any of these three items change, the 3 day waiting period begins again:</p> <ul style="list-style-type: none"> <li>o APR becomes inaccurate by more than .125</li> </ul> <p>Revised:<br/>Closing Disclosure<br/>Some changes are permitted, however if any of these three items change, the 3 day waiting period begins again:</p> <ul style="list-style-type: none"> <li>o APR increases by more than .125</li> </ul>  |
| AS | A410 Title Insurance                      | 04.08.22 | <p>Removed:<br/>For a Mortgage Loan secured by Mortgaged Property located in the state of Iowa , Lakeview will accept an attorney's certificate of title in lieu of a title insurance policy, provided all the following conditions are met:</p> <ol style="list-style-type: none"> <li>1. The certificate must be addressed to Lakeview and all of its successors in interest as evidenced by the Mortgage Note and Security Instrument.</li> <li>2. The certificate must be given by an attorney licensed to practice law in the state of Iowa, who is insured against malpractice for rendering certificates of title in an amount not less than the amount commonly written in the state of Iowa, taking into account the number of these certificates rendered by the attorney.</li> <li>3. The certificate must state: "We (I) agree to indemnify you and your successors in interest in the Security Instrument opined hereto, to the full extent of any loss attributable to a breach of our (my) duty to exercise reasonable care and skill in the examination of the title and the giving of this opinion."</li> <li>4. The certificate must not be subject to any exceptions, other than those permitted under the following Title Exceptions and Title Exception Warranties sections.</li> </ol> <p>Added:<br/>For a Mortgage Loan secured by Mortgaged Property located in the state of Iowa, only an Iowa Title Guaranty issued by the Iowa Finance Authority is acceptable.</p> |
| AS | 5A Legal, Servicing and Compliance Review | 04.08.22 | <p>Added bullet point:<br/>Remote Online Notarizations (RON) is not permitted at this this time for Borrower signed documents</p>  |

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| AS | B301 Daily Pricing and Overnight Rate Protection | 04.08.22 | <p><b>Title change to: B301 Daily Pricing and After Market Rate Protection</b></p> <p>Previous:</p> <p>A. Daily Prices &amp; Ratesheets Daily prices are established at approximately 10:00 AM ET and are available at <a href="http://www.lakeviewcorrespondent.com">www.lakeviewcorrespondent.com</a>. Lakeview will have periods when no pricing is available. These "blackout periods" generally occur from 8:25 AM through 10:00 AM ET. There may also be periods during the day when market conditions will necessitate a general ratesheet price update. During these periods Sellers will be unable to obtain rate locks over the phone or Internet. Any faxes received during these blackout periods will be priced under the next available ratesheet.</p> <p>B. Overnight Rate Protection Lakeview may provide, at its discretion, Overnight Rate Protection (ONRP) for its Sellers. ONRP enables Sellers to lock in new originations after the close of normal business hours, and applies only to Best Efforts Delivery Commitments. ONRP is based upon the time zone in which Seller's main office is located, and begins at 5:00 PM local time to 8:25 AM ET, on the following Business Day. If a Seller locks a loan on the website or faxes the request in after 5:00 PM local time, the system locks the dollar amount up to the ONRP limit. If Seller exceeds the limit, the system will notify the Seller of the amount by which they exceeded the limit. Locks received via fax are generally processed after requests sent via the website, which are completed in real time. When a faxed lock request is processed, if the lock request exceeds the Seller's ONRP limit, Lakeview will fax back a Pending Registration Confirmation. Once new pricing becomes available, the Seller may submit a new lock request based on current rates. Lakeview is not responsible for lock requests that are rejected due to ONRP limits.</p> <p>New:</p> <p>Daily Prices &amp; Ratesheets<br/>Daily prices are established at approximately 10:00 AM ET and are available at <a href="http://www.LakeviewCorrespondent.com">www.LakeviewCorrespondent.com</a>.</p> <p>Lakeview will have periods when no pricing is available. These "blackout periods" generally occur from 12:00 AM EST through 10:00 AM EST. There may also be periods during the day when market conditions will necessitate a general rate sheet price update. During these periods, Seller will be unable to obtain rate locks over the phone or internet. Any faxes received during these blackout periods will be priced under the next available rate sheet.</p> <p>After Market Rate Protection<br/>Lakeview may provide, at its discretion, After Market Rate Protection for Seller. After Market Rate Protection enables Seller to lock in new originations after the close of normal business hours, and applies only to Best Efforts Delivery Commitments. After Market Rate Protection begins at 7:00 PM EST and ends at 12:00 AM EST.</p> <p>If a Seller exceeds their After Market Rate Protection limit, they will be notified the next day and Company may reject or re-price any dollar amount over the limit. Once new pricing becomes available the next business day, the Seller may submit a new lock request based on current rates. Company is not responsible for lock requests that are rejected due to After Market Rate Protection limits.</p> |
| AS | B308 Suspended Closed Loans                      | 04.08.22 | Added Bullet Point:<br>Require a recertification of value after 120 days from date of suspension (to capture market changes in the appraisal – ask from Operations/Delivery)  |
| AS | All  | 05.16.22 | Non-Delegation sections added   |
| AS | D108 – Recast Allowance                          | 08.12.22 | Added Recast Allowance section  |
| AS | Chapter 7 – Definitions                          | 08.12.22 | Added Recast definition   |
| AS | D106 - Early Payoff                              | 08.12.22 | Added:<br>For additional guidance on Early Pay Off, please see Section B604 Post Acquisition and Servicing.   |
| AS | B604 – Post Acquisition and Servicing            | 08.12.22 | - Added "and Servicing" in section title<br><br>Added all content under the following, newly created sections:<br>- Early Pay Offs After Mortgage Loan Purchase – TPO Correspondent Loans<br>- Interim Servicing<br>- First Payment Refund Research Requests<br>- Post- Purchase Payments Received by the Seller<br>- Post-Purchase Non-Sufficient Funds – Borrower Payment Checks<br>- Private Mortgage Insurance Premium Remittance   |
| AS | C603 Returning Funds to Lakeview                 | 08.12.22 | Removed section in its entirety<br>"Return funds to original sender of wire or contact Client Manager for specific wire instructions"   |
| AS | A101 Miscellaneous                               | 09.23.22 | Added item I Address Confidentiality programs   |
| AS | C101 - #17                                       | 10.21.22 | Added - An Attorney's Title Opinion Letter in lieu of title insurance is not permitted.   |
| AS | A410 – Title Insurance                           | 10.21.22 | Added - An Attorney's Title Opinion Letter in lieu of title insurance is not permitted.   |
| AS | C503<br>Allonges/Endorsements to the Note        | 11.04.22 | Removed:<br>TPO Agency: Lakeview Loan Servicing, LLC  |





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| AS | B603 Final Documents  | 01.25.23 | <p>Added to first paragraph:<br/>"See Final Document Fee Section below for more details."</p> <p>Added:<br/>Note: For MSR Sales, please use <a href="mailto:finaldocs@pingorafund.com">finaldocs@pingorafund.com</a>. The above address is NOT to be used for MSR sales.</p> <p>Sellers may email loan documents to Indecomm at <a href="mailto:bayview.docgenius@indecomm.net">bayview.docgenius@indecomm.net</a>. In addition, documents can be uploaded directly to the Indecomm DocGenius portal at <a href="https://dmg.indecomm.net/ViewPointUpload/">https://dmg.indecomm.net/ViewPointUpload/</a>. Any document delivered via SFTP or email must be subsequently sent as a physical copy to the address listed above.</p> <p>Sellers are encouraged to create an online Indecomm account to access reporting, retrieve document status, or set up SFTP connections for delivery. Please contact the Indecomm support team at <a href="mailto:DocGeniusAdmin@indecomm.net">DocGeniusAdmin@indecomm.net</a> for further information.<br/>All questions or inquiries regarding recorded mortgages, final title policies and assignments should be emailed to <a href="mailto:BayviewTeam@indecomm.net">BayviewTeam@indecomm.net</a></p> <p>4. Final Document Fee Schedule<br/>Final Documents must be delivered within 120 days of the purchase date. Failure to deliver within this timeframe, a penalty of \$100 per final document will be assessed. Every 60 days thereafter, when a final document remains outstanding, an additional penalty of \$100 will be assessed per missing document. If, after 240 days from purchase, all required documents have not been provided, Lakeview or Bayview will attempt to obtain the missing documents and in turn, itemize and invoice the Seller.</p> |
| DM | Definitions   | 03.08.23 | <p>Added to non-Permanent Resident Qualified Alien definition :</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Exception for HFA loans only: An Alien with Pending Asylum status is acceptable on conventional loans only. Borrower must provide a valid C08 Employee Authorization card and an Asylum Application receipt (or printout from USCIS status website), validating borrower status.</li> </ul>  |
| AS | D102 Repurchase   | 03.29.23 | <p>Removed:<br/>Where the appraisal is ordered through the AMC Service provided by Lakeview, if an Event of Default has occurred with respect to a specific Mortgage Loan because the value of the collateral is not sufficient or the appraisal does not meet investor guidelines, Lakeview will not exercise its right to demand repurchase of the specific Mortgage Loan by reason of such particular Event of Default, provided that in all other aspects the Mortgage Loan was eligible for purchase by Lakeview at the time it was submitted for purchase by Seller.</p>   |
| AS | D506 VA Loans   | 03.29.23 | <p>Removed:</p> <ul style="list-style-type: none"> <li>• Addendum to Application (VA Form 26-1802a) completed as required <ul style="list-style-type: none"> <li>◦ Loan terms on Addendum must match actual loan terms</li> </ul> </li> </ul> <p>Per: VA Circular 26-23-03 – posted 01.17.23</p>   |
| AS | E502 Re-Inspection Requirements                             | 03.29.23 | <p>Clarified:<br/>In some instances, Lakeview may extend the incident period ending date, longer than the FHA guidance of fourteen (14) days. This depends on the scale and scope of the incident. Please refer to the <a href="#">Disaster Declaration File</a> for the incident starting and ending dates for all Lakeview declared disasters.</p>   |
| AS | D505 Tax Transcripts  | 03.29.23 | <p>Added line:<br/><i>Additional documents, (i.e. copies of cancelled checks for IRS Payment/IRS refund, or electronic filing receipt from the IRS indicating the Submission Identification Number (SID) and AGI that matches the return) may be required on a case-by-case basis.</i></p>   |
| SG | B301 Daily Pricing and After Market Rate Protection         | 5.10.23  | <p>Added lines in red:<br/>Daily prices are established at approximately 10:00 AM ET and are available every day (including weekends) at <a href="http://www.lakeviewcorrespondent.com">www.lakeviewcorrespondent.com</a>. Weekend pricing will be based off of the last active rate sheet and is subject to the After Market Rate Protection policy<br/>Removed "S" from EST time zone</p>  |
| DM | Definitions   | 5.17.23  | <p>Updated requirements for conditional permanent residents and clarified language in Non-Permanent Resident Alien definitions</p>   |
| SG | Chapter 6 Shipping and Delivery Methods                     | 6.6.23   | <p>Updated references to chapter 7 to 6A, 6B and 6C for accuracy</p>   |
| SG | B300 Commitment Defined<br>B. Mandatory Delivery Commitment | 11.8.23  | <p>Removed the reference to seller's using their own funds</p>   |
| SG | C513 Non-Mers Members Selling Closed Loans                  | 1.3.24   | <p>Removed section C513</p>  |



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| SG      | D504 Credit Report                      | 1.9.24   | Removed: Credit reports are not required for VA Streamlines  |
| JR      | A402 Mortgage Insurance                 | 2.13.24  | Added: Clarifying language on lender responsibilities for UFMIP/Monthly payments, PMI, and disclosure.   |
| JR      | B605 Invoicing and Accounts Payable     | 2.13.24  | Added: New section - Invoicing and Accounts Payable Due Lakeview   |
| SG      | All                                     | 2.29.24  | Removed HUD-1 references throughout the selling guide  |
| SG      | Appraisal                               | 5.8.24   | Updated Appraisal section to add alternative valuation verbiage per GSE allowances   |
| SG      | Rent Loss Insurance                     | 5.8.24   | Removed Rent Loss Insurance Requirements. No longer a GSE requirement  |
| DM      | Key Registration Data Fields            | 5.8.24   | Added a note (except for CalHFA Borrowers using a conventional product, who are permitted to use an ITIN in lieu of a social security number).   |
| DM      | Condominium and PUDs Insurance coverage | 8.28.24  | Clarified co-insurance requirements  |
| DM      | Non-Permanent Resident Qualified Aliens | 9.6.24   | Updated pending asylum as acceptable (except certain HFAs as noted in chart) and removed 797 requirements for pending asylum and DACA status   |
| DM      | Residency Guidelines                    | 9.16.24  | Removed overlays for new and pipeline loans; aligned with investor guidelines  |
| MS      | Flood Insurance Transfer Policy         | 10.30.24 | <p>Added new section: Flood Insurance Transfer Policy:</p> <p>a. PURCHASE TRANSACTIONS An existing flood policy transfer is permitted on a purchase transaction from seller to buyer if at least 30 days are remaining on the policy at the time of closing/purchase. A copy of the seller's declaration page and general change endorsement or transfer agreement signed by all parties is required. Coverage must be sufficient to meet investor and Lakeview guidelines.</p> <p>b. REFINANCE TRANSACTIONS An existing policy may be used, provided that the policy has a minimum of 30 days remaining before expiration/renewal from the date of closing. If the policy has less than 30 days remaining from the time of closing, a copy of the renewal policy along with a 1-year paid receipt will be required prior to purchase. Coverage must be sufficient to meet investor and Lakeview guidelines.</p> |
| MS & DM | C101 and A410                           | 10.30.24 | Added that AOL's are now permitted for conventional, non HFA MRB loans, and listed all requirements  |

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| DM | CH 17 | 11.13.24 | Clarification was added to the property tax payment requirements and property tax reductions and exemptions |
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