



# Modified Correspondent Application Instructions

Revised 9/01/15

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Contents of the Application Package	
The following documents are included in this Application Package.	
<ul style="list-style-type: none"> <li>✓ Instructions</li> <li>✓ Modified Correspondent Application</li> <li>✓ Modified Correspondent Loan Purchase and Sale Agreement</li> <li>✓ Specific Power of Attorney</li> <li>✓ Lender Paid Compensation Agreement (if obtaining a Wholesale Number for Wholesale Transactions)</li> <li>✓ Access Form</li> </ul>	<ul style="list-style-type: none"> <li>✓ FHA Sponsored Originator Package</li> <li>✓ FHA Principal and Authorized Agent Agreement</li> <li>✓ VA Authorized Agency Cover Letter and Agreement</li> <li>✓ Parent Guarantee</li> <li>✓ Resolution Board of Directors</li> <li>✓ Certification for Resolution</li> <li>✓ W-9</li> </ul>

Additional Information Required
<p>Check all included items and attach them with your return package:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Completed/executed Items from the above Contents, as applicable to your application:</li> <li><input type="checkbox"/> Resumes of Key Personnel</li> <li><input type="checkbox"/> For Companies Owned by Banks: <ul style="list-style-type: none"> <li>○ Documentation of personal identification for each Principal noted in the "Key Personnel" section of the Application.</li> <li>○ Copy of current driver's license.</li> </ul> </li> <li><input type="checkbox"/> Most Recent 2 year's audited Financial Statements</li> <li><input type="checkbox"/> Copy of All Current Mortgage Lending Licenses, as applicable.</li> <li><input type="checkbox"/> Provide a list of <u>all</u> Company Originators, include: NMLS Number, Email Address, and Phone Number. (MSI will accept a print screen from the NMLS Consumer Access System.)</li> <li><input type="checkbox"/> Copy of All Loan Officer's State License, as applicable.</li> <li><input type="checkbox"/> Copy of current State or Federal Tax Identification Number documentation.</li> <li><input type="checkbox"/> Articles of Incorporation, Articles of Organization, Partnership Agreement</li> <li><input type="checkbox"/> Proof of Fidelity Bond and Errors &amp; Omissions Insurance <i>and/or</i> Surety Bond as required by your state regulations.</li> <li><input type="checkbox"/> Copy of Master Bailment Letter for each Warehouse Bank used.</li> <li><input type="checkbox"/> All supporting letters of explanation as required.</li> <li><input type="checkbox"/> Copy of current Board-Approved QC Policy</li> <li><input type="checkbox"/> Copy of current Board-Approved BSA/AML Policy</li> <li><input type="checkbox"/> Copy of current Board-Approved Appraisal Policy</li> <li><input type="checkbox"/> Information required by FHA Sponsorship Package, if applicable.</li> </ul>

Submission Instructions
<ul style="list-style-type: none"> <li>✓ Completely fill out all documents (as applicable to your business) provided in the Modified Correspondent Application Package</li> <li>✓ Collect the supporting information listed in the section above.</li> <li>✓ Package all information, include this Instruction Sheet, and return to the address below:</li> </ul> <p style="text-align: center;"> Mortgage Services III, L.L.C.  502 North Hershey Road  Bloomington, IL 61704  Attn: Ketra Hay ( <a href="mailto:khay@msiloans.biz">khay@msiloans.biz</a> ) </p>



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## Company Information

Company Name: \_\_\_\_\_ DBA: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_

Zip: \_\_\_\_\_

Business Entity:  Corp.  LLC  Wholly Owned Business Tax ID #: \_\_\_\_\_

State of Organization: \_\_\_\_\_ Date Organized/Incorporated: \_\_\_\_\_

Fiscal Year End: \_\_\_\_\_ MERS ID \_\_\_\_\_

Company NMLS#: \_\_\_\_\_ FDIC/NCUA: \_\_\_\_\_

Company Main Contact: \_\_\_\_\_ Title: \_\_\_\_\_  
(MSI System Administrator)

Phone: \_\_\_\_\_ Email: \_\_\_\_\_

Company Secondary Contact: \_\_\_\_\_ Title: \_\_\_\_\_

Phone: \_\_\_\_\_ Email: \_\_\_\_\_

Company Web Site Address: \_\_\_\_\_

Company Main Phone: \_\_\_\_\_ Company Fax: \_\_\_\_\_

Toll Free Phone #: \_\_\_\_\_ Time Zone: \_\_\_\_\_

## Company Structure:

✓ Are you a Financial Institution?  YES  NO IF YES, What is your Institution Type (i.e. Commercial Bank, Community Bank, Savings Bank)? \_\_\_\_\_

✓ Is your Company publically traded?  YES  NO IF YES, please provide stock symbol: \_\_\_\_\_

✓ Do you have a Parent Company?  YES  NO IF YES, please complete the following Parent Information:

• Parent Company Name: \_\_\_\_\_

• Parent Company Address: \_\_\_\_\_

• If the Parent Company is a Financial Institution, what is their Institution Type (i.e. Commercial Bank, Community Bank, Savings Bank, Credit Union)? \_\_\_\_\_

and Banking Number (i.e. FDIC, Charter Docket)? \_\_\_\_\_

• Is your Parent Company a Series LLC?  YES  NO

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## Company Information, Continued

### Key Personnel:

Department	Name	Email	Phone	Fax
<input type="checkbox"/> Business Owner				
<input type="checkbox"/> President Provide Resume Date of Birth: _____				
<input type="checkbox"/> Chief Financial Officer Provide Resume Date of Birth: _____				
<input type="checkbox"/> Controller				
<input type="checkbox"/> Production				
<input type="checkbox"/> Secondary Market*				
<input type="checkbox"/> Operations				
<input type="checkbox"/> Underwriting				
<input type="checkbox"/> Funding				
<input type="checkbox"/> Post-Closing				
<input type="checkbox"/> Final Docs				
<input type="checkbox"/> Warehouse				
<input type="checkbox"/> Compliance				
<input checked="" type="checkbox"/> Please designate the contact person for interest rates, Announcements, and other materials.				

### Wire Instructions:

Destination Bank: \_\_\_\_\_

Destination ABA: \_\_\_\_\_

Acct. Name to be credited: \_\_\_\_\_

Acct. # to be credited: \_\_\_\_\_

Bank Phone: \_\_\_\_\_

Bank Fax: \_\_\_\_\_

City: \_\_\_\_\_

State: \_\_\_\_\_

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## Investor Information

Agency Approvals: Submit agency approval letters as applicable.

Agency	Date Approved:	Identification Number
<input type="checkbox"/> FHA/HUD		
<input type="checkbox"/> VA		
<input type="checkbox"/> GNMA		
<input type="checkbox"/> Fannie Mae		
<input type="checkbox"/> Freddie Mac		

## Investor References:

Investor Name: \_\_\_\_\_ Contact Name: \_\_\_\_\_  
 Phone: \_\_\_\_\_ Last 12 month's volume: \_\_\_\_\_  
 Relationship (Years) \_\_\_\_\_ % of Production sold: \_\_\_\_\_

Investor Name: \_\_\_\_\_ Contact Name: \_\_\_\_\_  
 Phone: \_\_\_\_\_ Last 12 month's volume: \_\_\_\_\_  
 Relationship (Years) \_\_\_\_\_ % of Production sold: \_\_\_\_\_

Investor Name: \_\_\_\_\_ Contact Name: \_\_\_\_\_  
 Phone: \_\_\_\_\_ Last 12 month's volume: \_\_\_\_\_  
 Relationship (Years) \_\_\_\_\_ % of Production sold: \_\_\_\_\_

General Investor Questions:	Answers:
1. What % of your company's loan production is sold on a flow basis?	
2. What % of your company's loan production is sold on a bulk basis?	
3. What % of your company's loan production is sold on a best efforts basis?	
4. What % of your company's loan production is sold on a mandatory trade basis?	
5. What % of your company's loan production is sold on an assignment of trade basis?	

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## Production Information

### States:

- ✓ Please list the states in which you are licensed or exempt from licensing requirements to do business **and** attach copies of each applicable current/active state licenses to the Recertification Form.


### Historical Loan Production:

Please provide the following information on your production. Provide production numbers separately for each product loan type.

Loan Type	Volume in Dollars	Number of Loans
<b>Current Year to Date:</b> _____		
Conventional		
Jumbo		
FHA		
VA		
Other		
Purchase		
Refinance		
<i>Please "break down" the above product into origination channels:</i>		
Retail Origination		
Wholesale Channel		
Correspondent Channel		

<b>Most Recent Fiscal Year Ended:</b> _____		
Conventional		
Jumbo		
FHA		
VA		
Other		
Purchase		
Refinance		
<i>Please "break down" the above product into origination channels:</i>		
Retail Origination		
Wholesale Channel		
Correspondent Channel		



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## Production Information, Continued

### Repurchase/Indemnification Information

**Repurchase/Indemnification paid in the past 12 months:**

Total # of Loans: \_\_\_\_\_ UPB \$ \_\_\_\_\_ Settlement \$ \_\_\_\_\_

**Outstanding Repurchase Balance as of this Recertification Date:**

Total # of Loans: \_\_\_\_\_ UPB \$ \_\_\_\_\_ Settlement \$ \_\_\_\_\_

Age of the oldest outstanding Repurchase: \_\_\_\_\_

**MSI Production:** Please tell us your preference for selling your loans to MSI.

**Conventional:**

- Wholesale Transactions** – MSI underwrites and all loans are closed in MSI's name.
- Mod Corr Transactions** – MSI underwrites and the loans close in the Seller's name (with the Seller's funds); the Seller is responsible for returning a complete closing package to MSI.

**Important Note:** Certain conventional products require the Seller to close as a Wholesale Transaction.

**FHA:**

- Sponsored Originator (SO)** – all loans **must close as Wholesale Transactions**. MSI underwrites/closes and insures the loans.
- Authorized Agent – Wholesale Transactions:** MSI underwrites and insures; loans close in MSI's name.
- Authorized Agent – Correspondent Transactions:** Seller must have "full eagle" from HUD Title II Approval – MSI underwrites and insures, but Seller closes the loan. Seller must pay the Upfront MIP.

**VA:**

- Authorized Agent – Wholesale Transactions:** Loans are closed in MSI's name with MSI funds; MSI underwrites and guarantees.
- Authorized Agent – Mod Corr Transactions:** MSI underwrites and guarantees, but Seller closes the loan. Seller must pay the VA Funding Fee within 10 calendar days of loan closing.

**Rural Development/USDA:**

- Wholesale Transactions:** All loans must be closed as Wholesale Transactions; MSI underwrites and insures; loan closes in MSI's name.
- Mod Corr Transactions:** All loans must be underwritten and guaranteed by MSI. The Seller closes the loan; the USDA 1980-18 must be in MSI's name and the Seller must return a complete closing package to MSI. MSI pays the Funding Fee.

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## Disclosure Questionnaire

Questions:	YES	NO
✓ Any of the following questions with a "Yes" answer require a letter of explanation (LOX) acceptable to MSI. Please include in your Application Package.		
1. Has your company ever been named as a defendant in a lawsuit, been involved in any criminal proceedings or litigation in the past 7 years?		
2. Has any Principal or Officer ever been named as a defendant in a lawsuit, been involved in any criminal proceedings or litigation in the past 7 years?		
3. Has any Principal or Corporate Officer ever been convicted of a crime?		
4. Has there been a material change in company ownership, board of directors or senior management in the past 12 months?		
5. Have you initiated or terminated any affiliate relationships in the past 12 months?		
6. Has your company ever entered into a supervisory agreement with any regulatory agency?		
7. Has there been any material change in the way the company originates loans in the past 12 months?		
8. Has your company undergone any federal, state or agency regulatory review in the past 12 months?		
9. Have you received any customer complaints within the past 12 months regarding false/deceptive advertising, fraud, and/or misunderstanding of product terms?		
10. Has your company been suspended from selling or servicing mortgages by any investor?		

Questions:	YES	NO
11. Are loan audits performed internally?		
12. Have there been any material changes in warehouse lines, new or closed, within the past 18 months.		
13. Does your company follow the recommended quality control guidelines for responsible lending published by Fannie Mae or Freddie Mac?		
14. Is your company currently approved or sponsored to submit VA loans?		
15. Does your company have documented policies and procedures to approve and monitor appraisal vendors?		
16. Does your company maintain compliance with FHA Appraisal Independence requirements?		
17. Does your company have a process to insure compliance with high cost and anti-predatory lending statutes for all applicable federal, state and if necessary, local laws?		
18. Does your company have written hiring policies and procedures for checking all employees, including management, involved in the origination of mortgage loans (including application through closing) against the HUD Limited Denial of Participation List (LDP) <b>and</b> the U.S. General Services Administration (GSA) Excluded Party List (GSA)?		
19. Does your company use contract processing services?		
20. Does your company have an Anti-Money Laundering program in place?		
21. Does your company have an approved compliance management system in place?		

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## Disclosure Questionnaire, Continued

Certifications:	YES	NO
1. Do you certify that your company has implemented written policies and procedures to ensure compliance with the Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (SAFE Act, 12 CFR 3654, FDIC) and any applicable state or federal laws, regulations, rules or order enacted or promulgated pursuant thereto?		
2. Do you certify that you have implemented written policies and procedures to ensure compliance with Reg B/ECOA and that it would be available upon request?		
3. Do you certify that your company has implemented written policies and procedures to ensure compliance with the Appraisal Independence Requirement (AIR) in conjunction with the previous Home Valuation Code Conduct (HVCC) and ECOA appraisal delivery to customers for all loan products?		
4. Do you certify that you have implemented written policies and procedures to ensure compliance with Vendor Management and that it would be available upon request?		
5. Do you certify that your company has implemented written policies and procedures to ensure compliance with Federal/State Privacy Acts/Regulations?		
6. Do you certify that your company has implemented written policies and procedures to ensure compliance with Pricing/Safe Harbor regulations?		
7. Do you certify your company complies with all applicable Fair Lending laws, rule and regulations including, but not limited to, The Equal Credit Opportunity Act (ECOA); the Home Mortgage Disclosure Act (HMDA); the Fair Credit Reporting Act (FCRA); the Fair and Accurate Credit Transaction Act (FACT ACT); and the Community Reinvestment Act (CRA)?		

## Affiliated Agent Questionnaire

For the purposes of answering the following questions, a "Principal" is any person or entity that has:

- ✓ Control, or power to vote 5% or more of the outstanding shares of any class of voting securities of the company, directly or indirectly or acting through one or more persons; or
- ✓ Control in any manner over the election of a majority of the directors trustee, or general partners (or individuals exercising similar functions of the company); or
- ✓ The power to exercise directly or indirectly, a controlling influence of the management or policies of the company;
- ✓ The power to exercise directly or indirectly, the selection of title companies, title agents, escrow companies, law firms, and other settlement agents used by the company.

The "1<sup>st</sup> Degree of Relationship" includes children and parents. A husband and wife are related in the first degree by marriage. For other relationships by marriage, the degree of the relationship is the same as the degree of the underlying relationship by blood.

Affiliate Relation: <i>Any of the following questions with a "Yes" answer require a letter of explanation (LOX) acceptable to MSI.</i>	YES	NO
1. Do any controlling persons, owners; directors or officers have a direct or indirect ownership interest in a Real Estate Sales Company?		
2. Do any controlling persons, owners; directors or officers have a direct or indirect ownership interest in an Appraisal Company?		
3. Do any controlling persons, owners; directors or officers have a direct or indirect ownership interest in a Title Company?		
4. Do any controlling persons, owners; directors or officers have a direct or indirect ownership interest in a Construction or Home Improvement Company?		
5. Do any controlling persons, owners; directors or officers have a direct or indirect ownership interest in a Credit Repair Company?		
6. Do any controlling persons, owners; directors or officers have a direct or indirect ownership interest in any other general affiliate?		





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## Signature, Authorization and Acknowledgments

Failure to return this executed form and requested documentation will result in suspension of the Seller's MSI approval.

- By signing below you certify the accuracy of the information provided in this form you certify, represent and warrant to MSI that the company referenced herein: (i) is properly licensed and registered in the states where the licensure and registration is required in order to conduct business as is presently being conducted and is contemplated under the terms of any agreement with MSI; (ii) maintains a formal Quality Control Plan that complies with MSI requirements and adheres to those procedures; (iii) currently maintains Errors and Omissions and Fidelity Bond Insurance coverage based on state minimum requirements. You further certify that you will immediately advise MSI in writing of any material change to the information or certifications herein.
- You consent and authorized MSI to send you via facsimile, email, or other similar transmission method, notices, including but not limited to, rate sheets, policy, or procedure notices, announcements or bulletins, and business advertisements.
- I hereby agree that the original signed Mod Corr Agreement remains in effect as modified by any related Mod Corr Announcements and Seller Guide updates which supersede and modify the original signed Mod Corr Agreement.
- It is understood that all information provided to MSI and contained in this application/recertification may be used by MSI to review and maintain the Seller in Good Standing to participate in the MSI Mod Correspondent program. The Seller hereby authorized such use and certifies that by signing the recertification the Seller is granting permission for Strategic reports and/or credit reports, financial background to be ordered on your company and/or personnel in your company.

Authorized Signer:

Signed:	Title:
Print Name:	Date:

### MSI Use Only:

Received By: \_\_\_\_\_ Approved By: \_\_\_\_\_

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



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# Modified Correspondent Master Loan Purchase And Sale Agreement

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This Master Loan Purchase and Sale Agreement (the "Agreement") made

this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ by and among \_\_\_\_\_,

a \_\_\_\_\_ (describe entity), having its principal office

at \_\_\_\_\_ (the "Seller"), Mortgage Services III, L.L.C. (MSI), an Illinois Limited Liability Company having its principal office at 502 North Hershey Road, Bloomington, IL 61704 and First State Bank, an Illinois Banking Corporation having its principal office at 706 Washington Street, Mendota, Illinois 61342 (the "Buyer").

WHEREAS, Buyer from time to time maintains programs under which the Buyer purchases closed Loans and Loan Applications originated by third parties;

WHEREAS, the seller is engaged in the business of originating loans secured by first mortgages or deeds of trust on 1-4 family residential dwellings and, from time to time hereafter, wishes to sell the loans, including the servicing rights thereto (hereinafter referred to individually as a "Loan" and collectively as "Loans" whether the Loan is the subject of a Loan Application or is a closed Loan), to Buyer;

WHEREAS, the terms and conditions on which the closed Loans and Loan Applications ("Loan Applications") are to be originated by the third parties, including but not limited to terms and conditions regarding pricing, underwriting, documentation and procedures, are listed at [www.msiloans.biz](http://www.msiloans.biz) (the "MSI Seller Guide");

WHEREAS, Buyer and Seller desire to have a master agreement that will apply to all closed Loans and Loan Applications that Buyer acquires from Seller;

NOW, THEREFORE, in consideration of the foregoing and of the mutual promises and undertakings set forth in this Agreement, the parties hereto agree as follows:

## Section 1. Purchases.

This Agreement shall apply to any closed Loan or Loan Application acquired by Buyer from Seller. The closed Loans and Loan Applications shall conform with all applicable provisions and requirements of: (i) this Agreement, (ii) the program announcements issued by the Buyer and sent to the Seller from time to time hereafter ("Announcements"), (iii) the MSI Seller Guide from time to time in effect, and (iv) the loan commitment ("Commitment") which the Buyer will issue to the Seller each time the Buyer desires to purchase a closed Loan or Loans or Loan Application. (The Agreement, the Announcements, the MSI Seller Guide and the Commitment, each as may be amended or revised from time to time hereafter, are hereinafter collectively referred to as the "Contract Documents.") The Buyer reserves the right to amend or modify the Contract Documents from time to time hereafter in its sole and absolute discretion. Any such amendment or modification will not apply to any closed Loan or Loan Application for which a Commitment has been issued prior to the effective date of such amendment or modification. The Contract Documents shall be interpreted in a manner to be consistent with each other to the greatest extent possible, but to the extent any irrevocable inconsistency exists, the terms of the Commitment shall control over the terms of the other Contract Documents, the terms of the MSI Seller Guide shall control over the terms of all of the Contract Documents other than the Commitment and the terms of the Announcements shall control over the terms of all of the Contract Documents other than the Commitment and the MSI Seller Guide.

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## Section 2. Buyer's commitment/Assignments of Trade.

(a) If the Seller desires to sell a closed Loan or a Loan Application to the Buyer, the Seller shall register the Loan with the Buyer, as described in the Contract Documents. If the Buyer wishes to purchase the registered closed Loan or Loan Application, the Buyer will issue a Commitment to the Seller to purchase the closed Loan or Loan Application. Upon the issuance of a Commitment, and subject to the terms and conditions of the Contract Documents, the Buyer shall be obligated to purchase the closed Loan or Loan Application from the Seller and the Seller shall be obligated to sell the Loan or Loan Application to the Buyer.

(b) This section is intentionally left blank.

## Section 3. Buyer not Obligated to Fund.

Notwithstanding anything to the contrary contained in this Agreement, Buyer shall have no obligation to purchase any closed Loan or to fund any Loan Application submitted to it by Seller and may, at its sole discretion, accept or deny any Loan submitted by Seller. Buyer may require Seller to comply with certain conditions prior to funding any Loan. Buyer's investigation or failure to conduct an independent investigation with respect to some or all of the information regarding a Loan shall not affect or modify the representations, warranties and covenants made by Seller under this Agreement, or the rights and remedies available to Buyer upon a breach thereof.

## Section 4. Purchase Price.

The purchase price for a closed Loan shall be set forth in a Lock Confirmation and the Commitment, as adjusted in the manner described in the Contract Documents. The purchase price for any Loan shall be paid to the Seller upon receipt and approval by the Buyer of the loan file as outlined in the Contract Documents for the purchased Loan (a "Loan File"). The Buyer reserves the right to change the purchase price for a closed Loan at any time during the term of this Agreement by mailing a revised Lock Confirmation to the Seller. Such revised Lock Confirmation shall become effective upon the date specified in the revised Lock Confirmation, however, any changes in the purchase price shall not apply to any Loan for which a Commitment has been issued prior to the effective date of the revised Lock Confirmation, provided the Loan(s) are delivered within the original Commitment deadline. The Purchase Price for a Loan Application shall be the price established from time to time by and between Seller and Buyer for Loan Applications. The Purchase Price for a Loan Application shall be paid after the Loan has been closed by Buyer and all post closing conditions have been satisfied.

## Section 5. Underwriting & Processing.

The Buyer's obligation to purchase any closed Loan or Loan Application is conditioned upon the approval of such Loan by: (a) MSI Underwriting or, (b) one of Seller's underwriters, if Seller is expressly approved by Buyer for delegated underwriting, the underwriter shall underwrite the Loan in accordance with the underwriting standards set forth in the Contract Documents. In addition, Seller either shall process each application for a Loan whether MSI is purchasing the Loan or only the Loan Application in accordance with generally accepted prudent standards, or shall submit the application to Buyer for processing in which case Seller shall pay Buyer a processing fee equal to the amount referenced on the current published Fee Sheet.

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## Section 6. Seller's General Representations and Warranties.

The Seller hereby represents and warrants, as of the date hereof and as of the date of the issuance of each Commitment, as follows:

(a) The Seller is a depository institution as defined by the Federal Depository Insurance Act or a credit union insured by the National Credit Union Insurance Fund or a subsidiary owned and controlled by such a depository institution or credit union that is regulated by a federal agency .

(b) The Seller is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, and has the corporate power and authority to perform its obligations under this Agreement.

(c) The Seller holds all applicable federal, or state or other licenses, authorizations or approvals, including, without limitation, the authorizations and approvals of FHA, Department of Veterans Affairs ("VA"), FNMA, FHLMC or Government National Mortgage Association ("GNMA"), as are reasonably necessary to perform its obligations under this Agreement in compliance with applicable law and secondary market requirements, and is not in violation of any of the requirements of any such licenses, authorizations and approvals.

(d) The execution, delivery and performance of this Agreement (including all instruments of transfer to be delivered pursuant to this Agreement) have been duly and validly authorized by all requisite action on the part of the Seller, and if the Seller is a depository institution, this Agreement will be maintained in the Seller's official records. The consummation of the transactions contemplated by this Agreement are in the ordinary course of business of the Seller, and the transfer, assignment and conveyance of the notes and mortgages relating to the Loans by the Seller pursuant to this Agreement are not subject to bulk transfer or any similar statutory provisions in effect in any applicable jurisdiction.

(e) This Agreement is the legal, valid and binding obligation of the Seller, enforceable against it in accordance with its terms, except as such enforcement may be limited by applicable liquidation, conservatorship, bankruptcy, insolvency, rearrangement, moratorium, reorganization or similar debtor relief laws affecting the rights of creditors generally.

(f) There is no proceeding, action, investigation, or litigation pending or, to the best of the Seller's knowledge, threatened against the Seller which, individually or in the aggregate, may have a material adverse effect on this Agreement or on any action taken or to be taken in connection with the Seller's obligations contemplated herein, or which would be likely to impair materially its ability to perform under the terms of this Agreement.

(g) No consent, approval, authorization or order or, registration or filing with, or notice to, any governmental authority or court is required (except with respect to the recordation of the assignment of the mortgages or deeds of trust) under federal laws, or the laws of any jurisdiction, for the execution, delivery and performance of, or compliance by the Seller with, this Agreement or the consummation of any other transaction contemplated hereby.

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(h) All information and documentation given the Buyer by the Seller or its agents, both in connection with the approval of the Seller to enter into this Agreement and thereafter, was or will be true and correct as of the date it was or is given and the Seller will promptly inform the Buyer of any material change involving any previously submitted information or documentation.

(i) No representation, warranty or written statement made by or on behalf of the Seller in this Agreement, or in any schedule, exhibit, report, written statement, certificate or other document furnished by the Seller in connection with the transactions contemplated herein contains or will contain any untrue statement of a material fact or omits to state a material fact to make the statements contained herein or therein not misleading.

## Section 7. Seller's Loan Representations and Warranties.

The Seller hereby further represents and warrants as follows, with respect to each closed Loan and Loan Application sold to the Buyer by it, as of the date of the purchase of the closed Loan or Loan Application as appropriate:

(a) The Loan was originated by the Seller or by a subsidiary of the Seller or by a HUD loan correspondent sponsored by the Seller, unless otherwise permitted in the Contract Documents or provided in rate lock confirmation hereto.

(b) For closed Loans purchased by Buyer, the Loan was originated, closed and transferred to the Buyer in full compliance with all federal, state and local laws and regulations, including, without limitation, the Real Estate Settlement Procedures Act, Truth-in-Lending Act, Equal Credit Opportunity Act, Housing Act, Home Mortgage Disclosure Act, Soldiers' and Sailors' Relief Acts and other consumer protection and applicable disclosure requirements. The Loan and the loan purchase transaction to be consummated in connection therewith conform to all applicable provisions and requirements of the Contract Documents. For Loan Applications purchased by Buyer, the Loan was originated by Seller in full compliance with all federal, state and local laws and regulations, including, without limitation, the Real Estate Settlement Procedures, Act, Truth-in-Lending Act, Equal Credit Opportunity Act, Housing Act, Home Mortgage Disclosure Act, Solders' and Sailors' Relief Acts and other consumer protection and applicable disclosure requirements.

(c) Each Government Loan conforms with all applicable FHA or VA lending, selling and servicing requirements and to all GNMA requirements for the inclusion of the Loan in a GNMA MBS pool, and the Seller will comply with all documentation requirements of the Buyer and the document custodian within the time limitations described in the Contract Documents. If a commitment requires the Loan to be FHA-insured, the Loan is or will be fully eligible for FHA insurance and is, or within 45 days after disbursement of the proceeds will be, fully insured by the FHA. If a Commitment requires the Loan to be guaranteed by the VA, the Loan is fully eligible for VA guaranty, and is, or within 45 days after disbursement of the proceeds by the Seller will be, fully guaranteed by the VA.

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(d) For each Conventional Loan (all Loans, including Jumbo Loans [defined below], other than Government Loans) conforms with all applicable requirements of the Agencies or applicable Investor, including, but not limited to, all requirements for the inclusion of such Conventional Loans in the FHLMC Guarantor Program and/or the FNMA Mortgage-Backed Security Loan Program, and each Conventional Loan conforms with all pooling requirements of the Agency or Investor. The Seller will comply with all documentation requirements of the Buyer and the document custodian within the time limitations described in the Contract Documents. If a Commitment requires the Loan to be insured by a policy of private mortgage insurance, the Loan is fully eligible and qualified to be insured by such policy of private mortgage insurance, such policy is in full force and effect, and no event or condition exists which could give rise to or result in a revocation of or defense to the policy.

(e) Immediately prior to the transfer and assignment of the closed Loan or Loan Application to the Buyer, the Seller was the sole owner of the closed Loan or Loan Application, with good and marketable title to the closed Loan or Loan Application, and had the full right, title and authority, subject to no interest or participation of, or agreement with, any other party (other than a warehouse lender whose identity has been made known to Buyer), to see, transfer and assign the closed Loan or Loan Application to the Buyer, and there has been no other sale, transfer, or assignment of security interest granted by the Seller to any other party, nor are there any other restrictions limiting the transfer of the closed Loan or Loan Application.

(f) For each closed Loan purchased by Buyer, the payment due date of the Loan is the first day of the month, interest on the Loan is computed in arrears with payments (which may be reset periodically) sufficient to fully amortize the Loan by the stated maturity date over an original term of not more than thirty years from commencement of amortization, the late charge on the Loan is the lesser of five (5) percent of the monthly payment or the amount permitted under state law, and the borrower is required to make monthly escrow payments for real estate taxes and insurance premiums unless restricted by law in the state where the Loan was originated.

(g) For each closed Loan purchased by Buyer, the Proceeds of the Loan have been fully disbursed, there is no requirement for future advances thereunder, any and all requirements as to completion of any on-site or off-site improvements have been complied with, any disbursements of any escrow funds have been made, all costs, fees and expenses incurred in making or closing the Loan and recording the mortgage or deed of trust have been paid, the mortgage insurance premium or the VA Guaranty fee has been paid as applicable, and the mortgagor is not entitled to any refund of any amounts paid or due under the note or the mortgage or deed of trust.

(h) For each closed Loan purchased by Buyer, as of the date of purchase of the Loan, the Loan is current and all payments have been made within the month such payments were due. To the best of the Seller's knowledge, there is no default, breach, violation or event of acceleration existing under the mortgage or deed of trust or the note and no event which, with the passage time or with notice and the expiration of any grace or cure period, would constitute a default, breach, violation or event of acceleration under the mortgage or deed of trust or the note.

(i) For each closed Loan purchased by Buyer, as of the date of purchase of the Loan, there is no offset, defense or counterclaim to the note or mortgage or deed of trust, including the obligation of the mortgagor to pay the unpaid principal and interest on such note. As of the date of purchase of the Loan, there are no mechanics' liens or claims which affect the lien priority of the mortgage or deed of trust relating to the Loan.

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## Modified Correspondent Master Loan Purchase And Sale Agreement

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(j) For each closed Loan purchased by Buyer, as of the date of purchase of the Loan, there is no delinquent tax or assessment lien against the property securing the Loan, and the Seller has paid all property tax bills which are or will become due within 60 days of the date of delivery of the Loan File to the Buyer.

(k) The Seller has not, and to the best of the Seller's knowledge no person has, advanced any funds for and on behalf of a mortgagor for the purpose of enabling the mortgagor to make any required payments on the Loan, or any tax, insurance, special assessment, sewer, utility or similar payments with respect to the property securing the Loan, and no subordinate financing was used in the mortgagor's acquisition of the property securing the Loan other than subordinate financing acceptable to FNMA, FHLMC, GNMA, HUD, VA or applicable Investor pursuant to their requirements in effect at the time of purchase of the Loan by the Buyer.

(l) The origination and other practices used with respect to the Loan comply with the terms of the Contract Documents, and have been, in all respects, legal and proper.

(m) For each closed Loan purchased by Buyer, all escrow payments are in the possession of the Seller and there exists no deficiencies in connection therewith for which customary arrangements for repayment thereof have not been made, and no escrow payments or other charges or payments due the Seller have been capitalized under the mortgage or deed of trust or the note.

(n) There is no pending litigation and, to the best of the Seller's knowledge, no threatened litigation, which may affect in any way, by attachment or otherwise, the title or interest of the Seller in and to the Loan or Loan Application, the property securing the Loan, or any related note or security instrument.

(o) For each closed Loan purchased by Buyer, the note and the mortgage or deed of trust is genuine and each is the sole legal, valid and binding obligation of the maker thereof, enforceable in accordance with their respective terms. All parties to the note and the mortgage or deed of trust had the legal capacity to execute and deliver the note and the mortgage or deed of trust, and the note and the mortgage or deed of trust have been duly and properly executed by such parties. The note is not and has not been secured by any collateral except the mortgage or deed of trust.

(p) For each closed Loan purchased by Buyer, the terms of the note and mortgage or deed of trust have not been impaired, waived, altered or modified in any respect, except by a written instrument which has been recorded, if necessary, to protect the interest of the Buyer. The substance of any such waiver, alteration or modification has been approved by the issuer of any related private mortgage insurance policy and the title insurer, to the extent required by the title insurance policy. No mortgagor has been released, in whole or in part, except in connection with an assumption agreement approved by the issuer of any related private mortgage insurance policy and the title insurer to the extent required by the policy.

(q) For each closed Loan purchased by Buyer, the mortgage or deed of trust contains a provision for the acceleration of the payment of the unpaid principal balance of the note in the event that the property securing the Loan is sold or transferred without the prior written consent of the mortgagee thereunder, unless otherwise permitted in accordance with the terms of the Contract Documents.

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(r) For each closed Loan purchased by Buyer, the mortgage or deed of trust has not been satisfied, canceled, subordinated or rescinded, in whole or in part, and the property securing the Loan has not been released from the lien of the mortgage or deed of trust, in whole or in part, nor has any instrument been executed that would affect any such release, cancellation, subordination or rescission, except as permitted by FNMA, FHLMC, GNMA, VA, FHA or Investor applicable guidelines and except which does not materially and adversely affect the value of the property securing the Loan.

(s) For each closed Loan purchased by Buyer, in the event the Loan is secured by 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 therein, and no fees or expenses are or will become payable by the buyer to the trustee under the deed of trust, except in connection with a trustee's sale after default by the mortgagor.

(t) For each closed Loan purchased by Buyer, each mortgage or deed of trust is a valid first lien on the property securing the Loan and is insured by (i) an American Land Title Association ("ALTA) lenders' loan title insurance policy issued by an underwriter acceptable to the Buyer or (ii) the type of policy uniformly acceptable where ALTA policies are not available, which policy is subject only to the lien of current real estate taxes and assessments, and covenants, conditions and restrictions, rights of way, easements and other matters of public record as of the date of recording of such mortgage or deed of trust, such exceptions appearing of record and being acceptable to mortgage lending institutions generally or specifically reflected in the survey of the property securing the Loan. The title insurance policy relating to the Loan is in full force and effect and will be in force and effect upon the consummation of the transactions contemplated by this Agreement. No claims have been made under such title insurance policy.

(u) For each closed Loan purchased by Buyer, the property securing the Loan consists of a single parcel of real property with a detached single family residence erected thereon, or a two-to-four-family dwelling, an individual condominium unit, or an individual unit in a planned unit development. Such property meets the criteria for eligible property described in the Contract Documents. No portion of the property securing the Loan is used for commercial purposes.

(v) For each closed Loan purchased by Buyer, the property securing the Loan is occupied by the mortgagors unless otherwise authorized in rate lock confirmation of this Agreement, and is free of damage, waste and environmental hazards; the property and its improvements are not in violation of any applicable zoning law or regulation, and there is no proceeding pending for the total or partial condemnation thereof.

(w) For each closed Loan purchased by Buyer, the property securing the Loan is insured by a hazard insurance policy meeting the standards as described in the Contract Documents, is issued by an insurer acceptable to the Buyer, and names the Buyer, in the mortgagee clause. The mortgage or deed of trust obligates the mortgagor thereunder to maintain the hazard insurance policy at the mortgagor's cost and expense, and on the mortgagor's failure to do so authorizes the holder of the mortgage to obtain and maintain such insurance at such mortgagor's cost and expense, and to seek reimbursement therefor from the mortgagor. The Seller has not engaged in, and has no knowledge of the mortgagor's 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 the policy. If the property is located in a flood hazard area, the property is insured by a flood insurance policy, and all federal, state and local requirements with respect to both hazard and flood insurance have been complied with in all material respects.

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(x) No action, error, omission, misrepresentation, negligence, fraud or similar occurrence with respect to the Loan has taken place on the part of any person, including, without limitation, the mortgagor, any appraiser, any builder or developer or any party involved in the origination of the Loan or in the application for any insurance relating to such Loan that might result in a denial, failure or impairment of full and timely coverage under any insurance policies required to be obtained or any pool insurance policy covering the Loan.

(y) The appraiser for the Loan was duly licensed or certified under the applicable law where the Loan was originated and for each Government Loan was acceptable to the FHA or VA, as applicable, and for each Conventional Loan was acceptable to FNMA, FHLMC or the Investor, as applicable. The Seller will maintain documentation evidencing each appraiser's qualification and licensing or certification, which will promptly be provided to the Buyer upon request.

(z) The appraisal used in connection with the origination of the Loan was ordered, performed and rendered in accordance with the requirements of all laws and regulations relating to the origination of the Loan and the purchase of the Loan by the Buyer, including, but not limited to, the provisions of the Financial Institution Reform, Recovery and Enforcement Act.

(aa) Except as set forth in the Contract Documents, all improvements that were included in the determination of the appraised value of the property securing or to secure the Loan lie wholly within the boundaries and building restriction lines of the property, and no improvements on adjoining properties encroach upon the property securing the Loan.

(bb) With respect to a Conventional Loan with an original principal balance in excess of the amount which would permit such Loan to be eligible for a FHLMC or FNMA program (a "Jumbo Loan"), there are no circumstances or conditions with respect to (i) the mortgage or deed of trust relating to such Jumbo Loan, (ii) the property securing such Jumbo Loan, (iii) the mortgagor or (iv) the mortgagor's credit standing, that may result in any applicable private Investor to regard such Jumbo Loan as an unacceptable investment, cause such Jumbo Loan to become delinquent, or adversely affect the value or marketability of such Jumbo Loan.

## Section 8. Loan Repurchase.

(a) In addition to any other remedies to which Buyer may be entitled, Seller agrees to repurchase any Loan upon demand in the following circumstances:

(i) The Seller breaches any representation, warranty or covenant in this Agreement, or a Loan otherwise fails to conform with the applicable requirements for such Loan as set forth in the Contract Documents;

(ii) This section is intentionally omitted

(iii) A loan documentation problem exists which occurred prior to the date the Loan File was delivered to the Buyer, regardless of when the defect was discovered;

(iv) Any payment defaults, 30 days or greater, (A) during the first 90 days following the Buyer's purchase of a closed loan or (B) during the first 90 days following the closing of a Loan for which the Buyer purchased the Loan Application.

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(v) Any Agency or any other Investor to whom the Buyer sells a Conventional Loan or related security requires the Buyer to repurchase such Conventional Loan because: (1) the Conventional Loan fails to meet eligibility requirements, or (2) of a breach of a representation or warranty relating to the origination of the Conventional Loan, as established by the applicable Agency or Investor and published in the FNMA Guide, FHLMC Sellers and Servicers Guide, applicable Investor Guide, or any Agency or Investor Program Announcement (herein collectively referred to as the "Guide").

(b) In the event of a repurchase demand from an Agency or Investor, the Seller may ask the Buyer to submit further information to the Agency and to request that the Agency or Investor reconsider its repurchase request. The Buyer may make such request unless the Buyer believes in good faith that there is no basis to request reconsideration or that such request would be injurious to its business relationship with the Agency or Investor. The Buyer's determination with respect to any such submission shall be final.

(c) The repurchase price for any Loan repurchased pursuant to this Section 7 shall be the purchase price paid by the Buyer or the price Buyer is required to pay to repurchase the Loan from the Agency or Investor, whichever is higher, plus any accrued interest and other amounts which the Buyer has been required to advance on the Loan and, in the case where Buyer purchased the Loan Application, the amount paid by Buyer for the Loan Application and in the case where Buyer purchased a closed Loan, any amount paid by Buyer for the Loan in excess of the unpaid principal balance of the Loan. The Loan shall be repurchased by the Seller no later than ten (10) business days after the receipt by Seller of a written demand to repurchase. The Buyer may, at its option, withhold the payment of any amount payable to Seller for subsequent Loans until such time as the Seller has complied with all outstanding demands for repurchase price for subsequent Loans until such time as the Seller has complied with all outstanding demands for repurchase and provided all delinquent loan documentation.

(d) In the event that any closed Loan purchased by Buyer is paid in full, within 200 days of the date such Loan was purchased by the Buyer, or in the event any Loan for which Buyer purchased the Loan Application is paid in full during the first 200 days following the closing of the Loan, the Seller shall repay the premium for the closed Loan and the purchase price for the Loan Application paid by the Buyer.

(e) The Buyer may elect, in its sole discretion, to waive this repurchase requirement upon such terms and conditions as the Buyer may establish, provided however, that any such election by the Buyer as to such waiver shall not be deemed a waiver of the Buyer's right to enforce the provisions of this Section 7 as to any other Loan.

### Section 9. Liquidated Damages for Failure of Delivery.

If the Seller fails to deliver a closed Loan or a Loan Application to the Buyer within the time requirements applicable to the Loan as set forth in the Contract Documents, the Seller shall pay to the Buyer, as liquidated damages, in addition to such other amounts as may be due to the Buyer under other sections of this Agreement, that amount which is described in the Contract Documents. Such amount shall be paid to the Buyer not later than ten (10) business days after receipt of written demand therefore by the Seller.

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# Modified Correspondent Master Loan Purchase And Sale Agreement

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## Section 10. Indemnification.

(a) The Seller hereby agrees to indemnify and hold the Buyer and its officers, directors, employees and representatives harmless against any and all claims, losses, expenses, costs, obligations and liabilities, including reasonable attorney's fees and expenses, which result or arise from the breach of any representation or warranty of the Seller, or default in the performance of any covenant of the Seller, contained in this Agreement. The Seller further agrees to indemnify and hold the Buyer and its officers, directors, employees and representatives harmless against any and all claims, losses, expenses, costs, obligations and liabilities, including reasonable attorney's fees and expenses, resulting from: (i) any Loan that fails to conform with the applicable requirements established by the Buyer, (ii) the Seller's failure to deliver the Loan File within the time period required by the Contract Documents, (iii) a Loan that is not eligible for sale or pooling by the Buyer, (iv) the default by any Approved Dealer on a mandatory delivery commitment assigned by the Seller to the Buyer, or (v) the origination or servicing (prior to transfer of servicing to the Buyer) of the Loan, including, but not limited to, losses incurred from the withdrawal or reduction of insurance by the FHA, VA or any mortgage insurance company on any Loan, losses resulting from the violation of any local, state or federal law, losses caused by errors in servicing, and losses resulting from missing or incorrect loan documentation.

(b) The Buyer hereby agrees to indemnify and hold the Seller and its officers, directors, employees and representatives harmless against any material breach by the Buyer of this Agreement, or any gross negligence or willful misconduct in connection with the Buyer's servicing of the Loan.

(c) Promptly upon receipt of notice of any claim, demand or assessment from a third party or the commencement of any suit, action or proceeding by a third party in respect of which indemnity may be sought on account of an indemnity agreement contained in this Section 9, the party seeking indemnification (the "Indemnitee") will give written notice thereof, within sufficient time to respond to such claim or answer or otherwise plead in such action, and in any event within thirty (30) days after receipt of such notice, to the party from whom indemnification is sought (the Indemnitor"). Except to the extent that the Indemnitor is prejudiced thereby, the omission of such Indemnitee so to notify promptly the Indemnitor of any such claim or action shall not relieve such Indemnitor from any liability which it may have to such Indemnitee in connection therewith on account of the indemnity agreement contained in this Section 9. In case any claim, demand or assessment shall be asserted or suit, action or proceeding commenced against an indemnitee, it shall promptly notify the Indemnitor of the commencement thereof, the Indemnitor will be entitled to participate therein, and, to the extent that it may wish, to assume the defense, conduct or settlement thereof, with counsel approved by the Indemnitee (which approval will not unreasonably be withheld). After notice from the Indemnitor to the Indemnitee of its election so to assume the defense, conduct or settlement thereof and provided the Indemnitor proceeds diligently and fulfills its obligations to defend and pay the cost thereof and keeps Indemnitee informed of the progress thereof, the Indemnitor will not be liable to the Indemnitee for any legal or other expenses subsequently incurred by the Indemnitee in connection with the defense, conduct or settlement thereof.

(d) With respect to claims for indemnity hereunder by the Buyer or the Seller not related to claims by third parties, no party shall have any liability hereunder for any breach of warranty or for misrepresentation, except to the extent written notice thereof shall be given to the Indemnitor within a reasonable period of time after the party seeking indemnity has actual knowledge thereof. The Indemnitor shall respond to any such claim in writing within ten (10) business days, or as soon thereafter as practicable, which response shall set forth (i) the extent to which such claim is conceded, (ii) the extent to which such claim is disputed, both as to subject matter and amount, and (ii) the basis for disputing any such claim.

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# Modified Correspondent Master Loan Purchase And Sale Agreement

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## Section 11. Buyer's Right of Offset.

In addition to those rights set forth in section 7 hereof, in the event that the Seller fails to pay the Buyer any sums which are owed to the Buyer by the Seller pursuant to the terms of this Agreement or any other loan purchase agreement between the Seller and Buyer (including Buyer's predecessors and affiliates), the Buyer shall be permitted to offset such sums from any amounts which are due or become due to the Seller pursuant to the terms of this Agreement.

## Section 12. Termination.

(a) The Buyer may, in its sole discretion and upon seven (7) days' prior written notice to the Seller, terminate its obligations hereunder without liability whatsoever to the Seller or any other person for claims, losses, expenses, costs, obligations and liabilities arising directly or indirectly therefrom. In the event of such termination, the Seller shall nevertheless deliver to the Buyer all Loans for which Commitments have been issued by the Buyer. Such termination shall not affect the Seller's duties and obligations with regard to any Loans purchased by the Buyer prior to the date of termination.

(b) The Buyer may, in its sole discretion, immediately terminate its obligations hereunder without liability whatsoever to the Seller or any other person for claims, losses, expenses, costs, obligations and liabilities arising directly or indirectly therefrom, in the event of the Seller's breach of any representation or warranty or default in the performance of any covenant in this Agreement or in any other loan purchase agreement between the Seller and buyer (including Buyer's predecessors and affiliates). In the event of termination pursuant to the terms of this Section 11 (b), the Buyer may, at its option, either: (i) refuse to accept delivery of any additional Loans for which Commitments have been issued, or (ii) require the Seller to deliver the additional Loan(s) which the Buyer has committed to purchase and withhold the payment of any Net Premium for such Loan(s) until such time as the Seller has fully performed all of its duties and obligations as to all Loans sold to the Buyer hereunder.

## Section 13. Miscellaneous Covenants.

(a) All demands, notices and communications hereunder shall be in writing and be deemed to have been given if mailed or delivered to the applicable party at the address shown on the first page of this Agreement, or such other address as may hereafter be furnished to the other parties by like notice.

(b) This Agreement shall supersede and replace any prior written or oral agreement between the parties concerning the purchase of Loans by the Buyer, although any such Loans purchased by the buyer from the Seller prior to the date of this Agreement shall continue to be governed by the terms of any prior agreement pertaining thereto. No term or provision of this Agreement may be waived or modified unless in writing and agreed to by all parties hereto.

(c) The Seller shall not assign its interest in this Agreement without the prior written Consent of the Buyer.

(d) This Agreement shall be construed with and governed by the laws of the State of Illinois applicable to contracts made and to be performed therein without regard to the principles of conflict of laws. The parties agree that venue for any dispute arising hereunder shall be state or federal court in McLean County, Illinois.

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## Modified Correspondent Master Loan Purchase And Sale Agreement

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(e) Nothing herein contained shall be deemed or construed to create a partnership or joint venture between the parties hereto, and the Seller shall not represent that it is the Buyer's agent for any purpose. Prior to when Buyer issues a Commitment, Seller shall not make any representation to the effect that Buyer has approved a Loan applicant. Seller shall make clear to each applicant that any terms quoted by Seller are for guidance purposes only and that the same shall not necessarily be the terms that shall apply if and when Buyer approves a Loan. Seller acknowledges that it is not authorized to approve a Loan on Buyer's behalf and shall not make any representation to an applicant that it is so authorized.

(f) The Seller shall, from time to time hereafter, upon request of the Buyer and without further consideration, do, execute, acknowledge, and deliver or cause to be done, executed, acknowledged, and delivered, all such further acts, deeds, assignments, documents, instruments, transfers and assurances as the Buyer may reasonably request to confirm and perfect the Buyer's right, title, and interest in and to, and possession of, the Loans and the Loan Files. With respect to any Government Loan, upon request, the Seller shall provide the Buyer with copies of the case binder submitted to the FHA or the insuring package submitted to the VA, as the case may be. In the event Seller fails to deliver timely to Buyer documents necessary for Buyer to have custody of complete Loan Files, or if Buyer otherwise deems itself insecure with the prospect of obtaining such follow-up documents (e.g., assignments, registered deeds, insurance application packages, mortgage insurance certificates) timely from Seller, Buyer has the right hereunder to present itself during business hours, upon reasonable notice, at the offices of Seller and retrieve into Buyer's custody such documents.

(g) All representations, warranties and covenants on the part of the Seller contained in this Agreement or given pursuant hereto shall survive any termination of this Agreement and the closing of the loan purchase transactions herein contemplated and shall remain in full force and effect, regardless of such termination or the closing dates of said transactions.

(h) Capitalized terms used herein but not otherwise defined shall have the meanings ascribed to such terms in the Contract Documents. Section heading names are for convenience only.

(i) The Seller will provide the Buyer with annual audited financial statements within 90 days after the Seller's fiscal year-end prepared by independent certified public accountants in accordance with generally accepted accounting principles, and with such other financial information as is reasonable requested by the buyer in connection with the purchase of Loans from the Seller pursuant to this Agreement.

(j) The Seller will maintain a quality control system acceptable to the Buyer, in its sole discretion, and will promptly provide to the Buyer upon request copies of all internal and external reports relating to Loans purchased by the Buyer pursuant to this Agreement.

(k) The Seller will maintain in full force, as described in the Contract Documents, errors and omissions and fidelity bond insurance coverage in such amount as the buyer shall reasonably require to indemnify the Buyer from any loss or damage incurred in connection with the transactions contemplated by this Agreement and shall provide evidence of such coverages to the Buyer annually.

(l) Upon reasonable notice and during regular business hours, the Seller hereby agrees to allow the Buyer to review all of the books and records of the Seller relating to Loans purchased under the Agreement.

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# Modified Correspondent Master Loan Purchase And Sale Agreement

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(m) This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

## Section 14. Several Obligations.

Notwithstanding any provision in this Agreement or the contract Documents to the contrary, the rights, remedies, benefits, duties and obligations of Buyer and any of its affiliates hereunder are several and not joint and several. Buyer does not assume any obligations or duties of any of its affiliates with respect to any Loans purchased by any such affiliate from the Seller either prior to or after the date of this Agreement.

IN WITNESS WHEREOF, The parties have executed this Agreement in duplicate as of the day and year first above written.

**Mortgage Services III, L.L.C.**  
A wholly owned subsidiary of First State Bank Member FDIC

\_\_\_\_\_  
Company Name

By: \_\_\_\_\_  
Rene Shaffer, President/CEO

By: \_\_\_\_\_  
\_\_\_\_\_  
Print Name/Title

**First State Bank, an Illinois Banking Corporation**

By: \_\_\_\_\_  
Rene Shaffer, Designee



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# Special Limited Irrevocable Power of Attorney

STATE OF ILLINOIS

COUNTY OF MCLEAN

KNOW ALL PERSONS BY THIS DOCUMENT:

That \_\_\_\_\_ (the "Principal"), a \_\_\_\_\_ (corporation/LLC/etc) with its principal offices at \_\_\_\_\_, \_\_\_\_\_ County, State of \_\_\_\_\_, does with this document nominate, appoint, and constitute Mortgage Services III, LLC of 502 North Hershey Road, Bloomington, McLean County, Illinois (the "Agent"), its true and lawful attorney, and in its name, place, and stead:

To execute, endorse, assign, and deliver to third parties

- (1) promissory notes (the "Promissory Notes") made payable to the order of principal, evidencing loans secured by real property, which Promissory Notes are now or may hereafter be in the possession of Agent, as contemplated by that certain Broker or Correspondent Agreement dated \_\_\_\_\_, \_\_\_\_\_, that is currently in effect between Principal and Agent; (2) any beneficial or mortgagee's interest, or assignment thereof, and any and all other rights and interests, under all mortgages, deeds of trusts, security agreements, and other instruments evidencing, making or granting security for the Promissory Notes ("Mortgage Rights");
- (3) all other documents evidencing, memorializing, or otherwise relating to payee's, obligee's, or mortgagee's interest in loans evidenced by the Promissory Notes ("Documents").

Principal gives and grants to Agent full power and authority to do and perform every act necessary and proper to be done in the exercise of any of the foregoing powers as fully as Principal might or could do itself.

Principal and Agent hereby acknowledge and agree that Agent has an interest in the subject matter of the powers granted herein, in that the loans evidenced by the Promissory Notes (and the related Mortgage Rights and Documents) were, as contemplated by the Originator Agreement, originated and closed in the name of Principal, with Principal being denominated the original payee in the Promissory Notes and the original beneficiary or mortgagee in the deeds of trust or mortgages securing payment of the Promissory Notes, and immediately upon and concurrently with the closing of the loans, Principal and Agent do hereby agree that Agent is hereby vested irrevocably with the powers granted herein and that, with respect to such loans, Principal does hereby forever renounce all right to

- (1) Revoke this Special Limited Irrevocable Power of Attorney or any of the powers conferred upon Agent hereby or to appoint any other person to execute the said powers and
- (2) do any of the acts that Agent is authorized to perform by this Special Limited Irrevocable Power of Attorney.

If, prior to the exercise of the powers hereby conferred upon agent, Principal shall have become bankrupt, dissolved, liquidated, disabled, incapacitated, or have died, and Agent shall thereafter exercised such power, Principal hereby declares any such acts performed by Agent pursuant to this Special Limited Irrevocable Power of Attorney binding and effective in the same manner that they would have been had such bankruptcy, dissolution, liquidation, disability, incapacity, or death of Principal not have occurred.

EXECUTED this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

"PRINCIPAL"

\_\_\_\_\_

BY: \_\_\_\_\_

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

"AGENT"

MORTGAGE SERVICES III, LLC

BY: \_\_\_\_\_

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

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# Special Limited Irrevocable Power of Attorney

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

BEFORE ME, the undersigned, on this day appeared \_\_\_\_\_, \_\_\_\_\_(title) of \_\_\_\_\_, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same on behalf of the corporation for the purposes and consideration therein given.

SWORN before me on this the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_

NOTARY PUBLIC, STATE OF

STATE OF ILLINOIS

COUNTY OF MCLEAN

BEFORE ME, the undersigned, on this day appeared \_\_\_\_\_, \_\_\_\_\_(title) of Mortgage Services III, LLC, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same on behalf of the corporation for the purposes and consideration therein given.

SWORN before me on this the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_

NOTARY PUBLIC, STATE OF





# LO Compensation Compliance Certification

## Compliance Attestation /Certification

### Compliance Attestation /Certification

In compliance with the federal Truth in Lending Act, including implementing Regulation Z and the Official Staff Commentary, \_\_\_\_\_ attests, on behalf of itself that for Loans which will be delivered to Mortgage Services III, LLC for purchase: (1) This Seller has not paid compensation to any loan originator in an amount that is based on a prohibited term or condition, and (2) no consumer has been steered to a product or program on the basis of increased loan compensation for any loan originator.

Seller acknowledges and certifies that it is in compliance with MSI's Representations and Warranties, as outlined in the Seller Guide (updated 4/01/11) regarding Compensation Arrangements.

Seller affirms that Mortgage Services III, LLC is entitled to rely, and is relying on the Seller to be in full compliance with the current regulations. Seller authorizes Mortgage Services III, LLC, at its discretion, to verify the information with any other sources, and Seller waives any cause of action or claim Seller may have against such sources with respect to any information they may provide.

By: \_\_\_\_\_  
(Authorized Officer Signature)

Print Name: \_\_\_\_\_

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

NMLS Loan Origination Company ID: \_\_\_\_\_

**Note:** May only be signed by the authorized agent on file with Mortgage Services III, LLC.



# Correspondent Lending E-Sign / E-Delivery Approval Request Form

Posted 11-02-2015

Revised 11-02-2015

Please take a moment to complete this request and return it as soon as possible to Ketra Hay: [khay@msiloans.biz](mailto:khay@msiloans.biz)

## Correspondent Information

Correspondent Name: \_\_\_\_\_ Date: \_\_\_\_\_

Requested Approval(s):  E-Sign  E-Delivery

Please check vendor(s) that will be used for the E-Sign Program (acceptable vendors are listed below)

<input type="checkbox"/> Accenture Mortgage	<input type="checkbox"/> Docutech™	<input type="checkbox"/> MRG Document Technologies	
<input type="checkbox"/> Adobe® EchoSign®	<input type="checkbox"/> DocVelocity®	<input type="checkbox"/> National Credit-Reporting System, Inc. (NCS)	
<input type="checkbox"/> a la mode, inc®	<input type="checkbox"/> eLynx, Usign, Swiftview, or INBOX	<input type="checkbox"/> SigniaDocs	
<input type="checkbox"/> CIC®	<input type="checkbox"/> eOriginal®	<input type="checkbox"/> Silanis' Approvel®	
<input type="checkbox"/> CSI	<input type="checkbox"/> Encomia	<input type="checkbox"/> Sutisoft®	
<input type="checkbox"/> Cogent Road	<input type="checkbox"/> Elle Mae® Encompass	<input type="checkbox"/> Wave eSignSystems	
<input type="checkbox"/> Date-Vision, Inc. (Remote Docs®)	<input type="checkbox"/> First American Loan Production Solutions	<input type="checkbox"/> Wolters Kluwer	
<input type="checkbox"/> Digital Delivery, Inc.	<input type="checkbox"/> Fiserv	<input type="checkbox"/> Xerox Blitzdocs®	
<input type="checkbox"/> DocMagic Inc.	<input type="checkbox"/> Integrated Media Management (IMM)	If you have a vendor you would like to add please list below:	
<input type="checkbox"/> Document Express, Inc.	<input type="checkbox"/> International Document Services (IDS)	<b>NOTE:</b> MSI is under no obligation to accept the listed vendor	
<input type="checkbox"/> DocuPrep	<input type="checkbox"/> Mortgagebot, LLC	<input type="checkbox"/> Other: _____	
<input type="checkbox"/> DocuSign®	<input type="checkbox"/> Mortgage Builder	<input type="checkbox"/> Other: _____	

How long has your company utilized the above selected vendor along with the E-Sign vendor's contact name, email, and phone number?

\_\_\_\_\_

Does your Business Continuation Plan have a backup in the event that a record needs to be obtained at a later date?  YES  NO

What types of controls are used to make sure E-Sign documents are sent out to consumers and returned in a timely manner?

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

Who completes the Quality Control reviews of E-Signed loans? \_\_\_\_\_

\_\_\_\_\_

Is there a sample size of E-Signed loans to be included in the Quality Control review?  YES  NO

Please list the individual to contact in the event that transaction logs for electronically signed documents are needed.

Name: \_\_\_\_\_ Title: \_\_\_\_\_  
Phone Number: \_\_\_\_\_ Email: \_\_\_\_\_

Authorized Signor \_\_\_\_\_ Date \_\_\_\_\_

By signing and submitting this form for approval, the Correspondent represents and warrants that all Agency requirements and local, state and federal legal requirements have been met, including, but not limited to, the Electronic Signatures in Global and National Commerce Act ("E-Sign") and the Uniform Electron Transactions Act ("UETA"). You also agree to comply with MSI's E signature policies and procedures as specified within Correspondent manual.

Each loan file submitted to MSI is required to contain the Consumers consent to receive disclosures electronically and audit trail document evidencing the receipt.

### Eligible Electronic Documents

Only upfront discourses are eligible to be delivered and signed electronically such as:

- Initial application (1003)
- LE & subsequent LE's
- Any product specific disclosures required at application such as ARM, LPMI
- Any state specific disclosures required at application or other disclosures required at application

### Ineligible Electronic Documents:

- Electronic signatures are not allowed on any Power of Attorney or any documents signed with a POA
- IRS and Social Security Administration documents are not allowed
- Signed collateral (closing) documents at this time

### Important Notes:

- ✓ Please provide a copy of your signed Vendor Agreement showing compliance with UETA and E-SIGN
- ✓ If you have any questions or concerns, please contact your assigned AE.



Your Easiest Path  
to Mortgage Lending™

# Lender Paid Seller Compensation Agreement

\*Please return the completed form to  
[msipricing@msiloans.biz](mailto:msipricing@msiloans.biz)

Lender Paid Seller Compensation Agreement

Form Revised 10/15/15

Page 1 of 1

**IMPORTANT:** If you are a Lender (fund loans from your own funds or warehouse funds; this compensation agreement is **not** required.)

**Exception:** If you are a Lender and a MSI FHA Sponsored Originator, you **must** provide this Compensation Agreement to be applicable to all FHA SO loans.

- ✓ Upon the effective date as defined below, the new Agreement **supersedes** and **replaces** any preceding Compensation Agreement(s).
  - Compensation under this Agreement is **effective** upon Mortgage Services III, LLC's (MSI) receipt (in the MSI Pricing email box), or 91 days from receipt of a preceding Agreement, **whichever is later**, and remains so until the effective date of a subsequent Agreement.
  - The terms of this Agreement apply to all Lender Paid loans with an **original lock date** on or after its effective date.
- ✓ By signature on this document, Seller warrants they are authorized to determine the Lender Paid pricing structure.

Seller Name: \_\_\_\_\_

Seller ID with MSI: \_\_\_\_\_

MSI Account Executive: \_\_\_\_\_

Owner/Principal/Manager \_\_\_\_\_

**Please select ONE of the following:**

- Bucket A – 75 BPS
- Bucket B – 100 BPS
- Bucket C – 125 BPS
- Bucket D – 150 BPS
- Bucket E – 175 BPS
- Bucket F – 200 BPS
- Bucket G – 225 BPS

**Notes:**

- ✓ **Minimum Compensation:** A minimum \$800 compensation "floor" is applicable to all transactions where the selected plan will net a lesser amount.
- ✓ Compensation paid on Bucket selection only, flat fee non-applicable.
- ✓ A maximum compensation per loan is \$18,500.

**Authorized Signer:**

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





# FHA Sponsored Originators Application Package

## FHA Sponsored Originator's (SO) Requirements

### Eligibility Requirements:

- ✓ Seller must be an approved MSI Seller (Correspondent or Wholesale) and meet all eligibility standards outlined in the applicable Seller Guide/Eligibility Chapter, in **addition** to the following to be approved as an SO lender:
  - Compare Ratio of less than 200% (i.e. available within HUD's Neighborhood Watch Site—to the extent that MSI can obtain the information.). **Note:** if the information is not available to MSI, the remaining eligibility requirements will be more carefully considered.
  - Copy of the Seller's QC plan, most current QC Reports and Management Response.
  - Non-sanctions letter. A letter from a senior officer, certifying that no officer or employee has ever been debarred or sanctioned by a federal, state or agency regulator. MSI provides a sample letter on our Web Site.
  - Two (2) years' minimal experience in FHA originations **OR** an FHA training certificate as provided by MSI or other acceptable industry training program.
- ✓ MSI requires that "SO" has a primary place of business (bricks and mortar office) in a commercial location with ample/visible signage, even if "SO" also has "satellite" origination offices.

### Maintaining SO Approval:

- ✓ In **addition** to the standard Good Standing Requirements, to maintain FHA SO status with MSI, the Seller must continue to meet the requirements for approval.
- ✓ The lender must be knowledgeable of current FHA guidelines and must submit quality loans for

## Contents of the SO "Application Package"

## Documents the Applicant Must Provide

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>✓ Sample Language for Non-Sanction Letter</li> </ul> | <ul style="list-style-type: none"> <li><input type="checkbox"/> Copy of QC Plan</li> <li><input type="checkbox"/> Copy of most current QC Reports and Management Responses</li> <li><input type="checkbox"/> Non-Sanction Letter – On company letterhead - Completed and Executed</li> <li><input type="checkbox"/> Evidence/documentation of minimum 2-year experience in FHA Originations OR documentation of completion of an acceptable FHA Training Program.</li> <li><input type="checkbox"/> Evidence of "bricks and mortar" primary place of business.</li> </ul> |
|---|---|



# FHA Sponsored Originators Application Package

## Sample Language for Non-Sanctions Letter

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

Sponsor: Mortgage Services III, LLC  
502 N. Hershey St.  
Bloomington, IL 61704

Originator: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Re: Sponsorship for FHA originations

As an executive officer of Originator, I hereby certify that Originator, nor its officers, nor any employees of Originator have ever been debarred or sanctioned by any state, federal or agency regulatory body.

Attested:

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name

\_\_\_\_\_  
Title

## **FHA PRINCIPAL and AUTHORIZED AGENT AGREEMENT (FHA-Insured Title II Mortgage Loans)**

This FHA Principal and Authorized Agent Agreement ("Agreement") is dated as of \_\_\_\_\_, by and between Mortgage Services III, LLC (referred to as "Agent" in this Agreement), and \_\_\_\_\_, (referred to as "Principal" in this Agreement). Agent and Principal are referred to in this Agreement, collectively, as the parties.

### **RECITALS**

WHEREAS Principal is in the business, among other things, of originating FHA Title II mortgages loans ("Loans") to be insured by the Federal Housing Administration ("FHA"); WHEREAS Principal wishes to be able to offer Loans to its customers; WHEREAS Agent is in the business of originating Loans to be insured by the FHA; and, WHEREAS Agent specializes in originating and underwriting Loans. NOW, THEREFORE, in consideration of the foregoing and of the mutual promises made herein, and other good and valuable consideration, Agent and Principal hereby agree as follows:

### **AGREEMENT**

**1. Effective Date; Term.** This Agreement shall be effective, following its due execution by each of Principal and Agent, upon Agent notifying Principal that Agent has registered electronically as Agent of Principal upon the books and records of the FHA. This Agreement shall remain in full force and effect until it is terminated by either of the Parties under Section 17 of the Agreement.

**2. FHA Mortgagee Approval.** Principal and Agent both are, and shall remain so throughout the term, properly licensed in each state, or exempt, in which they conduct mortgage business, and Agent is a Non-Supervised FHA-approved mortgagee, and Principal is a Supervised or Non-Supervised FHA-approved mortgagee, as applicable, each in good standing with the FHA. Agent is and shall maintain its unconditional "Direct Endorsement" authority approval in good standing with the FHA. Principal shall maintain its approval as Mortgagee, and also must have and maintain such "Direct Endorsement" authority as of July 1, 2011.

**3. FHA Jurisdictional Approval.** Principal is and shall remain so throughout the term of this Agreement, duly approved by the FHA to originate Loans in each and every locality in which the collateral securing such Loans is located.

**4. Loans Rejected by Principal .** Principal shall not submit to Agent any loan application for a Loan, which was simultaneously submitted to another lender or was previously rejected by the Principal or another Supervised or Non-Supervised FHA-approved mortgagee, as being ineligible for FHA insurance.

**5. Further Assurances.** Loans subject to this Agreement will be insured by the FHA and may be closed either in the name of the Principal or Agent. Each party agrees to execute and deliver such instruments and take such actions as the other party may, from time to time, reasonably request, in order to effectuate the purposes and to carry out the terms of this Agreement. Without limitation of the foregoing, Principal agrees to do all things and to execute or otherwise obtain for Agent all additional documentation

necessary for Agent to properly complete the approval, funding, or insuring of any Loans.

**6. Non-Assignability.** Neither party may assign this Agreement. No loan application for any Loan may be submitted to Agent for which loan applications were solicited or processed by any entity or any employee of any entity other than the Principal. Agent will underwrite applications for Loans that Principal sends to it and will not assign or contract out such underwriting.

**7. Confidentiality.** The parties agree that the terms and conditions of this Agreement, Agent's Guidelines and any advice or agreement to fund or close any Loans hereunder shall be kept confidential and their contents shall not be divulged to any party without the other's consent except to the extent that it is necessary for either party to disclose any such information in accordance with applicable law or in working with legal counsel, auditors, taxing authorities or other governmental agencies.

**8. No Third Party Originations.** Principal agrees that, during the term of this Agreement, Principal shall maintain an experienced, qualified and approved originations staff and shall cause such staff to perform all origination functions to be performed by Principal under this Agreement in compliance with the requirements of this Agreement, HUD/FHA requirements, and all modifications thereto. Principal shall cause the actual originations and processing of Loans to be done only by employees of Principal who are qualified to originate, and have substantial experience originating, such loans. Principal shall not submit to Agent any loan application for Loans that was taken by any third party, including any such loan application taken by any Authorized Principal or Sponsored Loan Correspondent of the Principal.

**9. Non-Exclusive Agreement.** Nothing in this Agreement shall be construed to create an exclusive relationship in any market or geographic area between Principal and Agent. Principal acknowledges that Agent may provide the same or similar services to other Principal Mortgagees.

**10. Origination and Submission of Loan Applications.** Principal may from time to time compile application information from prospective borrowers for Loans and submit to Agent a completed, original loan application package for a Loan together with such related materials required to process and underwrite the Loan. In the event any form is incomplete or Agent requires additional information to evaluate the loan application, Agent will notify Principal in a timely manner and Principal will use its best efforts to assist in obtaining such additional material.

**11. Principal's Responsibilities.** Principal will initiate, complete and obtain a loan application, and perform the following services in connection with each Loan: (a) educate the applicant (in a face-to-face meeting, where required) in the mortgage financing process and the different types of mortgages products available; (b) analyze prospective borrowers' credit qualification information, including (i) the prospective borrower's home value (ii) that the prospective borrower is the primary resident thereof, and (iii) ascertaining any outstanding liens that exist on the prospective borrower's home, including the amount or value thereof, and (iv) any other liens against the prospective borrower personally, including federal tax liens (which may be discovered through the use of a credit report); (c) based on the applicant's credit qualification information, pre-qualify and counsel prospective borrowers regarding mortgage loans; and (d) maintain regular contact with the applicant during the period between loan



application and closing to apprise the applicant of the status of the loan application and the requirements to satisfy any outstanding conditions prior to closing, and to gather additional credit, financial and other information, as needed. To the extent not provided above, Principal will perform the following additional services as requested by Agent: (a) initiate/order credit reports and requests for mortgage and other required verifications; (b) initiate/order appraisals of the property proposed as security for the loan, in compliance with Appraisal Independence Requirements (c) initiate/order inspections or engineering reports, if applicable; (d) provide disclosures (truth-in-lending, good faith estimates, etc.) to the borrowers as required by applicable law or by Principal; (e) collect financial information and other related documents that may be required or necessary as part of the loan application process; and (f) participate in the loan closing. Agent shall review the accuracy and completeness of all information provided by loan borrowers, and shall at all times maintain the integrity of Agent's loan application and processing operations. It is Principal's responsibility to ensure that (i) Principal and its employees at all times maintain and use complete, up-to-date versions of the FHA guidelines and Agent's Guidelines, including all Mortgagee Letters, Handbooks, updates, Bulletins, Announcements, Memorandums and product descriptions, and (ii) all of its employees performing origination duties and functions pursuant to this Agreement remain informed and knowledgeable regarding such guidelines and all Agent's Guidelines.

**12. Agent's Underwriting Responsibilities.** Agent shall make loan application approval decisions regarding Loans, and the Agent will make the underwriting determination in connection with Loans regardless of Principal having a "FHA Direct Endorsement" approval status. If Agent determines that the application does not qualify as a Loan, Agent will return the loan application package to the Principal. Principal shall ensure that each loan application is completed within a reasonable time.

**13. Closing, Funding and Insuring of Loan Transactions; Principal Compensation; Ownership of Loans.** Agent shall have a reasonable time to review and underwrite completed loan application packages for Loans. Once Agent has completed its review of a loan application package, Agent will notify Principal whether such proposed Loan should be approved, subject to any Closing Conditions. Loans may be closed and funded in either Principal's or Agent's name. The Party who closes and funds a Loan accepts and agrees to fulfill any and all HUD requirements of procuring FHA/HUD insurance. Principal will be compensated in connection with closed Loans, as agreed between Principal and Agent with respect to each Loan or a class of Loans, pursuant to the Loan Purchase and Sale Agreement entered into between the parties. Principal hereby assigns to Agent each Loan, Agent will own loan application packages transferred to it by Principal under and pursuant to this Agreement, and Agent shall own the Loans originated and closed under this Agreement, and shall have the power and may deal with such Loans as it sees fit, without notification or further compensation to Principal. Prior to the closing of any Loans, and the title insurance company issuing the mortgagee's title insurance policy required under the terms of Agent's Guidelines shall have delivered an "Insured Closing Protection Letter" (or similar instrument) naming the Agent as insured or covered party with respect to the settlement of such a loan, holding insurance company liable for acts of its title principal that are within the scope of the title principal's authority while acting on the title insurer's behalf.

**14. Loan Documents.** After the closing of the transaction, at Agent's request, Principal will assist Agent in obtaining all instruments, recorded documents, title policy and other documents that relate to or evidence that the Loan was executed and/or issued at the closing in accordance with Agent's Guidelines.

**15. Representations and Warranties of the Parties.** Agent makes the following representations and warranties, and such shall continue until the termination of this Agreement: a. Agent is a duly organized and validly existing entity, is in good standing under the laws of the state of its organization, and is authorized to transact business in all states in which it transacts business. Agent possesses all necessary licenses and permits from all applicable federal, state, and local authorities to engage in the activities contemplated by this Agreement, and Agent is in compliance with all laws, rules, or regulations relating to licensing, qualification, or approval to originate loans as contemplated by this Agreement. This Agreement has been duly authorized and executed by Agent and is, or upon delivery will be, a legal, valid and binding obligation of Agent enforceable in accordance with its terms. The execution, delivery, and performance of this Agreement by Agent will not violate Agent's articles of organization, bylaws, any instruments related to the conduct of Agent's business, or any other Agreement or instrument to which Agent is a party. Neither Agent nor any of its agents know of any suit, action, legal or administrative or other proceeding pending or threatened against Agent which would materially affect its ability to execute, deliver, or perform its obligations under this Agreement.

**16. Representations and Warranties of the Principal.** Principal makes the following representations and warranties, and such shall be continuing until the termination of this Agreement: a. Principal is a duly organized and validly existing entity, is in good standing under the laws of the state of its organization, and is authorized to transact business in all states in which it transacts business. Principal possesses all necessary licenses and permits from all applicable federal, state, and local authorities to engage in the activities contemplated by this Agreement, and Principal is in compliance with all laws, rules, or regulations relating to licensing, qualification, or approval to originate loans as contemplated by this Agreement. This Agreement has been duly authorized and executed by Principal and is, or upon delivery will be, a legal, valid and binding obligation of Principal enforceable in accordance with its terms. The execution, delivery, and performance of this Agreement by Principal will not violate Principal's articles of incorporation or organization, bylaws, any instruments related to the conduct of Principal's business, or any other Agreement or instrument to which Principal is a party. Neither Principal nor any of its agents or employees know of any suit, action, legal or administrative or other proceeding pending or threatened against Principal which would materially affect its ability to execute, deliver, or perform its obligations under this Agreement. b. Principal has complied with all terms, conditions and requirements of Agent's Guidelines and this Agreement, and with all applicable federal, state and local laws relating to the loan application and origination process for Loans. c. Principal agrees to perform all loan processing functions in connection with Loans under this Agreement with the same care and diligence as an experienced prudent lender performing such duties in the industry with respect to similar mortgage loan products, and in any event with no less care and diligence than if it were originating Loans for its own account. d. None of the information or documentation contained in any loan

application submitted by Principal to Agent, and none of the representations made by Principal to Agent related to any loan application for Loans submitted by Principal, will contain any untrue information, statement, or representation or omit to state a fact necessary in order to make such information, statement or representation not misleading e. Principal has no knowledge nor any reason to know of any of the following: (i) fire, windstorm or other casualty damage to the Property; (ii) condemnation proceedings, (iii) detrimental conditions which could reasonably be expected to adversely affect the market value of the Property including, but not limited to, expansive soils, underground mines or storage tanks, soil subsidence, landfills, superfund sites, special study zones, or other similar conditions; (iv) outstanding mechanics' or materialmen's liens which are or may be a lien prior to, or of equal priority with, the lien of the security instrument except those that are affirmatively insured against by the title insurance policy; (v) outstanding oil, gas or other mineral interests now owned or controlled by the proposed borrower which might jeopardize the security interest in the Property or in any manner diminish the value of the Property; (vi) any circumstance or condition which might indicate that the appraisal is incomplete or inaccurate or that the value of the Property might not be at least the amount reported therein; or (vii) circumstances or conditions with respect to the Property that could reasonably be expected to cause private institutional investors to regard the Loan as an unacceptable investment or adversely affect the value or marketability of the Loan.

**17. Termination of Agreement.** Either party may terminate this Agreement with or without cause. Agent may terminate Principal's authority to serve as an Authorized Principal of Agent upon thirty (30) days prior written notice to Principal. Principal may terminate its status as an Authorized Principal of Agent upon thirty (30) days prior written notice to Agent. Further, this Agreement shall immediately terminate without notice upon HUD's withdrawal or revocation of either party's FHA approved Supervised or Non-Supervised mortgagee status or Direct Endorsement authority. All obligations or liability of either party to the other hereunder shall survive termination of this Agreement.

**18. Change of Ownership, Financial Condition or Senior Management.** Either party will promptly advise the other of any material adverse change in its business or financial condition, or any change in its ownership or senior management. Either party also shall inform the other in writing of any change in status of any required license and of any pending, threatened or final judicial, administrative or regulatory action or order which may impact the status of a required license or its eligibility under this program.

**19. Indemnification.** Principal shall indemnify and hold Agent, its successors and assigns, and their respective officers, directors, employees, shareholders, members, principals, contractors, affiliates and subsidiaries (collectively, the "Agent Indemnitees") harmless from and against, and shall reimburse Agent Indemnitees with respect to, any and all claims, demands, losses, damages, interest, penalties, fines, forfeitures, judgments and expenses (including, without limitation, reasonable fees and disbursements of counsel, and court costs) (any of the foregoing hereinafter referred to as a "Claim"), resulting from, relating to or arising out of, whether the result of negligent or intentional conduct or otherwise: (i) any breach of any representation or warranty made by Principal pursuant to this Agreement or Agent's Guidelines; (ii) any breach or failure to perform any covenant or obligation of Principal in this Agreement, the Loan Purchase and Sale Agreement or Agent's Guidelines; or (iii) any claim by a borrower

resulting from a failure or refusal to fund a loan application package which failure or refusal is related to information obtained from Principal or Principal's conduct. In the event it is discovered by Agent through its own investigation or through a HUD review or audit that fees have been charged to a borrower in excess of those allowed by the FHA or state regulations, Principal promptly shall refund such excess fees directly to a borrower or reduce the fees charged at closing and provide evidence to Agent that such has been done. Principal shall indemnify Agent for any damages related to any excess charges. Agent shall indemnify and hold Principal harmless against and in respect of, and shall reimburse Principal for, any and all claims, damages, liabilities, expenses, carrying costs, penalties, fines, forfeitures, actions, causes of action and judgments (including without limitation attorney's fees), arising out of, resulting from or relating to the non-fulfillment of any covenant, agreement or condition of Agent, contained in this Agreement.

**20. Rights to Obtain Certain Information.** During the term of this Agreement, if requested each party shall furnish the other with (i) copies of all renewals of its licenses and approvals within thirty (30) days after they are issued by the applicable regulatory authorities; and (ii) copies of its audited financial statements promptly after they become available. If requested, each party shall also provide any other information reasonably related to substantiating its continuing eligibility to participate in the loan programs subject to this Agreement as in effect from time to time. Each party acknowledges that each year it must certify to the FHA its current eligibility for approval as a FHA-approved Supervised or Non-Supervised mortgagee and pay the FHA annual fees, as applicable. Each party shall immediately notify the other if it loses its approval by the FHA.

**21. Adverse Action Notices.** Agent will not deliver to any loan applicant an "adverse action" notice required by Federal Reserve Board Regulation B, 12 C.F.R. §202.9 when Agent determines that an applicant does not qualify for a particular loan. Rather, Agent shall deliver notice to Principal specifying the reasons Agent has declined to approve a Loan. Principal shall forward an adverse action notice to the applicant no later than thirty (30) days following the date Agent received a "completed application" (as defined loan unless, within the thirty (30) day period, the loan has been approved by the Agent or another lender).

**22. Power of Attorney.** Principal does hereby make, constitute and appoint Agent and any of its properly designated officers, or employees as the true and lawful attorneys of Principal with power to sign the name of Principal on documents or instruments that are necessary in order to effectuate the terms and provisions of this Agreement, including, but not limited to, any assignments and/or endorsements of loan documents pertaining to any Loan funded under this Agreement. Agent is only an agent of Principal as specified under his section for the purposes of this Agreement, and no other purpose.

**23. Appointment of Trustee.** If loan documents are prepared by Principal, the appointment of trustees under any trust deeds or deeds of trust shall be subject to the approval of Agent.

**24. Use of Other's Name.** Without the prior written consent of the other, neither party shall use the corporate names, logos, brand names, trademarks, trade names or service marks of the other party or any of the other party's affiliates, or otherwise identify the other party or any of its affiliates, in the party's advertising, marketing or promotional material, publicity releases, communications with the press, proposals to

prospective clients, appraisers, or in announcements, customer listings, testimonials, websites and any other material distributed by or on behalf of the other.

**25. Real Estate Settlement Procedures Act.** In connection with this Agreement, Principal understands and acknowledges the following with respect to the requirements of the Real Estate Settlement Procedures Act: (a) Principal acknowledges that all Good Faith Estimates must be issued in accordance with the Real Estate Settlement Procedures Act; (b) Principal acknowledges that if Agent, as the mortgage lender, accepts the loan package with the Good Faith Estimate as provided by Principal, and absent changed circumstances as outlined by the Real Estate Settlement Procedures Act, Principal and Agent, as the mortgage lender, will be bound by the terms and estimates stated to the applicant in the Good Faith Estimate if the applicant accepts the Good Faith Estimate; (c) Principal acknowledges that if the actual settlement costs and fees associated with the closing of a mortgage loan are out of tolerance at closing, according to the applicable tolerance limitations in place at the time of closing and according to applicable rules and regulations promulgated under the Real Estate Settlement Procedures Act, then Agent may be responsible under such regulations to correct and cure any such tolerance violations to the borrower within thirty (30) days of the closing date; (d) Principal further acknowledges that, in consideration of Agent's responsibility to correct and cure tolerance violations associated with quoted fees on the Good Faith Estimate as described above, Principal shall, at Lender's election, either (i) make such tolerance corrections out of proceeds to be received by Principal in connection with the applicable loan, or (ii) Principal shall reimburse Agent for any such tolerance violations at the closing of each such loan requiring such tolerance cure or upon Agent's later demand.

**26. Miscellaneous.**

**a. Notices.** Any notice or demand which is required or permitted to be given by any party under this Agreement shall deem to have been given if either (i) personally served, or (ii) sent by prepaid, certified mail, addressed to the party at its address set forth below; or (iii) in such other manner as the parties may agree in writing:

If to AGENT:  
Mortgage Services III, LLC  
**502 N. Hershey Rd.**  
**Bloomington, IL 61704**

If to PRINCIPAL:

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

Attention: \_\_\_\_\_

Each party may change its address for notices by providing written notice thereof to the other party.

**b. Entire Agreement/Amendment.** This Agreement constitutes the entire agreement between the parties pertaining to the subject matter contained herein and supersedes all prior and contemporaneous agreements, representations, and understandings of the

parties. No modification or amendment of this Agreement shall be binding unless executed in writing by all the parties hereto. **c. Counterparts.** This Agreement may be executed simultaneously in any number of counterparts. Each counterpart shall be deemed to be an original, and all such counterparts shall constitute one and the same instrument.

**d. Waivers/Non-Cumulative Remedies.** Failure or delay on the part of either party to exercise any right provided for herein shall not at as a waiver of any right hereunder, nor shall any single or partial exercise of any right of any party preclude any other or further exercise thereof. No waiver of any of the provisions of this Agreement shall be deemed, or shall constitute a waiver of any other provision, or shall constitute a continuing waiver, unless such waiver is in writing and executed by the party making the waiver. All the remedies provided herein are deemed cumulative and nonexclusive.

**e. Survival.** All of the representations, warranties, covenants and obligations made herein by the parties hereto shall survive and continue in effect after the termination of the Agreement of the consummation of the transactions contemplated by the Agreement.

**f. Governing Law; Jurisdiction.** **THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF ILLINOIS AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH THE LAWS OF THE STATE OF ILLINOIS, EXCEPT TO THE EXTENT PREEMPTED BY FEDERAL LAW. PRINCIPAL CONSENTS TO THE NON-EXCLUSIVE JURISDICTION AND VENUE OF THE STATE COURTS OF ILLINOIS AND THE FEDERAL COURTS AS TO ANY DISPUTE CONCERNING THIS AGREEMENT.**

**g. Attorneys' Fees.** If any legal action or other proceeding is brought for the enforcement of this Agreement, or in connection with any dispute related thereto, the prevailing party or parties shall be entitled to recover reasonable attorneys' fees and other costs incurred in such proceeding, in addition to any other relief to which such party may be entitled.

**h. Dispute Resolution.** Any dispute arising out of or relating to this Agreement, including the breach, termination or validity thereof, shall be finally resolved by arbitration by three arbitrators in accordance with the CPR International Institute for Conflict Prevention and Resolution Rules for Non-Administered Arbitration. The arbitration shall be governed by the Federal Arbitration Act, 9 U.S.C. §§ 1 et seq., and judgment upon the award rendered by the arbitrators may be entered by any court having jurisdiction thereof. Arbitration proceedings shall take place in the city of the responding party's location. Except as may be required by law, neither party nor any arbitrator may disclose the existence, content, status or results of any arbitration hereunder without the prior written consent of both parties. The procedures specified in this section shall be the sole and exclusive procedures for the resolution of disputes between the parties arising out of or relating to this Agreement; provided, however, that a party may file a complaint to seek a preliminary injunction or other provisional judicial relief to protect such party's intellectual property rights, confidential information, or customer information. Despite such action the parties will continue to participate in good faith in the procedures specified in this section. Each party will bear their own expenses for any actions arising under this Section.

IN WITNESS WHEREOF, the undersigned parties have executed this Agreement as of the date indicated above.

AGREED:

**Mortgage Services III, LLC, AGENT**

By: \_\_\_\_\_

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

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

\_\_\_\_\_, **PRINCIPAL**

By: \_\_\_\_\_

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

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_



## VA Authorized Agency Agreement Cover Letter

Enclosed please find an Authorized Agent Agreement for originating VA Guaranteed loans. The Department of Veterans Affairs has issued a VA Lender's Handbook addressing authorized agents for originating VA guaranteed loans.

In compliance with the guidelines outlined in the Handbook, we have developed an agreement for this specific purpose.

Your agreement has been enclosed. Please review, execute and return the original agreement within five (5) business days to:

Mortgage Services III, LLC  
502 N. Hershey Road, Bloomington, IL 61704  
(Attn: Ketra Hay).

Also include the check for \$100.00 made payable to the Department of Veteran Affairs. Retain a copy for your records.

Once we receive the signed agreement, we will forward all appropriate documents to the Department of Veteran Affairs requesting your approval as an Agent of MSI.

If you should have any questions regarding this matter, please do not hesitate to contact your Account Executive.

Authorized Agent Applicant Information		
Legal Name of Company:		
DBA:	Company Tax ID#:	
Mailing Address:	City	State & Zip
VA ID# (If applicable):		

*Continued on next page*



**AUTHORIZED AGENT AGREEMENT  
FOR ORIGINATING VA GUARANTEED LOANS**

1. **LOANS:** All loans to be purchased by Various Institutional Investors (VII) shall be originated by you and shall be insured by the Department of Veteran Affairs (VA). Each loan shall be eligible in all respects for inclusion in a pool of mortgages underlying the issue of a GNMA mortgage-backed security. You are authorized to originate the loan application, process all necessary documentation including, but not limited to, the employment verification, deposit verification, credit report and appraisal along with other VA required documentation.
2. **CREDIT UNDERWRITING:** Mortgage Services III, LLC is VA approved for automatic underwriting and will underwrite all "agent for" loans. The underwriter's certification and signature must appear on VA Form 26-1820, Section Q or on a separate document as is required for VA loans closed on the automatic basis. The VA Form 26-1802a must be submitted with your company's name, address and as Agent for MSI.
3. **CLOSING THE LOAN:** All loans will be funded and closed in Mortgage Services III's name. You may close the loan in your name, but if you chose to do so, you must accurately complete VA Form 26-1820. Item 25A on the VA Form 26-1820 must be completed with your company's name and address as Agent for Mortgage Services III, LLC. Item 26B must be signed by an officer of your company. A copy of the complete closing package (see attached transmittal) must be furnished to MSI within five (5) days of closing. Upon your approval from VA, you will be issued your own lender identification number that will be used on the VA Form 26-1820 and the VA Funding Fee Transmittal.
4. **LOCK-IN AGREEMENT:** You are authorized to issue a written lock-in agreement to the veteran upon their request. MS III must be notified in writing of any lock-ins and such lock-ins must comply in every way with MS III's lock-in policy. Any lock-in agreements must be approved by your local VA jurisdiction office. Please refer to DVB Circular 26-88-38 dated August 26, 1988, which specifically addresses lock-in agreements.
5. **QUALITY CONTROL:** Ten percent of closed loans on which you are deemed to agent will be reviewed. The cost of the quality control will be at your own expense. These loans will be selected at random and you will be notified of what loan files have been selected.
6. **LOANS FOUND DEFECTIVE:** You will indemnify MSI and hold MSI harmless against any damages arising from defective loans sold to or funded by Mortgage Services III, LLC. If the VA withdraws or reduces the insurance or guaranty for any loan because of, or relating to, the processing or closing of the loan, or the loan origination documentation, or from any untrue or incorrect representation or warranty arising from the origination or closing of the loans, or causing liens to be ineligible in the secondary market, agent shall indemnify MSI against all losses, including reasonable attorney's fees incurred by MSI in defense of any claims or liabilities or in enforcing the terms and provisions of the agreement, including this indemnity.
7. **AGREEMENT OF ASSISTANCE:** Agent agrees to assist in obtaining supplemental documents that may be required by VA in respect to obtaining the loan guaranty certificate, which may include, but not limited to, contact with the veteran.
8. **MODIFICATION:** Any modification of this agreement must be in writing.
9. **RIGHTS TO TERMINATE:** If you fail to comply with any of the terms and conditions set forth herein or fail to conform to VA regulations, MSI shall have the right to terminate this agreement by giving you ten (10) days written notice with respect to all loans which have not already been closed.
10. **GOVERNING LAWS:** This agreement shall be governed by, and construed and enforced in accordance with the laws of the State of Illinois.

If you accept the above terms and conditions, please execute and return to Mortgage Services III, LLC the enclosed copy of this letter.

Rene Shaffer, President/CEO  
Mortgage Services III, LLC

\_\_\_\_\_  
Company

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature, Title,

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
VA ID Number (If applicable)



## Resolution of the Board of Directors

### Resolution of the Board of Directors

OF \_\_\_\_\_  
(Name of Seller)

RESOLVED FIRST, that

\_\_\_\_\_ the \_\_\_\_\_ and  
(Name of Officer) (Title)

\_\_\_\_\_ the \_\_\_\_\_ and  
(Name of Officer) (Title)

of this corporation, or any one or more of them or their duly elected or appointed successors in office, be and each of them is hereby authorized and empowered in the name of and on behalf of this corporation and under its corporate seal from time to time while this resolution is in effect, to sell mortgage loans to *Mortgage Services III, L.L.C. (MSI)*, and to execute any and all agreements, contracts, assignments, endorsements and issuance of checks or drafts, reports, mortgage documents, and other papers in connection with documents, and furnish any information required or deemed necessary or proper by *MSI* in connection therewith.

I HEREBY CERTIFY that the foregoing is a true and correct copy of a resolution presented to and

adopted by the Board of Directors of \_\_\_\_\_ at a

meeting duly called and held at \_\_\_\_\_ on the \_\_\_\_\_

day of \_\_\_\_\_ in the year of \_\_\_\_\_, at which a quorum was presented and voted, and that such resolution is duly recorded in the minutes book of this corporation; that the officers named in said resolution have been duly elected or appointed to, and are the present incumbents of, the respective offices set after their respective names.

(Corporate Seal)

\_\_\_\_\_  
(Secretary)



## Certification of Resolution of the Board of Directors

### Certificate of Resolution (LLC)

This is to certify that a Special meeting of the Members of \_\_\_\_\_, A  
Limited Liability Company organized under the laws of the State of \_\_\_\_\_, held at the Office of said  
liability company at \_\_\_\_\_, County of \_\_\_\_\_, State of \_\_\_\_\_, on the  
\_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, the following resolution was duly and legally  
presented and Adopted by the majority vote of the Members, to wit:

It being the desire and purpose of the Members of \_\_\_\_\_, that this Limited  
Liability Company should take steps to obtain Mod Corr approval from Mortgage Services III, LLC.

BE IT RESOLVED, that

\_\_\_\_\_ the \_\_\_\_\_ and/or  
(Name of Officer) (Title)

\_\_\_\_\_ the \_\_\_\_\_ and/or  
(Name of Officer) (Title)

\_\_\_\_\_ the \_\_\_\_\_ and/or  
(Name of Officer) (Title)

Of this limited liability company and in their official capacity be, and are hereby authorized and directed to prepare,  
execute, verify and present to Mortgage Services III, LLC\_ and on behalf of said

\_\_\_\_\_, written application, Contracts, agreements and all supporting documentation  
requested. And to do all acts and perform all necessary legal requirements on behalf of said limited liability  
company to procure the same.

#### Authorized Signature

X: \_\_\_\_\_

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

Name: \_\_\_\_\_

Company: \_\_\_\_\_

Title: \_\_\_\_\_