



CORRESPONDENT SELLER GUIDE

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SECTION 1.0: INTRODUCTION TO CORRESPONDENT LENDING

1.1 Eligibility

The Correspondent Lending Division of Plaza Home Mortgage, Inc. (“Plaza”) purchases closed loans from approved sellers throughout the United States. The Seller Guide sets forth the detailed terms and conditions governing a seller’s participation in Plaza’s Correspondent Lending Program. The Seller Guide is available on our website at: www.plazahomemortgage.com . For additional information on how to access/use our website, email us at Seller.services@plazahomemortgage.com , or call 866-260-2529 and ask for your Account Executive or ask for assistance from anyone on the team about becoming an approved seller.

- Any Seller that has been approved as a seller (“Seller”), where the closing documents are in the name of the Seller and prepared by the Seller.
- Plaza underwrites and performs due diligence prior to purchase.
- Seller prepares the Closing package and generates all documents in the Seller’s name.
- Reverse Mortgage’s
 - Plaza Reverse Division will prepare closing documents.
- Seller funds the loan at closing using their warehouse line or own funds if regulated bank or credit union.
- Seller delivers closing package to Plaza within 3 days after closing/disbursement or at least 7 days before the loan commitment expires, whichever comes first.
- Loan is closed in the Seller’s name.
- Eligible loans must be purchased within 30 days of original promissory note date; seasoned loans are not eligible for purchase.

1.2 Regulatory Compliance

- Plaza Home Mortgage requires Sellers to be in compliance with all applicable state and federal laws and regulations. As with existing legal requirements, Plaza’s Correspondent Lending division requires Sellers to comply with the new originator compensation rule via reps and warrants. Plaza will not require any specific documentation from Sellers regarding loan originator compensation or steering. Sellers may institute an anti-steering agreement for review with their borrowers; however, Plaza will not review nor approve these documents. Sellers are advised to work directly with their legal and compliance departments.

1.3 Submission Process

- File must be electronically submitted to the Regional Operations Center using Plaza’s website portal “PULSE”
- Submission Documents: Electronic file and loan file uploaded to PULSE – Complete loan file including appraisal is required. Credit Report must be dated within 60 days at time of underwriting and within 90 days of the note date, Evidence of AIR (applicable) and TILA Compliance, MERS number if Seller a MERS member, Wire Instructions, Commitment Confirmation if applicable.
- Non-MERS Sellers must include Agency Addendum and Power of Attorney with each loan file delivered to Plaza, per the Seller Agreement and requirements.
- Seller to keep a copy package of all documents submitted to Plaza
- Any changes/updates made must be sent to Plaza for approval.
 - Reverse Mortgage’s
 - Upload scanned image file to the Reverse Division website
 - Use of the Reverse Mortgage Loan Submission sheet is required with upload

1.4 Loan Set Up

- Plaza Home Mortgage requires Sellers to be in compliance with all applicable state and federal laws and regulations. As with existing legal requirements, Plaza’s Correspondent Lending division requires Sellers to comply with the new originator compensation rule via reps and warrants. Plaza will not require any specific

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documentation from Sellers regarding loan originator compensation or steering. Sellers may institute an anti-steering agreement for review with their borrowers; however, Plaza will not review nor approve these documents. Sellers are advised to work directly with their legal and compliance departments.

1.5 Rate Lock and Commitment Term

- Rate Lock Commitments will be issued as “best efforts”.
- Standard Correspondent rate sheet price and fee’s apply upon purchase.
- Plaza will issue a rate lock date in the PULSE system *and* a commitment expiration date.
 - The rate lock date expiration will be, i.e., 15, 30, 45 days in which the loan must be closed/funded with the borrower.
 - The rate lock date will be used by the originator to guarantee a rate to the borrower.
 - The loan commitment expiration date will be 7 calendar days after the rate lock period and not visible in the PULSE system.
 - The loan must be purchased by Plaza no later than the commitment date or be subject to “worse case” pricing.
- Reverse Mortgage’s
 - Reverse Mortgage Division will issue a Rate Lock Commitment once the loan has been cleared to close.

1.6 Fee Schedule

- | | |
|---|---------|
| • National Correspondent (Funding /Underwriting Fee) | \$595 |
| • Emerging Correspondent Standard Admin/Underwriting Fee | \$495 |
| • Emerging Correspondent FHA 203ks Admin/Underwriting Fee | \$600 |
| • Emerging Correspondent Funding Fee | \$135 |
| • National and Emerging Non MERS transaction | \$ 25 |
| • National and Emerging Life of Loan Flood Certification | \$ 10 * |

***Flood Cert fee will not be charged if loan is delivered with a life of loan certification issued by Core Logic (formerly First American Flood).**

- Reverse Mortgage’s
 - See Reverse Mortgage Rate Sheet

1.7 Underwriting and Due Diligence Review

- File will be traditionally underwritten by a Plaza local branch office. For each loan submitted to Plaza for purchase, a Plaza underwriter will complete an analysis of the loan prior to drawing documents. The underwriter will provide Seller with a purchase decision and any conditions to be cleared prior to purchase approval.
- The loan review will include but not limited to the following:
 - Verification of all data that was submitted for each loan.
 - Loan’s compliance with the applicable underwriting guidelines and product categories.
 - Confirmation of the value of the property.
 - Seller’s compliance with federal and state regulations.
 - Risk Review -The file must receive acceptable and passing results in adherence with all Plaza fraud screening, regulatory compliance and valuation requirements.
 - **Executed 4506-T for all borrowers on the loan will be verified as part of the purchase review with tax transcripts returned by the IRS. Income must match documents and application submitted in the loan file.
 - **Closing package will also require borrowers to execute another 4506-T with closing documents.
 - **Verbal verification of employment including third party sources to confirm employment.
 - Review and confirmation of Closing Protection Letter, settlement agent and HUD-I statement.

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- **Reverse Mortgage Loans are excluded from the requirement
- All Underwriting and Risk Review decisions are subject to change without notice if Plaza deems an unsatisfactory risk will result.

1.8 Ineligible Loan Programs

- The following programs are not currently eligible for purchase through the Correspondent channel:
 - Jumbo non conforming, (all agency FNMA/FHLMC, FHA & VA High Balance are ok)
 - VA IRRRL (Interest Rate Reduction Refinance) loans without appraisals; loan program VA30IRRL10 is allowed without an appraisal.

1.9 Ineligible States

- Loans made in the following states are **not** eligible for purchase through the Correspondent channel:
 - Mississippi
 - West Virginia
 - Reverse Mortgage's ineligible states
 - Mississippi
 - West Virginia
 - Massachusetts
 - North Carolina

1.10 Loan Documents

- Docs will be drawn by Seller or seller's attorney for states that require attorney closings.
- Docs must be delivered to Plaza based on the information on the Doc Order/Commitment Confirmation Sheet.
- Doc delivery: e-mail directly to settlement agent only. Delivery of documents by courier or email to a party other than settlement agent is prohibited.
- Reverse Mortgage's
 - Docs will be prepared by Plaza Reverse Mortgage Division
- Standard closing documents to meet secondary market requirements must be used by the Seller when delivering loans for purchase by Plaza Home Mortgage, Inc. The most current state specific Security Instrument should be used with all appropriate riders, as referenced on the last page of the instrument along with the most current multi-state or state specific note.
- Sellers must use mortgage documents for conventional and government loan products that are correct for the specific state and/or local jurisdiction, lien type and property type. The most current version of all appropriate forms should be used. It is recommended that forms and documents are reviewed by Seller's legal counsel for compliance with all applicable laws.
- Representation and warranties that the loans are enforceable in accordance with the terms of the Seller Agreement, state regulations, statutes and laws are relied upon by Plaza Home Mortgage, Inc and are assumed when the correspondent delivers the loan for purchase review.
- Attorney Firms & Document Vendors that have Plaza Home Mortgage Inc., set up as an investor include, however may not be limited to the following companies:
 - Pierson & Patterson LLC
 - Black, Mann & Graham LLP
 - Robertson & Anschutz
 - McGlinchey Stafford PLLC
 - LSSI
 - DocuTech Corp.
 - Doc Magic

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- IDS

Document Matrix

Product	Note	Riders and Addenda	Product Disclosures
Agency 10, 15, 20,25, 30 Fixed	FNMA/FHLMC form 3200 or state specific version	As applicable	
30 Year Fixed w/10 Year Interest Only	FNMA/FHLMC form 3271 or state specific version	As applicable	
Agency 3/1, 5/1, 7/1, 10/1 ARM	3/1 ARM: FNMA form 3526 5/1, 7/1, 10/1 ARM: FNMA form 3528	3/1 Rider: FNMA form 3189 5/1, 7/1, 10/1 Rider: FNMA 3187	Applicable ARM Disclosure
Agency 3/1, 5/1, 7/1, 10/1 Interest Only ARM	3/1 IO ARM: FNMA form 3537 5/1, 7/1 IO ARM: FNMA form 3535 10/1 IO ARM: FNMA form 3530	3/1 IO Rider: FNMA form 3155 5/1, 7/1 IO Rider: FNMA form 3153 10/1 IO Rider: FNMA form 3187	Applicable Interest Only ARM Disclosure
FHA 15, 20, 25, 30 Fixed	FHA Fixed Rate Note	As applicable	
FHA 1/1, 3/1, 5/1 ARM	FHA Adjustable Rate Note	FHA Multi-state ARM Rider	Applicable ARM Disclosure
VA 15, 20, 25, 30 Fixed	FNMA/FHLMC form 3200 or state specific version	Multi-state VA Guaranteed Loan and Assumption Policy Rider	
VA 3/1, 5/1 ARM	Multi-state Adjustable Rate Note	Multi-state Adjustable Rate Rider	Applicable ARM Disclosure
Miscellaneous Multi-state Riders		PUD Rider: Form 3140 Condominium Rider: Form 3150 1-4 Family Rider: Form 3170 Second Home Rider: Form 3890	

1.11 Funding by Seller

- Seller will be required to fund the loan on their warehouse line and/or own funds if regulated bank or credit union. Collateral should be sent to Seller’s Warehouse Bank according to the specific Warehouse Bank Agreement.
- Seller will electronically upload complete closing package (documents and conditions) to PULSE System for review.
- **Reverse Mortgages**
 - Seller will deliver complete underwriting and closing package to:
 - Plaza Home Mortgage Inc
 - 4820 Eastgate Mall, Suite 100
 - San Diego, CA 92121
 - Attn: Reverse Division
- Seller will send a copy of the MERS transfer or Wire Instructions and Bailee Letter and Final HUD-1 to Plaza.

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SECTION 2.0: CLOSING REQUIREMENTS

2.1 General Requirements

- This section describes Plaza's policies for closed loans. Unless otherwise mentioned herein, Plaza's requirements are the same as the FNMA/FHLMC/GNMA secondary market standards, and loans must comply with all applicable federal and state regulatory requirements and all other mortgage lending regulations. If in doubt, contact your local closing department for assistance.

2.2 Regulatory and Disclosure Requirements

- GSE, HUD and Dodd-Frank Act Appraisal Independence Requirements (AIRs)
- Evidence of Net Tangible Benefit to borrower
- State-Specific High-Cost regulations

2.3 Home Ownership and Equity Protection Act (HOEPA) Interest Rate Set Date

- Reverse Mortgage's excluded
- **Borrower Interest Rate Set Date Is Required—Effective April 1, 2010**
- The Home Ownership and Equity Protection Act (HOEPA) require specific interest rate data for higher-priced mortgage loans (HPML) to be reported to HMDA and the Agencies. To ensure regulatory compliance, Plaza Home Mortgage will require and review for documentation of the borrower interest rate set date. To comply with this requirement, include one of the following in the loan file labeled as "HPML Interest Rate Set Date."
 - A screen-print of a populated FFIEC rate spread calculator from website at <http://www.ffiec.gov/ratespread/default.aspx> , or
 - A lock agreement with the borrower that includes the borrower's last name, property address and last date the interest rate was set with the borrower prior to consummation, or
 - Completed Interest Rate Set Date form as outlined below.

Borrower Interest Rate Date Form

To ensure compliance with the (HOEPA) Higher Priced Mortgage (HPML) regulation, HMDA reporting requirements, and Agency delivery requirements, the last date the interest rate was set with the borrower prior to consummation is required. To meet this requirement, complete the form and include in the closed loan file.

Borrower's Last Name: _____

Property Address: _____

Last date the interest rate was set with the borrower prior to consummation: ____/____/____

Reference, for more information regarding Higher Priced Mortgages:

The FFIEC Rate Spread Calculator may be found at: <http://www.ffiec.gov/ratespread/default.aspx>

2.4 Evidence of Truth-in-Lending (TIL) delivery/receipt

- **Signed Overnight Delivery & Courier Receipts Now Accepted as Proof of Receipt for TIL**
- Plaza Home Mortgage will accept signed overnight delivery and courier receipts as proof of receipt of the Truth-in-Lending document by the borrower.
- Acceptable options are:
- **Fax:** Initial and re-disclosed TILs delivered to the borrower(s) by fax will be considered "received" by the borrower(s) on the date they sign and date the TIL disclosure. Other methods of documenting receipt, such as time/date stamps in the fax header, or fax confirmation sheets, are not sufficient.

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- **Overnight delivery:** Initial and re-disclosed TILs shipped overnight to the borrower(s), will be considered “received” by the borrower(s):
 - on the date they sign and date the TIL disclosure, or
 - the date of overnight delivery and courier receipts
- **E-mail/E-Sign:** Sellers who deliver the documents through their approved E-Sign Technology software may deliver the TIL in this manner; Plaza Home Mortgage will review the audit trail accompanying the E-Disclosure loan file to determine the date “received.”
- **Face-to-Face:** Sellers may continue to deliver disclosures face-to-face. Plaza Home Mortgage will consider the TIL to be “received” by the borrower(s) on the date they sign and date the TIL disclosure.
- **Presumption of Receipt:** Sellers may continue to utilize the presumption of receipt three (3) business days from the date of mailing. The Seller must document the mail date, and Plaza Home Mortgage will consider the TIL to be “received” by the borrower(s) three business days from that mail date. Some examples of documentation include, but are not limited to, a Certificate of Mailing and postal receipt.

2.5 Loan Origination Company Identifier Values

- **REQUIREMENTS**
 - Companies that do not have a verifiable Company NMLS ID due to conducting business solely in DE, ME or MO will need to provide the appropriate Agency Assigned Code on the Uniform Residential loan application in the field labeled *Loan Origination Company Identifier*. The appropriate Agency Assigned Codes are as follows:
 - 1001 – For loans originated where the property state is Delaware (DE)
 - 1002 – For loans originated where the property state is Maine (ME)
 - 1003 – For loans originated where the property state is Missouri (MO)
 - When an Agency Assigned Code is listed on the Uniform Residential Loan Application, steps should be taken to inform the borrower the Agency Assigned Code is not a verifiable NMLS Identifier as the states of DE, ME and MO do not require a Company NMLS ID.
 - Companies that have verifiable NMLS Company Identifiers as a result of conducting business in other states in addition to DE, ME and MO, or who are federally regulated, continue to be required to provide their Company NMLS ID on the uniform Residential Loan Application even when the property is in the state of DE, ME or MO.
- **Loans that do not contain an Agency Assigned Code when required will be suspended.**

2.6 Evidence of Appraisal delivery/receipt

- Plaza Home Mortgage requires all appraisals for loans submitted for sale to comply with AIRs as a condition of purchase. Sellers who sell loans to Plaza Home Mortgage must adopt the appropriate structure, and written policies and procedures to implement all state, federal and GSE appraisal requirements and certify, represent and warrant that their appraisal process and appraisal reports for all loans are in full compliance with rules and regulations. This includes the approach to appraiser selection and engagement.
- **Correspondent Uses a Single Appraisal Management Company (AMC) for All Appraisal Orders**
 - AMC must be authorized by Lender to act on its behalf and the AMC is not acting on behalf of the seller for any third party originations.
 - The AMC selects, retains and provides for payment of all compensation to the appraiser on Lender’s behalf.
 - The appraiser’s Seller is the Lender (i.e. the appraiser selected and retained by the AMC identifies the Lender as the (Lender/Seller) on the appraisal report).



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- Substantive communications between any member of a Lender's loan production staff or a broker/originator and an appraiser or AMC that relates to or would have an impact on value are not allowed under the AIRs.

2.7 Appraisal Delivery Requirements

- To comply with the Equal Credit Opportunity Act (ECOA) and Regulation B, Plaza requires that borrowers are provided a copy of any appraisal report concerning the borrower's property promptly upon completion and in any event no less than three days prior to the closing of the loan. The closing of the loan is defined at the date the security instrument and note are executed. The borrower may waive this three day requirement. Refer to the Appraisal Delivery Waiver paragraph at the end of this Section for additional information.
- **Confirmation of Delivery of the Appraisal**
- Either one or both of the following is acceptable as evidence of compliance with the appraisal delivery requirements:
 - Documentation in the loan file indicating the date and method of delivery of the appraisal to the borrower and supporting that the appraisal was received by the borrower at least three business days prior to closing unless a waiver is provided. Refer to Appraisal Delivery Waiver in this Section for additional information.
Acceptable evidence of delivery could include -
 - A copy of the E-Delivery receipt showing borrower retrieved appraisal
 - A copy of dated cover letter to borrower (on Seller letterhead).
 - An acknowledgement of receipt of the appraisal signed by all borrowers at or before closing.
 - **The acknowledgement must include the following -**
 - The names of the borrowers
 - The subject property address
 - A statement that the borrower received the appraisal at least three business days prior to closing.
 - **Note:** *This can be accomplished with a generic statement that specifically states the appraisal was received three days prior to closing or the actual date it was received by the borrower, which must be a date at least three (3) business days prior to the loan closing.*
 - Must be signed and dated by all borrowers. POA signature is acceptable if other documents were executed in the manner and it is properly documented.
- Plaza Home Mortgage reviews loans prior to purchase to ensure compliance with AIRs. In connection with this review, Plaza Home Mortgage considers a variety of factors, including the following:
 - Does the "Lender/Seller" name on the appraisal match the lender of the loan?
 - Does the loan file include documentation showing the date, method of delivery, and delivery date of the appraisal report to the borrower (if known)?
Notes:
Mail delivery is calculated using the following:
 - Include Monday through Saturday
 - Include both the day mailed and the day delivered
 - Exclude Sunday and legal holidays.
- Examples:
 - First Class Mail – is deemed received the fifth day after mailing, including the date mailed. For example, a package mailed on Wednesday (day one) is deemed received on Monday (day five).
 - Overnight Mail – is deemed received the day after the package is sent.
 - E-mail, faxed and Hand delivered– is deemed received on the delivery date.



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- Does the date and the method of delivery in the loan file evidence that the borrower received a copy of the appraisal report, at least three business days prior to loan closing?
- Note: Sundays and legal holidays may not be included in the three business day calculation. However, all of the following may be included in the three business day calculation:
 - The appraisal delivery day
 - The loan closing (document execution) day
 - Saturday

Example 1 – Over an average week: The borrower receives the appraisal on Monday. Monday is counted as day one, Tuesday is day two, Wednesday is day three, and the loan may close (documents executed) on or after Wednesday.

Example 2 – Including a weekend: The borrower receives a copy of the appraisal on Friday. Friday is day one, Saturday is day two, Monday is day three, and the loan may close (documents executed) on or after Monday.

Example 3 – Including a legal holiday: The borrower receives a copy of the appraisal on Friday. Friday is day one, Saturday is day two, Monday is a legal holiday, Tuesday is day three, and the loan may close (documents executed) on or after Tuesday.

- Does the file contain evidence that all appraisals, including any review appraisal (if an additional appraisal or appraisal review was used by the Seller to underwrite the loan), were received by the borrower at least three business days prior to loan closing? See examples above.
- If the borrower elected to waive the three-day requirement for receiving a copy of the appraisal, does the file contain documentation that confirms the borrower's waiver of this three-day requirement?
- Does the loan file contain the Lender Acknowledgment or other certification that the lender's appraisal process and the appraisal are compliant?

2.8 Appraisal Delivery Waiver

- AIR allows the borrower to waive the three business day delivery requirement. Appraisal delivery waivers are only to be used in the event that the timing of the appraisal completion conflicts with meeting the required delivery time frame based on the scheduled closing date. Use of waivers is subject to the following conditions:
- The practice of requiring a blanket waiver for the three business day delivery requirement on all loans is unacceptable.
 - When the advance delivery requirement is waived by the borrower, a copy of the appraisal is still required to be provided no later than closing (as defined in this Section).
 - In all circumstances, the date and method of delivery of each appraisal to the borrower, even if delivered by hand at closing, must be documented in the delivered loan file.
 - The waiver of the advance delivery of appraisals cannot be requested by the borrower at closing.
- Appraisal Delivery Waivers that do not meet the above criteria will result in the loan being ineligible for purchase by Plaza Home Mortgage.
- Plaza allows appraisal delivery waivers to be facilitated in **one** of two ways, Soft Waiver or Written Waiver:
- **Soft Waiver**
- The Appraisal Report Delivery Disclosure form, found in the Appraisal Form Samples section below, must be provided to the borrower at application or with the up-front disclosures in order to utilize the
- The Appraisal Report Delivery Disclosure informs the borrower of the AIR requirement relative to the delivery of the appraisal and identifies the steps the borrower must take should they elect to exercise their three business day review period. The Appraisal Report Delivery Disclosure explains:
 - The borrower's right to receive a copy of the appraisal,



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- The required delivery time frame,
- The borrower's entitlement to at least three business days prior to the loan closing to review the appraisal report,
- When the appraisal is not timely delivered and the borrower does not exercise the right to a three day review and postpone the closing, the borrower is deemed to waive the three business day delivery requirement, and
- The three-business day review expires upon the borrower's failure to properly notify the lender to delay closing
OR
- when closing documents are executed.
- If Seller intends to use this Appraisal Report Delivery Disclosure, **borrowers cannot be asked to sign a separate written waiver document at closing.** A written waiver from the borrower is not required, when using the Appraisal Report Delivery Disclosure and any written waivers provided must follow the requirements set forth in the Written Waiver section below. When using the Appraisal Report Delivery
- Disclosure, Sellers must still meet all waiver conditions set forth in this Section and this process does not relieve the Seller of the responsibility of providing a copy of the appraisal promptly upon completion and no later than closing, as required under AIR. Using this document and following this process will provide for an expedited AIR audit process for loans sold to Plaza.
- **Written Waiver**
- Sellers may choose to obtain a written waiver of advance delivery of the appraisal from the borrower when the appraisal can not be delivered timely (at least three business days prior to closing). In this instance, the Appraisal Report Delivery Disclosure would not be used and the lender would be relying on the borrower requesting the waiver of the advance delivery of the appraisal for their review by using the Appraisal Delivery Waiver form, found in the Appraisal Form Samples section below, or similar form. The written waiver must be voluntary, and executed, signed and dated by a minimum of one borrower at least three business days prior to closing. The waiver cannot be signed at closing.
- Sellers are encouraged to inform borrowers about the AIR requirements early in the origination process. However, obtaining written waivers as a matter of course is not an acceptable practice and is contrary to the spirit of AIR, which is to allow the borrower ample time to review the appraisal report.

2.9 Appraisal Form Samples

- Plaza Home Mortgage requires that Sellers adopt appropriate disclosures to ensure AIR awareness and compliance by all parties connected to the origination of loans and to the appraisal process. To assist Sellers with this Plaza Home Mortgage has developed the following forms to assist Sellers in their compliance.
 - Appraisal Report Delivery Disclosure
 - Appraisal Delivery Letter to Borrower
 - Borrower Acknowledgement of Appraisal Delivery
 - Lender Acknowledgement
 - Appraisal Delivery Waiver



PLAZA HOME MORTGAGE, INC.

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SAMPLE

LENDER LETTERHEAD

Date:
Loan No:
Borrower Name:
Property Address:
City, State, Zip:

Appraisal Report Delivery Disclosure

If we used an appraisal report in connection with your mortgage loan application, you are entitled to receive a copy of the appraisal report at least three business days prior to your loan closing.

While we try to provide you with the appraisal in a timely manner, there may be times when it is not feasible. In that case, if you wish to exercise the three business day review, you must tell your loan processor at least 24 hours prior to the scheduled closing date to delay your loan closing. When you do not properly notify us, or when you execute closing documents, you will be deemed to have waived this requirement. We will still provide you with a copy of the appraisal no later than loan closing.

You will not be required to pay an additional amount to us to receive a copy of the appraisal report.

Any appraisal report used in connection with your loan application was prepared solely for our use in evaluating a request for an extension of credit. The appraisal should not be relied upon by any other person or entity. We make no express or implied representation or warranty of any kind, and we expressly disclaim any liability to any person or entity with respect to the property valuation.

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PLAZA HOME MORTGAGE, INC.

CORRESPONDENT SELLER GUIDE

SAMPLE
LENDER LETTERHEAD

Appraisal Delivery Letter to Borrower

[Lender Name]
[Lender Address]
[Borrower Name]
[Borrower Street Address]
[Borrower City, State, and Zip]
Date: [date]
Method of Delivery [1st Class Mail, Overnight Delivery, Email, Facsimile, etc.]

Dear Borrower:

In compliance with the Fannie Mae, Freddie Mac, HUD and Dodd-Frank Act Appraisal Independence Requirements (AIRs), enclosed is a copy of the appraisal report(s) or valuation that may be used in connection with your current loan application.

To comply with our lending policies, we may provide you with multiple appraisal reports for the following reasons: 1) our underwriting policies require more than one appraisal to evaluate your loan application; 2) our appraisal quality process produced a review appraisal report in addition to the originally ordered appraisal report; or 3) we received a request for reconsideration of value from you or on your behalf resulting in a new appraisal report or a revised value on your originally ordered appraisal report.

Please note that at this time we may not have fully determined the acceptability of the enclosed appraisal(s) or valuation for use in connection with your loan application.

The appraisal(s) or valuation used in connection with your loan application was or were prepared solely for our use in evaluating your loan application. The appraisal(s) or valuation should not be relied upon by any other person or entity. We make no express or implied representation or warranty of any kind, and we expressly disclaim any liability to any person or entity with respect to the appraisal(s) or valuation.

Please also be advised that an appraiser must follow certain professional appraisal standards and is not allowed to discuss the appraisal(s) or valuation with you or provide a copy directly to you.

If we used an appraisal report(s) or valuation in connection with your mortgage loan application you are entitled to receive a copy of the appraisal report(s) or valuation at least three business days prior to your loan closing.

While we try to provide you with the appraisal report(s) or valuation in a timely manner, there may be times when it is not feasible. In that case, if you wish to exercise your right to waive the three business day review, you must execute the waiver from at least three business days prior to loan closing. We will still provide you with a copy of the appraisal report(s) or valuation no later than loan closing.

You will not be required to pay an additional amount to us to receive a copy of the appraisal report.

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CORRESPONDENT SELLER GUIDE

Lender Letterhead

SAMPLE

Borrower Acknowledgement of Appraisal Delivery

Loan #:
Date:
Lender:
Borrower:
Property Address:

You are entitled to receive a copy of any appraisal report that is obtained on your behalf, concerning your subject property, at least three business days prior to the closing of your loan. A copy of any and all such appraisal reports (“appraisal report”) should have already been delivered to you, allowing you at least three business days to review it prior to the closing of your loan.

If you wish to proceed with the loan closing, by signing you acknowledge either:

- 1) Your receipt of the appraisal report three or more business days prior to your loan closing, or, alternatively,
- 2) That you previously had waived your right to review the appraisal report three or more business days prior to the closing of your loan.

Borrower

Date

Borrower

Date



CORRESPONDENT SELLER GUIDE

Lender Acknowledgement

SAMPLE – PROVIDE ON LENDER LETTERHEAD

Borrower(s) Name:
Property Address:
City, State, Zip:

Lender acknowledges that it complies with all Fannie Mae, Freddie Mac, HUD and Dodd-Frank Appraiser Independence Requirements (“AIRs”) that are effective 4/1/11. The Lender has developed and implemented the structure, policies and procedures required in order to ensure that all residential mortgage loans are in compliance with the AIRs, and that all appraisals used for those mortgages, were obtained in a manner consistent with the AIR requirements. Specifically, in addition to the above acknowledgment, as to this Loan, Lender acknowledges adherence to the following statements:

- No mortgage broker that originates mortgage loans on behalf of Lender (“Mortgage Broker”) and no member of Lender’s sales or loan production staff, as well as any other member of Lender's staff who is likewise prohibited under the AIRs, played any role in selecting, retaining, recommending, or influencing the selection of an appraiser.
- No Mortgage Broker and no member of Lender’s sales or loan production staff, as well as any other member of Lender's staff who is likewise prohibited under the AIRs, had any substantive communications with an appraiser or a designated and authorized appraisal management company ("AMC") of Lender relating to or having an impact on valuation, including ordering the appraisal, managing the appraisal assignment, or disputing any aspect of an appraisal.
- Lender has not provided a list of approved appraisers or AMCs to a Mortgage Broker or any member of Lender's sales or loan production staff, including any member of Lender's staff who is likewise prohibited under the AIRs. Lender has not allowed a Mortgage Broker to select a Lender designated or authorized AMC or an appraiser. However, a Lender may direct a Mortgage Broker to contact a single AMC, to initiate a request for an appraisal, provided that Lender has specifically authorized and designated the single AMC to act on its behalf and not on behalf of the Mortgage Broker.
- The appraiser was engaged directly by the Lender through it’s designated and authorized AMC.
- The Lender certifies that neither the appraiser nor the AMC have any financial or other interest in the property or credit transaction.
- No Mortgage Broker, borrower, property seller, or real estate agent compensated in any manner, the appraiser.
- Lender’s name appears on the appraisal as the Lender/Seller.
- Lender has provided to the borrower a copy of any and all appraisals that were used to establish value for lending purposes in connection with the underwriting of the loan not less than three (3) business days prior to the loan closing, whether or not credit was granted or denied
 - Lender maintains in the loan file a copy of the dated appraisal report and cover letter, including the method of delivery and date of delivery.

This Acknowledgment by Lender as to the above-referenced Loan is a certification, representation and warranty of Lender and is incorporated into the Loan Purchase Agreement and Seller’s Guide, effective as of the date specified below.

Acknowledgment By:

Lender Name:

(Signature) Duly authorized Officer or Manager of Lender

Name

Title

Date

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CORRESPONDENT SELLER GUIDE

SAMPLE

Lenders Letterhead
Appraisal Delivery Waiver

[Lender Name]
[Lender Address]
[Borrower Name]
[Borrower Street Address]
[Borrower City, State, and Zip]
Date: [date]

Dear Borrower,

The GSE Appraisal Independence Requirements (AIRs) and the Dodd-Frank Act provide that you receive a copy of any appraisal report(s) upon completion but in any event no less than three (3) business days prior to the closing of the loan. This is an important right as it allows you the time to review the appraisal report(s) that are being used in connection with your loan application. The closing of your loan cannot take place for a minimum of three (3) business days from the date you received the last report. If the loan closing has already been arranged, it may have to be rescheduled to allow for this time frame.

The AIRs also allow you to waive this three-day requirement, however, if you elect to waive your right, the waiver must be executed no less than three (3) business days prior to loan closing.

If you wish to waive your right to review your appraisal report(s) at least three (3) business days prior to loan closing, please sign and date below:

Borrower Date

Borrower Date

Borrower Date

Borrower Date

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CORRESPONDENT SELLER GUIDE

SECTION 3.0: Settlement Agent/Title Insurer Requirements

3-1 Overview Settlement Agent (Title, Escrow or Attorney)

- All settlement closing agents used for loans sold to Plaza must be insured by an acceptable title insurance company, as defined in FNMA's "List of Acceptable Title Insurers", and approved by Plaza as part of pre-closing due diligence. The seller is required to complete and submit the Correspondent Purchase Verification form at prior approval underwrite delivery of closing package for purchase. Verification and approval of the settlement agent information is required and could result in the transaction being ineligible for purchase by Plaza Home Mortgage. Plaza Home Mortgage does not publish and excluded settlement agent list, so early delivery of the completed form will allow time to notify the Seller the settlement agent is deemed unacceptable. Plaza reserves the right to exclude a closing agent at any time during transaction.

3.2 Purchase Verification Form

Click below to open a PDF fillable version of Purchase Verification Form



~~Attachment~~
~~Download~~

3.3 Title Insurance

- Title Insurance policies must meet the requirements of Fannie Mae, Freddie Mac, Ginnie Mae and Plaza and its assigns. Each policy must be for the complete subject property, utilizing the proper legal description.
- The requirements for the title insurance for all loans are as follows:
 - The policy must be written by a licensed title insurer who is able to conduct business in the area the property is located.
 - The effective date of the title insurance may be no earlier than the later of the date of the final disbursement of loan proceeds or the date the mortgage was recorded.
 - The Seller must hold first lien position and the mortgagee clause must include the phrase "its successors and/or assigns".
 - The minimum amount of title insurance coverage is the original principal amount of the mortgage loan.
 - The title commitment should indicate all required endorsements to be included with the final Title Policy and should insure clear title. Any exceptions must be cleared prior to closing.
 - A copy of the Survey or Plat Map must be provided with the title work unless the mortgage loan is covered by a master title insurance policy which insures against loss due to survey-related matters.
 - The title policy and/or preliminary title report must include a minimum twenty four (24) months' history of property ownership, from the effective date of the policy or preliminary report.
 - All title companies must provide an Insured Closing Protection Letter for each loan transaction, from the settlement agent that will close the loan. In addition to Closing Protection Letter an active E&O Insurance Policy with at least \$500,000 coverage must be in force. Blanket Closing Protection Letters are not acceptable.



CORRESPONDENT SELLER GUIDE

3.4 Survey Requirements

- Unless it is covered by a master title insurance policy which insures against loss due to survey-related matters, a plat or improvement survey must be provided to Plaza if required.
- The survey must indicate the location of the
 - subject plot,
 - any easements,
 - lines,
 - encroachments,
 - building lines,
 - street lines,
 - boundary lines,
 - structures and/or improvements

3.5 Instructions to Settlement Agents & Title Companies

- To ensure an easy closing for borrowers, it is essential that settlement agent/title companies be provided with complete and accurate instructions. Settlement agent/title companies are required to adhere fully to all written closing instructions including their signature on the closing instructions in all places indicated. Seller must ensure the settlement agent/title company has signed the Closing Instructions where indicated, to be eligible for purchase by Plaza. Unsigned and or non compliance with closing instructions will make loan in eligible for purchase. Please provide your settlement agent/title company with the following pieces of information when Plaza is your investor.
 - The Commitment Letter.
 - Note and Rider specifications and Plaza transaction and/or property rider(s) and addenda if applicable.
 - The List of Documents required for preview 48 hours prior to closing.
 - Contact person at Plaza.
 - Instructions to where to send the completed closing package.
 - Instructions on who is disbursing funds and your company warehouse bank or wire & bailee instructions.
 - Who to contact in your office to get immediate assistance should an issue arise.

3.6 Notary Requirements

- Plaza Home Mortgage will not purchase any loan that closes with a notary who is associated with the correspondent originator. Associations deemed inappropriate for a notary to have with the correspondent originator may include, but not limited to the following: any employee of the correspondent originator (e.g. processors, loan officers), any family member of one of the principal owners, anyone who is to receive funds other than a notary fee, based on the closing of the loan. Any closing that occurs using a notary associated to the correspondent originator will be not be eligible for purchase.

SECTION 4.0: Documentation & Delivery Requirements

4.1 Correspondent Document Delivery

- For warehouse and non-warehouse funded loans, Plaza must receive the complete closing package within 3 days after disbursement or 7 days before the loan commitment expires, whichever comes first, and Plaza's designated warehouse lender must receive and clear the original collateral package within at least 3 business days prior to the commitment expiration date. If the loan is not purchased by Plaza prior to the commitment expiration date, the loan may be subject to our standard worst case pricing if extension is required. Please

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refer to the Plaza website for worst case pricing policy. The closing package may be delivered to Plaza electronically or in a single folder. Collateral packages will be subject to the requirements of Plaza's designated warehouse lender. Please note that Plaza adds 7 business days to the lock period which becomes the commitment expiration date.

4.2 File Delivery Requirements

- Prepaid Interest and First Payment due Date Calculation:
 - Prepaid interest is computed from the date for disbursement to seller, existing lien holder or borrower if no existing liens are paid through close, to the first of the following month, using a 365-day year for calculating per diem interest.
 - Loans disbursing the second through the last day of the month will have a first payment of the 1st of the second month. Example: Disbursed April 3rd = first payment on June 1st.
 - Loans disbursing the first day of the month will have a first payment on the first day of the following month and will have no prepaid interest due. Example: Disbursed April 1st = first payment on May 1st.
 - Interest Credit Option:
 - Loans disbursed from the second to the seventh day of the month may use the interest credit option on all loans but FHA/VA Streamline Refinances and FHA/VA ARM loans.
 - Interest Credit not allowed on FHA/VA Streamline or ARM loans.
- When closing a loan with an interest credit option please do the following:
 - Close and disburse on or before the seventh of the month.
 - Give clear instructions to the closing agent to label each fee the amount credited to the borrower on the HUD-1. Example: Disbursed April 7th = first payment May 1 with 7 days of interest credited to the borrower using a 365 day year for calculating per diem.
 - Indicate in the transfer of servicing letter, that the borrower must make their payments directly to Plaza Home Mortgage, Inc. using a copy of the transfer of servicing letter in lieu of first payment letter issued by Seller.
 - Late fees incurred by the borrowers who are instructed to send their first payment to the Seller rather than directly to Plaza will result in the fee being passed along to the Seller. Per RESPA guidelines, the borrower will not be penalized.

4.3 Real Estate Taxes

- Plaza requires a tax escrow unless a waiver is granted. Loans with LTV greater than 80% will not be granted an escrow waiver, unless state law allows to 90.01%. All FHA, VA and USDA loans require an escrow account be established for taxes and insurance regardless of LTV. If the subject property is new construction and there has been no valuation set on the building for tax purposes, escrow the anticipated full monthly taxes based on tax rates for similar existing properties in the subject area.
- All delinquent taxes must be paid on or before the loan closing. Either a title binder showing these taxes as paid, or a paid receipt, must be included with the closing Package.
- Any tax bill due before the first payment must be paid at closing. The Seller must pay the taxes before any penalty date and pay in time to receive the maximum of any discount offered by the taxing authority. Any late payment penalties and interest charges that Plaza incurs as a result of non-payment of taxes will be billed to the Seller.

4.4 Special Assessments (Only if part of tax bill)

- The Seller/lender must retain funds for pending special assessments and hold these funds until payable.
- Note: Only those special assessments billed, as part of the regular tax bill will be paid by Plaza.
- Levied special assessments must be paid in full at closing, unless they meet one of the following guidelines:

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- If levied special assessments are not paid in full, ARE NOT part of the general tax bill, and are special assessments billed separately, they are the responsibility of the borrower.
- If levied special assessments are not paid in full and ARE part of the general tax bill, the assessment must be collected along with the monthly tax escrow.

4.5 Hazard Insurance

- Property securing each mortgage must be covered by insurance in the types and amounts summarized in this section. At the time of Closing Package submission, the Seller must provide either a hazard insurance binder with the paid receipt for one full year's premium paid in advance, or the final hazard insurance policy paid in full with evidence to support no payment due. Refinance loans do not require a full year premium paid in advance; however, if the next premium due date occurs prior to the first payment, this premium must be collected and paid at closing and reflected as such on the settlement statement.
- All escrowed and non-escrowed refinances must have evidence of remaining hazard, flood and windstorm (if applicable) insurance coverage for a minimum of 90 days from the purchase by Plaza. Plaza requires custody of the insurance policy for all loans, whether escrowed or not.
 - Acceptable Insurance Companies
 - The Insurance Company issuing the policy must meet FNMA/FHLMC criteria. The insurance company must be authorized by law or licensed by the jurisdiction to transact business within the state where the property is located.
 - The borrower has the right to select the insurance carrier, provided the policy is underwritten by an insurer currently rated B/III or better in Best's Insurance Reports or Rated A by DEMOTECH, Inc. Lloyd's of London policies are also acceptable.
 - Seller to provide evidence change of loss payee request has been sent to insurance company. Updated Hazard Insurance policy listing Plaza as Mortgagee must be received within 90 days of purchase by Plaza.
 - Coverage
 - The policy must insure the amount of the mortgage including all subordinate liens or the guaranteed replacement cost. If the appraisal provides a separate valuation for the land and the improvements, insurance sufficient to cover the replacement value of the improvements is acceptable.
 - Deductible
 - The Deductible must be the lesser of \$5,000 or 5% of the policy face amount.
- Mortgagee Clause on Hazard Insurance Transfer Letter:
The mortgagee clause must read:
Plaza Home Mortgage, Inc. ISAOA
4820 Eastgate Mall, Suite 100
San Diego, Ca 92121

4.6 Flood Insurance

- Plaza will net fund \$10 for a Life-of-Loan Flood Certification unless the Seller provides a Life-of-Loan Flood Certification from Core Logic.
- The Seller/lender must require Flood Insurance in connection with mortgages where the property is located in a community that is participating in the National Flood Insurance Program and the property is in a special flood hazard area according to a Flood Hazard Boundary Map (FHBM) or Flood Insurance Rate Map (FIRM).
- These areas are designated as Zone A, E, or M on the FHBM or Zones A, AO, AH, A1-30, AE, 99, VO, VI-30, VE, V, E, or M on the FIRM. Loans secured by properties in these Zones must include Flood Insurance.
- Flood Insurance Requirements are waived if:
 - The property improvements are not in the special flood hazard area, even though part of the property (land) may be; or

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CORRESPONDENT SELLER GUIDE

- The mortgagor obtains a Letter of Map Amendment, or Letter of Map Revision, or physical map revision from the Federal Insurance Administrator stating that its maps have been amended so that the property is no longer in a special flood hazard area.
- The property is located in Zones B, C, D, or X unless required in the area.
- The flood insurance must be in the form of the standard policy issued by members of the National Flood Insurers Association.
- The minimum amount of flood insurance for 1-4 unit properties is the lower of:
 - The unpaid balance of the mortgage, if replacement costs coverage is not available for the type of building insured.
OR
 - The maximum insurance available under the appropriate national Flood Insurance Administration Program.
 - For condominium loans, a blanket policy of flood insurance in the name of the owners association or a designated trustee must be obtained in accordance with the preceding requirements.
 - The amount of coverage for 100% each building, including machinery and equipment that are part of the building(s) *and*
 - 100% of building contents which are owned in common by all the homeowners within the project,
OR
 - must be the maximum amount available, if the required insurance exceeds the maximum insurance available under the National Flood Insurance Administration Program.
 - For PUD's, the flood insurance requirements are the same as those for other home mortgages.
 - The deductibles for 1-4 unit properties may not exceed a maximum of \$5,000 or 5% of the policy face value, unless a higher maximum amount is required by state law.
 - Condominium and PUD project deductibles may not exceed a maximum of \$25,000, unless a higher maximum amount is required by state law.
 - The unpaid principal balance of the mortgage; or
 - The appraised value less the land value; or
 - The maximum insurance available under the appropriate National Flood Insurance Program in effect for the community.

4.7 Wind Storm Insurance

- Windstorm coverage is generally included under the standard extended coverage policy through an endorsement. If the policy excludes or limits the windstorm coverage, it is not acceptable. The borrower must obtain a separate policy or endorsement from another commercial insurer that, with the existing policy, provides adequate total coverage.
- The maximum deductible for windstorm coverage is the highest of:
 - 5% of the face amount of the policy,
 - \$2,000;
 - The maximum allowed under state law.

4.8 Natural Disasters

- The Federal Emergency Management Agency responds when:
 - A disaster overwhelms a State's resources; and
 - When a State's governor requests FEMA's assistance.
- **AREAS SUBJECT TO DISASTER POLICY**
 - When a specific county and/or independent city becomes a Federally Declared Disaster Area, FEMA designates if the area is eligible for federal aid assistance for:

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- Individuals – individuals and households
- Public Sectors – State/ local governments and certain private non-profit organizations
- When natural disasters occur (e.g., hurricanes, tropical storms, tornadoes) steps must be taken to assure that the “security” on each loan is protected. A re-inspection or inspection will be required on all properties located in the Federally Declared Disaster Areas if the value of the property was determined prior to the date of the natural disaster. These requirements apply to all loans regardless of processing style or appraisal requirements.
- **SELLERS RESPONSIBILITY**
 - It is important to understand that not all areas which suffer a disaster will be declared Disaster Areas, and in those cases when an area is declared a Disaster Area, there is often a delay between the actual disaster event and the publication of the disaster declaration by FEMA. Plaza Home Mortgage requires seller to initiate the re-inspection and review requirements outlined within this section as soon as they become aware of any potential damage following a disaster, regardless of whether or not a presidential declaration has been announced.
 - Plaza Home Mortgage recommends the Seller check the FEMA website prior to loan delivery and have proper closing procedures in place to ensure the property is not located in a federally declared disaster area. Use the FEMA website link to assist in identifying whether the subject property is located in a federally declared disaster area. <http://www.fema.gov/news/disasters.fema>
- **DISASTER POLICY CLASSIFICATIONS**
 - Once an area is declared by the president for Individual Assistance and published by FEMA, the seller and Plaza Home Mortgage will review the disaster’s impact to the local area and determines which one of the two appraisal and re-inspection requirements should be provided.
 - **Standard Procedures**
 - These areas are subject to the least restrictive requirements as they are:
 - Impacted by the disaster, but the impact is not considered widespread throughout the area or Zip Code
 - Identified as having homes that may be damaged by wind or rain-related issues, but there are virtually no flooding or environmental concerns
 - Identified to have no expected problems for the area and its local economy from a recovery perspective
 - **Expanded Procedures**
 - These areas are subject to the most restrictive requirements as they are:
 - Substantially impacted by the disaster
 - Determined to have, with respect to hurricanes, notable amounts of flooding and environmental concerns
 - Identified due to concern that the local economy will suffer to the point that the housing values and area employment may be impacted
- **PROCEDURES**
 - **Effective Date of Disaster Policy**
 - The disaster-area policy becomes effective as of the incident period end date for the disaster/event. FEMA publishes the incident period along with the declaration date once the area is presidentially declared.
 - **Disaster Procedures**
 - Areas declared by FEMA for Individual Assistance will be further identified by Plaza as requiring appraisal re-inspection procedures based on:

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- Standard Procedures or,
- Expanded Procedures
- Refer to the Disaster Policy Classifications for information on what identifies an area for one of these procedure types.
- **File Delivery Notification**
 - The Seller must clearly mark all loans located in a Federally Declared Disaster area
 - **“Re-inspection Required”**. These loans will not purchased without prior review and sign-off of the inspection by Plaza Home Mortgage.
- NOTE:** Regardless of whether the underwriter conditions for an inspection or re-inspection it is the responsibility of the seller to validate the property is not located in a federally declared disaster area and/or comply with the disaster area requirements.
- **VA Loans**
 - Any loan closed prior to the disaster is eligible for VA guaranty without regard to the disaster.
 - For a loan on a property located within the affected area to be eligible for VA guaranty, appraised on or before the date of the disaster, and not closed prior to that date, a Veteran Disaster Certification, must be completed and signed.
- **FHA Streamline Refinance Without An Appraisal**
 - FHA Streamline Refinance loans that do not require an appraisal requires an exterior inspection to be performed by an FHA-approved inspector to ensure the property has not been damaged.
- **All other FHA Loan Programs**
 - All other FHA loan programs must comply with the policy and procedures outlined for the applicable disaster policy classification.
- **APPRAISAL AND RE-INSPECTION REQUIREMENTS**
 - To ensure the property value has not been impacted by the disaster, Plaza requires the property re-inspection(s) before the loan can be purchased. Also, once a disaster has occurred, additional restrictions apply for the use of non-standard appraisal reports.
- **PROPERTY INSPECTORS**
 - The property inspection must be performed by the original appraiser, whenever possible. If the original appraiser is not available, another licensed appraiser is acceptable. The individual who performs the inspection should review the original appraisal report and be able to certify that the personal inspection of the property and neighborhood revealed no indication of significant disaster related damages. The inspector must address the physical condition of the site and improvements as well as the impact of the damages to the property value and marketability. If the condition of the property is acceptable, we will accept the value conclusion made prior to the disaster.
- **Written Inspection Certification Statement**
 - Plaza requires a written statement from all parties that perform property inspections, including the appraiser. The certification should be on company letterhead, bearing an original signature. The statement is required to contain text similar to:



CORRESPONDENT SELLER GUIDE

"Having reviewed the original appraisal report and personally inspected the exterior of the property located at (subject address) and surrounding neighborhood on (date), I hereby certify that, to the best of my knowledge and belief, the inspection revealed no indications of moderate to significant physical damage to the property or neighborhood, needed repairs to the site or the improvements other than those that were noted in the original appraisal report and that the marketability and value of the property has not been adversely affected.

- *This inspector did not previously inspect this property for purposes of a real estate appraisal.*
 - *This inspector did previously inspect this property for the purposes of a real estate appraisal and the condition of the interior is assumed the same as that noted in the original appraisal report."*
- **PROPERTY DAMAGE**
 - If the property was significantly damaged (and an appraiser performed the property damage inspection), we will require that the property be re-inspected by a qualified home inspector, an architect or an engineer to assess the nature and degree of the damage. A significantly damaged property must be repaired before the loan is closed if the damage affects the structural integrity or livability of the property, as determined by the inspector.
- **PROPERTIES WITH MINOR DAMAGE**
 - Plaza will not require a property with minor damage that does not affect the structural integrity or livability of the property to be repaired before closing the loan, as long as an adequate escrow is arranged to guarantee the completion of the repairs. Appropriate steps must be taken to assure that accurate assessments of the costs are obtained for repairing the damages, based on the architect's, engineer or home inspector's estimate of the extent of the damages. This will ensure that the proper amount is escrowed.



CORRESPONDENT SELLER GUIDE

APPRAISAL	EXPANDED PROCEDURES	STANDARD PROCEDURES
<p>Performed On or Before Incident Period End Date For Disaster</p>	<p>Property must be re-inspected by the original appraiser or, if not available, another licensed appraiser. NO EXCEPTIONS.</p> <p>The appraiser must provide the following commentary/ evidence:</p> <ul style="list-style-type: none"> • Property is free from damage and the disaster has no effect on the value or marketability. • If the re-inspection indicates damage, the extent of the damage must be addressed. Completion of repairs is required as evidenced by Form 10040/442, Appraisal Update and/or Completion Report, with photos, prior to the closing of the loan. • The appraisal must include a minimum of three comparable sales, post-disaster. • Photos: interior, exterior, and neighborhood. 	<p>Property must be re-inspected by the original appraiser or acceptable inspection source (such as, nationally recognized field company or local professional licensed inspector).</p> <p>The appraiser/property inspector must provide the following commentary/evidence:</p> <ul style="list-style-type: none"> • Property is free from damage and the disaster had no effect on the value or marketability. • If the re-inspection indicates damage, the extent of the damage must be addressed. Completion of repairs is required as evidenced by Form 10040/442, Appraisal Update and/or Completion Report, with photos, prior to the closing of the loan.
<p>Standard Appraisal Performed After Incident Period End Date For Disaster (Appraisal report forms 1004, 1004C, 1025, 1073, 2090)</p>	<p>Appraisal must include written certification by the appraiser that:</p> <ul style="list-style-type: none"> • Property is free from damage and the disaster has had no effect on the value or marketability. • If the appraisal indicates damage, the extent of the damage must be addressed. Completion of repairs is required as evidenced by Form 10040/442, Appraisal Update and/or Completion Report, with photos, prior to the closing of the loan. • The appraisal must include a minimum of three comparable sales, post-disaster. • Photos: interior, exterior, and neighborhood. <p>Non-Standard Appraisals (Property Valuation Update, PIW, 1075, 2055, 2075, 2095) are not allowed for 1 (one) year after the disaster.</p>	<p>If the property is free from damage:</p> <ul style="list-style-type: none"> • Preferable, all comparables should be post-disaster; however, if sufficient comparables are not available, the appraiser must provide current photos of the subject property and comparables. Multiple Listing Service (MLS) photos or photos used for previous appraisals are not acceptable. <p>If the appraisal indicates damage:</p> <ul style="list-style-type: none"> • The extent of the damage must be addressed. • Completion of repairs is required as evidenced by Form 10040/442, Appraisal Update and/or Completion Report, with photos, prior to the closing of the loan. <p>Non-Standard Appraisals (Property Valuation Update, PIW, 1075, 2055, 2075, 2095) are not allowed for 120-days after the disaster.</p>

4.9 Mortgage Insurance

- Mortgage Insurance (MI) is required for all conventional loans with loan-to-value ratios exceeding 80%. Seller may use MI companies, which are listed herein as approved MI companies. Coverage must meet current Plaza Program Guidelines in addition to FNMA/FHLMC requirements.
- The commitment or policy will be obtained from an approved mortgage insurer before the mortgage loan closes. If a loan does have mortgage insurance, then the coverage amounts should follow those represented

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in Plaza’s guidelines. For loans with borrower-paid mortgage insurance, the Seller must provide the appropriate escrow disclosures to the borrower. In addition, escrows, impounds and reserves, as stated on the HUD-1 settlement statement, must be established.

- It is the Sellers responsibility to obtain MI coverage if they have contracts with the MI companies on deferred monthly plans only. Sellers may also request MI be ordered through Plaza Home Mortgage on their behalf if they do not have contracts for MI directly with one of the mortgage insurers listed below. Contact your AE for details. Plaza does not allow for impound of Mortgage Insurance Premiums. The MI Company must be notified that the loan is being sold to Plaza and the MI Certificate must be delivered to Plaza as part of the Closing Package. Evidence that transfer of MI has been completed is required at time of purchase.
- The following companies are approved to insure mortgages to be sold to Plaza
 - Radian Guaranty, Inc.
 - Genworth Mortgage Insurance Corporation (GE) – excluding split premium programs
 - Mortgage Guaranty Insurance Co. (MGIC)
 - Essent Guaranty Inc.
 - United Guaranty Residential Insurance Corporation (UGI)
- **Options for Borrower Paid Monthly Mortgage Insurance Plans**
 - The following option is available for borrower paid mortgage insurance premiums;
 - Deferred monthly coverage plans only. Plaza does not collect or impound for monthly mortgage insurance.

Monthly Mortgage Insurance (MI) Zero Option Premiums (ZOMP or Deferred)	MI premiums are paid on a monthly basis and part of the impound account on or after first payment.
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- **Lender Paid Mortgage Insurance Plans (LPMI)**
 - Plaza Home Mortgage will purchase loans with Lender Paid Mortgage Insurance (LPMI). Under this option, Seller may elect to purchase life-of-loan policy upfront for the borrower, instead of having the borrower make monthly mortgage insurance payments.
- **Loan Program Restrictions**
 - Loan program restrictions on the use of Lender Paid Mortgage Insurance (LPMI) are noted below. Sellers must ensure that all program limitations are met when this MI type is paid up front for the loan.
 - LPMI will not be allowed under the following conditions:
 - Investment Properties
 - 3-4 Units
 - Loans with buydowns
- MI certificate must be in the file and a paid receipt at the time of purchase. The paid receipt may be documented as follows:
 - Itemized as paid on the final HUD-1
 - A statement from the insurance agent the premium is paid
 - A zero balance shown on the declarations page
 - A copy of the seller’s premium check if it is paid through the closing agent
- **Financed Single Premium Mortgage Insurance (FSPMI)**
 - Plaza Home Mortgage will purchase loans with Financed Single Premium Mortgage Insurance (FSPMI). Under this program, borrowers may elect to purchase and finance a life-of-loan policy, instead of making monthly mortgage insurance payments.

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- **LTV Calculation Requirements**
 - The use of Financed Single Premium Mortgage Insurance (FSPMI) requires two different calculations of the loan-to-value (LTV) ratio.
 - The LTV is initially calculated, based on the base loan amount prior to the addition of the FSPMI, to determine how much mortgage insurance coverage is required.
 - The LTV is then calculated, based on the loan amount after the addition of the FSPMI, to determine the final LTV and pricing for mortgage eligibility. This LTV **must not** exceed the program maximum.
- **Loan Program Restrictions**
 - Loan program restrictions on the use of Financed Single Premium Mortgage Insurance (FSPMI) are outlined as follows:
 - **Maximum Base Loan Amount***
 - *before addition of FSPMI - May not exceed the maximum loan amount allowed for the individual loan program.
 - **Maximum Total Loan Amount***
 - *Sum of the base loan amount plus the financed mortgage insurance premium - May not exceed the maximum loan amount allowed for the individual loan program.
- **Ineligible Transactions with FSPMI**
 - Investment Properties
 - 2-4 Units
 - Loans approved by Loan Prospector (LP)
 - Loans that exceed or vary from published program guidelines, in any respect, even if FSPMI is an eligible program option. (If loan has been granted an exception it would not be eligible for FSPMI).
- **FSPMI Endorsement**
 - All loans delivered to Plaza Home Mortgage for purchase with Financed Single Premium Mortgage Insurance (FSPMI) must have a Financed Mortgage Insurance Premium Endorsement attached to the mortgage insurance (MI) policy.
- **Properties in New York**
 - To determine when mortgage insurance (MI) is required on any loan transaction, calculate the loan to value (LTV) by dividing the loan amount by the appraised value, regardless of whether the sales price is higher or lower.
 - If mortgage insurance is required, the standard LTV calculation (loan amount divided by the lesser of the appraised value or sales price) must be used to determine the required percentage of coverage on purchase transactions.
- **Examples of MI Calculations for New York Properties**
 - For all transactions and property types, determine whether mortgage insurance (MI) is required by dividing the loan amount by the appraised value. If the loan to value (LTV) is greater than 80%, MI is required.



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Example: The following LTV calculations are for the purpose of determining whether MI is required.

Sales Price	Appraised Value	Loan Amount	LTV by Sales Price	LTV by Appraised Value	MI Required	Rationale
\$100,000.00	\$110,000.00	\$85,000.00	85%	77.27%	No	The LTV based on the appraised value is 80% or less. The LTV based on the sales price, although greater than 80%, is not a consideration.
\$110,000.00	\$100,000.00	\$85,000.00	77.27%	85%	Yes	The LTV based on the appraised value is greater than 80%. The LTV based on the sales price, although less than 80%, is not a consideration.

SECTION 5.0: FHA Pre-Closing Test Cases

5.1 Overview

- The following provides guidance on how to submit FHA Test Case loans to Plaza Home Mortgage, Inc’s for purchase.
- Correspondents looking for specific guidance on how to perform the underwriting and closing of FHA Test Case loan files should contact HUD directly. HUD’s Handbook 4155.2 provided lenders additional information regarding the Direct Endorsement Pre-Closing Test Case Review process.
 - Reverse Mortgages excluded

5.2 FHA Test Case Process Information

- Forward loans only (HECM loans are not authorized at this time).
- Loan terms – Thirty (30) year fixed rate only.
- Program code RFHA30T must be used for purchase and regular refinance transactions.
- Program code RFHA30TS must be used for streamline refinance transactions.
- Test Case Loans are not done under the “Principal Authorized Agent Relationship”. The correspondent is the underwriter and lender on these transactions.
- Plaza will purchase test case loans that are originated by correspondents.
 - Correspondents are eligible to originate non-test case loans as “Sponsored” originators only.
 - Plaza’s wholesale business channel as a Sponsored Originator.
 - These loans are eligible to close and fund in the name of the Sponsored Originator.
- Correspondent lender must be approved by HUD and authorized to be in pre-close test case phase. The following link is provided as guidance on how a correspondent can request permission to enter in to pre-closing test case phase.

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http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/ref/sfhp3-06

- Plaza will only accept loans that have been fully underwritten and received a “Firm Commitment” from HUD/FHA.
- Restrictions on when loans can be submitted to Plaza:
 - Files will not be underwritten by Plaza prior to submission to HUD.
 - Plaza will not perform review of any loan file prior to submission to HUD
- The correspondent lender is required to complete fifteen (15) test cases with HUD. Ten (10) manually underwritten files, two (2) streamlines and three (3) AUS. Five (5) of the fifteen (15) case may be combination of Streamline refinances and files with AUS Total Approvals.
 - Plaza is not required to keep track of the number of test cases completed. The correspondent will work with HUD to identify the number of successfully completed test case file.
- Once the lender has been released from test case phase, they must follow all Plaza’s standard correspondent and underwriting guidelines.
- Plaza reserves the right not to purchase any loan.

5.3 Seller Services Approval of Correspondent Lender

- A request for Plaza to purchase FHA test case loans from a correspondent must be initiated through Plaza’s Seller Services Department.
- Plaza’s Seller Services Department will confirm that a correspondent is eligible to be in Pre-closing test case phase in FHA Connection and Neighborhood Watch.
- If Seller Services is unable to confirm through FHA Connection or Neighborhood Watch that a correspondent has been granted permission by HUD to begin submitting loans for Pre-Closing review, the correspondent must submit their “Welcome Letter” from HUD as verification. Plaza will not close any FHA test case files until Seller Services has confirmed their approval from HUD.
- Once the correspondent has been released from pre-closing test case phase, they must submit their “Delegated Direct Endorsement Approval Letter” to Plaza’s Seller Services Department.
- Upon receipt of the approval letter, the Seller Services Department will update the notes in DT. In addition, in FHA Connection Plaza will be added a “Principal Authorized Agent” under the correspondents HUD ID.
- A “Firm Commitment” is required on all loans until the Correspondent submits the “Delegated Direct Endorsement Approval Letter” confirming that they have completed the required test cases and no longer have to submit loans for pre-closing review.

5.4 Submission of FHA Test Case Files to Plaza for Underwriting

- The correspondent lender should submit test case loans to Plaza with a cover letter detailing that the file is a HUD Test Case.
- Test case loan files will not be accepted by Plaza without a copy of the “Firm Commitment” issued by HUD. The “Firm Commitment” should indicate all outstanding conditions due to HUD/FHA, if any.
- Files should contain a screen print of FHA Connections Underwriting Report showing any outstanding or required closing / deficient items.
- There are two points in the process that the correspondent may choose to submit the loan to Plaza for underwriting:
 - Pre-Closing Underwriting – Correspondent receives a “Firm Commitment” from HUD/FHA and submits the file to Plaza for underwriting prior to closing.
 - Loans must be underwritten, closed and delivered to Plaza before the rate lock expires.
 - Closed Loan Delivery – Correspondent received a “Firm Commitment” from HUD/FHA and closes the loan prior to Plaza underwriting the file.

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- Plaza needs sufficient time to underwrite the file and collect any outstanding condition.

5.5 Correspondent Underwriting Parameters

- Test case loans to be sold to Plaza must be underwritten by the correspondent in accordance with Plaza's FHA Lending Program Guidelines and/or FHA Retained Program Guidelines, as well as Plaza Underwriting Standards.
- Correspondent must fully underwrite all loans, and at a minimum perform the following tasks:
 - Run TOTAL Scorecard, including ordering case numbers
 - All activity in FHA Connection
 - Sign any FHA/HUD documents such as:
 - 92900-LT
 - 92900-A
 - 92800.5b
 - Or, other HUD required disclosures or documents
- Each file should contain the following information and documentation (this list is not an all inclusive list and there may be additional information or documentation required by the underwriter):
 - Contains a copy of the "Firm Commitment" issued by HUD/FHA. (The Firm Commitment must not have expired prior to the loan closing)
 - Contains a screen print of FHA Connections Underwriting Report showing any outstanding or required closing / deficient items.
 - All income, assets, credit and collateral documents as required by the Total Scorecard and/or HUD's guidelines as defined in handbook 4155.1.
 - How the income was calculated.
 - Credit letters of explanation; for any delinquencies and/or inquiries
 - Asset letter of explanation; large deposits, shared accounts, etc...
 - All required verbal verifications of employment for salaried and self-employed borrowers in accordance with HUD's guidelines.
 - All HUD/FHA worksheets, forms and disclosures
 - Perform CAVIRS, LDP/GSA Checks
 - All compliance disclosures. Multiple GFE's must be accompanied by a "Change Circumstance" form.
 - Receipts for services; Credit Report, Appraisal, etc...
 - Supporting the Appraisal:
 - The Lender should perform the proper due-diligence on the appraisal before submitting the file to Plaza to review. If necessary, the Lender should order their own review and their DE underwriter should complete HUD form 95114. The correspondent lender should follow Plaza's guidelines; appraisal must be within 10% tolerance of an acceptable AVM, otherwise an additional appraisal review product should be ordered by the correspondent lender.

5.6 Correspondent obtaining a case number

- Case numbers are ordered through FHA Connection by the correspondent lender (a property address is required):
 - Select "Single Family FHA"
 - Select "Single Family Origination"
 - Select "Case Processing"
 - Select "Case Number Assignment"
 - New Case Number – Select "Establish a New Case"
- Complete all appropriate fields:

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- Borrower name, social security number, property information and loan purpose must be accurate and match the information contained in the loan file
- If Plaza is underwriting the loan, the case type cannot be “pre-closing review” – If case number was pulled as a pre-closing review, the case number must be canceled and a new case number assignment must be completed or the loan must be underwritten as a test case – Effective July 1, 2011, if Plaza underwrites a loan for a DE lender who is still in the test case phase, the case number must be ordered as a Sponsored Originator

5.7 HUD/FHA Disclosures

- The following list of FHA Disclosures is provided as a guide and does not represent all FHA Disclosures required on all loan transactions. For a Complete list of HUD Disclosures, click on the following link:
http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/forms
 - 92900-LT (Underwriting Work Sheet)
 - 92900-A “Addendum to Application”
 - Information Consumer Choice Disclosure
 - Important Notice to Homebuyer - Signed by the borrowers and give at the time of application
 - FHA Assumption Notification NOTICE TO HOME OWNER
- Required on all Purchase Transactions
 - Amendatory Clause
 - Real Estate Certification
 - For your Protection Get a Home Inspection
 - Lead Paint Disclosure
 - FHA Identity of Interest Certification if applicable (not required but recommended)
- Disclosures when applicable
 - Disclosure Notices (Affidavit of Occupancy, Anti-Coercion Statement, Fair Credit Reporting,
 - Energy Efficient Fact Sheet
 - Counseling Disclosure (First Time Homebuyer)
 - Borrowers Blanket Signature Authorization
 - Hotel and Transient Disclosure – On any 2 to 4 unit properties
- Miscellaneous Disclosures
 - Social Security Number Certification
 - Compliance Inspection Report
 - Conditional Commitment Direct Endorsement Statement of Appraised Value
 - Mortgagee’s Assurance of Completion
 - Builder Certification of Plans, Specifications, & Site
 - Warranty of Completion of Construction
 - Description of Materials
- HUD/VA Addendum to Uniform Residential Loan Application, HUD Form 92900-A is required for all FHA loans and must be completed as follows:
 - Page 1:
 - Box 13 – Enter correspondent lender’s FHA lender ID
 - Box 14 – Leave blank
 - Box 15 – Enter correspondent lender’s name and address
 - Box 16 – Leave Blank
 - Box 17 – Enter correspondent lender’s phone number

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- An officer (not the loan officer or originator) of the correspondent lender's company must sign – No originator signature is required
- Page 2:
 - No Lender/sponsor info
- Form must be signed by borrower(s) at initial application
- Page 3:
 - Box 13 – Enter correspondent lender's FHA lender ID
 - Box 14 – Leave blank
 - Box 15 – Enter correspondent lender's name and address
 - Box 16 – Leave blank
 - Box 17 – Enter correspondent lender's phone number
 - Sponsored originations section – Leave blank
 - Form is signed by Correspondent lender's underwriter
- Page 4:
 - Lender's Name – correspondent lender's name
 - An officer (not the loan officer or originator) of the DE Delegated correspondent's company must sign – No originator signature is required
 - Form must be signed by borrower(s) at closing

5.8 Pricing

- Pricing can be obtained for Plaza's PULSE system
NOTE: When choosing a lock period, the correspondent should consider carefully the time involved to process, underwriter and obtain an approval from HUD. The correspondent is responsible for delivering all test case files to Plaza in sufficient time to allow for underwriting prior to the lock expiring.

5.9 Correspondent closing and insuring

- The correspondent lender will close the loan in their name.
- The correspondent lender will submit the loan to HUD for Insuring.
 - The correspondent lender will submit the final collateral file to HUD.
- Proof that the MIP has been paid is required to be submitted to Plaza.

SECTION 6.0: Government Loan Insurance and Transfer

6.1 FHA Upfront Mortgage Insurance Premium (UFMIP)

- It is the seller responsibility to remit the UFMIP to FHA within 10 days of closing. Plaza requires documented evidence of payment with the closing package. Files submitted for review without evidence the FHA UFMIP has been paid will result in pre-purchase suspense condition.
 - Reverse Mortgage's
 - Plaza will remit Reverse Mortgage UFMIP directly to HUD on Seller.
 - Plaza will net the UFMIP amount from the wire upon purchase of the loan

6.2 FHA Monthly MIP (Annual)

- On government loans, the first premium due to HUD on the monthly MIP is due with the first loan payment. The Seller is responsible for payment of the monthly MIP, from the initial MIP payment through the month that Plaza purchases the loan. If the mortgage loan is purchased prior to the first payment due date. Plaza will be responsible for all monthly MIP payments on the mortgage loan.

Example 1

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- The Mortgage Lender closed the mortgage loan on February 1, with the first loan payment due on the note on March 1. Plaza Home Mortgage, Inc. purchases the mortgage loan on March 20. The Mortgage Lender “Seller” is responsible for the payment of the March MIP installment. Plaza will pay the April installment.

Example 2

- The Mortgage Lender closed the mortgage loan on September 1, with the first loan payment due on the note on October 1. Plaza Home Mortgage, Inc. purchases the mortgage loan on February 20. The Mortgage Lender “Seller” is responsible for all MIP premiums due from September 1 to February 1. Plaza assumes responsibility for making the MIP payment with the March installment.

6.3 FHA Holder / Servicer Transfer

- Seller is responsible for Mortgage Record Change to Plaza Home Mortgage in FHA Connection. To report servicer/holder transfer seller must log in to FHA Connection to complete transfer. To get to the Mortgage Record Changes menu, sign on to the FHA Connection site and follow this menu path: Single Family FHA>Single Family Servicing>Mortgage Record Changes. On the Mortgage Record Changes menu, click Servicer/Holder Transfer (HUD form 92080). The servicer/holder page appears. To complete the transfer enter the following: FHA Case using this format “123-4567890”, including the dash. Enter original mortgage amount including UFMIP, do not enter \$ sign or comma. Enter the first 5 digits of Plaza Home Mortgage lender ID (17101) into Holding Mortgagee and New Servicing Mortgagee field. Enter date of transfer.
- Plaza Home Mortgage will review FHA Connection monthly to ensure the transfer is complete. If transfer is not complete, Plaza Home Mortgage will provide seller a report of loans requiring transfer. All transfers must be complete within 15 days of purchase.

6.4 FHA and VA Loan Insuring

- Plaza will be responsible for insuring both FHA and VA loans on behalf of the seller, unless the seller is a FHA Full Eagle using their DE Underwriter and does not show Plaza Home Mortgage as the Sponsor/Agent in FHA connection, or if seller is a VA Automatic lender using their own approved VA underwriter. All loans delivered for purchase must include all FHA/VA forms required to insure the loan in the file and evidence that the FHA UFMIP or VAFF payments have been made.
- If the seller is to insure the loan, they must provide evidence the loan has been insured and/or case binder received by HUD within 15 days of disbursement date on final HUD-I closing statement. Loans are subject to re-purchase by Seller or pre-purchase suspense if not insured within 15 days of disbursement. Seller must provide written explanation to Plaza Home Mortgage Insuring Dept. for all loans not insured within 15 days of disbursement.
 - Reverse Mortgage’s
 - Plaza will always act as the sponsor in FHA Connection

6.5 USDA Rural Housing (RHS) Guaranteed Loan Program

- **Standard Fannie Mae/Freddie Mac conventional or FHA loan documents are allowed. Additionally, the following RHS documents are required.**
- **Required Forms**
 - Request for Single Family Housing Loan Guarantee (Form 1980-21)
 - Conditional Commitment for Single Family Housing Loan Guarantee (Form 1980-18) with completed Lender Certification
 - Guaranteed Loan Closing Report (Form 1980-19)
 - Original Loan Note Guarantee (Form 1980-17)
 - Lender Record Change (Form 1980-11)
 - Certificate of Completion, if applicable
- **Servicing Lender and Transfer Information**

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- The correspondent seller is required to provide a copy of the Rural Housing **1980-11** Lender Record Change form, to reflect the servicing is being transferred to Plaza Home Mortgage, Inc.
- The following information must be entered onto form and submitted to RHS upon guarantee.

Lender Tax Identification Number:	33-0941669
Agency Assigned Branch Number:	001
Address: City, State, Zip:	4820 Eastgate Mall, Suite 100 San Diego, CA 92121

- Seller is required to provide the Original Loan Note Guarantee (Form 1980-17) within 30 days of purchase to Plaza Home Mortgage along with the Lender Record Change (Form 1980-11).

SECTION 7.0: Document Requirements

7.1 Mortgage Electronic Registration System (MERS)

- Plaza prefers that Sellers utilize MERS to transfer ownership and servicing to Plaza thereby eliminating the need for recording a paper assignment. Sellers that utilize MERS must provide the following in the file sent to Plaza:
 - MIN number (18-digit number generated at registration).
 - The Seller must complete the following steps in order to transfer ownership (Transfer of Beneficial Rights – “TOBR”) and servicing rights (Transfer of Servicing Rights – “TOSR”) to Plaza and MERS:
 - The investor field (Plaza) must be changed to 1001098(within one business day)
 - The servicer field must be changed to 1001098 (within 7 days of servicing transfer)
 - The custodian field must be changed to () n/a at this time (within 7 days of servicing transfer)
- The Seller must notify MERS, in accordance with the MERS procedures then in effect, of the transfer of ownership of all loans registered on MERS and purchased by Plaza.
- **NON-MERS loans**
- Executed Agency Addendum and Power of Attorney submitted with loan file will be used to transfer ownership and servicing to Plaza and its assigns.
- Plaza will perform registration and assignment of NON-MERS loans.
- To prepare an assignment, assign to “Mortgage Electronic Registration Systems, Inc.” and include the following information:
 - MERS address
 - MERS phone number 1-888 679-6377
 - 18-digit MIN number
 - Plaza will register the loan with MERS on Sellers behalf.

7.2 Note

- The original Note must include the following:
 - Date on Note that matches the date of Deed of Trust/Mortgage.
 - Property address that matches the address on the Deed of Trust/Mortgage, Appraisal, and Preliminary Title Report.
 - Correct loan amount and interest rate, both written and numeric.
 - Correct lender name and maturity date.

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- Correct payment amount, using FNMA/FHLMC factors to calculate the principal and interest payment.
- Accurate first payment information that does not exceed 62 days from the funding disbursement date (excluding Reverse Mortgages). For example, HUD-1 settlement date.
- A grace period that does not exceed 15 days, except where prohibited by state law, (excluding Reverse Mortgages).
- Late charge that does not exceed 5% (Conventional loans) or 4% (Government loans) of the payment amount, or the maximum allowable in that state, whichever is less (excluding Reverse Mortgage's).
- ARM change date that falls within program guidelines.
- Add-on percentage, margin floor, and ceiling rates comply with ARM program type.
- Borrower's names typed exactly as listed on the Preliminary Title Report or Purchase Contract.
- Signature of all borrowers, exactly as typed on the Note; the borrowers may over sign, but never under sign.
- All applicable Note Riders/Addenda.

7.3 Allonge/Endorsement of Note

- Seller must endorse the note in favor of Plaza Home Mortgage, Inc. The following must be clearly typed or printed:
 - The name of the institution making the endorsement, and
 - The name and the title of the individual signing the endorsement.
- A Seller may use an allonge to endorse a note if the following conditions are met:
 - The allonge is permanently affixed to the Note.
 - The allonge references borrower's name, property address, the date of the Note and the loan amount.
- If there is more than one lien on the property, then the Seller must provide a copy of the executed note(s) for any other financing.

Example of note endorsement:

Pay to the order of:

Plaza Home Mortgage, Inc

Without Recourse:

Correspondent Name

Correspondent Officer name and title

7.4 Legal Documents

- All closing documents are to be error-free. If corrections are necessary, strikeouts that are initialed by each borrower must be used. The names and signatures of each borrower must be consistent on all closing documents and must correspond to the names appearing in the title insurance policy.

7.5 Security Instruments

- A security instrument is a written legal document created to define the rights of the parties involved in a transaction. The instrument may also be referred to as a mortgage, deed of trust, or a security deed. It is executed to place a mortgage lien on the borrower's estate in real property, and on any personal property identified in the instrument.

7.6 Forms

- The most current FNMA and FHLMC forms that are correct for the jurisdiction, loan program and, mortgage and property type must be used.

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7.7 Document Information

- All information contained in the Deed of Trust/Mortgage must:
 - Be complete and correct,
 - Agree with the Note,
 - Include the typed names of the borrowers under the signature line, and
 - Match the names on the face of the security instrument.

7.8 Notary Requirements

- The security instrument and all applicable riders must be executed by the borrowers before a notary. The notary must sign the notary acknowledgment and the notary seal/stamp and expiration date must be affixed to each document.

7.9 Required Riders

- Under specified conditions, Plaza requires riders amending the mortgages secured by units for:
 - Condominiums
 - Planned Unit Development (PUD)
 - 1-4 family investment properties
 - Adjustable Rate Rider is required for all ARM loans

7.10 Title Commitment

- The Title Commitment (also called Title Binder, Preliminary Title Report, or Attorney's Opinion Letter) must contain the following:
 - The proposed dollar amount of the loan referenced in the Deed of Trust/Mortgage.
 - A legal description of the property that agrees with the Deed of Trust/Mortgage and appraisal.
 - A copy of the survey or plat map, if required by the title company.
 - An Attorney's Opinion Letter, if applicable in the state where the property is located.
 - An Environmental Protection Lien and endorsement, for all loans.
 - The latest ALTA form of title insurance policy (required).
 - NOTE: In states where ALTA forms are not used, similar coverage is required.
 - 24 months history of property ownership

7.11 HUD-1 Settlement Statement

- A final HUD-1 settlement statement must be fully completed for every loan evidencing all fees, funds, and costs involved in the transaction. For escrow and non-escrow states, the final HUD-1 must include original signatures by all parties to the transaction.
- In an escrow state with approval by Plaza, a copy is acceptable if certified as "final" by the closing agent. The certification must include the closing agent's name and the name of the entity represented by closing agent.

7.12 HUD-1 or HUD-IA Technical Corrections

- Loans delivered to Plaza that have an inadvertent or technical error on the HUD-1 or HUD-IA must have a corrected HUD-1 or HUD-IA provided to Plaza within 30 calendar days after settlement. Settlement is defined as the date the borrower(s) executed the Note and the Security Instrument.
- Sellers are strongly encouraged to institute post-closing audits to identify and cure any RESPA monetary or technical error(s) prior to delivery of the loan to Plaza. This will help to ensure that any violations are cured within the 30 day requirement.
- Sellers should review their systems and processes to ensure that if a fee is *not charged* on page 2 of the HUD-1, it is *not reflected* on the comparison table under the GFE column on page 3 of the HUD-1. Loans not in compliance are not eligible for purchase.

7.13 Power of Attorney on behalf of borrower

- NOTE: A Power of Attorney (POA) must be approved by Plaza as part of the Due Diligence.

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CORRESPONDENT SELLER GUIDE

- Reverse Mortgage's
 - Refer to program guidelines in Reverse Mortgage user guide
- Closing Documents may be executed via a Power of Attorney (POA) provided the following conditions are met:
 - A separate Power of Attorney (POA) is prepared and executed for each borrower not attending the closing.
 - The Power of Attorney (POA) is specific or special to the transaction, is executed and notarized on or before date of closing and recorded or will be recorded with closing instruments before Mortgage or Deed of Trust.
 - The original or certified copy of a Power of Attorney (POA) must be included in the closing package.
 - The attorney-in-fact must execute all closing documents at settlement.
 - All Power of Attorney(POA) signers must sign as follows:
 - John Smith as attorney in fact for Jane Smith
- ▶ Veterans who use General Military Power of Attorney (POA) must include the "durable" language to be acceptable by Plaza. The Power of Attorney (POA) must also reference either the transaction or the property to be eligible.
 - POA's on VA loans must meet all current VA requirements, including but not limited to all other POA requirements stated herein, as well as those additional requirements stated below.
 - A POA may be used to make application for a VA loan.
 - It must appear that the veteran intends to occupy the property upon his/her return from overseas service, or upon his/her termination from the Armed Forces.
 - An immediate family member must occupy the property during the veterans' absence;
 - A statement of intent to occupy the subject property as the veteran's primary residence must be included.
 - The POA must include the following information:
 - The specific property address of the subject property;
 - The sales price of the subject property if used for a purchase, unless the veteran has signed the sales contract;
 - A statement authorizing use of all or a specific amount of entitlement, for purchase or refinance;
 - If the veteran is currently in the Armed Forces, the commanding officer or other Armed Forces representative, as permitted by VA requirements, may attest to the veteran's signature.
 - Obtain proof veteran is alive and not in a missing-in-action status, in accordance with current VA requirements.

7.14 Property Inspections

- Pest inspections, well and/or septic inspections or certifications are generally required if they are listed as a condition of the contract of sale or if the appraiser indicated evidence of a problem or deficiency.
- Final inspections are required on all properties with appraisal reports that do not indicate that the property was completed and the value was determined "as is". The property must be complete prior to purchase by Plaza unless otherwise approved.

SECTION 8.0: Loan Purchase & Post Funding

8.1 Escrow Accounts

- Plaza currently net funds escrows/impounds. Plaza. purchases loans with and without taxes and homeowners insurance escrowed/impounded. However, escrows/impounds are required and must be established at closing for borrower-paid monthly mortgage insurance fees. For loans purchased with escrows/impounds, the Seller must provide the borrower with an escrow disclosure statement indicating all terms to be escrowed. The escrow account and appropriate reserves must be established at the time of closing, as evidenced by HUD-1.
 - Reverse Mortgage's

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CORRESPONDENT SELLER GUIDE

- Escrow Impound Accounts are not allowed

8.2 Bailee Requirements

- A bailee will be used between the seller and Plaza's warehouse banks. Seller will deliver the original collateral package to Plaza's designated warehouse bank prior to purchase of the loan. If either the warehouse lender does not use a bailee or a warehouse lender is not used, then the Seller must provide complete Wire Instructions as set forth below and a Security Release letter of authorization. An authorized representative of the Seller must sign the wire instructions.
- The bailee and/or Security Release and Wire instruction form must contain the following:
 - Seller's name
 - Mortgage loan number
 - Plaza Home Mortgage, Inc. as purchaser
 - Principal balance of the loan
 - Exact wire instructions
 - Authorized signature
 - If using Security Release is provided instead of a Bailee, the Release must indicate that the correspondent releases their interest in the collateral in return for loan proceeds.
- No funds will be wired without either a bailee or security release and wire instruction form.

8.3 Setting up Wire Instructions

- All wire instructions must be set up with Plaza prior to loan delivery. If a loan file is delivered and the wire instructions on the bailee letter do not match the instructions that Plaza has set up in the system, then the loan will be suspended until Plaza can confirm the wire instructions with you. If you have new wire instructions, then please send them to the branch operations manager or your account executive so they can have you added.

8.4 Post Funding / Purchasing

- A separate collateral file must be submitted with original legal documents and closing conditions to be added to credit package already sent to Plaza.
- Plaza closer will review the documents, sign off the conditions and set it up for purchase.
- The Closer will review for completeness and accuracy of the closing and legal documents.
- Seller will be required to:
 - Review the final price on the purchase advice vs. the commitment price.
 - Verify the wire instructions.
 - Notify the appropriate warehouse bank or institution to which monies will be wired.
 - Any adjustments that affect the wire must be addressed immediately by Seller after monies have been wired must be received by Plaza accounting dept within 5 business days.
 - 1098 info – Plaza prepares and submits 1098 forms only on payments that are due to Plaza. Sellers are responsible for 1098 tax information on payments and interest collected by and due to them.



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8.5 Interest Collection at Purchase

- 1st of the Month Due Date

Settlement Date	1 st – 7 th of the month <u>Example</u> June 6 th	8 th – 31 st of the month <u>Example</u> June 17 th
Loan Due Date	1 st of the Month <u>Example</u> June 1 st	1 st of the Month <u>Example</u> June 1 st
Purchased Balance	Current Month Scheduled <u>Example</u> June 1 st	Next month scheduled <u>Example</u> July 1 st
Interest Accrued Calculation	Add accrued interest between 1 st of month and day prior to funding <u>Example</u> Add June 1 st – June 7 th	Deduct “pre-paid” interest for days between settlement date and month end <u>Example</u> Deduct June 17 th – 30 th
Servicing Transfer	1 st of next month <u>Example</u> July 1 st	1 st of following month <u>Example</u> August 1 st
Next due to The Plaza Home Mortgage	<u>Example</u> July 1 st	<u>Example</u> August 1 st
Last Payment Collected by Seller	<u>Example</u> June 1 st (due to Seller)	<u>Example</u> July 1 st (due to Seller)

8.6 Post Purchase Documents

- Post purchase documentation should be sent to the following address:
Plaza Home Mortgage, Inc.
Attn: Corporate Office – Shipping Dept
4820 Eastgate Mall, Suite 100
San Diego, CA 92121
Phone: 858-346-1208
Fax: 858-677-6741
Email: plazacorrespondentlending@plazahomemortgage.com

8.7 Common Exceptions that Delay Purchase

- Missing Compliance Documents: (See Compliance Quick Reference Document on Website)
 - HOEPA Interest Rate Set Date - Evidence of Rate lock terms to borrower are not provided
 - AIR - Missing evidence appraisal was ordered after MDIA, TILA disclosure 3 day wait period.
 - AIR – Missing evidence of delivery and receipt of appraisal by borrower
 - TILA – Missing evidence of delivery and receipt of disclosures both initial and re-disclosures
 - TILA – Missing changed circumstance reason to support re-disclosure

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- Missing note
- Incorrect endorsement to the note
- Incomplete copy of the Mortgage/Deed of Trust
- Missing Riders to the Mortgage/Deed of Trust
- Incomplete assignments
- Missing final HUD-1, missing seller side of HUD-1, missing signatures required on HUD-1
- Missing or incomplete hazard, tax, mortgage insurance, or flood information
- Inconsistent, incorrect and/or incomplete borrower(s) signatures on Reverse Mortgage documents

8.8 Standard Closing Document Package

- Bailee Letter when applicable
- Seller Wiring Instructions
- Servicing Transfer Letter
- Final Funding Worksheet
- Goodbye letter
- Final HUD-1 and addendum
- Borrower Rate Lock Confirmation or Interest Rate Set Date Form
- Preliminary Title Report/Commitment
- Original settlement agent wire instructions
- Closing Protection letter from original closing agent
- MERS Registration confirmation or copy of executed Power of Attorney (POA)
- Closing instructions
- State specific security instrument
- Multi state note and applicable riders
- 4506-T
- Amortization Schedule (fixed rate loans, with PMI)
- ARM PMI disclosure, if applicable
- Fixed Rate MI Disclosure, if applicable
- Borrower Acknowledgement of Appraisal Delivery
- Borrower Contact Information
- Borrower's Certification and Authorization
- Errors & Omissions / Compliance Agreement
- FBI Notice (recommended)
- Federal ECOA
- First Payment Letter
- Hazard Authorization & Insurance Disclosure
- Important Applicant Information
- Initial Escrow Account Disclosure Statement, if loan has impounds
- Escrow Waiver Disclosure, if impounds are waived
- Final Truth In Lending Statement
- Itemization of Amount Financed
- Notice of Assignment, Sale or Transfer of Servicing Rights
- Notice of Flood Determination
- Notice of Impound & Escrow Account

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- Notice of Right to Cancel, if rescindable transaction
- Notice of Your Right to Privacy
- Notice Regarding Furnishing Negative Information
- Occupancy Statement
- Patriot Act Disclosure Borrower Identification, if not already obtained in the origination process
- Risk Based Pricing Notice with Notice to Applicant
- Servicing Disclosure
- Signature / Name Affidavit
- SSN Number Authorization Release (SSA89)
- Tax and Insurance Information Sheet
- Tax Bill Authorization
- W-9
- All state specific disclosures
- All product specific disclosures (ie. ARM, FHA, VA)



CORRESPONDENT SELLER GUIDE

8.9 Sample Assignment of Mortgage for Non MERS seller

Only use if no Power or Attorney to Plaza has been signed

Assignment of Mortgage

Example of an assignment to MERS from a non-MERS servicer or investor

Lenders Loan Number:
MIN: [insert 18-digit MIN] MERS Phone: 1-888-679-6377

FOR VALUE RECEIVED, XYZ Mortgage Company, Inc., its successors and assigns, hereby assigns and transfers to Mortgage Electronic Registration Systems, Inc., its successors and assigns, P.O. Box 2026, Flint, Michigan 48501-2026, all its right, title and interest in and to a certain mortgage executed by John Doe and Mary Doe, husband and wife, to XYZ Mortgage Company, Inc. and bearing the date of the 12th day of September A.D. 1998 and recorded on the 14th day of September A.D. 1998 in the office of the Recorder of Imaginary County, State of California in Book IV at Pages 32-34.

Signed on the 15th day of March A.D. 1999.

MERS' name and address are added to the Assignment here. If the state of incorporation for MERS is required, please note that MERS is organized and existing under the laws of Delaware, not Virginia.

XYZ Mortgage Company, Inc. (Assignor)
By _____
Name and Title of Company Officer

State of California }
County of Imaginary } ss:

On the 15th day of March A.D. 1999, before me, a Notary Public, personally appeared name of person signing document (above), to me known, who being duly sworn, did say that he or she is the Assistant Secretary of XYZ Mortgage Company, Inc., and that said instrument was signed on behalf of said corporation.

Notary Public
Address of Preparer:

The MIN number and MERS telephone number may be placed at the bottom of the assignment or within close proximity of the lender's loan number if recording jurisdictions allow. In any case, the county requirements should always be followed.

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PLAZA HOME MORTGAGE, INC.

CORRESPONDENT SELLER GUIDE

REVISION HISTORY

Functional Group Owner(s): Operations		Approval Group(s): Operations, Underwriting, Risk Management	
Rev. Level	Revision Description		Effective Date
01	Initial Issue. Replaces Correspondent Seller Guide dated 1-31-2012. Updated section 8.2.		2-22-12
02	Updated sections 1.11 and 8.6 and the address in sections 4.-5 and 6.5.		3-23-12

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