



Midland



Mortgage



Corporation

TPO

Seller Guide



Since 1982

Midland Mortgage Corporation

TPO Seller Guide

Introduction

Our Business is an Extension of Yours!

Midland Mortgage Corporation
TPO Seller Guide
Introduction

Revision History

Version	Date	Author	Description of Change
1.0	9/3/13	Farmer	Initial Version created by Chad Farmer

Midland Mortgage Corporation TPO Seller Guide Introduction

Introduction

Purpose

The *TPO Seller Guide* consists of information that applies universally to all TPOs that have been approved to submit loans to Midland Mortgage Corporation.

Chapter 1: Overview

This chapter provides an overview of the various aspects of the TPO relationship, including, but not limited to:

- Organization and maintenance of the *Seller Guide*
 - Basic information about becoming a TPO
 - Interpretation and variance
 - TPO responsibility
-

Chapter 2: Eligibility

This chapter details information regarding TPO eligibility to submit loans for purchase, such as:

- Application requirements
 - Eligibility standards
 - Maintenance of eligibility
-

Chapter 3: TPO Options

This chapter outlines and defines options for how TPO's transact business with MMC.

- Definition of Levels
 - Responsibilities of TPO and MMC
-

**Chapter 4:
Quick
Reference
Guide**

This chapter provides a central point of reference for frequently used information regarding submission of loans to Midland Mortgage Corporation.

- Contact and address information
 - Fee schedule
 - Approved mortgage insurance companies
-

**Chapter 5:
Secondary
Lock Policies**

This chapter provides information on secondary policies and procedures.

- Lock Desk Hours
 - Locking Loans in Optimal Blue
 - Extensions
 - Re-Locks
-

**Chapter 6:
Delivery Levels
1, 2, 3 and 4**

This chapter outlines delivery requirements for level 1, 2, 3 and 4 TPO's.

**Chapter 7:
General
Delivery**

This chapter outlines general delivery requirements for TPO's.

- Loan Delivery Guidelines
 - Insurance Requirements
 - Escrow/Impound Accounts
 - Title Insurance
 - Documentation
 - Final Documentation
 - Post Funding Corrections
-



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Midland Mortgage Corporation TPO Seller Guide *Chapter 1: Overview*

Our Business is an Extension of Yours!

**Midland Mortgage Corporation
TPO Seller Guide
Chapter 1: Seller Guide Overview**

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**Midland Mortgage Corporation
TPO Seller Guide
Chapter 1: Seller Guide Overview**

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1.01: Overview of the Seller Guide

1.01.01 Organization

1.01.02 Binding Nature of the Seller Guide

This *Seller Guide* does not constitute an offer to purchase loans by Midland Mortgage Corporation. Each TPO is bound by all provisions in this *Seller Guide*, including the representations and warranties of the TPO set forth in the *Loan Purchase Application and Agreement*. Any transactions between a TPO and Midland Mortgage Corporation shall be governed by the Contract Documents.

1.01.03 Maintaining the Seller Guide

The *Seller Guide* and all updates will be posted on our TPO website at www.mmcmortgageservices.com.

Midland Mortgage Corporation reserves the right to amend, update, supplement or modify this *Seller Guide* at any time. Written communications that describe new changes will be delivered by email to approved TPOs. Such amendments, updates, announcements and supplements will specify the effective date of the amendment. By executing a *Loan Purchase Application and Agreement* (the "Sale Agreement"), each TPO acknowledges and agrees to be bound by the terms and conditions of the Contract Documents as so amended.

1.01.04 Confidentiality

Except as otherwise required by law, the TPO shall, and shall cause its directors, officers, employees and authorized representatives to hold in strict confidence and not use or disclose to anyone without the prior written consent of Midland Mortgage Corporation all information concerning customers or proprietary business procedures, fees or prices, policies or plans of the other party or any affiliates received by them from the other party in connection with the transactions contemplated hereby. The TPO agrees that it will not use non-public personal information about the mortgagors in any manner prohibited by the Gramm-Leach-Bliley Act. Upon the termination or expiration of the Contract Documents or in the event that an applicant does not become a TPO, the related recipient of the *Seller Guide* shall destroy all written copies of the *Seller Guide* or portions of the *Seller Guide*.

1.01.05 TPO Responsibility

The TPO should share the contents of the *Seller Guide* with all appropriate parties within the TPO's organization, thereby ensuring compliance with the procedures for registering, underwriting and delivering loan files to Midland Mortgage Corporation.

Continued on next page

1.01: Overview of the Seller Guide, Continued

1.01.05 TPO Responsibility (continued)

All loans purchased by Midland Mortgage Corporation must satisfy the standards set forth in this *Guide*. The TPO is solely responsible for ensuring that each loan sold pursuant to Midland Mortgage Corporation meets such standards.

Midland Mortgage Corporation cannot provide advice to a TPO in respect to legal compliance issues. Each TPO should consult with its own advisors to determine its compliance with all federal, state and local legal or regulatory requirements.

Without limitation, each TPO is solely responsible for its compliance with the following laws and regulations:

- Fair Housing Act
 - Federal Equal Credit Opportunity Act
 - Federal Fair Credit Reporting Act
 - Federal Real Estate Settlement Procedures Act
 - Federal Regulation X
 - Federal Regulation Z
 - Federal Truth in Lending Act
 - Flood Disaster Protection Act
 - Home Mortgage Disclosure Act
 - Home Ownership and Equity Protection Act of 1994 (HOEPA)
 - Home Valuation Code of Conduct (HVCC)
 - All federal, state and local predatory lending and related laws
-

1.01.06 Variances

From time to time, and at the sole discretion of Midland Mortgage Corporation, a TPO may be granted variances from the requirements of the *Seller Guide*. Only those variances granted in writing and signed by an authorized officer of Midland Mortgage Corporation will be effective to modify the terms of this *Seller Guide* and binding upon Midland Mortgage Corporation. In addition, variances are individually granted to TPOs and may not be relied upon by any party other than the specific TPO to which the variance was issued. TPOs are required to keep all variances confidential, unless disclosure is expressly authorized in writing by Midland Mortgage Corporation. Midland Mortgage Corporation reserves the right to revoke any variance for any reason whatsoever and is under no obligation to provide an explanation of the revocation.

Continued on next page

1.01: Overview of the Seller Guide, Continued

1.01.07 Becoming a TPO

Chapter 2: Eligibility describes the process by which a party may become an approved TPO under the TPO Lending program. Generally, each party seeking to become a TPO must meet the eligibility criteria as set forth in *Chapter 2: Eligibility*, unless satisfaction of any criteria is expressly waived by Midland Mortgage Corporation. To become a TPO, each prospective seller must submit a completed *Loan Purchase Application and Agreement*, along with all required exhibits and information.

1.01.08 Nature of Relationship

Each TPO is an independent contractor, and is not a representative of or an agent of TPO Lending, Midland Mortgage Corporation or any of their affiliates. Nothing contained in this *Guide* creates, or is intended to create, any partnership, joint venture or other business association.

1.01.09 Interpretation

Although the *Seller Guide* and related documents are published by Midland Mortgage Corporation, they shall not be construed for or against TPO Lending, Midland Mortgage Corporation or a TPO, but shall be interpreted in accordance with the language used in an effort to reach the intended result. Unless otherwise provided, whenever a provision of the *Seller Guide* or any related documents permits or requires TPO Lending or Midland Mortgage Corporation to make a determination of fact or a decision, including approval or denials, such determination or decision will be deemed to be in the sole discretion of TPO Lending or Midland Mortgage Corporation, as applicable.

Titles of chapters, sections and clauses herein are for convenience only and do not have any substantive meaning and are not binding. Such titles neither amplify nor diminish the provisions of the *Seller Guide*.

Any reference to any law, statute, rule or other administrative or judicial guidance shall be deemed to include any successor or replacement law, statute, rule or other guidance. Any reference to a statute or act shall include all rules and regulations promulgated there under.

1.01.10 General Interpretation

For purposes of the Contract Documents, except as otherwise expressly provided or unless the context otherwise requires:

- The terms used but not defined in the Contract Documents have the meanings assigned to them in this *Seller Guide* and include the plural as well as the singular, and the use of any gender herein shall be deemed to include the other gender.
-

Continued on next page

1.01: Overview of the Seller Guide, Continued

1.01.10 General Interpretation (continued)

- Accounting terms not otherwise defined herein have the meanings assigned to them in accordance with Generally Accepted Accounting Principles (GAAP).
 - Reference herein to “Parts”, “Chapters”, “Sections”, “Subsections” and other subdivisions without reference to a document are to designated Parts, Chapters, Sections, Subsections and other subdivisions of this Agreement.
 - A reference to a Subsection without further reference to a Section is a reference to Subsection as contained in the same section in which the reference appears, and this rule shall also apply to other subdivisions.
 - The words “herein”, “hereof”, “hereunder” and other words of similar import refer to the applicable Contract Document as a whole and not to any particular provision.
 - The term “include” or “including” shall mean without limitation by reason of enumeration.
-

1.01.11 Contact Information

Refer to *Chapter 4* for specific Midland Mortgage Corporation contact information.

1.01.12 Notices

Any notice or other communication required or permitted under this *Seller Guide* must be in writing and communicated to Midland Mortgage Corporation by email, certified mail, overnight courier or fax with confirmation of delivery.



Since 1982

Midland Mortgage Corporation

TPO Seller Guide

Chapter 2: Eligibility

Our Business is an Extension of Yours!

**Midland Mortgage Corporation
TPO Seller Guide
Chapter 2: Eligibility**

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Midland Mortgage Corporation
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Chapter 2: Eligibility

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2.01: Application

2.01.01 Completion of the Application Package

In order to become an active TPO with Midland Mortgage Corporation, each applicant must fully complete and properly execute the *Loan Purchase Application and Agreement* (the "Application"), including the name of applicant, address, primary contacts and loan origination history.

In addition to the Application, each applicant must submit the documents as described in this chapter of the *Seller Guide*.

2.01.02 Financial Information

The applicant must provide audited financial statements, beginning with the most recent fiscal year, for the applicant itself, for any parent of the applicant and any subsidiary for two years prior to the application.

2.01.03 Resumes

The applicant must submit accurate resumes for all primary officers and other strategic personnel identified in the Application as key to the management of mortgage production, processing, secondary marketing, investor delivery, quality control and/or servicing related processes.

2.01.04 Appraiser and Appraisal Policies

If the applicant will order appraisals, the applicant must provide appraisal policies and procedures, and proof of compliance with the Financial Reform Recovery and Enforcement Act (FIRREA), Appraisal Independence Requirements (AIR) and the Home Valuation Code of Conduct (HVCC).

2.01.05 Executed Documents

- Midland Mortgage Broker Compensation Plan, as applicable.
 - Secure and Fair Enforcement for Licensing Act Compliance Form
 - *Loan Purchase Application and Agreement*, properly executed by a duly authorized officer of the applicant
-

2.02: Eligibility

- | | |
|--|---|
| 2.02.01
Eligibility
Standards | In order to become a TPO, each applicant must meet standard eligibility requirements described in this chapter unless waived in writing by Midland Mortgage Corporation. |
| 2.02.02 Good
Standing | The applicant must be a duly organized, validly existing entity and in good standing under the laws of the jurisdiction where chartered, incorporated or otherwise organized. The applicant must possess and maintain all required licenses necessary to conduct its activities in each jurisdiction in which any mortgaged property is located or be exempt from any such requirements. |
| 2.02.03
Experience | The applicant must have significant loan origination experience to become an approved broker. If the TPO is transacting business as a mini-correspondent, the applicant must demonstrate to Midland Mortgage Corporation a history of two years, prior to the date of application, of consistent experience originating investment quality, first lien residential mortgages. |
| 2.02.04 Capital
Infrastructure | The applicant must maintain sufficient infrastructure, facilities, staff and capital to continue in the business of origination investment quality residential mortgage loans. Each TPO must have and maintain a \$500,000 net worth. State and federal regulatory agency capital requirements for those agencies holding jurisdiction over the practices of the applicant or applicant's parent corporation practices must be satisfied by the applicant and parent of the applicant, as applicable. |
| 2.02.05 Lending
Practices | Adherence to generally accepted mortgage lending practices with respect to the applicant's mortgage loan origination process is required. |
| 2.02.06 Product
Offered/ TPO
Approval | Midland Mortgage Corporation requires specific approval of the applicant to sell loan products as offered under the TPO Lending Program. |
| 2.02.07
Continued
Eligibility | Approved TPOs are subject to recertification each year (or more often as may be necessary in the determination of Midland Mortgage Corporation). TPOs must continue to maintain the Midland Mortgage Corporation TPO Lending eligibility standards in order to remain an approved TPO. |
-

2.03: Maintaining Eligibility

2.03.01 Overview

In order to maintain its status as an eligible TPO, each TPO must continue to comply with all requirements of the *Seller Guide* and the Contract Documents. Midland Mortgage Corporation may waive certain requirements on a case-by-case basis but no single waiver shall constitute an ongoing waiver or a waiver of any other requirement of the Contract Documents.

Midland Mortgage Corporation requires that each approved TPO update the information provided in the initial Application immediately upon any change with respect to information provided therein. Re-certifications are processed by Lender Management on an annual basis and otherwise as necessary in the determination of Midland Mortgage Corporation. The TPO is responsible for providing to Midland Mortgage Corporation the preceding year's audited financials and, if applicable, the preceding year's audited financials for the parent of the TPO, in each case, within 90 days after the end of the TPO's fiscal year. In addition, Lender Management may request additional information throughout the year if necessary for maintenance of eligibility for the program.

2.03.02 Notification to Midland Mortgage Corporation

Midland Mortgage Corporation requires written notice of any and all significant changes, including anticipated changes to the TPO's company. Written notices to Midland Mortgage Corporation for any and all:

- Mergers, consolidations or reorganizations
 - Direct or indirect changes in ownership, including changes in the TPO's parent or owner or any beneficial owner of more than 5% of the TPO's stock
 - Changes in corporate name or name in which the TPO conducts business
 - Changes in the corporate charter, articles of incorporation, by-laws or other document governing the legal status of the TPO
 - Changes in financial condition
 - Sales of all or substantially all of the assets of the TPO
 - Any changes in the TPO's banking, investor or financial relationships
 - Any changes in senior management
 - Receipts of notice of, or otherwise obtaining knowledge of any impending state, federal or local regulatory action, audit, examination or investigation of the TPO
-

Continued on next page

2.03: Maintaining Eligibility, Continued

2.03.02 Notification to Midland Mortgage Corporation (continued)

- In the event any state, federal or local authority issues a subpoena to the TPO or makes any finding regarding, or imposes any orders on, the TPO, including, but not limited to, any such finding or order resulting in the imposition of fines, the suspension or revocation of a license, the refusal to issue or renew a license or the issuance of a memorandum of understanding or similar instrument
- Breaches by the TPO of any representation, warranty or covenant in any warehouse agreement to which it is a party or any other financing arrangement with respect to the mortgage loans

If the TPO knows of any occurrence, act or omission regarding the TPO, any mortgaged property or any mortgagor that may adversely affect any mortgage loan, any mortgaged property or any mortgagor that may adversely affect any mortgage loan, any mortgaged property or any mortgagor or the interest of Midland Mortgage Corporation therein.

2.03.03 Fallout

Fallout will be measure against industry and/or peer averages. The fallout rate is calculated by dividing the number of locked loans that fail to close by the total number of loans that were locked for a specific period.

Midland may from time to time ask for details surrounding loan fallout. Excessive fallout will result in suspension and/or termination of the TPO.

2.03.04 Right to Suspend or Terminate

Midland Mortgage Corporation may suspend a TPO from selling loans to Midland Mortgage Corporation if the TPO ceases to comply with any eligibility requirement set forth in this *Seller Guide*. The TPO will be unable to lock any loan during any period of suspension. Midland Mortgage Corporation will determine the length of any suspension period, as well as the terms and conditions for reinstatement as an eligible TPO. If a TPO is suspended in accordance with this paragraph, Midland Mortgage Corporation will not be obligated to purchase any loans that were previously subject to a commitment.

Midland Mortgage Corporation may terminate a TPO's ability to sell loans to Midland Mortgage Corporation with or without cause. If terminated without cause, Midland Mortgage Corporation will provide seven days prior written notices the TPO. Midland Mortgage Corporation may terminate the TPO's right to sell loans to Midland Mortgage Corporation immediately upon the breach of any representation or warranty or default in the performance of any covenant in the Contract Documents or in any other loan purchase agreement between the TPO and Midland Mortgage Corporation (including Buyer's predecessors and affiliates). In the event of any such termination, Midland Mortgage Corporation is not obligated to purchase any loans from the TPO, including any loans that were previously subject to a commitment.

2.03: Maintaining Eligibility, Continued

2.03.04 Right to Suspend or Terminate
(continued)

With limiting the foregoing, in connection with any suspension or termination, Midland Mortgage Corporation may exercise any rights or remedies afforded to Midland Mortgage Corporation under this *Seller Guide* or the Contract Documents, including without limitation, revoking the TPO's access to the Web site or demanding the TPO repurchase an affected mortgage loan and/or indemnifying Midland Mortgage Corporation, in each case, as further described in this *Seller Guide*.

Midland Mortgage Corporation

TPO Seller Guide

Chapter 3: TPO Options and Responsibilities

**Midland Mortgage Corporation
TPO Seller Guide**
Chapter 3: TPO Options and Responsibilities

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**Midland Mortgage Corporation
TPO Seller Guide
Chapter : TPO Options and Responsibility**

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3.01: TPO Options

- 3.01.01 Levels** Midland Mortgage “MMC” offers four defined methods for TPOs to transact business.
- Level 1 “Hybrid Retail”
 - Level 2 “Broker” – MMC Discloses and Processes
 - Level 3 “Broker” – Broker Discloses and Processes
 - Level 3 “Mini-Correspondent”
-

3.01.02
Definition of
Level 1

Level 1 “ Hybrid Retail”

TPO

- Level one TPO’s are responsible for taking the loan application and completing the necessary steps required in order to earn compensation. i.e. locking loans, advising borrower on available loan products, collecting financial information, maintaining contact with the borrower, etc.
- The TPO’s loan officer taking the application must be registered with and have a valid NMLS#.
- Applications must be delivered to MMC within 24 hours.
- TPO will work directly with a MMC Loan Coordinator throughout the loan process

MMC

- MMC will complete initial disclosures and re-disclose as appropriate in the clients name on behalf of the client
 - MMC will provide processing services for the client
 - MMC will order the credit report
 - MMC will order the appraisal on behalf of the client
 - MMC will underwrite (approve or issue adverse action)
 - MMC will close and fund the loan in the name of Midland Mortgage Corporation
 - TPO will be compensated at Loan Closing
-

3.01.03
Definition of
Level 2

Level 2 “Broker” - MMC Discloses and Processes

TPO

- Level two TPOs are responsible for taking the loan application.
 - Loan Officers must be registered with and have a valid NMLS#
 - Applications must be delivered to MMC within 24 hours.
 - TPOs Gather Supporting Documentation
 - TPO will submit documentation to MMC for Processing
 - TPO is responsible for locking loan in Optimal Blue
 - TPO must provide proof of delivery of initial disclosures. See Section 6.01.01 for additional information
-

MMC

- MMC will complete initial disclosures and re-disclose as appropriate in the clients name on behalf of the client
 - MMC will provide processing services for the client
 - MMC will order the credit report
 - MMC will order the appraisal on behalf of the client
 - MMC will underwrite
 - MMC will close and fund the loan in the name of Midland Mortgage Corporation
-

**3.01.04
Definition of
Level 3**

Level 3 “Broker” - Broker Discloses and Processes

TPO

- Level three TPO’s are responsible for taking the loan application.
- Loan Officers must be registered with and have a valid NMLS#
- TPO will complete all initial disclosures
- TPO will order credit report
- TPOs Gather Supporting Documentation
- TPO will Process loan files prior to delivery
- TPO is responsible for locking loan in Optimal Blue
- TPO must provide proof of delivery of initial disclosures. See Section 6.01.01 for additional information

MMC

- MMC will re-disclose on behalf of the TPO as necessary
 - MMC will order the appraisal on behalf of the client
 - MMC will underwrite
 - MMC will close and fund the loan in the name of Midland Mortgage Corporation
-

**3.01.05
Definition of
Level 4**

Level 4 “Mini Correspondent”

TPO

- Level 4 TPO’s are responsible for taking the loan application.
- Loan Officers must be registered with and have a valid NMLS#
- TPO will complete all initial disclosures
- TPO will order credit report
- TPO will order the appraisal and must maintain appraisal independence
- TPOs Gather Supporting Documentation
- TPO will Process loan files prior to delivery to MMC
- TPO must re-disclose all files as necessary
- TPO is responsible for locking loan in Optimal Blue
- TPO must provide proof of elivery of initial disclosures. See Section 6.01.01 for additional information

MMC

- MMC will underwrite
 - MMC prepare the closing documents and coordinate loan closing in the name of the TPO with the TPO's funds
-

Midland Mortgage Corporation

TPO Seller Guide

Chapter 4: Quick Reference Guide

**Midland Mortgage Corporation
TPO Seller Guide
Chapter 4: Quick Reference Guide**

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Chapter 4: Quick Reference Guide**

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4.01: Quick Reference Guide

4.01.01 Contact and Address Information

Midland Mortgage Corporation
1513 Pickens Street
Columbia, SC 29201

Phone: 803-765-1680

Email: wholesale@midlandmortgagecorp.com

Website: www.mmcmortgageservices.com

Sales:

Chad Farmer, VP Wholesale Lending - SC, NC, GA

Phone: 803-351-2384

Email: cfarmer@midlandmortgagecorp.com

Margaret Fiske, Account Executive – VA, MD

Phone: 434-326-2437

Email: mfisk@midlandmortgagecorp.com

Processing/Underwriting:

Melissa Asmer

Email: masmer@midlandmortgagecorp.com

Loan Coordinator:

Jeb Buckner

Email: jbucker@midlandmortgagecorp.com

4.01.02 Fee Schedule (Effective 1/1/14)

Level 1 “Hybrid Retail” and Level 2 “Broker” *MMC Discloses and Processes*

- **\$895 - Administration Fee** – Conventional, VA and USDA
- **\$795 - Administration Fee** – FHA
- **\$425 - Application Fee** – Collected upfront and credited at closing

Level 3 “Broker” *TPO Discloses and Processes*

- **\$600 - Administration Fee** – All Product
- **\$425 - Application Fee** – Collected upfront and credited at closing *if MMC orders the appraisal*
- **\$0 – Application Fee** – TPO orders the appraisal

Level 4 “Mini Correspondent”

- **\$600 - Administration Fee** - All Product
-

**4.01.03
Approved
Mortgage
Insurance
Companies**

Midland Mortgage Corporation does not mandate the use of select Mortgage Insurance Companies but recommends that our TPO's utilize:

- Essent
 - UGIC
 - MGIC
-

**4.01.04
Endorsements,
Mortgagee
Clause**

Notes / Allonges should be endorsed as follows:

Pay to the Order of
Midland Mortgage Corporation
Without Recourse
TPO NAME (TYPED)
(Authorized Signature)
Name of Authorized Signer (Typed)
Date (Typed)

See Section 6.01.06-07 for detailed information.

Mortgagee Clause:

- Midland Mortgage Corporation
ISAOA
ATIMA
PO Box 11427
Columbia, SC 29211
-

**4.01.05 FHA
Lender ID, VA
Lender ID,
MERS ID,
FHLMC Seller
Servicer**

Lender Identification numbers for MMC are as follows:

- FHA Lender ID: 4725909994
 - VA Lender ID: 6751070000
 - MERS ID: 1001010
 - FHLMC Seller/Servicer: 119956
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TPO Seller Guide

Chapter 5: Secondary / Lock Policies

Midland Mortgage Corporation
TPO Seller Guide
Chapter 5: Secondary Lock Policies

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**Midland Mortgage Corporation
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Chapter 5: Secondary Lock Policies**

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5.01: Secondary Lock Policies

5.01.01 How to Lock Loans

All Loans locked with Midland Mortgage are to be locked via Optimal Blue. The website address is www.optimalblue.com. You will be assigned a login and password upon approval by MMC.

Items of Note:

- Clients will have access to multiple investor groups for which they can lock in Optimal Blue. TPO's should choose the best priced investor group for which the loan parameters apply.
- TPO must accurately complete the required information in order to receive accurate pricing.
- Loan scenarios can be saved or locks requested as appropriate.
- Level 1,2 and 3 TPO's must choose **lender paid** or **borrower paid** compensation. Compensation can only be paid by one or the other, not both.
- Level 4 "Mini Correspondent" TPO's should always choose borrower paid in order to receive correct pricing.
- FICO Score should be entered as follows:
 - Minimum of 2 scores required, use the lower of two as the FICO score in Optimal Blue
 - When 3 scores are obtained use the middle of the three as the FICO score in Optimal Blue
 - If the lock involves multiple borrowers, input the lower middle score for all borrowers to ensure correct pricing. i.e. Borrower 1 has scores of 780, 740 and 721, Co-borrower has scores of 800, 735 and 710. 735 should be the FICO that is entered in Optimal Blue for all borrowers to ensure correct pricing.
- Automated Underwriting System should be selected as follows:
 - Conventional – Select LP
 - Government – Select DU

5.01.02 Lock Desk Hours

TPO's may lock loans up to 4:30 PM EST.

5.01.03 Lock Confirmations

Lock status in Optimal Blue will update when received by MMC, however, lock confirmations will be sent to the TPO within 24 hours of lock request. It is the responsibility of the TPO to review the lock confirmation for accuracy and to notify MMC if there are any errors. Loans are not considered locked until confirmed by MMC.

**5.01.04 Lock
Terms and
Delivery**

MMC offers lock terms of 15, 30, 45 and 60 days depending on investor group selected.

All loans must close and disburse prior lock expiration.

Purchase loans may close and disburse on the expiration date while refinances must take into account the 3 day right of rescission.

**5.01.05
Relocks,
Extensions and
Renegotiations**

TPO's must call and request all relocks and extensions.

- Extensions are typically 2.5bps per day and are available for up to 30 days.
 - Lock extensions are only available on locks that have not yet expired. Expired locks will be required to relock.
 - Any loans relocked within 30 days of expiration will receive worse case pricing. Loan re-locked outside of 30 days will receive current market. Re-locks may only be allowed to lock for an additional 30 day period.
 - Rate renegotiations are not allowed once a loan is locked.
-

**5.01.06
Fallout**

MMC will monitor fallout for all TPO's. Fallout rate is calculated by dividing the dollar amount of locked loans that fail to close for a specific period by the total dollar amount of loans locked for that period. MMC will measure fallout against industry averages.



Since 1982

Midland Mortgage Corporation

TPO Seller Guide

Chapter 6: Level 1, 2, 3 and 4 Delivery

Our Business is an Extension of Yours!

Midland Mortgage Corporation
TPO Seller Guide
Chapter 6: Level 1, 2, 3 and 4 Delivery

Revision History

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1.0	9/3/13	Farmer	Initial Draft Created

Midland Mortgage Corporation
TPO Seller Guide
Chapter 6: Level 1, 2, 3 and 4 Delivery

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6.01: Level 1, 2, 3 and 4 Delivery

6.01.01 Initial Disclosures

Good Faith Estimates "GFE" guidelines:

- GFE should contain no blank fields
- "Important Dates" - Date Line # 1
 - If loan is not locked, then the date through which the interest rate is available should expire within 1 day of the date of the GFE.
 - If the loan is locked, then the date should be the actual lock expiration
- "Important Dates" - Date Line # 2
 - The estimate for all other settlement charges should be available for no more than 15 days after the date of the GFE
- Owner's title insurance is a required quote on all purchase loans
- Transfer taxes must be disclosed on all purchase transactions
- The GFE must be signed, dated and acknowledged at least one day prior to closing
- If the GFE is incorrect and there is no change of circumstance, MMC will not move forward in processing the loan.
- Origination and Settlement charges are only allowed to decrease (benefit the borrower) without a change of circumstance
- See below for Proof of Delivery Requirements

Truth in Lending "TIL":

- Must adhere to all requirements of Regulation Z. This includes but is not limited to tolerances, proof of delivery and closing restrictions.
- The Itemization of Amount Financed must be included on all re-disclosed TILs.
- See below for Proof of Delivery Requirements

Anti-Steering Disclosure:

- Required on all Level 1,2 and 3 loans submitted to MMC
- Must be complete and accurate
- The disclosure must be dated and acknowledged at least one day prior to closing
- MMC will not allow the minimum rate quote with largest fee to exceed 2 discount points due to high cost limitations.
- See below for Proof of Delivery Requirements

IMPORTANT: Proof of Delivery Requirements

- TPOs must provide MMC proof of delivery if the initial disclosures are not signed and dated within 3 days. Proof of delivery options may include:
 - Email- must indicate that GFE and TIL were included in the package
 - Overnight Label
 - Metered Envelope
 - Certified Mail receipt
- A signed statement from the borrower dated after the 3 day requirement will not be an acceptable form of disclosure receipt.

NOTE: TPO generated initial disclosures that result in a fatal error will be required to repurchase the loan. This applies to loans that may have been re-disclosed and reviewed by MMC.

6.01.02 Appraisers

All appraisers must be submitted to MMC for prior approval. TPO's that order appraisals must submit and MMC must approve an Appraisal Independence/Home Valuation Code of Conduct Policy.

6.01.03 Credit Report

Midland Mortgage Corporation will pull credit for all Level 1 and 2 TPOs. Level 3 TPOs who pull credit must provide MMC access to their report. If MMC is unable to access we will re-pull credit and charge the appropriate fee.

MMC also requires a "Soft Pull" of credit within 5 days of loan closing.

6.01.04 Access to DU or LP

At this time, TPOs must have direct access to LP or DU. If the TPO does not have access, MMC will score the loan on behalf of the client through LP or DU.

Please note that certain products are required to be underwritten by a specific underwriting engine. The appropriate underwriting engine must be selected at the time of lock.

TPOs have the option to sign up for LP on www.loanprospector.com. The TPO will create a TPO number and set up a billable account through this site. TPO can then access LP through the site and submit loans via LP to MMC.

6.01.05 Website

MMC's Wholesale Website can be accessed at:

- www.mmcmortgageservices.com .

Midland Mortgage Corporation TPO Seller Guide Chapter 7: General Delivery

Midland Mortgage Corporation
TPO Seller Guide
Chapter 7: General Delivery

Revision History

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Midland Mortgage Corporation
TPO Seller Guide
Chapter 7: General Delivery

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7.01: Loan Delivery Guidelines (Whole Loans Purchased)

7.01.01 Summary The Delivery chapter outlines the general parameters for closed loans delivered to Midland Mortgage Corporation for purchase. Mortgage loan documents must comply with the requirements of the applicable program and must meet all applicable federal, state and local laws and regulations.

7.01.02 Loan Delivery Package The TPO should review the loan delivery package prior to delivery to ensure conformance with Midland Mortgage Corporation product guidelines and documentation criteria. TPOs that chronically deliver incomplete packages will be monitored and the TPO's approval status will be subject to review.

7.01.03 Review of Loan Delivery Package Midland Mortgage Corporation will review the loan delivery package to ensure all required documentation is included and is satisfactory, both in content and form. If the review reveals no deficiencies, the loan will be purchased. If the review reveals documentation deficiencies, the purchase of the loan will be suspended pending correction of such deficiencies.

In the event Midland Mortgage Corporation suspends the purchase of a loan pending receipt of additional and/or corrected documentation, the TPO will be sent an exception report by email of those deficiencies that must be corrected prior to purchase.

It is the TPO's responsibility to correctly complete the loan documentation. Any expense involved in correcting and/or re-recording documents will be incurred by the TPO.

7.01.04 Borrower(s) Signatures The borrower(s) must sign the documents exactly as the name appears on all of the mortgage loan documentation. Midland Mortgage Corporation requires that a Name Affidavit (executed by the borrower(s) at closing) be delivered in the loan delivery package if names are inconsistent or not clearly decipherable within the loan file. Any person whose signature is required to perfect a lien against the property must sign the Security Instrument.

7.01.05 Truth in Lending Disclosures The initial executed Truth in Lending Disclosure (TIL) and RESPA-required Good Faith Estimate (GFE) must be included in the loan delivery package.

Continued on next page

7.01: Loan Delivery Guidelines (Whole Loans Purchased), Continued

7.01.06 Note Endorsement

The original Mortgage Note, endorsed without recourse, must be submitted with the loan delivery package. Any and all corrections, additions or deletions to the Note must be initialed by the borrower(s).

The endorsement should be executed only by those persons specifically authorized to execute documents on behalf of the TPO and should include one or two authorized signatures as required by the TPO. The endorsement should read as follows:

PAY TO THE ORDER OF
MIDLAND MORTGAGE CORPORATION
WITHOUT RECOURSE
TPO NAME (TYPED)
(*AUTHORIZED SIGNATURE*)
NAME OF AUTHORIZED SIGNER (TYPED)
TITLE OF AUTHORIZED SIGNER (TYPED)
DATE (TYPED)

7.01.07 Allonge

In lieu of a Note endorsement, Midland Mortgage Corporation will accept an Allonge. The Allonge must meet all state, local and federal laws published for allonges. The Note must reference the attached Allonge. The following information must be included on the Allonge:

- Note date
- Borrower(s) name
- Midland Mortgage Corporation loan number
- Loan amount
- Endorsement as shown in the *Note Endorsement* section of this chapter; the TPO name should be typed exactly as shown on the Note

Note: The TPO agrees to indemnify Midland Mortgage Corporation for any loss or damage incurred as a result of using an allonge.

7.01.08 Mortgagee Clause for Change of Servicer

The TPO must notify all vendors with the change of servicer.

Mortgagee Clause:

Midland Mortgage Corporation, its successors and/or assigns as their interest may appear (include the Midland Mortgage Corporation loan number).

Continued on next page

7.01: Loan Delivery Guidelines (Whole Loans Purchased), Continued

**7.01.09 HUD-1
Settlement
Statement**

A signed, original or certified copy of the Final HUD-1 Settlement Statement is required by Midland Mortgage Corporation. The Final HUD-1 should be included in the loan delivery package.

- The HUD-1 must be completed in conformance with RESPA and must accurately reflect all of the financial aspects of the transaction, including, but not limited to, debits, credits and costs paid outside of closing. In addition, the heading must be fully and accurately completed, all parties to the transaction must sign the HUD-1 and the RESPA Certification must be included and executed.
- Loan charges may not exceed the maximum amount permitted under PMI Lender regulations.
- Each escrow item, such as county tax, city tax or hazard insurance should be listed on its respective line in series 1000 of the HUD-1.
- The aggregate adjustment (amount) must be equal to zero or a negative number.

**7.01.10 Escrow
Closing States**

Certifications of Disbursement are acceptable for purchase of loans for escrow states. The final HUD-1 Settlement Statement must be received by Midland Mortgage Corporation within 10 days of purchase.

**7.01.11
Common
Delivery
Deficiencies**

Prior to delivery to Midland Mortgage Corporation, all documents should be reviewed for accuracy, consistency and compliance to avoid deficiencies. The following list of common reasons for file suspensions and delays in loan purchase is provided as an aid in the preparation of loan delivery packages.

Missing or incorrect documents such as:

- Note (incorrectly endorsed)
- Borrower(s) signatures are not consistent with typewritten names
- The principal and interest payment amount is incorrect
- The loan amount is incorrect
- First and last payment dates are incorrect
- Security Instrument (matching dates)
- Appropriate assignments and/or MERS MIN transfer
- Missing riders/addendums

Continued on next page

7.01: Loan Delivery Guidelines (Whole Loans Purchased), Continued

**7.01.11
Common
Delivery
Deficiencies
(continued)**

- Assignments are not executed by the TPO, notarized or stamped
 - HUD-1 and Initial Escrow Account Disclosure information do not agree
 - Appraisal
 - PMI certificate or disclosure
 - Mortgage Insurance (MI) coverage is not correct
 - Flood certificate or flood insurance policy
 - Tax Information Sheet (incomplete information)
 - Hazard insurance policy/coverage
 - Initial/final Application (1003)
 - Initial Good Faith Estimate (GFE)
 - Right to Cancel form
 - Title Commitment
 - DU/LP findings
 - Underwriting Transmittal (1008)
-

**7.01.12
Corrections to
Documents**

Corrective coverings such as white-out or tape on documents are not permitted. All corrections must be initialed by all borrowers and/or other applicable parties.

**7.01.13
Payment Due
Date**

Monthly payments of principal, interest and, if applicable, escrows are due on the first day of the month. If the TPO receives calls regarding late notices sent to the borrower(s) for first payment default, those calls should be redirected appropriately.

**7.01.14 Interest
Credit**

The TPO may close and disburse loans up to five days into the month, in which the first payment is due the following month. In these instances, the TPO must credit the borrower(s) on the HUD-1 any per diem interest from the first day of the month to the date of disbursement.

Example: A loan closed on May 4th. The first monthly payment of \$1,600 is due to Midland Mortgage Corporation on June 1st. The per diem amount per day is \$30. The borrowers will pay the first month's payment in its entirety, and they will be credited with \$90 (the interest amount for May 1st – May 3rd) at closing.

Continued on next page

7.01: Loan Delivery Guidelines (Whole Loans Purchased), Continued

7.01.15 Late Charges A late payment charge of 5% of the unpaid principal and interest payment for conventional loans or the maximum charge permitted under applicable state law, whichever is less, must be included on the Note. Late payment charges are assessed 15 calendar days after the due date of the payment.

7.01.16 Transfer of Servicing The TPO must notify the borrower and vendors of the sale of the loan to Midland Mortgage Corporation. All notification and disclosures to the borrowers must meet requirements for regulatory, state and federal laws.

7.01.17 Occupancy Rider An Occupancy Rider is required on properties with two or more units.

7.01.18 Interest Factor Loans should be closed using a 365-day year.

7.01.19 Tax Information Sheet Midland Mortgage Corporation requires a complete Tax Information Sheet. The following data must be included on the Tax Information Sheet:

- Name and address of the taxing authority
- Tax ID numbers for the taxing authority
- Date taxes paid and amount paid
- Whether taxes are levied on an improved or unimproved basis
- When taxes are next payable and the amount due
- Billing cycle (annual, semi-annual, quarterly, etc.)

7.01.20 Tax Service Midland Mortgage Corporation requires a Tax Service Fee on all purchased loans regardless of any existing tax service contracts. The Tax Service Fee will be net funded from all loans purchased by Midland Mortgage Corporation.

7.01.21 Address Certification An Address Certification or similar document must be included in each loan delivery package if the borrower(s) mailing and property addresses are different. This is mandatory for second homes and non-owner occupied properties.

7.01: Loan Delivery Guidelines (Whole Loans Purchased), Continued

7.01.22 Goodbye Letter The TPO must issue a Goodbye Letter at loan closing and must include a copy of this letter in the loan delivery package.

7.01.23 First Payment Letter The TPO must issue a First Payment Letter at loan closing and must include a copy of this letter in the loan delivery package. This letter should disclose the monthly payment amount due for principal and interest and, if applicable, buydown subsidy, taxes, MI, hazard insurance, flood insurance, special assessments and any other monthly escrow amount.

All First Payment Letters should reference that, until notified otherwise by a Notice of Transfer of Servicing Rights, all first payments should be sent to:

MIDLAND MORTGAGE CORPORATION
ATTN: Payment Processing
1513 Pickens Street
Columbia, SC 29201

7.01.24 Initial Escrow Account Disclosure Statement An Initial Escrow Account Statement (required by RESPA) complete with an itemization of the estimated taxes, insurance premiums and other charges reasonably anticipated to be paid from the borrower's escrow account during the first 12 months of the loan and executed by the borrower(s) must be included in the every loan delivery package. The beginning balance on the Initial Escrow Account Statement must equal the balance on the HUD-1 Statement minus aggregate adjustments.

7.01.25 IRS Form 4506T A completed IRS Form 4506T must be executed at closing by the borrower(s) and included in the loan delivery package.

7.01.26 IRS Form W-9 All borrowers must provide a completed IRS Form W-9 or its equivalent, indicating either the Social Security Number or Taxpayer Identification Number. Such forms must be included in the loan delivery package.

7.01.27 Escrow for Completion/ Repairs Midland Mortgage Corporation will not purchase loans with escrow holdbacks/ completion repairs.

Continued on next page

7.01: Loan Delivery Guidelines (Whole Loans Purchased), Continued

7.01.28 Funding Instructions Prior to loan funding, the TPO must have current and complete wiring instructions on file with Midland Mortgage Corporation and provide a copy with each loan file delivery.

If any information changes or if new funding instructions are required, the TPO must notify Midland Mortgage Corporation at least two business days prior to loan funding.

7.02: Hazard Insurance for 1- to 4-Unit and Detached PUDs

7.02.01 Hazard Insurance Required

Midland Mortgage Corporation requires hazard insurance for 1- to 4-unit homes, including detached condominium and planned unit development (PUD) units. Detached, single family condominium units may be treated as single family residences in standard subdivisions as described in this section. However, if a master policy covering individual units is available, units may be treated as attached condominiums. Refer to the Hazard Insurance for *Attached Condominiums and PUD Units* section of this chapter.

Midland Mortgage Corporation requires property insurance for protection against loss or damage from fire or other hazards covered by the standard extended coverage endorsement. Hazard insurance policies that limit or exclude from coverage (in whole or in part) windstorm, hurricane, hail damage or any other perils normally included under standard coverage endorsement (for example: damage caused by explosions, riots, civil commotion, aircraft, vehicles and smoke) are not acceptable. An All Risk policy is acceptable.

7.02.02 Acceptable Policies

Homeowners' policies are acceptable for hazard insurance coverage.

- Homeowner's
-

7.02.03 Acceptable Insurers

The insurance company must have one of the following ratings:

- Best's Rating of B or better
- Best's Financial Performance Rating of six or better
- For a company rated by Demotech, Inc., a minimum rating of A as reported in FirstRate/P&C Financial Stability Ratings
 - For a company rated by Standard & Poor's Corporation (one of the following):
 - A rating of BBB as reported in Insurer Solvency Review – Property/Casualty Edition
 - A minimum rating of BBB as reported in Insurer Solvency Review – Property/Casualty Edition
 - A minimum rating of AA as reported in the International Confidential Rating service or International Solvency Reports Service

Even though Lloyd's of London Insurance Group and various states' Fair Access to Insurance Requirements Plans (FAIR Plans) are not rated, they are acceptable insurers.

7.02: Hazard Insurance for 1- to 4-Unit and Detached PUDs, Continued

7.02.04 Acceptable Policies of Insurance

A policy or binder must include the following:

- Name, property address and mailing address of the insured exactly as shown on the loan documents
 - Description of the type and amount of coverage
 - Deductible amount
 - Signature of agent or authorized representative of the insurance company
 - Effective date and expiration date of coverage and premium amount
 - Policy number or binder number and loan number (if binder is provided, it must indicate policy period, effective date and expiration date)
 - A mortgagee clause
 - Endorsements or any special exclusion
 - Rent loss insurance for two- to four-unit non-owner occupied properties
-

7.02.05 Refinance Transactions

If the policy is due to expire within 60 days after closing, the TPO must provide a paid receipt for the next year's premium.

7.02.06 Amount of Coverage Required

The amount of hazard insurance coverage must be sufficient. At least one of the following requirements must be met:

- 100% of the insurable value of the improvements
 - Less of Fair Market Value (FMV) – Land = Replacement Value
 - Guaranteed Replacement Cost – included on top of the dwelling coverage noted
-

Continued on next page

7.02: Hazard Insurance for 1- to 4-Unit and Detached PUDs, Continued

7.02.07 Rent Loss Insurance Rent loss insurance covers any loss of rent or rental value in the event of fire or other damage that renders the property uninhabitable.

Note: Rent loss insurance of condominiums is not part of the master hazard insurance policy provided on the condominium project to the homeowners' association. For condominium loans requiring rent loss insurance, the applicant must provide evidence of an additional individual hazard policy on the subject condominium unit that provides rent loss coverage.

7.02.08 Deductible For all loan amounts, the maximum deductible for hazard insurance is 5% of the policy's face amount.

In addition, when a policy or an endorsement to the policy provides for a separate hail or wind loss deductible, such deductible may not exceed 5% of the face amount of the policy.

7.03: Hazard Insurance for Attached Condominium and PUD Units

7.03.01 Hazard Insurance Required

This section describes hazard insurance for attached unit condominium projects, cooperative apartments and units in planned unit developments (PUDs). Detached, single family PUD units or condominium units are to be treated as single family residences in standard subdivisions. Refer to the *Hazard Insurance for 1- to 4-Units and Detached PUD Units* section of this chapter.

Midland Mortgage Corporation requires property insurance for protection against loss or damage from fire and other hazards covered by the standard extended coverage endorsement. Hazard insurance policies that limit or exclude from coverage windstorm, hurricane, hail damage or any other perils that are normally included under a standard extended coverage endorsement are acceptable. An All Risk policy is also acceptable.

7.03.02 Acceptable Policies

Refer to the table below for acceptable policies for various property types.

Property Type	Acceptable Policy
Condominium Units	Condominium projects must be covered by a policy that is purchased by the homeowners' association using common funds.
Attached PUD Units	<p>PUD units must have two separate policies to qualify:</p> <ul style="list-style-type: none"> • One policy maintained by the homeowners' association and that covers all common areas • One individual policy that covers only the borrower's unit <p>A blanket policy that covers both items above is acceptable if the project's legal documents allow for such a policy.</p>

7.03.03 Acceptable Insurers

The insurance company must have one of the following ratings:

- Best's Rating of B or better
 - Best's Financial Performance Rating of six or better
 - For a company rated by Demotech, Inc., a minimum rating of A as reported in FirstRate/P&C Financial Stability Ratings
-

Continued on next page

7.03: Hazard Insurance for Attached Condominium and PUD Units,
Continued

**7.03.03
Acceptable
Insurers**
(continued)

- For a company rated by Standard & Poor's Corporation (one of the following):
 - A rating of BBB as reported in Insurer Solvency Review – Property/Casualty Edition
 - A minimum rating of BBB as reported in Insurer Solvency Review – Property/Casualty Edition
 - A minimum rating of AA as reported in the International Confidential Rating service or International Solvency Reports Service

Even though Lloyd's of London Insurance Group and various states' Fair Access to Insurance Requirements Plans (FAIR Plans) are not rated, they are acceptable insurers.

Midland Mortgage Corporation monitors insurance company ratings compliance with this requirement.

**7.03.04
Document
Requirements**

To document hazard insurance coverage for loans on condominiums or PUD units, the following documentation is required.

Unit Type	Individual Unit Approval Documentation
Condominium	<ul style="list-style-type: none"> • Master or blanket policy showing the borrower(s) name and unit as covered. • Loss Payable Endorsement naming Midland Mortgage Corporation, its successors and/or assigns as loss payee
Attached PUD Units	<ul style="list-style-type: none"> • Individual unit policy • Loss Payable Endorsement naming Midland Mortgage Corporation, its successors and/or assigns as loss payee

Continued on next page

7.03: Hazard Insurance for Attached Condominium and PUD Units,
Continued

7.03.05 Coverage Amount

- 100% of the insurable value of the improvements
- Lesser of Fair Market Value (FMV) minus Land = Replacement Value
- Guaranteed Replacement Cost

7.03.06 Rent Loss Insurance

Rent loss insurance covers any loss of rent or rental value in the event of fire or other damage that renders the property uninhabitable.

Note: Rent loss insurance of condominiums is not part of the master hazard insurance policy provided on the condominium project to the homeowners' association. For condominium loans requiring rent loss insurance, the applicant must provide evidence of an additional individual hazard policy on the subject condominium unit that provides rent loss coverage.

7.03.07 Deductible

For policies covering the common area of a condominium project or PUD, the maximum deductible is the lower of \$10,000 or 1% of the policy's face amount.

For an individual unit covered by the project's blanket policy, the deductible should be the higher of \$1,000 or 1% of the unit replacement cost.

7.03.08 Fidelity Bond

The fidelity bond must name the homeowners' association as the beneficiary.

Unit Type	Coverage
Condominium Units	Fidelity bond coverage is required for these types of condominium projects: <ul style="list-style-type: none"> • Established projects that are less than 70% owner occupied • New projects Fidelity bond coverage is not required for projects of fewer than 20 units.
Attached PUD Units	Fidelity bonds are required for PUD projects only when the project must be underwritten as Type F (new construction in the marketing phase). Fidelity bond coverage is not required for Type F PUD projects of fewer than 20 units.

Continued on next page

7.03: Hazard Insurance for Attached Condominium and PUD Units, Continued

7.03.09 Amount of Fidelity Bond

The amount of fidelity coverage must be equal to or greater than the sum of three months' assessment income on all units in the project plus the amount in the reserve account, if any.

If one or more of the following financial controls is in place, the fidelity coverage need only equal the amount of three months' assessment income on all units in the project.

- The homeowners' association property management company maintains separate bank accounts for working capital and reserve funds, and the bank in which the funds are deposited sends copies of the statements to the homeowners' associate directly.
 - The management company maintains separate records and accounts for each project it manages and does not have the authority to draw funds from the reserve account.
 - Two members of the homeowners' association board of directors must sign any check written on the reserve account.
-

7.04: Flood Insurance

7.04.01 Summary Midland Mortgage Corporation requires flood insurance to be in place at closing for any property in a federally recognized flood insurance area. Properties located in a Special Flood Hazard Area (SFHA) designated by the symbols "A" or "V" on a Flood Insurance Rate Map (FIRM) requires flood insurance.

7.04.02 Flood Certification Midland Mortgage Corporation requires a Flood Zone Determination Certificate (FZD) for each loan.

7.04.03 Life of Loan Certificate Midland Mortgage Corporation requires a Life of Loan Certificate (LOL) for each loan. A LOL Flood Conversion fee will be net funded from loans purchased by Midland Mortgage Corporation.

7.04.04 Lender's Certificate The TPO is responsible for obtaining flood insurance and a paid receipt provided the property is located in a Special Flood Area requiring flood insurance.

7.04.05 Non-participating Communities Midland Mortgage Corporation will not purchase a property located in a non-participating community.

7.04.06 National Flood Insurance Act Flood insurance is required for all structures located in a SFHA as designated by the Federal Emergency Management Agency (FEMA). A SFHA is an area that has at least a 1% chance of flooding in any given year and a 26% chance of flooding during the life of a 30-year mortgage.

The *National Flood Insurance Act of 1968* made flood insurance available for improved real estate and personal property through the federal government. *The Flood Disaster Protection Act of 1973* that mandated the purchase of flood insurance for improved real estate and personal property that are collateral for loans made by federally regulated financial institutions.

In 1994, Congress passed the *Flood Insurance Reform Act*, which requires federal regulators and government sponsored enterprises to publish regulations and guidelines for regulated lenders and loan servicers. These regulators and guidelines made the purchase of flood insurance whenever it is determined that a collateral property is SFHA. The *Flood Reform Act* also requires the escrow of flood insurance premiums when an escrow account is

Continued on next page

7.04: Flood Insurance, Continued

7.04.06 National Flood Insurance Act
(continued)

established. If an escrow account is not established, flood insurance premiums do not have to be escrowed.

The Federal Insurance Mitigation Administration (FIMA) administers the National Flood Insurance Program (NFIP). Flood insurance policies are written by NFIP or by private insurers in the Write Your Own (WYO) program. The coverage and premiums with NFIP and WYO insurers are identical.

7.04.07 Definition of 100 Year Flood

In designating SFHAs, FEMA uses the concept of the 100-year flood, also referred to as a base flood. This concept refers to a flood level in which the chance of flooding is at least 1% in any given year, or 26% during a 30-year loan term. Within the 100-year flood area, flooding could conceivably occur two or three years in a row.

7.04.08 Documentation

Flood insurance is issued by the National Flood Insurance Administration (NFIA).

7.04.09 Condo and PUDs

If any part of a condominium or PUD improvement is in a SFHA, the homeowners' association must maintain condominium master policy of flood insurance with a sufficient amount of coverage and arrange for the premiums to be paid as a common expense, or the unit owners must obtain dwelling policies to cover flood coverage assessments by the homeowners' association and/or flood damage to personal property within their units.

7.04.10 Coverage Amount

- Fair Market Value (FMV) minus Land = Replacement Cost Value
 - Total Lien
 - Maximum flood insurance available under NFIP is currently \$250,000
-

7.04.11 Deductible

The maximum deductible for flood insurance provided by an individual dwelling property is the higher of \$1,000 or 1% of the policy's face amount.

For flood insurance policies covering common areas for condominiums and PUD projects, the maximum deductible is the lower of \$5,000 or 1% of the policy's face amount.

Continued on next page

7.04: Flood Insurance, Continued

7.04.12 Acceptable Policies

Acceptable policies must include:

- Name of the insured, the property address and the mailing address of the insured exactly as shown on the loan document
 - Description of the type and amount of coverage
 - Deductible amount
 - Signature of the agent or authorized representative of the insurance company
 - Effective date and expiration date of coverage and the premium amount.
 - Policy number and loan number
 - Mortgagee clause/loss payee
 - Endorsements or any special exclusion
-

7.05: Insurance Requirements

7.05.01 Summary

This section outlines the requirements for optional insurance, earthquake insurance and mortgage insurance (MI).

7.05.02 Optional Insurance

The TPO must take steps to notify any mortgagor who has optional insurance on his or her mortgage (accident, health or life) that the mortgagor must make arrangements with the carrier to bill the mortgagor directly and that the optional insurance premium will no longer be included with the mortgage payment effective on the date of transfer.

7.05.03 Earthquake Insurance

Midland Mortgage Corporation does not require or setup escrow/impound accounts on earthquake insurance. If the customer chooses to have earthquake insurance and the premium is combined (included) with the hazard coverage premium, it will be impounded with that premium. Otherwise, if there are two policies with separate bills, only the hazard premium will be impounded.

7.05.04 MI Requirements

Midland Mortgage Corporation will purchase servicing on loans insured only by MI companies approved by Midland Mortgage Corporation.

Monthly premium MI is accepted from all companies approved by Midland Mortgage Corporation. The MI Certificate must clearly identify the policy as a monthly premium plan.

No additional requirements are imposed on zero origination plans.

Regular Monthly Plans

Midland Mortgage Corporation requires that the TPO submit the current month's premium. For loans purchased by Midland Mortgage Corporation after payments have been applied, the monthly MI premium must be remitted through the month(s) for which the TPO is responsible for collecting payments.

Private MI and Servicing Issues

If at any time after transfer of servicing, Midland Mortgage Corporation discovers an issue during the servicing of the loan, including but limited to insufficient PMI coverage, inadequate PMI disclosure of premium amount, unpaid initial or subsequent PMI premiums or tax penalties, Midland Mortgage Corporation will:

- Correct the situation in a manner that least impacts the borrower, including but not limited to, purchasing one-time life of loan coverage,

Continued on next page

7.05: Insurance Requirements, Continued

7.05.04 MI Requirements (continued)

amending and paying up the policy to maintain the current payment amount, paying a tax bill and any penalties. The TPO is responsible to reimburse Midland Mortgage Corporation for this error correction.

- Invoice the TPO for cost that are reimbursable to Midland Mortgage Corporation.
- Reserve the right to deduct the invoice amount from a TPO's future funding if payment is not received within 45 days of the invoice date.
- Not purchase loans with lower cost, reduced, custom or lender-paid MI insurance coverage options.

The TPO is responsible for providing MI in amount, content and form sufficient for the loan type and LTV. The original in-force Certificate of Insurance, and any conditions thereto, must be delivered in the loan delivery package. Loans with incorrect coverage will not be purchased.

Midland Mortgage Corporation prefers that loans be insured under the zero up front monthly premium programs or the one-time premium program.

Renewals for Monthly and Annual Programs

Due to servicing considerations, Midland Mortgage Corporation prefers the level renewal options; however, declining balance renewals will be considered.

The loan delivery package must include a MI Premium Payment Authorization executed by the borrower(s) if the loan is insured under one of the following MI programs:

- A one-time premium program with a term that is less than the life of the loan, such as seven years, 10 years, or coverage until LTV is reduced to a certain percentage.
- Annual premium program
- Monthly premium program

This authorization acknowledges the lender's right to require continuance of MI coverage and the borrower's obligation to pay the premiums. It is not required for those one-time premium policies that insure the life of the loan.

Monthly Premium Program

Midland Mortgage Corporation will accept Certificates of Insurance issued under monthly premium programs provided the monthly premium is computed at the no refund rate. If the monthly product is the zero upfront monthly premiums, no money is collected from the borrower.

Refer to the applicable program guidelines for eligible products, property types, occupancy types and MI coverage.

Continued on next page

7.05: Insurance Requirements, Continued

7.05.04 MI Requirements (continued)

Annual Premium Program

For the annual program, the first annual premium is collected at closing along with appropriate monthly escrow deposits and a two-month cushion.

One-Time Premium Program

For the one-time premium program, the entire premium is collected at closing and reflected on the HUD-1.

7.06: Escrow/Impound Accounts

7.06.01 Summary

Unless prohibited by state law, an escrow/impound account must be established for all loans sold to Midland Mortgage Corporation. The escrow/impound account must conform to RESPA Escrow Accounting Procedures. The account must be established under the Aggregate Accounting method at closing, whereby the amount of the escrow account is determined by using single item analysis with an Aggregate Accounting Adjustment, as reflected on the HUD-1.

7.06.02 Escrow Account Waivers

The requirement for escrow/impound accounts for the payment of taxes, special assessments and insurance premiums may be waived by Midland Mortgage Corporation if all of the following conditions are met:

- Borrower must sign an escrow account waiver statement
 - Conventional loans only
 - Owner-occupied or second homes only
 - Loan-to-value ratio must not exceed 80%
-

7.06.03 Responsibility for Payment of Taxes, Insurance and MI

For all loans with established escrow accounts, the TPO will assume responsibility for the payment of taxes, insurance premiums and other escrowed items that will become payable within 30 days of the purchase date and those which become due and payable prior to the purchase date. The TPO will be responsible for penalties incurred as a result of their failure to pay taxes and insurance payable within 30 days of the purchase date.

It is the TPO's responsibility to properly and timely notify all insurance carriers and other vendors for each loan of the change in servicer.

7.06.04 Cushions

Midland Mortgage Corporation requires an escrow account cushion of two months; however, such cushion may not exceed any limitation established under the terms of the Security Instrument or applicable state law. The appropriate cushion must be collected at closing.

Continued on next page

7.06: Escrow/Impound Accounts, Continued

7.06.05 Real Estate Taxes

If the taxes are due within 60 days of the loan closing, the TPO/ borrower is responsible for the payment of the taxes. If the TPO fails to pay the taxes per the guidelines in the *Seller Guide*, the TPO will reimburse Midland Mortgage Corporation for all tax penalties incurred.

7.06.06 Tax Documentation

A Tax Information Sheet and a Tax Authorization Letter (state-specific, if required by law) must be included in the loan delivery package.

7.07: Title Insurance

7.07.01 Requirements

Refer to Fannie Mae or Freddie Mac guidelines.

7.08: Documentation

7.08.01 Summary

All loans submitted to Midland Mortgage Corporation for purchase must be closed and transferred on appropriate legal instruments that are enforceable in the jurisdiction in which the subject property is located. The TPO must use the most current version of documents that are correct for the jurisdiction, the mortgage type, the lien type and the property type.

The Note and Security Instrument, including all applicable riders and addendums, should adhere to the most current Fannie Mae/Freddie Mac documents and/or form numbers.

With respect to each mortgage loan purchase by Midland Mortgage Corporation, all final closing documents must be delivered to Midland Mortgage Corporation within 90 days of the purchase date for such mortgage loans.

7.08.02 Mortgage Assignments

A certified copy of the executed assignment of mortgage, naming an assignee “Midland Mortgage Corporation”, must be submitted in the loan delivery package. The certification must read “This is to certify that this is a true and exact copy of the original, which has been submitted for recording”.

All assignments of lien must be submitted for recording, even in those areas where it is not common to record assignments. If state law does not specifically address the information required for recordation, the TPO should included the following information on the assignment:

- Date of execution
- TPO name
- Borrower name
- Legal description of the property
- Recording information related to the security instrument, such as the deed book and the page number or the instrument number
- The date of the mortgage
- An authorized signature
- An appropriate notarization, if required by state law

Note: The original recorded assignment of mortgage must be delivered to Midland Mortgage Corporation within 90 days.

Continued on next page

7.08: Documentation, Continued

7.08.03 MERS Overview

In lieu of preparing and recording an Assignment of Mortgage in the name of Midland Mortgage Corporation, the TPO is required to register mortgage loans on the Mortgage Electronic Registration System (MERS) and transfer ownership to Midland Mortgage Corporation (MERS Org ID: 1001010).

TPOs may use one of the following options to be MERS compliant:

- Option 1: MERS as Original Mortgage (MOM) or TPO executes MERS assignment as a MERS member
 - Option 2: MOM documents without MERS membership
 - Option 3: Midland Mortgage Corporation completes MERS as Assignee
-

7.08.04 MERS Option 1

Under MERS Option 1, the TPO become a MERS Lite member and name MERS as Original Mortgage on the Security Instrument (MOM Document), or completes a properly executed MERS assignment and registers the loan within three days of closing, naming Midland Mortgage Corporation as the Investor and Servicer.

TPOs may join MERS by:

- Calling MERS at 1-800-646-6377 to sign-up for MERS Lite Membership
- Accessing the MERS Web site at www.mersinc.org and selecting the **Become a Member** link.

Benefits:

- Eliminate assignment and recording costs
 - Reduce clerical time and shipping expense
 - Reduce documentation errors
 - TPO pays per loan fee to MERS
-

7.08.05 MERS Option 2

Under MERS Option 2, the TPO uses MERS 1-2-3 to create MOM document without MERS membership or by using MERS compliant loan origination software.

TPOs can access MERS 1-2-3 from the MERS Web site at www.mersinc.org. On the MERS 1-2-3 login screen:

Continued on next page

7.08: Documentation, Continued

7.08.05 MERS Option 2 (continued)

- Select **First Time User** button, complete the new user set-up and establish a unique User ID and Password that will be associated with MERS 1-2-3
- To reserve a MIN, enter the Midland Mortgage Corporation Org ID as the “Intended Purchaser” and the Midland Mortgage Corporation Loan Number in the “Purchaser Loan Number” field. MERS will generate a MIN.
- MERS 1-2-3 displays a list of MERS-certified document providers. The TPO is responsible for recording the MOM mortgage or MERS assignment and for related recording fees.

Benefits:

- Eliminate assignment recording costs
- Eliminate MERS annual membership fee
- Single source for generating MINs and creating MERS documents
- Midland Mortgage Corporation completes the MERS registration process

Midland Mortgage Corporation will charge a MERS Registration Fee per loan at funding for MERS registration and reconciliation. Refer to *Quick Reference Guide* for the applicable MERS Assignment Fee.

7.08.06 MERS – Option 3

TPO must provide an original paper assignment to Midland Mortgage Corporation.

Benefits:

- Record assignment to MERS as nominee for Midland Mortgage Corporation, using the Midland Mortgage Corporation assigned MIN located on the loan registrations
 - Deliver a Certified True Copy of the assignment with the closing package to Midland Mortgage Corporation
-

7.08.07 Security Instruments

A certified copy of the executed state-specific form of Security Instrument, including any Riders, must be submitted with the loan delivery package. The certification must read “This is to certify that this is a true and exact copy of the original, which has been submitted for recording”.

Continued on next page

7.08: Documentation, Continued

7.08.08 Standard Riders

A mortgage loan secured by a unit in a PUD project must incorporate the Fannie Mae Form 3150, PUD Rider.

A Second Home Rider, Fannie Mae Form 3890, must be attached to the security instruments on all loans secured by a second home.

7.08.09 Outstanding Final Documentation

Midland Mortgage Corporation has the right to charge the TPO for actual costs and fees incurred in order to obtain the required documents that have been outstanding more than 90 days.

7.08.10 Right to Require Repurchase

Midland Mortgage Corporation may at its discretion require the TPO to repurchase mortgage loans with documentation outstanding for 60 days or more which results in Midland Mortgage Corporation being unable to meet its secondary market delivery requirements.

7.08.11 Conventional Mortgages

Midland Mortgage Corporation requires the appropriate Fannie Mae/Freddie Mac Standard Uniform Instrument.

7.08.12 Endorsement of Instruments

The TPO hereby irrevocably authorizes and empowers Midland Mortgage Corporation to, without notice; endorse in the name of the TPO any checks, drafts or other orders payable to the TPO for application to the respective loan. This authority shall be irrevocable until the loan has been fully paid and discharged.

7.08.13 Power of Attorney

Although Midland Mortgage Corporation prefers that all borrowers execute the loan documents in person, from time to time it may be necessary for a mortgage loan to close under the provisions of a Power of Attorney.

Without exception, at least one of the borrowers must personally execute either the initial loan application or the closing documents. A copy of the Power of Attorney, certified by the settlement agent, must be included with the loan delivery package.

The Power of Attorney must be:

- Acceptable to the title insurance company which is insuring title, and the Title Policy must take no exception to the use of Power of Attorney
-

Continued on next page

7.08: Documentation, Continued

7.08.13 Power of Attorney (continued)

- Drafted in accordance with applicable state law and be acceptable to the recording agent in the local jurisdiction
- Specific to the real estate transaction, including legal description and address
- Provide an expiration date subsequent to the date of the recording of the Security Instrument
- Recorded prior to the recording of the Security Instrument in the records specified by state law

Documents may be drawn with either signature example shown below.

Example 1	Example 2
(attorney-in-fact signature) (Typed name of attorney-in-fact), as attorney-in-fact for (Typed name of borrower)	(borrower name signed by attorney-in-fact) (Typed name of borrower). By (attorney-in-fact signature) (Typed attorney-in-fact name), his/ her attorney-in-fact

Note: The examples shown herein, as well as others not included, must be satisfactory for the local jurisdiction and approved by the title company prior to closing. The title company must insure that the TPOs are in the first lien position without exception to the Power of Attorney.

7.08.14 High Cost

Midland Mortgage Corporation reserves the right to test for high cost loans and will not purchase or close any loan that exceeds High Cost Limitations.

7.08.15 Internal Revenue Service 1098 Reporting

Midland Mortgage Corporation has responsibility for Internal Revenue Service (IRS) 1098 reporting beginning with the first payment due to Midland Mortgage Corporation following purchase of the loan. It is the TPO's responsibility to perform all IRS 1098 reporting prior to the first payment due to Midland Mortgage Corporation.

7.08.16 Bailment Requirements

If the TPO has a warehouse line of credit, the holder of the pledge must provide a bailment letter with the Note. If the bailment letter covers more than one loan, a copy of the letter must be in each loan delivery package.

Continued on next page

7.08: Documentation, Continued

7.08.17 Decline to Purchase

Midland Mortgage Corporation reserves the right to reject any loan for purchase including, but not limited to, the following:

- Incorrect or improper documentation
 - Loans that do not meet product, program or underwriting guidelines
 - Fraud
-

7.08.18 Per Diem (Accrued) Interest

Midland Mortgage Corporation calculates interest on a 365 day/year basis. The number of interest days paid/charged is the total number of days between the Interest paid-to-date and the purchase/wire date.

Example: First Payment Date on the Note is 05/01/09. Purchase date is 04/12/09 and the Interest Paid to Date is 04/01/09, 11 days, which would be paid to the TPO at purchase.

Example: Loan closed on 02/06/09 with a First Payment Date on the Note of 03/01/09. The Purchase Date is 03/26/09. The First Payment due Midland Mortgage Corporation is 05/01/09 and Interest Paid to Date is 04/01/09. The number of days from the Purchase Date to the Interest Paid to Date is 6 days, which would be deducted from purchase.

7.08.19 Buydown Funds

The Buydown Agreement must be in the loan delivery package. At the time of funding, the appropriate buydown funds will be deducted from the wire.

7.08.20 Loan Amortization

All loans are purchased at the principal balance, provided the first payment date of the Note has not arrived prior to funding. If the first payment date has elapsed at the time of purchase, Midland Mortgage Corporation will purchase the loan at the amortized balance and based on the payment history provided.

7.08.21 Notice of Right to Cancel

For certain refinance transactions, TPOs are required to provide borrower(s) with a cooling off period of three business days. During this period borrower(s) may cancel the entire transaction.

Note: Do not deliver the loan delivery package until the rescission period has expired.

7.09: Final Documentation

7.09.01 Summary Final documents must be received by Midland Mortgage Corporation within 90 days of purchase date. The final documents must include:

- Assignment of Mortgage
 - Original recorded mortgage
 - Riders
 - Addenda
 - Final Title Policy
 - Certified copy of Power of Attorney (POA)
-

7.09.02 Document Delivery Final documentation must be delivered to Midland Mortgage Corporation.

7.09.03 Delivery of Trailing Documents It is the TPO's responsibility to ensure that all final/trailing documents are forwarded to Midland Mortgage Corporation for the completion of file certification. Midland Mortgage Corporation requires that all files purchased must be complete within 90 days of purchase.

All final/trailing documents must be delivered by overnight courier.

Note: Midland Mortgage Corporation may, at its sole discretion, invoice the TPO for missing final/trailing documents. The TPO may be invoiced on a per document or per loan basis.

7.09.04 Borrower Payment For loans that payoff prior to the purchase, Midland Mortgage Corporation requires the TPO to reimburse by wire the purchase amount within 24 hours of the payoff date.

The TPO must reimburse Midland Mortgage Corporation for additional per diem interest if reimbursement is not received within 24 hours of the payoff date.

7.09.05 Year-end Interest Reporting to Mortgagors On or before January 31st, the TPO must prepare and mail required Form 1098, 1099, 1099a, 1099c, 1099misc, reflecting interest paid by the mortgagor and a Form 1099 reflecting the period of time up through the transfer from the previous year.

7.10: Post Funding Corrections

7.10.01 Summary

Requests are processed immediately. If the correction does not impact the borrower, reimbursement will be received within three business days. If the correction does impact the borrower or requires research with an outside vendor, the reimbursement may take longer.

7.10.02 Escrow Correction

An escrow correction is defined as a correction that would impact a borrower's escrow/impound account. All requests for escrow correction must be received within 60 days of the purchase/wire date.

In the event an escrow account has been analyzed, the loan has paid-in-full, or the loan has been sold service released, the request for reimbursement will not be processed.

When submitting a request for escrow correction, the following documentation must be included:

- Complete loan history
- Copy of check (if taxes or insurance were paid or if check was forwarded to a borrower)
- Copy of the final HUD-1 Settlement Statement (if different from the HUD-1 submitted with the loan file for purchase)

If the appropriate documentation is not received, the correction request will be pended until all documentation required to complete the request is received.

7.10.03 Non- escrow Corrections

A non-escrow correction is defined as a correction that does not impact the borrower's escrow/impound account. Non-escrow corrections may include, but are not limited to, the following:

- All-in price
- Risk-based price adjustments
- Delivery price adjustments
- Principal balance purchased
- Incorrect paid-to-date
- Interest
- Fees (tax service, flood, set-up, etc.)

All requests for non-escrow corrections must be received within 90 days of the purchase/wire date.

Continued on next page

7.10: Post Funding Corrections, Continued

7.10.04 Payment Corrections

A payment correction is defined as a payment that was due to the TPO but was received by Midland Mortgage Corporation. Often these corrections require that a payment be reversed from the borrower's account and forwarded to the TPO.

Midland Mortgage Corporation TPO Seller Guide

Chapter 8: Updates and Announcements

Midland Mortgage Corporation
TPO Seller Guide
Chapter 8: Updates and Announcements

Revision History

Version	Date	Author	Description of Change
1.0	1/1/14	Farmer	Initial Draft Created

Midland Mortgage Corporation
TPO Seller Guide
 Chapter 8: Updates and Announcements

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7.01: Updates and Announcements (Holiday Schedule, Admin Fee Update, Optimal Blue Reminders) 12/20/13

7.01.01 Holiday
Schedule,
Admin Fee
Update,
Optimal Blue
Reminders

Updates and Announcements

December 20, 2013

- **Midland Mortgage Wholesale Holiday Schedule:**
 - Closed Wednesday, December 25 and Thursday, December 26.
 - Closed Wednesday, January 1, 2014.

- **Administration Fee Update:** Effective with locks on or after 1/1/14
 - Brokered Loan Admin Fee:
 - Conv - \$895
 - USDA - \$895
 - VA - \$895
 - FHA - \$795
 - Mini – Corr Admin Fee:
 - All Loans - \$600

- **Optimal Blue:** When locking loans in Optimal Blue, please make sure to:
 - Input actual loan indicator FICO score as the FICO score for the primary borrower to ensure correct loan pricing. If the co-borrower score is the indicator FICO score it must be input into the FICO score field for the primary borrower.
 - Automated U/W System Field:

- Select LP for all Conventional Loans
 - Select DU for FHA, VA and USDA Loans
 - Property Address 2 Field:
 - Should be used for special instructions. i.e.
“50bp discount charged to borrower for rate”
or “ loan to close in bank/credit union name”.
-

7.02: RESPA/TILA Documentation Reminders 1/8/14

7.02.01 Delivery, GFE, TIL, Anti- Steering, Proof of Delivery

RESPA/TILA Documentation Reminders

January 8, 2014

Midland Mortgage Corporation (“MMC”) is providing this information based on documentation deficiencies found during file submissions. This document is not intended to explain RESPA/TILA but to offer assistance to ensure proper submission.

Delivery Timeframes:

- If MMC prepares the initial disclosures on behalf of the TPO, all applications must be received within 24 hours of application date or the application will not be accepted
- MMC requires our TPOs to deliver loan documents to their borrowers in a timely and responsible manner. Initial disclosures must be presented to and signed by the borrower(s) within 3 days of the RESPA application date in order to proceed with the loan. Failure to comply will result in a fatal error and MMC will decline the loan application. If disclosures are not signed within 3 days of the RESPA application date, Proof of Delivery within 3 days (as outlined below) must be provided.

Good Faith Estimates “GFE” guidelines:

- GFE should contain no blank fields
- “Important Dates” - Date Line # 1
 - If loan is not locked, then the date through which the interest rate is available should expire within 1 day of the date of the GFE.
 - If the loan is locked, then the date should be the actual lock expiration
- “Important Dates” - Date Line # 2
 - The estimate for all other settlement charges should be available for no more than 15 days after the date of the GFE
- Owner’s title insurance is a required quote on all purchase loans
- Transfer taxes must be disclosed on all purchase transactions
- The GFE must be signed, dated and acknowledged within 3 days of application and at least 1 day prior to closing.
- If the GFE is incorrect and there is no change of circumstance, MMC will not move forward in processing the loan.
- Origination and Settlement charges are only allowed to decrease (benefit the borrower) without a change of circumstance
- See below for Proof of Delivery Requirements

Truth in Lending “TIL”:

- Must adhere to all requirements of Regulation Z. This includes but is not limited to tolerances, proof of delivery and closing restrictions.
- The Itemization of Amount Financed must be included on all TILs.
- See below for Proof of Delivery Requirements

Anti-Steering Disclosure: (See Below)

- Required on all “Brokered” loans submitted to MMC
- The Disclosure must be complete and accurate. No fields should be left blank.
- **Type of Transaction** – should match the type of loan being submitted to MMC
- **Option 1** – Should contain the lowest interest rate available not to exceed 2 discount points due to high cost limitations
- Option 2 – Can be greater than or equal to but not lower than Option 1. MMC will accept N/A as a response for Option 2 if Option 1 and 2 are one in the same.
- **Option 3** – Should contain the lowest points and fees of any of the options available
- **#1, #2 and #3** should not be zero or a negative number
- **#4 and #8** should reflect the loan the borrower applied for and should be accurate at the time of disclosure. This may vary from the final loan rate and fees.
- **#5, #6 and #7** are required. They may be zero or negative if applicable.
- **#10** The disclosure must be signed and dated by the borrower(s) at least one day prior to closing.
- **#11** MMC requires the Broker’s Loan Officer to sign and date the disclosure.
- See below for Proof of Delivery Requirements

Anti-Steering Loan Options Disclosure

Loan Number: _____ Borrower Name: _____

Dear Borrower,

You have applied for a mortgage loan through _____. To ensure you, the borrower(s), has sufficient information to determine the appropriate loan, we are providing you with the following loan options. These loan options provide you with detailed rate and loan cost information to assist you in choosing the correct chosen the appropriate option.

Your Loan Options. For each type of transaction in which you expressed an interest, your mortgage broker has obtained loan options from a significant number of the creditors with which your mortgage broker regularly does business. Your mortgage broker has a good faith belief that you likely qualify for the following loans:

Type of Transaction <i>(check one)</i>		Interest Rate	Total origination points or fees and discount points
<input type="checkbox"/> Fixed Rate <input type="checkbox"/> Adjustable Rate		1	5
Option 1	Loan with the lowest Interest Rate →	_____ %	\$ _____
Option 2	Loan with the lowest Interest Rate without negative amortization, a prepayment penalty, interest-only payments, a balloon payment in the first 7 years of the life of the loan, a demand feature, shared equity, or shared appreciation →	2 _____ %	\$ _____ 6
Option 3	Loan with the lowest total dollar amount for origination points or fees and discount points →	3 _____ %	\$ _____ 7
You are applying for a loan with the following terms →		4 _____ %	\$ _____ 8

If you expressed an interest in an adjustable rate loan and if the loan's initial rate is fixed for at least 5 years, the "Interest Rate" disclosed in this document is the initial rate that would be in effect at consummation. If the loan's initial rate is not fixed for at least 5 years, the Interest Rate is the fully-indexed rate that would be in effect at consummation without regard to any initial discount or premium.

This is not a lock-in agreement or a loan commitment. The interest rate and fees described throughout this disclosure are available on the date the document was prepared and they may be subject to change if you have not locked in your interest rate. If your lender offers rate locks you may be required to lock the rate to obtain the rate and origination cost disclosed above. Additionally, even if your loan is locked, the Interest Rate and fees may be subject to change as the loan is underwritten.

If your lender does offer rate locks and you have not locked your loan, please be aware that interest rates move constantly. The way to set a certain Interest Rate and fees is for your mortgage broker to lock your loan. Once you lock your loan,

you are agreeing to close your loan within a certain period of time and at a certain interest rate. If you instruct your mortgage broker to lock your loan, your mortgage broker can explain to you the Interest Rate and fees you will pay.

Be sure that you understand and are satisfied with the product and terms that have been offered to you.

Signed:

11

Broker Loan Officer Name
Date

Broker Loan Officer Signature

Broker Entity Name
Number

10

Broker Entity Address & License

Borrower Name
Date

Borrower Signature

IMPORTANT: Proof of Delivery Requirements

- If the initial disclosures are not signed and dated within 3 days of the RESPA application date, TPOs must provide MMC proof of delivery. Proof of delivery options may include:
 - Email- must indicate that GFE and TIL were included in the package
 - Overnight Label
 - Metered Envelope
 - Certified Mail receipt
- A signed statement from the borrower dated after the 3 day requirement will not be an acceptable form of disclosure receipt.

NOTE: TPO generated initial disclosures that result in a fatal error will be required to repurchase the loan. This applies to loans that may have been re-disclosed and reviewed by MMC.

This information is for informational purposes only. It should not be relied on or treated as legal advice.

7.03: ATR/QM Updates and Requirements

7.03.01 Lender Paid and Borrower Paid, Application, Application Date, Homeownership Counseling, Appraisal Requirements,

ATR/QM Updates and Requirements

January 8, 2014

The Consumer Financial Protection Bureau (CFPB) issued a final rule to implement laws requiring mortgage lenders to consider consumers' ability to repay home loans before extending them credit. Effective January 10, 2014 the Ability to Repay (ATR) and Qualified Mortgage (QM) final rule will require creditors to make a reasonable, good faith determination of a consumer's liability to repay any consumer credit transaction secured by a dwelling and establishes certain protections from liability under this requirement for "qualified mortgages."

Midland Mortgage Corporation ("MMC") will only purchase "Qualified Mortgage" loans that meet the established Ability-to-Repay standards.

All loan applications received by MMC on or after January 10, 2014 must comply with the Dodd-Frank final Ability-to-Repay and Qualified Mortgage rules.

The following will provide an overview of MMC's policies resulting from the above ruling.

Lender Paid and Borrower Paid Compensation:

Please review your Lender Paid Compensation plan to ensure that you remain compliant with the 3% maximum points and fees calculations. If your current Lender Paid Compensation will result in non-compliance, you will need to revise your compensation agreement with MMC. Please contact us immediately to do so.

Also note that “Borrower Paid Compensation” collected as an origination charge is part of the fees included in the maximum fees calculations.

Maximum fees:

- 3% of the total loan amount on loans greater than or equal to \$100,000;
- \$3,000 for loans greater than or equal to \$60,000, but less than \$100,000;
- 5% of the total loan amount for a loan greater than or equal to \$20,000, but less than \$60,000;
- \$1,000 for a loan greater than or equal to \$12,500, but less than \$20,000; and
- 8% of the total loan amount for loans less than \$12,500.

MMC’s Minimum acceptable loan size is \$60,000.

Application:

MMC will require that the Originating Organization’s Name and NMLS number along with the Loan Originator’s Name and NMLS number be included on the initial application. This must be on the application at the time it is presented to the borrower(s). All names should appear exactly as listed in the NMLS registry. Failure to do so will result in a fatal error and MMC will not accept the application.

Application Date:

The following is the definition of “Application Date” as defined by RESPA. This date is now required to be entered at the time the loan is locked and changes in this date after that time could result in a fatal error where the loan cannot be processed. MMC will require this date as defined on all loan applications submitted on or after January 10, 2014. As soon as the 6 items below are known – whether in writing OR verbally - you have taken an

application and that is the application date!

Application means the submission of a borrower's financial information in anticipation of a credit decision relating to a federally related mortgage loan, which shall include the borrower's name, the borrower's monthly income, the borrower's social security number to obtain a credit report, the property address, an estimate of the value of the property, the mortgage loan amount sought, and any other information deemed necessary by the loan originator. An application may either be in writing or electronically submitted, including a written record of an oral application.

Please note the following:

- "Face to Face" applications - the 1003 should be signed and dated by the borrowers and the originator **as of the same date!**
- "Over the Phone" applications - the **application date is the date the originator received the information over the phone** and the 1003 is signed as of that date. PLEASE NOTE IN THIS CASE MMC MUST HAVE PROOF THAT THE DISCLOSURES, ETC. WERE SENT TO THE BORROWERS WITHIN 3 DAYS OF THE APPLICATION DATE.
 - Proof of delivery options may include:
 - Email- must indicate the items that were included in the package
 - Overnight Label
 - Metered Envelope
 - Certified Mail receipt
 - A signed statement from the borrower dated after the 3 day requirement will not be an acceptable form of disclosure receipt.
- If the six items listed in the definition are not known and a blank 1003 is mailed to a borrower then the application date is the date the 1003 is actually received by the originator. Additionally, if the borrowers signed and dated it prior to mailing the info back, obtain a statement signed by the borrowers while processing the file stating that the application was returned via mail which resulted in the borrowers signing prior to the application date.. Again, in this case we must have proof that disclosures, etc. were sent or provided to the borrowers within 3 days of the application date. See above for acceptable proof of delivery.

Homeownership Counseling:

Along with the special information booklet that RESPA requires, a list of the nearest 10 homeownership counselors to the borrower's current address must be provided to every applicant. This list must be current (30 days prior to the time it is provided). It is available on the CFPB website (<http://consumerfinance.gov/find-a-housing-counselor/>) and MMC will require the attached acknowledgement (Acknowledgement of Receipt of RESPA's Homeownership Counseling Organizations List) evidencing that this

requirement has been met by including a list in each file. This list and acknowledgement must be provided and acknowledged within 3 business days of the application.

**ACKNOWLEDGEMENT OF RECEIPT OF
RESPA'S HOMEOWNERSHIP COUNSELING ORGANIZATIONS LIST**

Borrower(s): <36>, <37> <68>, <69>	Lender/Broker: <315>, <VEND.X293>
Property Address: <11> <12>, <14>, <15>	Loan Number: <364>
	Date: <363>

The undersigned applicants hereby acknowledge receiving a list of Homeownership Counseling Organizations located in <FR0107> provided by <315>, <VEND.X293>

as required by RESPA's Regulation X, 12 C.F.R. § 1024.20. The <315>, <VEND> retrieved the list of Homeownership Counseling Organizations from CFPB's website at www.consumerfinance.gov/find-a-housing-counselor.

Read and acknowledged this _____ day of _____

Borrower
<36>, <37>

Date

Borrower
<68>, <69>

Date

Appraisal Requirements:

Creditors must provide copies of appraisals and any other written valuations of property to the borrower. These documents must be provided routinely.

Notice to borrowers that the copy of the appraisal will be provided to them, must be delivered within 3 days of the application. Copies of the appraisals or other valuations must be provided promptly upon completion, or 3 business days before closing, whichever is earlier. The 3 day rule may be waived by the borrower to avoid a delayed closing. If the loan does not close, the appraisal/valuation must be provided to the borrower within 30 days of the final decision.

As a result, MMC will require the below disclosures. We will continue to require the acknowledgement of receipt of the appraisal copy as well.

It is critical that all MMC loans comply with QM/ATR final rules. This guidance is for informational purposes only. It should not be relied on or treated as legal advice. MMC recommends that our clients seek counsel or other compliance resources to ensure compliance with all applicable legal and regulatory requirements.

**NOTICE OF RIGHT TO COPY OF APPRAISAL
(ECOA)**

Borrower(s): <36>,<37>
<68>,<69>

Date: <363>

Loan Number: <364>

Property Address: <11>
<12>,<14>,<15>

Lender/Broker: <315>

Loan Originator: <1612>

This notice is being provided to you pursuant to 12 CFR § 1002.14(a).

We may order an appraisal to determine the property's value and charge you for this appraisal. We will promptly give you a copy of any appraisal, even if your loan does not close.

You can pay for an additional appraisal for your own use at your own cost.

You will be provided a copy of each appraisal or written valuation concerning this property promptly upon completion, or three (3) business days prior to the time you become contractually obligated on the transaction (for closed-end credit) or account opening (for open-end credit), whichever is earlier.

Initial the applicable statement:

_____ I/We wish to receive a copy of each appraisal report or written valuation according to the timing requirement described above

_____ I/We wish to waive the timing requirement described above and, instead, agree to receive any copy at or before the time I/we become contractually obligated on the transaction (for closed-end credit) or account opening (for open-end credit), except where otherwise prohibited by law.

By signing below, you hereby acknowledge reading and understanding all of the information disclosed above and receiving a copy of this notice on the date indicated below.

_____	DATE	_____	DATE
Borrower		Borrower	
<36>,<37>		<68>,<69>	

NOTICE OF RIGHT TO COPY OF APPRAISAL (HPML)

Borrower(s): <36>, <37> <68>, <69>	Lender: <315>
Property Address: <11> <12>, <14>, <15>	Loan Number: <364>
	Date: <363>

This notice is provided pursuant to 12 CFR § 34.203(e)(1).

We may order an appraisal to determine the property's value and charge you for this appraisal. We will promptly give you a copy of any appraisal, even if your loan does not close.

You can pay for an additional appraisal for your own use at your own cost.

By signing below, you hereby acknowledge reading and understanding all of the information disclosed above and receiving a copy of this notice on the date indicated below.

Borrower <36>, <37>		Date		Borrower <68>, <69>		Date
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7.10: Additional Notes

7.10.01 Notes Intentionally Left Blank
