

LOAN PURCHASE PROGRAM

SELLER'S GUIDE

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CHAPTER 1 • OVERVIEW

1.1 ABOUT CMG FINANCIAL

CMG Financial is the registered trade name of CMG Mortgage, Inc., a California corporation established in 1993 by Christopher M. George. CMG Financial (hereinafter “CMG”) is a privately held mortgage-banking firm. The company makes its products and services available to the market through three distinct origination channels: Wholesale Lending, Correspondent Lending and Consumer Services, which serves homeowners through retail branches, home builders and affinity partners. CMG also markets serviced loans through its subservicer, Cenlar, FSB.

CMG Financial Correspondent Lending operates in 50 states and the District of Columbia. CMG is a direct FNMA/FHLMC seller/servicer and approved GNMA issuer, as well as an approved lender with HUD, VA and USDA.

1.2 ABOUT CMG FINANCIAL CORRESPONDENT DIVISION

CMG maintains the nimble and entrepreneurial flexibility that has built lasting partnerships with Sellers and resulted in a national mortgage banking stronghold. CMG’s culture and client-centric team service remains focused on the Seller and the Seller’s business model. CMG provides a designated team that ensures not only a seamless and fast purchase process but also a relationship with people who are passionate about maximizing the Seller’s growth. Sellers are encouraged to experience the high touch communication, operational excellence, trade option diversity, and the comprehensive mix of products needed to succeed.

1.3 ABOUT THE SELLER'S GUIDE

The purpose of the CMG Financial Correspondent Seller’s Guide (hereinafter, the “Guide”) is to provide the Correspondent Seller (hereinafter, the “Seller”) with information regarding ongoing support, seller approval criteria, loan program requirements, pricing policies and loan operation procedures.

In reference to any loans sold to CMG and in addition to the Seller Loan Purchase Agreement (LPA) and any other agreements between CMG and Seller, the Seller is bound by all of the provisions of the Guide. The Seller is responsible for adhering to all of the requirements contained within the Guide as well as the CMG posted [Program Guidelines](#), all published [Bulletins](#) dated after the Guide and all policies and procedures posted to the [CMG Correspondent website](#).

1.4 UPDATES AND REVISIONS TO SELLER'S GUIDE

CMG will update and revise the guide based on pertinent changes to policies, program guidelines, federal and state laws and regulations. CMG will communicate to the Seller’s designated personnel about any updates any revisions to company policies and procedures via email and through published [Bulletins](#) and posts to the [CMG Correspondent website](#).

NOTE: All policies, programs and products are subject to change at any time. The guide will be updated periodically. It is the Seller’s responsibility to refer to Bulletins for new and revised information, which may take place between the guide updates.

CHAPTER 2 • SUPPORT

2.1 OFFICE LOCATIONS

CORPORATE HEADQUARTERS:

CMG Financial, NMLS #1820
Attn: Correspondent Lending Division
3160 Crow Canyon Road #400
San Ramon, CA 94583
800-501-2001

2.2 MANAGEMENT

AJ GEORGE, Chief Administrative Officer
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JOE CABRALL, VP Correspondent Operations
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RON HARRISON, National Sales Manager
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BRIAN HILBERTH, National Sales Manager
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RALPH IPPOLITO, National Sales Manager
Southeast & Mid-Atlantic Territories
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2.3 DESIGNATED TEAM

CMG National Sales Managers serve the needs of Sellers by the location of the Seller's corporate office. See the territory map on the [Contact Us](#) section of the [CMG Correspondent website](#).

In addition, Seller's loan-level needs are serviced by designated team members that include a Correspondent Liaison. The Liaison is the Seller's main point of contact for issues and questions. The designated team members include credit auditors, legal reviewers, and purchasers. Each Seller's team processes all of the Seller's loan transactions.

2.4 OPERATING HOURS

CMG's normal business hours are 8:00 am to 5:00 pm (Pacific Standard Time), Monday through Friday.

2.4.1 CMG HOLIDAY SCHEDULE

CMG observes the following holidays (refer to current year calendar for exact dates)

- New Year's Day
- Martin Luther King Jr. Day
- Presidents Day
- Memorial Day
- Independence Day
- Labor Day
- Veterans Day
- Thanksgiving Day
- Friday after Thanksgiving
- Christmas Day

3.1 SELLER QUALIFICATIONS

To qualify as a CMG Financial Correspondent Seller, the following criteria must be met:

- Two year operating history
- Experienced senior management in key roles
- Minimum net worth of at least \$2,000,000 supported by audited financials
- Positive retained earnings history
- Strong liquidity
- Current Mortgagee Errors and Omission (E&O) insurance policy and fidelity bond coverage of at least \$300,000
- Approved warehouse facility and sufficient funding capacity
- Good production profile and performance ratings with current investors
- Quality Control (QC) policies and procedures supported by recent audit report with findings and management responses to the findings
- Appropriate licensing and authorization to originate loans that meet guidelines
- Current MERS membership
- If approved to originate FHA mortgages, FHA Neighborhood Watch compare ratio should be less than 150%
- If applicable, Direct Endorsement (DE) underwriters on staff must have a minimum of two years experience and a satisfactory HUD record
- On an exception basis, CMG will consider forth-party approval

3.2 SELLER APPLICATION REQUIREMENTS

The items outlined below are required to be submitted as part of the Seller's application:

- Correspondent Application Form
- New Customer Information Sheet
- Fully Executed Loan Purchase Agreement
- Signed Seller Disclosure Forms
- If applicable, FHA, VA and USDA approvals and Staff Appraisal Reviewer (SAR) letter
- Current license (issued by the applicable authorities) for all states in which loans are originated, and verified as active through NMLS [**NOTE:** Paper copies are required for licenses issued by states not verifiable through NMLS]
- If applicable, copy of current municipal business license and fictitious business name statement
- Most recent two years financial statements including a current balance sheet and profit and loss statement
- Evidence of insurance: Mortgagee Errors and Omissions (E&O) insurance policy and fidelity bond with \$300,000 minimum coverage
- Organization chart and resume of all principal owners (individual and entity), officers (SVP and above), brokers of record and direct endorsement underwriters [**NOTE:** CMG may ask for the resume of additional personnel]
- Quality Control policies and procedures include: QC plan, compliance monitoring policies, appraisal management policy and, if applicable, vendor management policy
- QC Audit reports and results of internal compliance audits or third party audit for the most recent month
- Two current investor score cards from primary investor relationships
- Warehouse information and a copy of the wire instructions: provide evidence of Seller's warehouse bank's approval as CMG approved as a take-out investor [**NOTE:** contact CMG for assistance if CMG is not currently approved]
- If applicable, corporate resolution and articles of incorporation
- Letters of explanation for any issues, derogatory marks or concerns as referenced in Certificate in Good Standing

NOTE: Please allow two weeks for receipt of the complete package and any missing items for processing.

3.3 ANNUAL RENEWAL REQUIREMENTS

CMG requires all Sellers to participate in an annual recertification and renewal process. The renewal date is based on the Seller's original application approval date.

CMG will send a notification forty-five to sixty days prior to the month of the annual approval date.

- If there have been any changes, submit updated documents from the previous years' package
- Updated Customer Information Sheet
- Signed Loan Purchase Agreement (LPA) (If Applicable)
- Warehouse line of credit information and contact information (If Applicable)
- Wire authorization form (If Applicable)
- Most current Year-to-Date balance sheet, profit and loss statement and previous years audited financial statements
- Executed Contract with an outside QC firm
- Most recent Quality Control audit report with a management's response to the Quality Control audit report
- Investor score cards: minimum of two dated within most recent quarter
- If there have been any changes, provide an updated organization chart and resumes of key personnel
- Current Evidence of Insurance; Mortgagee errors and omissions, fidelity bond with \$300,000 minimum coverage
- Updated government agency approval letters, if applicable

3.3.1 PERIODIC REVIEW

In addition to the annual renewal, CMG will conduct periodic reviews of the Seller (such reviews may be announced or unannounced). The scope of the periodic review may include an on-site inspection, review of pull through ratios, funding volume, file manufacturing, Early Payment Default (EPD) and Early Payoff (EPO) loans, verification of licensing, HUD approvals and other loan quality and delivery performance metrics as CMG deems appropriate.

3.4 PRIOR NOTIFICATION OF EVENTS

The Seller is required to notify CMG immediately if a change occurs or is anticipated to occur:

- Ownership, broker of record, executive management and/or corporate structure
- Name or licensing of company
- Main point of contact
- Financial condition of company
- Warehouse line minimum amounts

Seller must immediately notify CMG in writing if Seller's company, individual or entity owner(s) (10% or 25% or greater respectively), principal officer(s) or principal director(s):

- Fails to maintain any applicable license or registration in each jurisdiction governing Seller's company activities;
- Becomes subject to any enforcement and/or investigative proceeding by any licensing or regulatory authority or agency;
- Is named as a party or becomes involved in any material litigation;
- Is placed on Fannie Mae's or Freddie Mac's exclusionary list, HUD's limited denial of participation list or any other agency or private investor's exclusionary list;
- Becomes the subject of a bankruptcy or has incurred or is likely to incur a material, adverse change in its/their financial condition;
- Is party to any investigative actions, proceedings or lawsuits that relate to or concern Seller's agreement with CMG or any mortgage loans subject to that agreement;
- Is party to an investigation, proceeding, litigation or other event which, if resolved adversely, could have a material adverse effect on Seller's ability to originate loans or perform Seller's obligations under Seller's agreement with CMG;

If there is a change in an authorized signatory, submit a revised [Wire Authorization and Certification](#) form to avoid purchase delays.

Seller must notify CMG of examination ratings of "3" or below (less than satisfactory), any adverse audit reports issued by a state or federal regulator, government agency, or government sponsored entity within 15 business days of receipt. The Seller must immediately notify CMG if, at any time, the Seller is notified of any disciplinary action taken by any such regulator, agency, or enterprise agency, including any formal enforcement actions, suspension or termination of the Seller's selling or servicing right. Seller to include summary of findings and corrective action prescribed.

NOTE: CMG reserves the right to terminate eligibility and or cancel registered or active loans in the pipeline if Seller fails to maintain CMG eligibility requirements.

CHAPTER 4 • MORTGAGE PROGRAMS

All products will be approved in accordance with the Guide and the CMG [Guidelines & Loan Program Matrices](#) posted on the [CMG Correspondent website](#). The Seller's approval letter will reflect the products that the Seller is eligible to submit for purchase consideration by CMG.

4.1 ELIGIBLE PRODUCTS

CMG purchases loans eligible for sale to the following agencies:

Fannie Mae (FNMA), Freddie Mac (FHLMC), Federal Housing Administration (FHA), US Department of Veterans Affairs (VA) and US Department of Agricultural Rural Housing (USDA). The loans must be eligible, first lien purchase and refinance transactions.

CMG can also purchase loans eligible for sale to private investors. Ask us for additional information about these offerings.

4.2 ELIGIBLE PROGRAMS

The following is a list of eligible programs based on Agency and Non-Agency investor products:

4.2.1 CONVENTIONAL

Fannie Mae, Freddie Mac and Non-Agency investor guidelines and loan program matrices can be found on the [CMG Correspondent website](#) in the Seller Resources/[Guidelines & Loan Program Matrices](#).

ARM Matrices with CAPS can also be found on the [CMG Correspondent website](#) in the Seller Resources/[Guidelines & Loan Program Matrices](#) section.

Please see our product listing on the next page.

CONVENTIONAL FIXED RATE PROGRAM CODES

PRODUCT TYPE	PROGRAM CODE					
	Agency/Type	30 yr.	25 yr.	20 yr.	15 yr.	10 yr.
Fannie Mae Conforming		101	125	103	102	104
Fannie Mae High Balance		101HB	125HB		102HB	
FNMA Refi Plus Conforming		101RP	125RP	103RP	102RP	104RP
FNMA Refi Plus High Balance		101RPHB				
FHLMC HARP Open Access		101OA	125OA	103OA	102OA	
FHLMC Open Access Super Conforming		101OAHB			102OAHB	
Non-Agency 6200 Series Fixed		6230			6215*	
Non-Agency 6400 Series Fixed- Currently Suspended*		6430*			6415	
Non-Agency 6600 Series Fixed		6630			6615*	
Non-Agency 6700 Series- Currently Suspended*		6730*				
Non-Agency 6800 Series- Currently Suspended*		6830*			6815*	
Non-Agency 6900 Series- Currently Suspended*		6930*				
Fannie Mae Texas (a)(6)		101 TX A6	125 TX A6	103 TX A6	102 TX A6	104 TX A6
Non-Agency 7200 Series- Currently Suspended*		7230*				
Non-Agency 7600 Series- Currently Suspended*		7630*			7615*	
Non-Agency 7900 Series- Currently Suspended*		7930*				

Program	30 yr. Fixed	30 yr. Fixed High Balance	20 yr. Fixed	15 yr. Fixed	15 yr. Fixed High Balance
HomeReady™	101MCM	101MCMHB	103MCM	102MCM	102MCMHB
HomePossible®	101HP		103HP	102HP	
HomePossible® Advantage	101HPA		103HPA	102HPA	

CONVENTIONAL ADJUSTABLE RATE PROGRAM CODES

PRODUCT TYPE	PROGRAM CODE				
	Agency/Type	3/1 ARM	5/1 ARM	7/1 ARM	10/1ARM
Fannie Mae High Balance		1431HB	1451HB	1471HB	1410HB
Non-Agency 6200 Series			6205	6207	6210
Non-Agency 6400 Series			6405	6407	6410
Non-Agency 6600 Series			6605	6607	6610
Non-Agency 6800 Series			6805	6807	6810
Non-Agency 6900 Series			6905	6907	6910
Non-Agency 7600 Series			7605	7607	7610
Non-agency 7900 Series			7905	7907	7910

Program	5/1 ARM	5/1 ARM High Balance
HomeReady™	1451MCM	1451MCMHB
HomePossible®	1451HP	

CONVENTIONAL INTEREST ONLY FIXED & ADJUSTABLE PROGRAM CODES

PRODUCT TYPE

PROGRAM CODE

Program	30 yr. Fixed	3/1 ARM	5/1 ARM	7/1 ARM	10/1 ARM
Non-Agency 7600 Series IO	7630 IO		7605 IO	7607 IO	

CONVENTIONAL ENTERPRISE PAID MORTGAGE INSURANCE (EMPI) PROGRAM CODES

STANDARD CONVENTIONAL CONFORMING – FIXED RATE

Loan Program Code	Term
101 EPMI	30 yr Fixed
101 HB EPMI	30 yr Fixed High Balance
125 EPMI	25 yr Fixed
125 HB EPMI	25 yr Fixed High Balance
103 EPMI	20 yr Fixed
102 EPMI	15 yr Fixed
102 HB EPMI	15 yr Fixed High Balance
104 EPMI	10 yr Fixed

STANDARD CONVENTIONAL CONFORMING – ARMS

Loan Program Code	Term
1431 EPMI	3/1 ARM
1431 HB EPMI	3/1 ARM High Balance
1451 EPMI	5/1 ARM
1451 HB EMPI	5/1 ARM High Balance
1471 EPMI	7/1 ARM
1471 HB EPMI	7/1 ARM High Balance
1410 EPMI	10/1 ARM
1410 HB EPMI	10/1 ARM High Balance

FANNIE MAE HOMEReady – FIXED RATE AND ARMS

Loan Program Code	Term
101 HR EPMI	FNMA HomeReady 20 yr Fixed
101 HR HB EPMI	FNMA HomeReady High Balance 30 yr Fixed
103 HR EPMI	FNMA HomeReady 20 yr Fixed
102 HR EPMI	FNMA HomeReady 15 yr Fixed
102 HR HB EPMI	FNMA HomeReady High Balance 15 yr Fixed
1451 HR EPMI	FNMA HomeReady 5/1 ARM
1451 HR HB EPMI	FNMA HomeReady High Balance 5/1 ARM

FREDDIE MAC HOME POSSIBLE AND HOME POSSIBLE ADVANTAGE – FIXED RATE AND ARMS

Loan Program Code	Term
101HP EPMI	FHLMC HomePossible 30 yr Fixed
101HPA EPMI	FHLMC HomePossible Advantage 30 yr Fixed
102HP EPMI	FHLMC HomePossible 15 yr Fixed
102HPA EPMI	FHLMC HomePossible Advantage 15 yr Fixed
103HP EPMI	FHLMC HomePossible 20 yr Fixed
103HPA EPMI	FHLMC HomePossible Advantage 20 yr Fixed
1451HP EPMI	FHLMC HomePossible 5/1 ARM

4.2.2 FEDERAL HOUSING ADMINISTRATION (FHA)

FHA guidelines and loan program matrices can be found on the [CMG Correspondent website](#) in the Seller Resources/[Guidelines & Loan Program Matrices](#) section.

FHA FIXED RATE PROGRAM CODES

PRODUCT TYPE	PROGRAM CODE			
	30 yr.	25 yr.	20 yr.	15 yr.
Program				
Conforming	3101	3125	3103	3102
High Balance	3101HB	3125HB	3103HB	3102HB
HUD REO	3101 REO	3125 REO	3103REO	3102 REO
Streamline	3101S	3125S	3103S	3102S
High Balance Streamline	3101HBS	3125HBS	3103HBS	3102HBS

FHA ADJUSTABLE RATE PROGRAM CODES

PRODUCT TYPE	PROGRAM CODE	
	3/1	
Program		
Conforming		3131
High Balance		3131HB
Streamline		3131S
Streamline High Balance		3131HBS
Program		5/1
Conforming		3151
High Balance		3151HB
Streamline		3151S

4.2.3 VETERANS ADMINISTRATION (VA)

VA guidelines and loan program matrices can be found on the [CMG Correspondent website](#) in the Seller Resources/[Guidelines & Loan Program Matrices](#) section.

VA FIXED RATE PROGRAM CODES

PRODUCT TYPE	PROGRAM CODE				
	30 yr.	25 yr.	20 yr.	15 yr.	10 yr.
Program					
Conforming	4101	4125	4103	4102	4104
High Balance	4101HB	4125HB	4103HB	4102HB	4104HB
IRRRL – Rate Reduction	4101IRRRL	4125IRRRL	4103IRRRL	4102IRRRL	4104IRRRL
High Balance IRRRL – Rate Reduction	4101HBIRRRL	4125HBIRRRL	4103HBIRRRL	4102HBIRRRL	4104HBIRRRL

VA ADJUSTABLE RATE PROGRAM CODES

PRODUCT TYPE		PROGRAM CODE
Program		3/1
Conforming		4131
High Balance		4131HB
IRRRL – Rate Reduction		4131IRRL
IRRRL Rate Reduction High Balance		4131HBIRRL

PRODUCT TYPE		PROGRAM CODE
Program		5/1
Conforming		4151
High Balance		4151HB
IRRRL – Rate Reduction		4151IRRL
High Balance IRRRL - Rate Reduction		4151HBIRRL

4.2.4 US DEPARTMENT OF AGRICULTURE RURAL HOUSING (USDA)

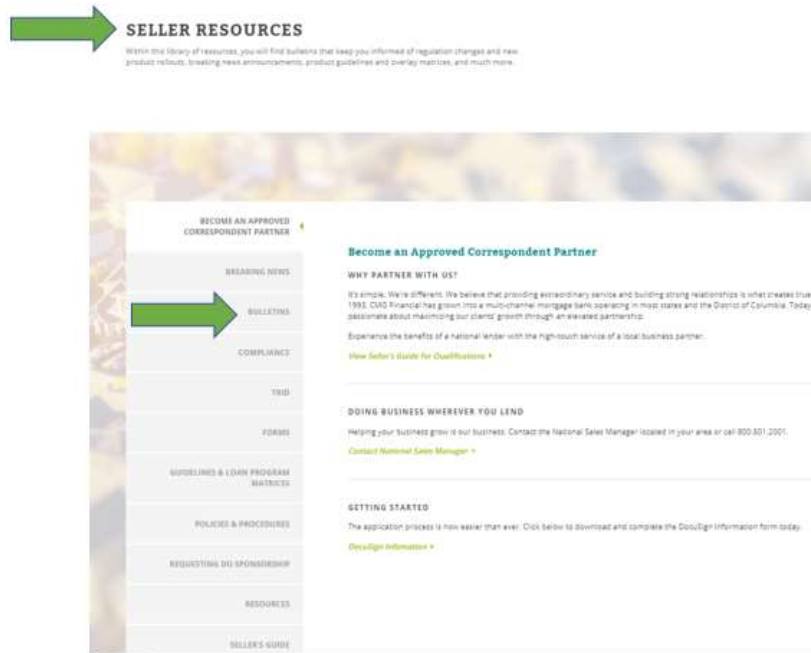
USDA guidelines and loan program matrices can be found on the [CMG Correspondent website](#) in the Seller Resources/[Guidelines & Loan Program Matrices](#) section.

USDA

PRODUCT TYPE		PROGRAM CODE
Program		30 yr.
Conforming Fixed rate		5101

4.3 PROGRAM GUIDELINES

The Seller is required to comply with all program guidelines and loan program matrices published on the [CMG Correspondent website](#). Program guidelines and loan program matrices are subject to change. Any changes will be announced via a bulletin. The bulletins can be found on the Seller Resources/[Bulletins](#) section.



4.4 ELIGIBILITY RESTRICTIONS

Minimum Loan Amounts: \$40,000 for all products

Geographic Restrictions

- For all loans secured by properties in Ohio originated by the Seller under the Seller's Ohio Mortgage Loan Act (OMLA) Certificate of Registration license, the Seller must provide proof of the first payment being collected by the Seller prior to CMG being permitted to purchase the loan. Please see the Ohio Mortgage Loan Act (OMLA) for more information. Loans originated under the Seller's Ohio Mortgage Broker Act (OMBA) license do not have this requirement.

Prepayment Penalties: Not eligible on any loan programs

For complete details regarding ineligible property types, please refer to the [Guidelines & Loan Program Matrices](#) on the [CMG Correspondent website](#).

HIGH PRICED MORTGAGES

The Seller must confirm that the loan complies with all state and federal laws, Regulation Z and Home Mortgage Disclosure Act (HMDA) requirements. The loan must also adhere to all underwriting and consumer protection requirements. This includes, but is not limited to, the additional requirements provided within individual program guidelines (i.e. evidence of ability to repay, verification the loan meets APOR threshold, etc.). For more information, refer to CMG's [HPML and Rebuttable Presumption Policy](#) and [CMG's Seller Resources](#).

CHAPTER 5 • LOAN REGISTRATION AND PRICING

CMG provides Sellers with several different execution options, which include Best Efforts, Bulk Trades and Mandatory Direct Trades including single loan mandatory trades.

A best effort rate lock allows the seller to advance lock a single loan with CMG with a pledge of best efforts delivery prior to the lock expiration.

A bulk commitment from CMG's Secondary Market Department will refer to specific loans secured by specific properties made to specific borrowers at specific rate lock terms. After the loan closes, the seller is required to deliver the full credit and legal package in a purchasable condition by the delivery expiration date.

To utilize the direct trade delivery option, the Seller must first be approved. Direct trades are a mandatory delivery option with more competitive pricing than best efforts however, carry penalties for non-delivery or late-delivery.

*The term 'days' as referenced in the below policy, refers to calendar days. Any lock that would be set to expire on a non-business day, will automatically have the expiration date rolled to the next business day for free.

5.1 LOCK DESK HOURS OF OPERATION AND CONTACT INFORMATION

An approved Seller may lock a single loan via CMG's online portal using the best effort delivery option as soon as the daily rate sheet is available via the online dashboard or emailed to the Seller.

Due to the nature of the capital markets, pricing is subject to change at any time throughout the business day without notice. CMG will suspend pricing during a price change and will send out a notification that pricing is suspended. An updated rate sheet will be sent once the revised pricing has been determined. Any locks received during the suspended time period are subject to the new pricing.

CMG's Lock Desk is available Monday through Friday, until 4:00 pm (Pacific Standard Time) in CMG's corporate office in San Ramon, California. The lock desk adheres to CMG's posted holiday schedule.

5.2 BEST EFFORT LOCK POLICY AND PROCESS

A Best Effort lock commitment is a lock for a specific borrower(s) with a specific property. The seller is required to deliver the loan by the commitment expiration date.

5.2.1 BEST EFFORT LOCK POLICY

LOCKING

An approved Seller may lock a loan transaction with CMG via the Webtrac portal. Locking is available each day until 4:00 pm Pacific Standard Time. Forward locks are allowed.

PROGRAM CHANGES ON LOCKED LOANS

- A Program tier change is subject to relock at worse case pricing and can be relocked by contacting CMG Secondary.
- Worse case pricing will be assessed by taking the worse of the final net price of original lock (inclusive of all extensions fees) vs. current market price, plus .25% relock fee.

EXTENSIONS ON UNDELIVERED LOANS

- If the current market improves, a free 5-day extension can be requested to allow for loan delivery.
- If the current market is worse, extensions will be available at a cost of .025% per day. Maximum aggregated days to extend is 30 days. *If undelivered after 30 days the lock will be cancelled; if relocked the lock will be subject to worse case pricing.

EXTENSIONS ON DELIVERED LOANS

- A delivered loan is defined as a loan in which CMG receives a complete credit and legal package.
- Loan packages must be delivered to CMG on or before 3:00pm (PST) of the lock expiration date.

- Upon receipt of delivered loan prior to the lock expiration date, CMG will automatically add an initial extension at no cost for 7 days.
 - If the loan is not in a 'Clear to Purchase' status on or before the new expiration date, the lock will be automatically extended 5 days at a cost of .125%. The maximum number of automatic extensions is six (6) 5 day increments.
 - If loan is 'Clear to Purchase' prior to 4PM PST on the date of the lock expiration, the lock will be automatically extended 1 day for free to allow for Purchasing the following day.
- If the loan is still not purchased and has reached the maximum number of extensions, the relock will be subject to worse case pricing.

RELOCKING

- Worse case pricing will be assessed by taking the worse of the final net price of original lock (inclusive of all extensions fees) vs. current market price, plus .25% relock fee.
- If relocking 30 days or greater after the lock expiration date: Use current market price plus .25% relock fee.
- Relocks not available on active locks.

5.2.2 SELLER COMMITMENT WITH BEST EFFORT LOCK

The Seller commits to the following when obtaining a Best Efforts Lock Commitment:

- Best Efforts will be made to close the loan as described in the commitment.
- When the loan is closed, the Seller will deliver the full credit and legal package in purchasable condition by the lock expiration date.
- There is no penalty for not delivering a locked loan. CMG will monitor pull through ratios. Low pull through ratios may impair the Seller's ability to sell loans to CMG or to maintain approved Seller status.

5.3 BULK DELIVERY

A bulk commitment from CMG's Secondary Market Department will refer to specific loans secured by properties, made to borrowers, at rate lock terms with verified loan parameters. After the loan closes, the Seller is required to deliver the full credit and legal package in a purchasable condition by the delivery expiration date.

Bulk Bid process provides live pricing for loan level or entire package bid acceptance, negotiations and last look procedure, due to anticipation of loan delivery in less than 7 days. Any cancelled or denied loans are expected to be substituted with another loan that fits within the same program, coupon rate and 2% loan amount tolerance of entire commitment. (Please see example below). Loans that are not substituted will be subject to Pair-Off, calculated as follows:

- Market Improvement: 0.125% administrative fee plus market difference
- No change in Market: 0.125% administrative fee
- Market Deterioration: No Fee

Pair-Off fee will be calculated based off the market close on day of lock expiration. If Pair-Off fee is not paid within 7 days, the amount of the fee will automatically be deducted from sellers' next loan purchased by CMG; not to exceed 45 days from Pair-Off invoice.

- Price Caps are lifted
- CMG will register and lock the loan when Seller delivers the 3.2 files
- Example of Loan Substitution:
 - Entire Bulk Commitment=\$5,000
 - Loan Falling out=Conventional 30 yr Fixed (101), 4% Coupon, \$400,000 loan amount
 - Substitution needs to be=
 - 101 Loan Program (Conventional 30 yr Fixed)
 - 4% Coupon
 - In between a \$300,000 to \$500,000 loan amount (2% of \$5M=\$100,000 tolerance)

5.3.1 BULK DELIVERY PROCESS

STEP 1: COMPLETE A BID TAPE WITH RELEVANT LOAN TERMS ([SAMPLE](#))

- Specify the loan program (i.e. HARP, Streamline Refinance, etc.)
- Tape may contain a mix of products (i.e. FHA, Conventional, VA, USDA)

Bid Tape terms must include:

- | | | |
|-----------------------------------|-----------------------------|------------------------------|
| • Loan Type | • Subject Property State | • AU Response |
| • Loan Term | • Subject Property Zip Code | • Qualifying Score |
| • Note Rate | • Base Loan Amount | • Subject Property Occupancy |
| • Seller Loan Number | • Total Loan Amount | • Subject Property Type |
| • Borrower Last Name | • Loan Purpose | • Escrow Waiver |
| • Borrower First Name | • Cash Out? (Y/N) | • Doc Type |
| • Subject Property Street Address | • LTV | • Other Loan Identifiers |
| | • CLTV | |

*If format of Bid Tape has been changed, please notify cmgsecondary@cmgfi.com of changes made.

STEP 2: SEND BID TAPE TO cmgsecondary@cmgfi.com

- To receive same-day pricing, bid tape must be received by CMG before 1:00 pm (PST) and decision by 1:30 pm (PST)
- Indicate the deadline for the CMG bid (i.e. "Please bid before 11 am (PST)"). Bid turn time is typically within one hour of receipt unless an alternative is specified by the Seller
- Copy the appropriate CMG National Sales Manager

STEP 3: COMMIT, PASS OR NEGOTIATE

- CMG will bid each loan individually by adding a "final price" column to the tape
- Any loans that CMG Financial cannot accommodate will not be priced and indicated as such with an n/a price (i.e. Geodesic Dome)
- To accept the bid entirely or partially (i.e. 4 out of 8 loans), respond to CMG's Secondary Market Department as soon as possible with acceptance and list the loans/bids accepted (i.e. "Bid accepted the following loans: include loan #, last name, price and etc.")
- To facilitate CMG's last look, add a "best ex" column and list current locked price or current "best ex" price
- To negotiate any loan level bids, contact CMG at cmgsecondary@cmgfi.com with a detailed request

STEP 4: CMG WILL ISSUE A BID COMMITMENT WITH DELIVERY DATES

- CMG will not issue individual loan confirmations
- Reference the commitment to confirm the Purchase Advice

STEP 5: SEND THE CORRELATING FANNIE MAE 3.2 FILES TO bulk@cmgfi.com

- Please send 3.2 Files within 24 hours
- Reference the bid commitment number when sending the files
- CMG will register the loans
- If the loans were registered prior to bid commitment request, send the commitment with the CMG loans numbers to cmgsecondary@cmgfi.com.

STEP 6: CMG WILL REGISTER THE LOANS AND PROVIDE A WORKSHEET WITH THE LOAN NUMBERS

- Allow up to 24 hours for CMG to register the loans and return an Excel spreadsheet indicating the CMG loan numbers and the associated commitment number
- Upload the loan numbers. Please do **not** re-register

PLEASE NOTE

- Ensure the loans meet CMG's guidelines. CMG's Secondary Market Department will not check for eligibility.
- Loans previously locked with CMG are no longer eligible for bulk delivery.
- Bulks are committed on a 7 day term only, unless specified otherwise at time of bid tape submission by Seller.

PROGRAM CHANGES ON LOCKED LOANS

- A Program tier change is subject to relock at worse case pricing and can be relocked by contacting CMG Secondary.
- Worse case pricing will be assessed by taking the worse of the final net price of original lock (inclusive of all extensions fees) vs. current market price, plus .25% relock fee.

EXTENSIONS ON UNDELIVERED LOANS

- A delivered loan is defined as a loan in which CMG receives a complete 3.2 File and credit/legal package upload.
- No extensions will be available on loans that do not have 3.2 Files submitted.
- If Fannie Mae 3.2 File is not received on a loan within 7 day delivery requirement, automatic pair-off fee will be applied. No substitutions allowed.

EXTENSIONS ON DELIVERED LOANS

- Upon receipt of delivered Fannie Mae 3.2 File, CMG will automatically add an initial extension at no cost for 7 days.
 - If the loan is not in a 'Clear to Purchase' status on or before the new expiration date, the lock will be automatically extended 5 days at a cost of .125%. The maximum number of automatic extensions is six (6) 5 day increments.
 - If loan is 'Clear to Purchase' prior to 4PM PST on the date of the lock expiration, the lock will be automatically extended 1 day for free to allow for Purchasing the following day.
- If the loan is still not purchased and has reached the maximum number of extensions, the relock will be subject to worse case pricing.

RELOCKING

- Once lock expires, CMG Trade Desk will notify Seller of Pair-Off / Substitution / Relock options. Seller will then need to notify CMG within 3 business days as to whether or not a pair-off, substitution, or relock of the loan will be completed.
- If Seller does not request for relock or substitution within 3 business days from lock expiration, an automatic pair-off fee will be applied.
- If the Seller requests to relock, the loan will be subject to relock at worse case price plus .25% relock fee.
 - Worse case pricing will be assessed by taking the worse of the final net price of original lock (inclusive of all extension fees) vs. current market price.
- If relocking 30 days or greater after the lock expiration date: Use current market price plus .25% relock fee.
- Relock cannot be included in bid tape and will need to be relocked by contacting CMG Secondary.
- Relocks not available on active locks.

5.4 DIRECT TRADE DELIVERY OPTION AND REQUIREMENTS

Direct Trade is available for all loan products, except Non-Agency Jumbo. There is no minimum commitment. The maximum is based on the Seller's trading limit.

5.4.1 SELLER REQUIREMENTS FOR DIRECT TRADE APPROVAL

To qualify for the Direct Trade delivery option, the Seller must meet the following requirements:

- Complete CMG's Correspondent Mandatory Questionnaire
- Provide evidence of \$2,000,000 minimum net worth
- Confirmation of current utilization of mandatory deliveries with at least one other firm
- Staff includes experienced secondary market professionals
- Provide two copies of current mandatory investor scorecards
- Provide a mark-to-market report
- Provide risk management policies

5.4.2 DIRECT TRADE LIMITS AND TERMS

CMG's Direct Trade limits and terms are as follows:

- Pair off fees are 0.125 administration fee plus market movement when market improves, only a 0.125 administration fee when market deteriorates
- Direct Trade roll fee:
- Inside current month's pool: loss of incentive on any loan(s) not purchased by each available delivery schedule. (There are four (4) delivery schedules inside the current month with incentives of 0.1875, 0.125, 0.0625 and 0).
- If rolled to next month's pool, roll fee cost is 0.375 less credit for the new month delivery schedule period.
- Example: Current month delivery missed. Commitment rolls to next month at a cost of 0.375 less 0.1875 credit for first delivery schedule of next month. Net roll fee is 0.1875. ($0.375 - 0.1875 = 0.1875$)
- Delivery tolerance is 2%
- Mandatory Forward roll fee is 0.375
- Submission deadline: Seller has five business days to submit and have cleared all outstanding conditions
- A 5 basis point submission penalty is applied if outstanding conditions still exist on or after the sixth business day

5.4.3 DIRECT TRADE SUPPORT

To support CMG Sellers utilizing the Direct Trade delivery option, CMG will

- Provide a pricing tool each morning
- Make available the Direct Trade desk from the time the pricing tool is available until 2 pm (PST)
- Send the Direct Trade Seller an email trade confirmation for each trade within a few minutes of executing the trade with CMG
- Provide the Direct Trade Seller with a daily email summarizing:
 - Current trades,
 - Loans delivered into each trade, and
 - Balance against trading limit
- Updates to the trading limit calculation are made after a loan is delivered

CHAPTER 6 • UNDERWRITING GUIDELINES AND LENDING REQUIREMENTS

This chapter provides general underwriting parameters, processes and procedures for submitting loans and details on policies that may not be covered in the program guidelines and loan program matrices.

6.1 CREDIT RISK

CMG follows the Automated Underwriting System (AUS) findings and all applicable Government Sponsored Enterprise (GSE) guidelines with a few overlays. All loans should be manufactured to the standards set forth within the applicable Fannie Mae Selling Guide, Freddie Mac Selling Guide, HUD 4155, VA Lenders Handbook, USDA HB 1-3550 Handbook, or CMG posted Non-Agency program guidelines. All loans must adhere to all CMG guidelines, loan program matrices and published policies. All loans must be good credit quality and comply with all state, federal, regulatory and compliance requirements.

6.1.1 PRE-APPROVAL UNDERWRITING REVIEW

The following apply to the pre-approval underwriting process:

- Seller must fully process loans prior to submission to CMG for pre-approval
- Seller must follow [Program Guidelines](#) and [Bulletins](#) available on the [CMG Correspondent website](#)

6.1.2 DELEGATED AUTHORITY

When a Seller is approved to sell loans to CMG, the Seller has delegated underwriting authority. The Seller is required to underwrite loans to CMG credit and eligibility standards.

Delegated authority will be indicated on the Seller approval letter. Full disclosure of representations and warranties are defined in the Seller's Loan Purchase Agreement.

FHA loans (all programs): As per HUD requirements, the Seller's Direct Endorsement (DE) Underwriter or approved staff (i.e. for ZFHA transactions) will be held solely responsible for the file diligence and integrity.

VA loans (all programs): As per the VA Lender Handbook, the seller's VA LAPP underwriter will be held solely responsible for the file diligence and integrity.

USDA loans: As per HUD requirements, the Seller's underwriter will be held solely responsible for the file diligence and integrity.

Conventional Conforming (all programs): As per appropriate agency, state and federal requirements, the Seller will be held solely responsible for the file diligence and integrity.

A Seller can submit to CMG a HARP transaction for a non-delegated audit. The file must be fully underwritten per guidelines and the credit submission package must be complete per the [CMG Loan Submission Checklist](#). The Seller will be required to provide any pre-purchase conditions with the closing package for final auditing by CMG.

6.1.3 DELEGATED SUBMISSION PROCESS

CMG requires the following with all loan submissions:

- Loan must be registered with an assigned loan number via the [CMG CLEAR Portal](#)
- A Fannie Mae 3.2 file must be imported to the [CMG CLEAR Portal](#)
- Submission package must include all standard documentation per the [CMG Loan Submission Checklist](#)

6.1.4 DESKTOP ORIGINATOR® SPONSORSHIP AND DESKTOP UNDERWRITER® SUBMISSIONS

CMG Financial values the partnership of Sellers with or without direct access to Fannie Mae's Desktop Underwriter® system. Where necessary, Sellers may access Desktop Underwriter® using CMG's Lender ID.

The Seller can submit to CMG all conventional loans participated through DU Validation Services. The Seller is required to follow the DU Validation, confirming the verification report matches the borrower(s) information and provides all supporting documentation DU requires for each opt-in service.

6.1.5 NON-DELEGATED AUDIT

Effective August 24, 2020 the 6200 Series and 6600 Series 30 year fixed only is available. All other Jumbo Series are currently suspended

6200 Series Jumbo: Seller must adhere to the [6200 Series Jumbo guidelines](#) available on the Seller Resources/[Guidelines & Loan Program Matrices](#) section of the [CMG Correspondent website](#).

6400 Series Jumbo: Seller must adhere to the [6400 Series Jumbo guidelines](#) available on the Seller Resources/[Guidelines & Loan Program Matrices](#) section of the [CMG Correspondent website](#).

6600 Series Jumbo: Seller must adhere to the [6600 Series Jumbo guidelines](#) available on the Seller Resources/[Guidelines & Loan Program Matrices](#) section of the [CMG Correspondent website](#).

6700 Series Jumbo: Seller must adhere to the [6700 Series Jumbo guidelines](#) available on the Seller Resources/[Guidelines & Loan Program Matrices](#) section of the [CMG Correspondent website](#).

6800 Series Jumbo: Seller must adhere to the [6800 Series Jumbo guidelines](#) available on the Seller Resources/[Guidelines & Loan Program Matrices](#) section of the [CMG Correspondent website](#).

6900 Series Jumbo: Seller must adhere to the [6900 Series Jumbo guidelines](#) available on the Seller Resources/[Guidelines & Loan Program Matrices](#) section of the [CMG Correspondent website](#).

7200 Series Jumbo: Seller must adhere to the [7200 Series Jumbo guidelines](#) available on the Seller Resources/[Guidelines & Loan Program Matrices](#) section of the [CMG Correspondent website](#).

7600 Series Jumbo: Seller must adhere to the [7600 Series Jumbo guidelines](#) available on the Seller Resources/[Guidelines & Loan Program Matrices](#) section of the [CMG Correspondent website](#).

7900 Series Jumbo: Seller must adhere to the [7900 Series Jumbo guidelines](#) available on the Seller Resources/[Guidelines & Loan Program Matrices](#) section of the [CMG Correspondent website](#).

Submission process:

- Loan must be registered with an assigned loan number via [CMG portal, CLEAR](#).
- A Fannie Mae 3.2 file must be imported to the [CMG portal](#).
- The Seller is required to fully underwrite per published guidelines prior to submission. The submission package must be completed per the [Jumbo loan Submission Form](#).

A conditions list will be issued when the non-delegate audit is complete. The Seller must meet all conditions prior to CMG Second Signature requirements and final approval. The Seller will fund the loan and submit the completed funding package for purchase review.

- For exception consideration for approval of delegated status please contact your National Sales Manager.

6.2 INCOME VALIDATION

In alignment with industry best practices and agency recommendations, CMG requires the Seller to obtain a Borrower signed 4506T at time of application and again at funding on all transactions.

Additional documentation is required in those circumstances when a borrower is the victim of taxpayer identification theft.

In summary, the policy states income validation via tax transcripts is required for the following:

- All transactions that require tax returns in the file (if AUS or guidelines require tax returns for any reason, tax transcripts are require)
- All USDA transactions
- All non-agency (Jumbo) transactions

For complete details refer to CMG's [Income Validation Policy](#) found in the [Seller Resources](#) section of the [CMG Correspondent website](#).

6.3 VA FEES

CMG follows Department of Veterans Affairs guidance with regard to fees charged to the veteran on a VA loan. For complete details, refer to CMG's [VA Fee Policy](#) found in the [Seller Resources](#) section of the [CMG Correspondent website](#). In summary, the policy states:

All itemized fees and charges must be reasonable and customary, disclosed to the Borrower in accordance with compliance disclosure requirements and the origination fee may not exceed a one percent flat charge. Reasonable discount points may be charged.

If the Seller charges the full one percent loan origination fee (for IRRRLs, the one percent flat charge is based on the principal balance of the current mortgage), the Seller cannot charge unallowable fees. If less than one percent origination is charged, then unallowable fees may be charged up to the one percent cap. Unallowable fees are those that are not expressly specified in 38 CFR 36.4313.

VA requires that both credit report charges and AUS charges are substantiated by evidence with corresponding invoices. A maximum of \$100 applies for the combined total of the credit report and AUS charges.

6.4 APPRAISALS

CMG requires the Seller to adhere to CMG's [Appraisal and Review Policy](#) and [Appraisal Reviewing Using FNMA Collateral Underwriter](#).

6.4.1 QUALIFIED APPRAISER

An "appraiser" must be, at a minimum, licensed or certified by the State in which the property to be appraised is located. The appraiser must be qualified and competent, and not subject to any conflict of interest.

6.4.2 COMPLIANCE

Seller must comply with all laws and regulations that relate to the appraisal process including, but not limited to:

- Uniform Standards of Professional Appraisals Practice (USPAP)
- Home Ownership and Equity Protection Act (HOEPA)
- Truth in Lending Act (TILA)
- HR 4173 (Dodd-Frank Financial Reform Bill)
- Valuation Independence Rules (VIR)

Sellers' written appraisals and valuations must adhere to the Consumer Financial Protection Bureau's (CFPB) "EOA Valuations Rule" which applies to applications taken on or after January 18, 2014.

6.4.3 POLICIES AND PROCEDURES IN COMPLIANCE WITH VIR

Seller must have documented policies and procedures in compliance with the Valuation Independence Rules (VIR) that include but are not limited to:

- The appraiser must not have a direct or indirect interest, financial or otherwise, in the property or in the transaction.
- The Seller's selection criteria should ensure that the appraiser is independent of the transaction and is capable of rendering an unbiased opinion. Additionally, the borrower, property seller, real estate agent or other interested party is not allowed to select an appraiser.
- An appraisal prepared by an individual who was selected or engaged by a borrower, property seller, real estate agent or any other interested party is not acceptable.
- "Re-addressed appraisals" or appraisal reports that are altered by the appraiser to replace any references to the original client with the Seller's name are not acceptable.
- The Seller shall have effective internal controls that require only qualified and adequately trained personnel, who are not involved in the loan production process, review appraisals.

- To maintain independence, the Seller's qualified personnel must not directly report to someone involved in loan production.
- The Seller's qualified personnel must confirm the independence of the appraiser in addition to a comprehensive technical review of the appraiser's analysis prior to making a final credit decision.

6.4.4 APPRAISAL DATASET

Sellers must subscribe to the Uniform Appraisal Dataset and Uniform Collateral Data Portal (UCDP) for the submission of electronic appraisal data provided to Freddie Mac and Fannie Mae.

6.4.5 APPRAISAL QUALITY CONTROL

CMG will continually monitor for any transgression of the applicable laws and regulations. CMG will complete Post Closing Quality Control "QC" reviews on selected loan files; all reviews shall include review of the appraisal(s). These reviews shall be completed by a neutral, third party vendor. Any deficiencies found in the Post Closing QC reviews will be directed, in writing, to the Seller.

6.4.6 REFERRAL OF APPRAISAL MISCONDUCT REPORTS

Any Seller with a reasonable basis to believe an appraiser or appraisal management company is violating applicable laws, or is otherwise engaging in unethical conduct, must promptly refer the matter to the applicable state appraiser certifying and licensing agency or other relevant regulatory bodies.

If CMG believes that an appraiser or an AMC is violating applicable laws, or is otherwise engaging in unethical conduct, the issue will be immediately directed to CMG's Chief Operating Officer ("COO"). After an appropriate review of the facts and circumstances, CMG will promptly refer the matter to the applicable state appraiser certifying and licensing agency or other relevant regulatory bodies.

6.4.7 APPRAISAL TRANSFER

CMG Financial will accept appraisals transferred from another lender to the Correspondent Seller. The Correspondent Seller is responsible for adhering to all regulatory and compliance requirements. An FHA appraisal may be used on a conventional loan; however, if a VA appraisal was completed, a new conventional appraisal must be ordered. Please refer to CMG's rate sheet for applicable loan level price adjustments.

6.4.8 APPRAISAL ASSESSMENT

Seller is responsible for ensuring that appraisal reports are complete and that any changes to the report are made by the appraiser who originally completed the report. If the Seller has concerns with any aspect of the appraisal that result in questions about the reliability of the opinion of market value, the Seller must attempt to resolve its concerns with the appraiser who originally prepared the report. If the Seller is unable to resolve its concerns with the appraiser, a replacement report must be obtained prior to submitting the loan for purchase consideration. Any request for a change in the opinion of market value must be based on material and substantive issues and must not be made solely on the basis that the opinion of market value as indicated in the appraisal report does not support the proposed loan amount.

6.4.9 APPRAISAL REPAIRS

Regardless of the product, if an appraisal is required and the appraised value is 'subject to' any repairs, the repairs noted need to be cured and a final inspection issued by the appraiser prior to purchase by CMG.

6.5 CONDO PROJECT REVIEW PROCEDURES

Conventional or Non-Agency transactions that require a Condo Project Manager (CPM) / Full review, CMG Financial will review the project to determine eligibility and ensure the project meets investor guidelines.

To expedite the review process, please ensure packages are complete as per the applicable checklist.

Conventional:

- [CPM / Full Review Checklist](#)

- [HOA Cert for CPM Review](#)

The CMG Condo Desk will contact you if additional documentation is needed or upon project approval.

For CMG Loans in Process: CPM/Full review may be requested by

- Sending the required Condo documentation per CMG checklist to: condo@cmgfi.com and CC your Correspondent Liaison
- Reference CMG Loan number, Borrower last name and type of review needed in the subject line

For Proposed Loans not yet in Process: CPM/Full review may be requested by

- Sending the required Condo documentation per CMG checklist to your Correspondent Liaison
- Reference "CPM/Full Condo Review" in the subject line and specify this is for a proposed loan not yet in process

The Condo Review Process Takes:

- Approximately 48 hours for initial review
- Suspended submissions require an additional 24 hours for a review of updated documentation
- Fannie Mae exceptions require 3-5 business days
- If a Fannie Mae consultation is required, the CMG Condo Project review team will provide an expected turn time
- Upon review, CMG will provide notification of any conditions required

When needed, CMG will submit an exception request to Fannie Mae. Eligible exceptions may apply to:

- One entity owning more than 10% of the project units
- Commercial space exceeding 25% of the project's building space
- If subject is an investment property, with less than 51% owner occupancy
- Association budgets that do not reflect the minimum 10% allocation to reserves may be considered but a Homeowner's Association (HOA) Reserve Study is required

NOTE: An exception waiver is never considered or granted for minimum insurance requirements

CHAPTER 7 • CLOSED LOAN DELIVERY

The purchase review is an audit of the Seller's closing package and validation of all QC requirements. The audit ensures correct documents were utilized, are complete and are accurate.

If, after purchasing the loan, a deficiency is discovered, it is the Seller's responsibility to provide any required documentation or correct any errors within 72 hours of notification. The Seller is solely responsible for all representations and warranties per the Loan Purchase Agreement.

7.1 CLOSING DOCUMENTS REVIEW PROCESS

All loans must be closed and disbursed prior to submission to CMG for purchase consideration. The loan package should include all documentation listed on the [CMG Loan Submission Checklist](#) Form posted to the [CMG Correspondent website](#).

The legal audit review process includes, but is not limited to, the following:

- Confirm legal documents are complete and conform to requirements
- Review all Closing Disclosures and Loan Estimates for completeness, accuracy and TRID compliance
- Confirm Annual Percentage Rate (APR) accuracy and execute all applicable compliance tests using an automated compliance tool
- Validate compliance with Qualified Mortgage (QM) and Ability to Repay (ATR) requirements
- Validate loan collateral (Note)
- Sellers working with Texas Capital Bank must provide a "WarehouseNow.com" screenshot with full loan details visible or a Texas Capital Bank Portfolio Basic Status Report
- Sellers working with NorthPointe Bank must instruct NorthPointe to submit directly to CMG the following:
 - Reverse Bailee
 - Copy of the Note
 - Allonge
 - Allonge validation:
 - Address, borrower name(s), loan amount and Note date are correct (matches the Note)
 - Seller loan number present
 - Executed by the seller, with typed/printed name
 - Must show "without recourse"
 - Seller name matches entity name exactly as shown on the Note
 - Endorsement with current entity names
 - CT / MD / OH / SC = CMG Mortgage, Inc.
 - All other states = CMG Mortgage, Inc., dba CMG Financial
 - Endorsement on allonge must be 100% legible
 - No duplicate endorsement/allonge allowed. Only 1 per Note is acceptable
 - No dates, other than Note date, can be present

7.2 INELIGIBLE TO PURCHASE

Every effort is made to approve loans for purchase submitted by the Seller based on documentation provided. If CMG determines not to purchase the loan, the Seller is notified and the file will be suspended. CMG will allow a maximum of five business days for the Seller to provide additional documentation for a reconsideration analysis. If the loan is denied for purchase consideration, CMG will provide a notification to the Seller prior to changing the status of the loan in the system. The lock will be cancelled once the file has been changed to a denied or cancelled status. After a loan is denied for purchase, the Seller must then resubmit the file as a new loan to be considered for purchase.

- If a loan is denied for purchase consideration based on information derived from the consumer credit report, the Seller is required to send the Credit Denial Disclosure and it must contain the contact information of the agency that provided such information used in the decision.
- ECOA, Regulation B Credit Denial Disclosures are required to be delivered to the applicant(s) within thirty (30) calendar days from the date the loan application is declared to be "complete" by the Seller.

- The term “complete application” is defined as a loan application inclusive of all documentation required in making the credit decision.
- If CMG is in receipt of the original collateral (Note), the Note endorsement will be cancelled, and the Note returned to the Seller’s Warehouse Bank (or it’s Document Custodian).
- Seller to provide a return shipping label

NOTE: CMG’s Correspondent Lending Division will conduct periodic audits to ensure Seller’s compliance with these procedures.

7.3 CLOSING REQUIREMENTS

Seller must adhere to the following closing requirements:

- Per diem interest to be based on 365 days per year
- Ownership type must be fee simple
- Allowable vesting options include: individually, as joint tenants, tenants in common or as an Inter Vivos trust (must be approved by title company)
- The collateral (Note) must contain:
 - Seller’s Mortgage Electronic Registration System (MERS) registered loan Mortgage Identification Number (MIN)
 - The licensed originator’s NMLS number per CFPB requirements
 - Seller’s loan number
 - If applicable, the FHA or VA case number
- Loans may be funded a maximum of ten (10) days into the month. A hardship letter may be required if the loan was funded more than five days after the first of the month.
- Verbal Verification of Employment (VVOE) must be completed by the Seller within agency guidelines and within ten (10) days of Seller’s funding date.
- Seller must adhere to Regulation Z and Truth in Lending Act (TILA) tolerance levels which include, but are not limited to:
 - Finance charge and APR disclosed correctly within Regulation Z tolerance levels.
 - Section 32 (HOEPA) and other federal and state specific “high cost loan” or “predatory lending” laws
 - APR accuracy and compliance with QM APOR thresholds and fee caps *

*For complete requirements, refer to the CMG QM Policy located in the [Seller Resources](#) section of the [CMG Correspondent website](#).

- When applicable, provide evidence the upfront FHA mortgage insurance premium (MIP), VA funding fee or USDA guarantee fee has been paid
- Maximum late charges include: 4.00% for FHA, VA and USDA loans; 5.0% for conventional loans with the following exceptions: NY late charge should be 2%. MA late charge should be 3%.
- When applicable, provide documentation of principal reductions and the servicing history
- Escrow disbursements due the current month or the month following the purchase date must be paid by the Seller prior to purchase. CMG will require the following:
 - Evidence the escrow item has been paid
 - Documentation of the borrower’s pay history showing the current escrow balance and disbursements
 - The Note and security instrument must reflect the Seller’s loan number and MERS registered MIN number
 - When applicable, the Note and Deed of Trust must reflect the FHA or VA case number and the FHA ADP code

7.3.1 MERS – MORTGAGE ELECTRONIC REGISTRATION SYSTEM

Seller must register each Loan, prior to sale to CMG, with the Mortgage Electronic Registration Systems® (MERS®). Each Loan is to be a “MOM Loan” for which MERS® appears as the record mortgagee or beneficiary on the related Mortgage. Seller must comply with all requirements of MERS® and maintain its membership with MERS®, in good standing. The related assignment of mortgage to MERS must be properly recorded. The Seller must confirm it has not received any notice of liens or legal actions with respect to the Loan and no notices have been electronically posted by MERS®. Seller must transfer the Mortgage Identification Number (MIN) to CMG the day of purchase.

- Loan will be eligible for purchase consideration once the Seller has registered the loan in the MERS® system
- The beneficial and servicing rights to the loan must be transferred within the MERS® system to CMG within one day of purchase: **CMG Originator ID #1000724**.

The website evidence of the transfer should be uploaded to the [CMG Correspondent website](#) with the loan file.

7.3.2 ELECTRONIC SIGNATURES

CMG allows for a borrower's digital signature on some loan documents. Refer to CMG's complete [Electronic Signature Policy](#) located in the [Seller Resources](#) section of the [CMG Correspondent website](#) for complete details. In summary the policy includes but is not limited to:

The Seller is required to validate that their document delivery company is contracted to deliver initial disclosures to the consumer with the option for Electronic Signatures in compliance with the Electronic Signatures in Global and National Commerce Act (E-Sign Act), the Uniform Electronic Transactions Act (UETA), and the IRS's IVES Participant Guidelines for the 4506T.

The table below summarizes the ability to permit Electronic Signatures per each loan program. Please refer to the details above to ensure full compliance with the requirements.

Loan Program	Initial Disclosures	Sales Contract
Fannie Mae	Yes	Yes
Freddie Mac	Yes	Yes*
FHA	Yes	Yes
VA	Yes	Yes
USDA	Yes	Yes
Non-Agency	Yes	Yes

*Sales Contract must be managed by a licensed Real Estate Broker.

Hybrid E-Closing:

CMG will purchase mortgage loans containing closing documents with borrower's digital signature, except when prohibited by Agency requirements, or by state or Federal Law. Non-Agency loans are not eligible.

CMG does not permit the following to be electronically signed:

- Note and Rider(s) to the Note
- Security Instrument and Rider(s) to the Security Instrument
- Power of Attorney (POA)

All other documents may be electronically signed if allowed by the applicable Agency requirements and Applicable Laws, and all Electronic Signatures must comply with applicable federal and state law regarding enforceability. Seller is to deliver electronic consent documentation for each borrower along with the audit trail evidencing the delivery and signing all electronically signed documents.

Remote authorization is not allowed on Hybrid E-Closings.

E-Notes:

CMG will purchase mortgage loans containing closing documents with borrower's digital signature, except when prohibited by Agency requirements, or by state or Federal Law.

- FHA, VA, USDA, Texas (a)(6) transactions, Non-Agency, loans to Trusts and CMG All In One Loan products are not eligible for e-notes
- Remote Online Notarization (RON) is currently allowed in the following states:

LIST OF STATES					
Alabama	Florida	Kentucky	Nebraska	Ohio	Utah
Alaska	Georgia	Louisiana	Nevada	Oklahoma	Vermont
Arizona	Hawaii	Maryland	New Hampshire	Oregon	Virginia
Arkansas	Idaho	Massachusetts	New Jersey	Pennsylvania	Washington
Colorado	Illinois	Michigan	New Mexico	South Carolina	Wisconsin
Connecticut	Indiana	Minnesota	New York	South Dakota	Wyoming
Delaware	Iowa	Missouri	North Carolina	Tennessee	
District of Columbia	Kansas	Montana	North Dakota	Texas	

7.3.3 POWER OF ATTORNEY

If a Power of Attorney (POA) form is used, please refer to CMG’s complete [POA Policy](#). The following are highlights from that policy:

- The Assigner must be the borrower and at least one borrower must be present to sign at closing. Exceptions may be made on a case-by-case basis.
- The POA must be specific to the transaction with reference to the property address or legal description. It must comply with state law, allow for the Note and related Mortgage or Deed of Trust to be legally enforced, and be acceptable to the title insurer and closing agent,
- Or, the POA must be durable from an Active Duty Military person. It must comply with state law, allow for the Note and related Mortgage or Deed of Trust to be legally enforced, and be acceptable to the title insurer and closing agent.
- The POA must be fully executed, notarized, dated prior to the closing date and recorded prior to the Mortgage or Deed of Trust, with a certified copy retained in the purchase package.
- Signature blocks must be typed out with correct verbiage and signatures must reflect typed verbiage.
- Appointee may not be an interested party to the transaction (i.e. Real Estate Broker, Builder, etc.)

7.3.4 REAL ESTATE TAXES

Delinquent taxes, special assessments and taxes due within 60 days of closing must be paid in full before or at closing. Evidence of payment must be included in the closing documents.

If the property is in an area where homeowners are required to complete a Homestead Exemption form for reduced property taxes, the borrower must be informed of this requirement at closing.

7.3.5 NATURAL DISASTERS

When natural disasters occur (i.e., hurricanes, tropical storms, tornadoes, wildfires) steps must be taken to assure that the “security” on each loan is protected. Any loan with a Note date within 120 days of a disaster must adhere to CMG’s [Disaster Policy](#). A re-inspection or inspection will be required from the Seller on all properties located in the federally declared disaster areas if the inspection of the property and value was determined prior to the date of the natural disaster. These requirements apply to all loans regardless of processing style or appraisal requirements. It is the Sellers responsibility to monitor the [FEMA website](#) for ongoing updates. These policies apply even if CMG does not issue a specific alert.

CMG will re-check the FEMA website prior to purchasing the loan. CMG will alert the Seller if the property is determined to be in a declared disaster area.

Additional documentation may be required per program requirements below:

Programs	DU / LP	FHA	FHA Streamlines	VA	VA IRRRL	USDA	Non-Agency
FEMA - Disaster Inspections if funding is less than 90 days from declared date	HARP with PIW - Disaster Inspection or Fannie Mae 2075 Conventional Non HARP - Appraisal dated after disaster declared or 1004D	Appraisal dated after disaster declared or 1004D	Disaster Inspection or Fannie Mae 2075 to state no damage	Appraisal dated after disaster declared or 1004D	Disaster Inspection or Fannie Mae 2075 to state no damage	Appraisal dated after disaster declared or 1004D	Appraisal dated after disaster declared or 1004D

7.3.6 ESCROW ACCOUNTS

CMG will purchase loans with and without taxes and homeowners insurance escrowed or impounded. For loans purchased with escrows or impounds, the Seller must provide the borrower with an initial escrow disclosure statement indicating all items to be escrowed and monthly payment amount. The escrow account and appropriate reserves must be established at the time of closing, as evidenced by the HUD-1.

- An escrow or impound account is required on conventional loans in all states except California when the LTV exceeds 80%.
- In California, an escrow or impound account is required on conventional loans when there is only a first lien and the LTV exceeds 90%. In California an escrow or impound account is required on conventional loans with a first and second lien and an LTV that exceeds 80%.
- An escrow or impound account is required on all FHA, VA and USDA loans in all states regardless of LTV.

7.3.7 AGGREGATE ESCROW ANALYSIS

CMG requires aggregate escrow analysis and all initial escrow account disclosure statements to be calculated and prepared in full compliance with the requirements of RESPA and all relevant state law. A positive aggregate escrow analysis is not allowed.

7.3.8 FEES

- Loan Administration Fee \$420
- Tax Service Fee \$70

7.4 INSURANCE

A valid, in-force hazard insurance policy must be provided on all closed loans at time of submission for purchase consideration. The Seller must be listed as mortgagee on the hazard insurance policy with an effective date prior to or on the date of closing. The insurance company issuing the policy must meet all agency guidelines. The insurance company must be authorized by law or licensed in the appropriate state in which the property is located.

The mortgaged property and all improvements thereon must be insured against loss by fire and other hazards that are customary in the area where the mortgaged property is located. The policy coverage should contain but is not limited to fire and hazard insurance with extended coverage.

7.4.1 HAZARD INSURANCE

SECTION A

A valid, in-force hazard insurance policy for a property securing a first mortgage, including blanket policies for condos and PUDs, must be written by a carrier that meets the following rating requirements. The carrier only needs to meet one of the following rating categories, even if it is rated by more than one agency:

- Carriers rated by the A.M. Best Company, Inc. must have either:
 - "B" or better Financial Strength Rating in *Best's Insurance Reports*, or
 - "A" or better Financial Strength Rating and a Financial Size Category of "VIII" or greater in *Best's Insurance Reports Non-US Edition*.
- Carriers rated by Demotech, Inc. must have an "A" or better rating in *Demotech's Hazard Insurance Financial Stability Ratings*.
- Carriers rated by Standard and Poor's must have a "BBB" or better Insurer Financial Strength Rating in *Standard and Poor's Ratings Direct Insurance Service*.

Policies underwritten by a state's Fair Access to Insurance Requirements (FAIR) plan, if it is the only coverage that can be obtained;

Policies obtained through state insurance plans – such as the Hawaii Property Insurance Association (HPIA), Florida's Citizens Property Insurance Corporation, or other state-mandated windstorm and beach erosion insurance pools – if that is the only coverage that is available; and

A separate hurricane insurance policy issued by the Hawaiian Hurricane Relief Fund (for properties in Hawaii), as long as the companion non-catastrophic fire and extended coverage (or homeowner's) policy is obtained from a hazard insurer that satisfies CMG's rating criteria.

SECTION B

Coverage shall be in an amount not less than the lesser of

- 100% of the replacement value of the Mortgage Property
- And, the outstanding principal balance for the Loan
- Or, in the case of an open-end line of credit Loan, the total credit line.

Under no circumstances shall the amount of insurance required exceed the amount allowed by law.

Hazard insurance policies that include optional coverage that is not required by CMG are acceptable, provided that CMG is not obligated to renew any part of the optional coverage, if, at some point in time, CMG is required to pay any premiums due.

PURCHASE TRANSACTIONS:

At the time of closing package submission, the Seller must provide either a valid in-force hazard insurance binder with a paid receipt for one full year's premium paid in advance, or the final hazard insurance policy evidencing coverage is paid in full or no payment is due.

REFINANCE TRANSACTIONS:

The borrower's current policy must be paid in full as evidenced by a paid receipt, HUD-1 or evidence insurance showing no payment is due. Within 10 days of purchase, the Seller is required to send a notice to the insurance company advising of the change in the loss payee to CMG. An updated hazard insurance policy listing the appropriate CMG mortgagee clause must be received within 90 days of purchase.

Hazard insurance loss payee clause to read:

**CMG Mortgage Inc, ISAOA/ATIMA
3160 Crow Canyon Road Suite 400
San Ramon, CA 94583**

Also acceptable:

**CMG Mortgage, Inc. dba CMG Financial ISAOA/ATIMA
3160 Crow Canyon Road Suite 400
San Ramon, CA 94583**

CONDOMINIUM AND PUD INSURANCE REQUIREMENTS:

A master or blanket policy covering the project, and a certificate of insurance for each individual unit is required. Contents only HO-6 policies for at least 20% of the value of the property must be obtained by borrower or evidenced in master hazard policy for the project and be paid through escrow or collected with impounds if required.

PUD units covered under the project's blanket policy must be allowed in the homeowner association documents and under the blanket insurance policy. The HOA Hazard Insurance policy must contain the borrowers name and unit.

In addition, the homeowner association must maintain a policy that covers the common areas, fixtures, equipment, personal property, and supplies of the project. Premiums with respect to such policies should be considered a common expense of the related project.

- The Certificate of Insurance policy must contain the borrower name and unit.
- Seller must verify that liability coverage of \$1,000,000 is in force for the entire project before the mortgage loan is delivered to CMG Financial.
- For attached PUDs and condominiums, the amount of hazard insurance coverage must be at least equal to 100% of the insurable replacement costs of the project improvements, including individual units. A hazard insurance policy that includes a guaranteed replacement cost endorsement or a replacement cost endorsement satisfies.
- For detached PUDs, only a valid, in-force homeowner's policy is required.

7.4.2 FLOOD INSURANCE

The National Flood Insurance Reform Act requires that life of loan flood insurance is obtained on any property that is determined to be located within a special flood hazard area as indicated by the required flood certificate.

The Seller is required to provide a Life of Loan Flood Certificate at time of submission of the file to CMG.

All flood insurance policies must comply with the National Flood Insurance Program (NFIP).

The minimum amount of flood insurance coverage is:

- 100% of the full replacement cost of the insurable improvements, or
- The unpaid balance of the mortgage if replacement cost coverage is not available, or

- The maximum insurance available under the NFIP
- Flood Insurance must be escrowed

If flood insurance is required, within 10 days of purchase, the Seller is required to send a notice to the insurance company advising of the change in the loss payee to CMG. An updated flood insurance policy listing the appropriate CMG mortgagee clause must be received within 90 days of purchase.

Except for loans secured by property in **Connecticut, Maryland, Ohio and South Carolina**, the hazard insurance mortgagee clause must read:

**CMG Mortgage, Inc., dba CMG ISAOA
3160 Crow Canyon Rd, Suite 400
San Ramon, CA 94583**

The hazard insurance mortgagee clause for loans secured by properties in **Connecticut, Maryland, Ohio and South Carolina** must read:

**CMG Mortgage, Inc. ISAOA
3160 Crow Canyon Rd, Suite 400
San Ramon, CA 94583**

7.4.3 PRIVATE MORTGAGE INSURANCE

Mortgage insurance is required on all conventional loans with an initial loan to value ratio in excess of 80%.

Seller must follow AUS findings and individual mortgage insurance company requirements for coverage. AUS findings will identify the specific coverage amount required.

Mortgage insurance guidelines can change at any time. It is the Seller’s responsibility to check the applicable guidelines and order the MI certificate at the time of underwriting and prior to submitting the file for purchase consideration.

The mortgage insurance certificate should reflect the Seller’s name, address, loan number, and all applicable loan information. The certificate must reflect the final loan amount and closing date. Any amount due on the certificate must reflect paid at closing on the final HUD-1 or other evidence of payment is required.

TYPES OF MORTGAGE INSURANCE POLICIES

MI Product	Conventional
Borrower Paid Monthly	Eligible
Borrower Paid Single	Eligible
3 rd Party (i.e.: Seller or Builder) Paid Single	Eligible
Financed Single Premium (Non-Refundable)	Eligible
Lender-Paid Single	Eligible
Finance Single Premium (Refundable)	Not Eligible
Split Premium Monthly	Not Eligible

APPROVED MORTGAGE INSURANCE COMPANIES

Approved MI Company	Conventional New Policy	HARP Transferred
Essent	Eligible	Eligible
CMG	Not Eligible	Eligible
Genworth	Eligible	Eligible
MGIC	Eligible	Eligible
National MI	Eligible	Eligible
PMI	Not Eligible	Eligible
Radian	Eligible	Eligible
RMIC	Not Eligible	Eligible
Triad	Not Eligible	Eligible
Ticor	Not Eligible	Eligible
UGI	Eligible	Eligible
ARCH MI	Eligible	

HOME AFFORDABILITY REFINANCE PROGRAM (HARP) LOANS WITH MORTGAGE INSURANCE DROPPED

If the AUS approval shows mortgage insurance is required, Seller must provide, for CMG review and approval, a letter from the former mortgage insurance company and from the current servicer indicating mortgage insurance coverage is no longer required and why such is the case.

7.4.4 TITLE INSURANCE

Each title insurer must be qualified to do business in the jurisdiction in which the subject is located. Each such policy shall insure the Seller, its successors and assigns to the first (or, if indicated by Seller, second) priority of the mortgage, and shall be in the amount of the original principal of the mortgage loan.

Seller warrants that they are the named insured and sole insured of such title policy and that the assignment to CMG of Seller's interest in such title insurance does not require the consent of or notification to the insurer, and that such insurance policy is and will remain in full force and effect and will insure to the benefit of CMG and if CMG assigns upon the consummation of the transaction contemplated by the Agreement and any subsequent assignments by CMG.

Seller warrants that no claims have been made under such title insurance policy and neither Seller nor any prior holder of the mortgage has done anything which would impair the coverage of such title insurance policy and that nothing contemplated in the Agreement, or any transfer to CMG, will impair the coverage of such title insurance policy. If a married borrower wishes to take title to the mortgaged property without his or her spouse, the lien created by the mortgage must be superior to any interest in the mortgaged property the spouse may have under the law or otherwise.

Only the borrower(s) applying for a mortgage loan are allowed to be on the Note and security instrument. A borrower(s) applying for a mortgage loan must appear on title. A spouse is allowed to sign the security instrument (Mortgage or Deed of Trust) to be added to title without applying for a mortgage loan.

7.4.4.1 TITLE COMMITMENT REQUIREMENTS

The title commitment must meet the following requirements:

- Proposed insured dollar amount must be equal to the loan amount referenced in the Deed of Trust or Mortgage
- Legal description of the property agrees with the Deed of Trust or Mortgage and appraisal
- Copy of the survey or plat map, if required by the title company
- Alta Address Supplement, if available in subject state
- Attorney's Opinion Letter, if applicable in the state in which the property is located
- Environmental protection lien and endorsement for all loans
- Latest ALTA form of title insurance policy (required post-closing). In states where ALTA forms are not used, similar coverage is required.
- Twelve months of property ownership evidenced by the chain of title
- Title commitment cannot show any exceptions unless permitted by applicable agency (Fannie, Freddie, FHA, VA, and USDA).

SURVEY REQUIREMENTS

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

ENDORSEMENT REQUIREMENTS

- All loans: 8.1 Environmental Protection
- Condominiums: ALTA 4-06 or 4.1-06 or CLTA 115.1
- PUD: ALTA 5-06 to 5.1-06 or CLTA 115.2
- Comprehensive Endorsement: ALTA 9 or CLTA 100 or its equivalent
- Location Endorsement: ALTA 22.1 or CLTA 116 or its equivalent

7.5 LOAN DOCUMENTATION PACKAGE

The closing documents submitted for purchase consideration must include executed instructions necessary to convey all rights, title and interest in and to each loan. Evidence of insuring is required on each loan. All taxes and any assessments that became due and owing prior to the closing date on the subject property must be evidenced as paid through closing. This includes but is not limited to: property taxes, hazard insurance premiums, flood insurance premiums, past due homeowner associations dues, any liens evidenced on title, etc. Refer to the [Contents of the Collateral File](#) for a complete list of required documents.

The most current HUD, Fannie Mae and Freddie Mac forms that are correct for the jurisdiction, loan program, mortgage and property type must be used.

7.5.1 FINAL HUD-1

Seller must provide the final HUD-1 executed by the appropriate party based on the mortgage property location as outlined below:

- Escrow state (Dry) the file must include:
 - (Alaska, Arizona, California, Hawaii, Idaho, Nevada, New Mexico, Oregon and Washington)
 - Estimated HUD-1 Settlement Statement or other closing statement signed by the borrowers and property seller, if applicable; and
 - The final HUD-1 Settlement Statement or other closing statement signed by the Escrow Officer
- Non-escrow state (Wet), the file must include:
 - Final HUD-1 Settlement Statement or other closing statement signed by all parties to the transaction and evidencing all costs to the homebuyer and property seller
 - Final HUD-1 Settlement Statement or other closing statement must include the borrower(s) name, property address and loan amount.
 - Interest credit can be made up to the 10th day of the month
 - If escrows are collected on the Final HUD-1, the purchase advice will reflect net escrows

Any and all appropriate HUD, federal, state and lender documents must be appropriately executed with conforming signatures to the parties involved in the transaction. All borrowers on the note and documents must be part of the FHA Connection case file.

7.5.2 REQUIRED RIDERS

If riders are required, they must also be recorded with the Mortgage or Deed of Trust, with a certified copy included in the purchase package. For a rider to be made a part of the Mortgage or Deed of Trust, the applicable rider box must be checked on the Mortgage or Deed of Trust.

The following riders are required, as noted:

- Condo Rider: properties located in a condominium project
- PUD Rider: properties either located in a planned unit development or subject to assessments from a homeowners association
- Second Home Rider: properties that will be occupied by the borrower as a second or vacation home
- Applicable 1-4 Rider: properties held for investment and not the borrower's primary residence
- Applicable ARM Riders to Note and Deed of Trust

7.5.3 ORIGINAL NOTE

An original, properly endorsed Note (or original Note with appropriately executed allonge) must be executed by each borrower and delivered to:

CMG Financial
Attn: Correspondent Lending Division
3160 Crow Canyon Road, Suite 400
San Ramon, CA 94583

The original Note must include the following:

- Date that matches the date of the Deed of Trust or Mortgage

- Property address that matches the address of the Deed of Trust or Mortgage, appraisal, and preliminary title report
- Correct loan amount and interest rate, both written and numeric
- Correct lender name and maturity date
- Correct payment amount, using Fannie Mae/Freddie Mac factors to calculate the principal and interest payment
- Accurate first payment information that does not exceed 62 days from the funding disbursement date
- A grace period that does not exceed 15 days, except where prohibited by state law
- Late charge that does not exceed 5% (Conventional Loans) or 4% (Government Loans) of the payment amount, or the maximum allowable in that state, whichever is less
- Borrower's names typed exactly as listed on the Preliminary Title Report or Purchase Contract
- Signature of all borrowers, exactly as typed on the Note. The borrowers may over sign but never under sign.
- All applicable Note Riders/Addendum. All applicable ARM terms must be correct.
- Correct Government FHA/VA case number and correct FHA ADP code
- Full licensed name and NMLS Identification number of mortgage originator
- Note date must be equal to or less than 45 days at time of submission. Note dates older will be considered aged notes and are subject to the following adjustments: >45-60 days at a cost of 0.750%, 61-75 days at a cost of 0.875%, 76-90 days at a cost of 1.00% and >90 days <151 days at a cost of 1.25%. Aged Note capped at 150 days.

7.5.4 BAILEE & ENDORSEMENT REQUIREMENTS

A Bailee letter prepared by Seller's warehouse bank will be required when funds from Seller's warehouse line are used to secure interest in the original Note.

The Bailee letter should contain the following information:

- Name, address, and fax number of the Warehouse bank
- Name and address of the Seller
- Complete wiring instructions for payment
- Name of borrower(s)
- Loan amount
- CMG Financial loan number, if available
- Acknowledgement that the Warehouse bank's security interest will be terminated upon receipt of the payment

The Bailee letter or agreement should be addressed as follows: **CMG Financial, Without Recourse**

Except in **Ohio and New York**, the Original Note and Bailee letter must include proper endorsement as follows:

Pay to the order of:

CMG Mortgage, Inc., dba CMG Financial
Without Recourse
Correspondent Name

By:
Its:

In **Ohio and New York**, collateral Assignment/Allonge Endorsement is as follows:

Pay to the order of:

CMG Mortgage, Inc.
Without Recourse
Correspondent name

By:
Its:

Collateral must be assigned to CMG Mortgage, Inc. Without Recourse

NOTE: Without the proper endorsement on the Original Note, Seller may provide a properly executed Allonge. The Seller may not delegate to an attorney-in-fact its authority to execute an endorsement. The endorsement may not be executed by a party using a power of attorney.

- If an incorrect Allonge was received with the Note, CMG will require a corrected original Allonge be delivered to CMG prior to purchase of the loan.
- Sellers working with Texas Capital Bank must provide a "WarehouseNow.com" screenshot with full loan details visible or a Texas Capital Bank Portfolio Basic Status Report.

7.5.5 WIRE INSTRUCTIONS

Funds will be wired per the wire instructions provided by the Seller with the collateral package. Wire instructions must be submitted with each purchase package. CMG cannot accept verbal wire instructions.

CMG will only wire funds to an approved Warehouse line rather than to company operating accounts.

NOTE: Depository institutions and their wholly owned subsidiaries are exempt from the above requirement, providing that the wholly owned subsidiary uses the parent company's operating account.

7.5.6 COLLATERAL PACKAGES

The collateral package will contain exhibits as required by the Seller's Warehouse bank and may include all or some of the following:

- Original endorsed Note, Bailee letter and Allonge
- Certified copy of the original Note with endorsement. Note may be endorsed in blank. An allonge may be used as long as the form and content comply with all applicable state, local, or federal laws governing the use of an allonge and result in an enforceable and proper endorsement to the note.
- Copy of Bailee letter or wire instructions, if Seller is a depository institution utilizing its own funds.
- All Warehouse banks providing Reverse Bailee letters must be approved by CMG. In such cases, a Reverse Bailee letter accompanied by certified copy of endorsed Note to CMG Mortgage Inc., dba CMG Financial or a Reverse Bailee letter accompanied by the applicable allonge meeting standard, enforceable and proper endorsement to the Note.

7.5.6.1 COLLATERAL DELIVERY TO CMG

Delivery address:

**CMG Financial
Correspondent Lending Division
3160 Crow Canyon Rd, Suite 400
San Ramon, CA 94583**

7.5.7 TRANSFER/SERVICING HISTORY

A Notice of Servicing Transfer that meets all regulatory requirements must be given to the borrower at least 15 days before the effective date of the servicing transfer (the date the first payment is due to the new servicer). Provide the following information to the new servicer:

**CMG Mortgage, Inc., dba CMG Financial
3160 Crow Canyon Road, Suite 400
San Ramon, CA 94583
866-659-8989
Hours 8:00 am – 5 pm (PST) Monday – Friday**

If any scheduled payments were due prior to the purchase date, a mortgage payment history and updated principal balance must be submitted by the Seller. Payments on the loan must be current as of the date of purchase.

PAYMENT RECONCILIATION ON PURCHASE ADVICE

Date Loan Will Be Purchased By CMG:	When Is the 1st Payment Due as Stated on the Note:	Does CMG Net Payment from PA?	What Documents Are Needed by CMG:
1 st – 14 th	Next Month	No	N/A
15 th - EOM	Next Month	Yes	N/A
1 st – 14 th	Current Month	Yes	N/A
15 th - EOM	Current Month	Yes	Pay history required. If payment has not been made, purchase will be on hold until payment has been made and pay history has been received
Any Day	Previous Month	Yes	Pay history for the previous/current month required. Refer to above grid to determine if the next month's payment is to be collected.

7.6 POST FUNDING FINAL DOCUMENTATION

The Seller is responsible for obtaining, reviewing, correcting (if applicable), and submitting all applicable final documents.

Final documents must be mailed to the following address:

CMG Mortgage, Inc. dba CMG Financial
Attn: Post Closing Department
3160 Crow Canyon Road, Suite 400
San Ramon, CA 94583

7.6.1 POST CLOSING REQUIREMENTS

The Seller must issue all borrower notifications no less than 15 days before the effective date of the transfer of servicing. The following information must be indicated and delivered to the borrower(s):

- Indicate the date on which the servicing duties are to be transferred, which shall be the same date as the date which payments are to commence to the servicer
- Identify the date Seller will no longer accept payments on the mortgage loan
- Identify the date on which payments will commence to the servicer
- Identify the complete information of the new servicer
- Direct the borrower(s) to forward all future payments to the Servicing Processing Center
- Notify the borrowers the transfer does not affect any terms nor conditions of the mortgage loan other than the change in servicing

7.6.2 INSURANCE CERTIFICATE

The Seller is required to provide the following evidence of insurance coverage:

- **FHA:** MIC certificates are due to CMG no more than 60 days after CMG purchases the loan. Seller must register Mortgagee Record Change with HUD within 15 days of CMG's purchase date. ****Please note, for all Full doc, manually underwritten loans, CMG will require the MIC to be delivered "prior" to purchase.****
- **CONV:** Mortgage Insurance Transfer letter is required prior to purchase. The certificate must reflect the close of escrow date and the Seller's name as the servicing company.

- VA: LGC is due to CMG no more than 60 days after CMG purchases the loan. **Please note, for all Full doc, manually underwritten loans, CMG will require the LGC to be delivered “prior” to purchase.**
- **USDA:** Executed USDA Loan Note Guarantee form #RD1980-17 is due to CMG within 60 days of CMG’s purchase date.

CMG Financial’s identification numbers are:

- **HUD** #78442
- **USDA** - Tax ID #68-0309242
- Agency Assigned #78442

Seller is required to upload the above applicable item to the loan file via the CMG Webtrac system as a Correspondent Funding Condition. If for any reason the loan cannot be insured or guaranteed within the timeframes specified above, the Seller must contact CMG.

It is the Seller’s responsibility to make any monthly MIP payments for any customer payment(s) collected by or due the Seller prior to CMG purchasing the loan.

7.6.3 FINAL DOCUMENTS

Final Closing Documents include, but are not limited to, the following:

- Original recorded mortgage, any and all applicable riders/addendums are due within 120 days of purchasing
- Original Title Insurance Policy and any required waivers, attorney’s opinion, and/or applicable endorsements
- Certified copy of the recorded Power of Attorney, when and if applicable
- FHA Mortgage Insurance Certificate
- Each loan purchased by CMG requires all final closing documents to be delivered within standard 365 day limit or the loan may be subject to a repurchase request by CMG

CHAPTER 8 • COMPLIANCE

The Seller must operate in compliance with all federal, state and local laws and regulations. This Guide is provided as information only and is not to be interpreted as legal advice. While it is CMG's intent to always have this Guide reflect the most current information, there may be times when it does not. It is the Seller's responsibility to comply with legal and regulatory requirements promulgated by all federal, state and other government entities and to be and remain current with regard to those standards.

Any information and guidance contained in this document regarding policies and procedures to utilize while doing business with CMG should in no way be construed as CMG providing the Seller with legal advice. For legal determination, the Seller should seek independent legal opinions from qualified sources. CMG's Correspondent Lending Division provides helpful tools, policies, procedures and requirements that the Seller should follow when seeking the purchase of a closed loan.

8.1 COMPLIANCE REQUIREMENTS

CMG will purchase FHA and VA qualified mortgages and Federal QM loans that meet safe harbor requirements. However, CMG will not purchase Section 35 HPML loans that fall into the QM rebuttable presumption category. Seller must originate each mortgage loan in compliance with the applicable agency underwriting guidelines and in compliance with all applicable governing statutes and regulations as amended and in effect at the time the loan was made, including, but not limited to, the following:

- Equal Credit Opportunity Act (ECOA and Regulation B)
- Fair Housing Act
- Unfair, Deceptive, or Abusive Acts or Practices (UDAAP)
- Consumer Credit Protection Act
- Fair Credit Reporting Act (FCRA)
- Truth-in-Lending Act (TILA and Regulation Z), including but not limited to Ability to Repay/Qualified Mortgage requirements (ATR/QM)
- Mortgage Disclosure Improvement Act (MDIA)
- USA PATRIOT Act
- Real Estate Settlement Procedures Act (RESPA - Regulation X)
- Home Mortgage Disclosure Act (HMDA – Regulation C)
- Home Ownership and Equity Protection Act (HOEPA)
- Secure and Fair Enforcement for Mortgage Lending Act (SAFE Act)
- Appraisal Independence Requirements (AIR)
- Regulations issued by the Office of Foreign Asset Control (OFAC)
- Dodd-Frank Act (DFA)
- Seller is required to close loans in compliance with their own specific licensing regulations
- Sellers are required to report HMDA information on all loans sold to CMG. For HMDA purposes, CMG is considered a Mortgage Bank.
- Seller must keep CMG abreast of any company licensing changes that may affect the purchase of a particular closed loan prior to CMG purchasing.
- CMG will not purchase loans that surpass state and federal "high cost" and "predatory loan" thresholds (TILA Section 32, and equivalent state "high cost" or "predatory loan" laws) or are considered predatory as defined under various state, federal or local laws. CMG follows government agency, Fannie Mae and Freddie Mac requirements, lending guidelines and principles regarding responsible lending and fee limitations. All loans will be run through a compliance audit to validate the loan meets all of these requirements.
- All loan files must include a fully executed 1003.
- The Note and security instrument must include the following items:
 - Loan Originator's Company Name
 - Loan Originator's Company NMLS number
 - Loan Originator's Name and NMLS license number

This information must follow all applicable state and federal regulations.

8.2 QC REQUIREMENTS

The Seller is responsible for maintaining quality control (QC) procedures as required by Fannie Mae, Freddie Mac, Ginnie Mae, FHA, VA, USDA, federal and state regulations.

CMG's minimum QC requirements include, but are not limited to, the following:

1. Validated QC: Generate an electronic fraud detection report for each loan transaction utilizing nationally recognized vendors such as Interthinx Fraudguard®, CoreLogic®, Lexus Nexus®, or DRIVE
2. IRS 4506T: Validation of borrower's transcripts as per CMG's [Income Validation Policy](#) is required
 - Completed and fully executed 4506T Request Form is required in the initial credit package and included in the final closing documents
 - Seller may choose to order a "Record of Account" from the IRS if the borrower has filed amended returns. Please allow the IRS approximately six to eight weeks to issue a transcript for an amended return.
3. Social Security Number: Validation is often used in conjunction with the credit report, borrower documentation or the electronic QC report. Social Security validation is required when a SSN discrepancy exists.
4. Internal QC program: Seller must maintain an internal quality control program that meets CMG's guidelines as well as all standard state, federal and industry requirements. The QC program must include a written plan with details and objectives that include all applicable policies and procedures. This written plan must be provided to CMG. Results of the QC plan must also be provided upon request.
5. Loan Quality Initiative (LQI): All conventional loans must comply with the FNMA/FHLMC Loan Quality Initiative. Requirements include:
 - Confirmation that all parties to the mortgage transaction meet certain qualifications
 - Determination that all borrowers' debts are included in the qualification for the mortgage loan
6. Limited Denials of Participation (LDP) and General Services Administration Lists (GSA):
7. Seller must provide confirmation that no parties, including third party vendors such as appraisers, are on the LDP / GSA excluded parties list. For complete details, refer to the [CMG Prohibited Policy](#).
 - LDP printouts are obtained through the [HUD LDP](#) webpage
 - GSA printouts are available through <https://www.sam.gov/portal/public/SAM/>
8. Seller must adhere to all ATR/QM requirements regarding undisclosed debt monitoring
9. Appraisal Quality Control: For complete details regarding appraiser independence requirements (AIR), refer to the [Fannie Mae Appraiser Independence Requirements](#)

EXHIBITS

The following items are provided in conjunction with the Guide and are available on the [CMG Correspondent website](#).

- [CMG Financial Main Page](#)
- [Contents of Loan Credit File](#)
- [Contents of Collateral File](#)

POLICIES

- [Appraisal Review Using FNMA Collateral Underwriter®](#)
- [CMG Policy Quick Reference Guide](#)
- [Condo Project Review Desk Procedures](#)
- [Disaster Policy](#)
- [eSignature Policy](#)
- [HPML and Rebuttable Presumption Policy](#)
- [Income Validation Policy \(4506T\)](#)
- [Jumbo Loan Submission Procedures](#)
- [Lock Policy](#)
- [Principal Curtailment Policy](#)
- [Prohibited Party Verification Policy](#)
- [VA Fees Policy](#)
- [VA IRRRL Qualified Mortgage Policy](#)
- [POA Review Policy](#)

COMPLIANCE

- [QM Policy](#)
- [QM RESPA](#)
- [QM Homeownership Counseling](#)
- [QM Loan Originator](#)

FORMS

- [CMG Loan Submission Checklist](#)
- [Income / Debt Worksheet](#)
- [Condo Review – Type S](#)
- [Conditions Cover Sheet](#)
- [Non-Agency Loan Submission Procedures](#)

RESOURCE TOOLS

- [Guidelines/Loan Program Matrices](#)
- [Bulletins](#)

ELIGIBILITY MATRICES

- [FNMA](#)
- [FHLMC](#)

ARM MATRICES

- [FHA/VA/CONV ARM Matrix \(includes Fannie, Freddie, FHA, VA, Non-Agency and All In One™\)](#)
- [FNMA ARM Matrix](#)
- [GOVT ARM Change Date Matrix](#)

APPENDICES

APPENDIX A: BEST EFFORT REGISTRATION PROCESS

To complete the best efforts registration process, follow these steps:

STEP 1: GO TO THE CLEAR PORTAL LOGIN PAGE <https://cam.cmgclear.com/>

- Log in using your username and password
- Click on **Create Loan**



STEP 2: TO REGISTER AND UPLOAD A NEW LOAN, CLICK ON **UPLOAD 3.2 FILE AND REGISTERED.**

Completed all mandatory fields with red asterisk* (STEP 2) The user will have the option to Drag & Drop the FNM File or browse to upload. Once completed click on **UPLOAD & REGISTER**

Note: The user can also simultaneously **Drag & Drop** loan documents or **Browse to Upload**

STEP 3: TO MANUALLY REGISTER AND LOCK A LOAN, CHOOSE **MANUALLY REGISTER LOAN.**

Completed all mandatory fields with red asterisk* (STEP 3) Once completed click on **REGISTER.**



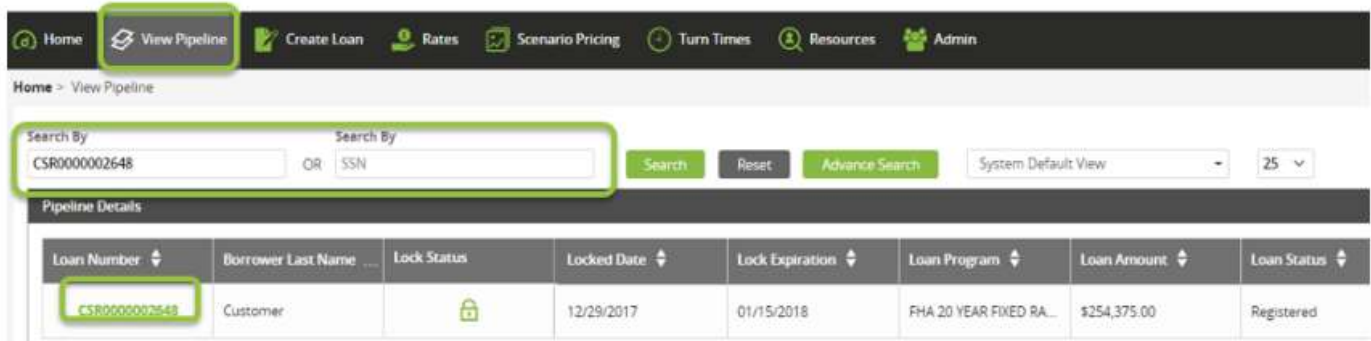
The loan will be **REGISTERED** and assigned a CSR# loan number. The user will be directed to the **LOAN SUMMARY SCREEN**.



- The loan should now show a **Registered** and will be listed on the **View Pipeline Screen**

To Import a Subsequent FNM File the user will need to:

- On the **Navigation Bar** click on **View Pipeline**
- Find the loan by completing the information in **Search by**. Enter the loan number, borrower last name or SSN
- Click on the **green loan number**, you will be directed to the **Loan Summary Screen**



- The Loan Summary screen will be displayed and **open the left hand Navigation Menu**

Company ID: 2893-01 Company Name: NFM INC Expand All Collapse All

Loan # CSR0000002648 | Customer, Ken REGISTERED

Borrower Information

Borrower					
Name	SSN	Home Phone Number	Work Phone Number	Mobile	Email Address
Customer, Ken N	500507000	8182222222	8183323332	**	ken.c@fanniemae.com
Street Address	City	State	Zip	Credit Scores	
10655 Birch St	Burbank	CA	915021234	680, 680, 680	

- Click on the **Import 3.2** on the left hand-side Navigation Bar
- The Import 3.2 screen will open
- Options are available to Drag & Drop a 3.2 FNM File or browse to upload
- Click on **Upload**
- You will be directed to the **Loan Summary** Screen

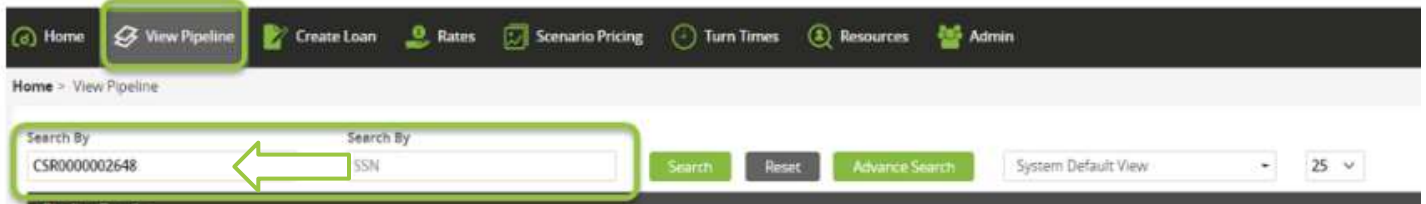
APPENDIX B: BEST EFFORT LOCK PROCESS

To lock a loan via a best effort, follow these steps:

STEP 1: GO TO THE CLEAR PORTAL LOGIN PAGE <https://cam.cmgclear.com/>

- Log in using your username and password

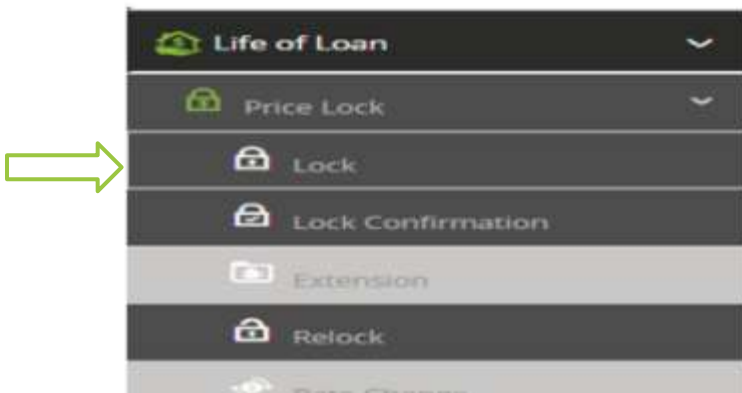
On the **NAVIGATION BAR** click on the **VIEW PIPELINE**. Find the loan by completing the information in the Search By. Enter the loan number, borrower last name or SSN.



STEP 2: CLICK ON THE **GREEN LOAN NUMBER** OF THE REGISTERED LOAN. THE LOAN SUMMARY SCREEN WILL BE DISPLAYED AND OPEN THE LEFT-HAND NAVIGATION MENU.

Loan Num	Borrower Last Name ...	Lock Status	Locked Date	Lock Expiration	Loan Program	Loan Amount	Loan Status
CSR0000002648	Customer		12/29/2017	01/15/2018	FHA 20 YEAR FIXED RA...	\$254,375.00	Registered

STEP 3: CLICK ON **LOCK** FUNCTION.



STEP 4: COMPLETE ALL APPLICABLE FIELDS, SELECT THE RATE AND LOCK TERM DESIRED. TO VIEW ADJUSTMENTS, CLICK ON THE ADJUSTMENTS HYPERLINK IN **BLUE**.

ELIGIBLE LOAN PROGRAM

#101 30YR FIXED CONFORMING (Max DTI: 45.000%)

	15 DAYS	30 DAYS	45 DAYS		DTI
4.000	99.272	99.115	98.959	adjustments	
4.125	100.262	100.103	99.945	adjustments	7.270
4.250	100.965	100.805	100.644	adjustments	7.379

STEP 5: Once desired pricing is selected click on **REQUEST LOCK**.

The loan will now show in the View Pipeline as Locked.

Email Lock Desk

ELIGIBLE LOAN PROGRAM

#101 30YR FIXED CONFORMING (Max DTI: N/A)

	15 DAYS	30 DAYS	45 DAYS	60 DAYS		DTI
3.500	93.755	93.630	93.430	93.180	adjustments	8.700
3.625	94.803	94.677	94.477	94.227	adjustments	8.836
3.750	95.775	95.650	95.450	95.200	adjustments	8.973
3.875	96.744	96.619	96.419	96.169	adjustments	9.111
4.000	97.744	97.619	97.419	97.169	adjustments	9.250
4.125	98.805	98.680	98.480	98.230	adjustments	9.390
4.250	99.829	99.704	99.504	99.254	adjustments	9.531
4.375	100.809	100.684	100.484	100.234	adjustments	9.674
4.500	101.833	101.708	101.508	101.258	adjustments	9.817
4.625	102.803	102.678	102.478	102.228	adjustments	9.961
4.750	103.775	103.650	103.450	103.200	adjustments	10.107
4.875	104.744	104.619	104.419	104.169	adjustments	10.253
5.000	105.744	105.619	105.419	105.169	adjustments	10.401
5.125	106.744	106.619	106.419	106.169	adjustments	10.549
5.250	107.744	107.619	107.419	107.169	adjustments	10.699

Request Lock Confirmation

Loan Program #101 30YR FIXED CONFORMING (Max DTI: N/A)

Rate 4.250

Price 99.434

Credit/Discount \$810.51

P & I \$704.46

Lock Period 30 Days

Lock Expiration Date 05/23/2014

POINT	DESCRIPTION
1.750%	TERM > 15YRS, LTV >75-80, FICO 680-699

The eligibility guidelines provided in the pricing engine are not to be construed to be an underwriting decision. All products must meet agency and CMG underwriting guidelines and are at the discretion of CMG's underwriting department.

[Cancel](#) [Request Lock](#)

APPENDIX C: FILE UPLOAD PROCESS

STEP 1: GO TO THE CLEAR PORTAL LOGIN PAGE <https://cam.cmgclear.com/>

- Log in using your username and password

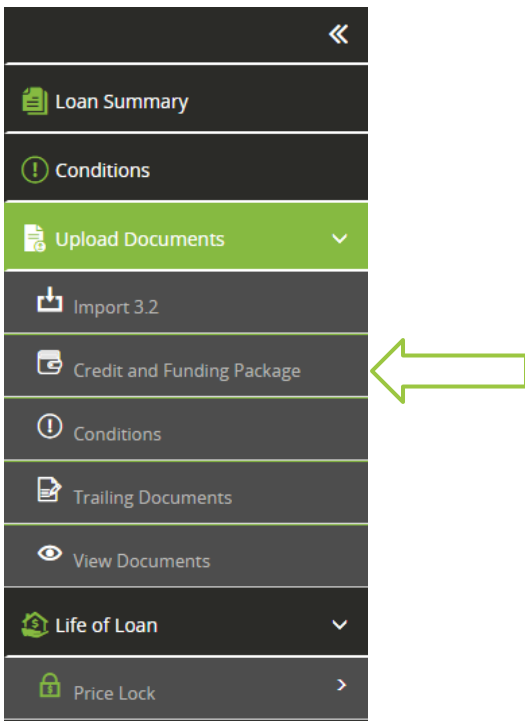
On the **NAVIGATION BAR** click on the **VIEW PIPELINE**. Find the loan by completing the information in the Search By. Enter the loan number, borrower last name or SSN.



STEP 2: CLICK ON THE **GREEN LOAN NUMBER** OF THE REGISTERED LOAN. THE LOAN SUMMARY SCREEN WILL BE DISPLAYED AND OPEN THE LEFT-HAND NAVIGATION MENU.

Loan #	Borrower Last Name	Lock Status	Locked Date	Lock Expiration	Loan Program	Loan Amount	Loan Status
CSR0000002648	Customer		12/29/2017	01/15/2018	PHA 20 YEAR FIXED RA...	\$254,375.00	Registered

STEP 3: Click on **CREDIT AND FUNDING PACKAGE** IN THE MENU ITEM.



STEP 4: Select Document Type as Correspondent Funding Package or Correspondent Credit Package. Drag & Drop or Browse to upload file. Maximum file size is 125MB. Larger files can be split into sperate files as multiple uploads.

After the file has been uploaded, documents will be available for viewing in the View Documents content box. Click on the [green hyperlink](#) to view the uploaded documents.

Document Category	Document Type	File Name	Uploaded Date
CORR	Correspondent Credit Package	20026647_Kelley_appraisal_title_package	06/29/2020
CORR	Correspondent Credit Package	20026647_Kelley_credit_package	06/29/2020
CORR	Correspondent Funding Package	20026647_Kelley_closing_package	06/29/2020

Auditing and condition clearance turn times are published daily and posted in CMG CLEAR found on the navigation bar, click on Turn Times.

APPENDIX D: SUBMITTING CONDITIONS

The upload process for submitting conditions will follow the same steps as the initial submission

STEP 1: GO TO THE CLEAR PORTAL LOGIN PAGE <https://cam.cmgclear.com/>

- Log in using your username and password

On the **NAVIGATION BAR** click on the **VIEW PIPELINE**. Find the loan by completing the information in the Search By. Enter the loan number, borrower last name or SSN.

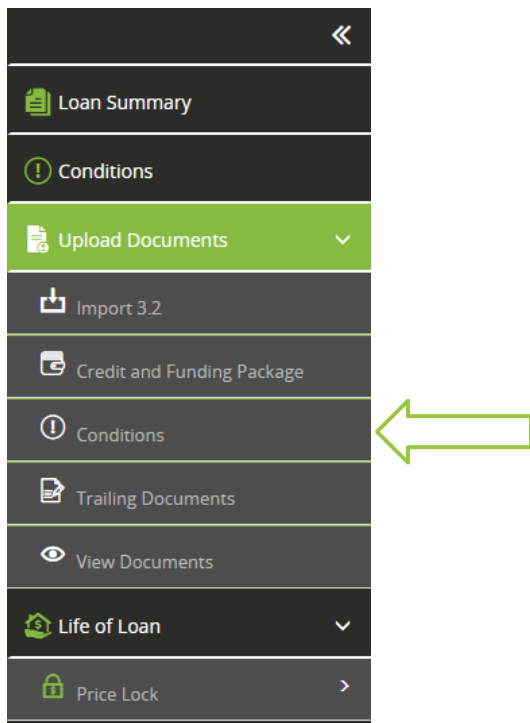


STEP 2: CLICK ON THE **GREEN LOAN NUMBER** OF THE REGISTERED LOAN. THE LOAN SUMMARY SCREEN WILL BE DISPLAYED AND OPEN THE LEFT-HAND NAVIGATION MENU.



Loan Num	Borrower Last Name	Lock Status	Locked Date	Lock Expiration	Loan Program	Loan Amount	Loan Status
CSR0000002648	Customer		12/29/2017	01/15/2018	FHA 20 YEAR FIXED RA...	\$254,375.00	Registered

STEP 3: Click on **CONDITIONS** IN THE MENU ITEM:



STEP 4: WHEN UPLOADING CONDITIONS, CHOOSE **CORRESPONDENT FUNDING CONDITIONS** AS DOCUMENT TYPE. SELECT DOCUMENT TYPE AS CORRESPONDENT CONDITONS. DRAG & DROP OR BROWSE TO UPLOAD.

Upload Documents

You may not exceed 125 MB in a single attachment or combined in multiple attachments in a document submission. If your file(s) exceed 125MB, please split and submit in a subsequent transaction.

Select Document

Document Category*
CORR

Document Type*
Correspondent Condi...

Drag & Drop to upload
or
Browse

Supported document formats
jpeg|jpg, gif, doc, docx, rtf, xml, tiff, pdf, htm|html, png and tmp

Maximum file size limit
125 MB

All loan submissions will receive a full audit on the credit package and the legal package. All outstanding conditions must be cleared prior to purchase of the loan by CMG.