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Introduction

Company Name may elect to retain loan servicing for its portfolio. While we may possess the capacity to fully service loans, we recognize that there may exist opportunities to leverage services of a third party to enhance service or economic factors.

We recognize that our customers represent our greatest asset, so we make the decision to share our relationships with the greatest of care. We have created and implemented this Servicing policy and procedure for the purpose of memorializing the steps that we take to manage the performance of the Sub-Servicer.

In doing this correctly we can meet the requirements of our investors, secondary marketing partners, regulators and agencies.

Company Name and Sub-Servicer Retained Responsibilities

Even though servicing duties shall be delegated to Sub-Servicer, Company Name will still retain certain responsibilities. This will give us the ability to monitor and manage the performance of the servicing function.

Seller Servicer Number

Sub-Servicer will submit all reports to investors under Company Name's assigned "seller/servicer" number or such other number that Company Name and the investor may designate in writing to Sub-Servicer.

Custodial and Escrow Account Maintenance

Sub-Servicer is responsible for establishing and maintaining the Custodial Accounts and Escrow Accounts. Company Name retains the right to direct the investment of amounts in any Custodial Account or Escrow Account and the right to receive and retain any investment income earned on any amounts or deposit in such Custodial Accounts and Escrow Accounts and shall retain any obligation to reimburse such accounts for investment losses in each case subject to the terms of the related Subject Servicing Agreement, the related Mortgage Loan Documents and Applicable Law.

Funding P&I Advances

Company Name must still fund any P&I Advances required under the terms of the Subject Servicing Agreements, as determined by Sub-Servicer. We will review the Monthly Remittance Report and deposit any P&I Advances into the applicable Custodial Account or other applicable account.

Corporate Advances or Escrow Advances

We will deposit any Corporate or Escrow Advances required under the terms of the Subject Servicing Agreements when notified in writing.

Remittances

The Monthly Remittance Report identifies any amounts required to be paid from the Custodial or Escrow Accounts.

Loan Sale or Participation

In the event Company Name or Investor sells all or any part of its interest in any Loan Sub-Servicer will continue to remit all principal and interest installments collected under the Loan documents and make full or pro-rata payments directly. The servicing and subservicing fees may be deducted prior to remittance. We must receive and provide 30 days written notice of this transfer.

Servicing Management – Position Descriptions

Director of Mortgage Loan Servicing

Job Description

The Director of Mortgage Loan Servicing is directly responsible for performing interim servicing and subservicing oversight related to residential mortgage loans. This includes managing and overseeing the third-party subservicing relationship.

New Loan Set Up

- Review and implement all procedures for new loan set-up
- Interim Servicing
- Oversee delivery of new loan files and packaging lists to Sub-Servicer in accordance with Sub-Servicer's procedures
- Confirm timely set-up of loans by Sub-Servicer and timely deposit of funds to custodial bank accounts
    - Verify date of set-up and accuracy of loan information boarded on Sub-Servicers system
- Ongoing monitoring and control of Sub-Servicer's loan administration activities
- Perform spot audits on a reasonable percentage of loans delivered monthly for subservicing.

Review Sub-Servicer Reporting

- Review Sub-Servicer's independent audit
    - Uniform Audit Program letter
    - SAS 70 Type II Report on Controls Placed in Operations
- Review Sub-Servicer's standard monthly portfolio management reports and provide summary to management
    - Review a sample of bank account transactions to confirm timely transfer of funds to custodial bank accounts, remittance of principal and interest to investors and payment of property taxes and insurance premiums
    - Review all custodial bank account reconciliations and explanations of any open or un-reconciled items
    - Understand and resolve any tax, insurance, and escrow issues
    - Ensure all borrower payments in a timely and efficient manner
- Investigate with Sub-Servicer any open or un-reconciled items reported by Investors
    - Confirm directly with investor timely delivery and accuracy of all investor reports, reconciliations and cash remittances
    - Review copies of all Fannie Mae, Freddie Mac, Ginnie Mae, and other investor audit reports which include Company Name's loans
    - Help in processing and settling all investor purchases advices

- Coordinate loan accounting
    - Act as liaison between accounting and the Sub-Servicer specifically assisting in the research of accounting related items
- Oversee the premium recapture process, including analysis, approval and facilitation
- Assist in year end 1098 reporting

Review Customer Service

- Ensure outstanding customer service to borrowers and maintain focus on a positive customer experience.
- Help and address the complex customer inquiries via phone, email, fax and mail regarding mortgage loans
- Contact a reasonable sample of homeowners directly to verify quality and timeliness of Sub-Servicer's initial loan setup, delivery of coupon books or monthly billing statements
- Review a reasonable sample of Sub-Servicer's responses to homeowner's telephone questions and written correspondence

Delinquency Management

- Review delinquent loans to confirm that adequate efforts have been made to contact borrowers at different times of the day, evenings and weekends
- Meet with Sub-Servicer to review delinquency trends, procedures and any unique situations affecting portfolio
- Monitor senior lien foreclosure sale activity; provide related data analysis and strategy recommendations

Regulatory Compliance Review

- Ensure the Sub-Servicer's full compliance with all legal and regulatory requirements,
    - FCRA
    - RESPA
        - Ensure timely monthly statements and RESPA required notices
        - Ensure all "Goodbye" letters are sent to customers within a timely manner
    - Privacy – Gramm-Leach-Bliley

Sub-Servicer Approval

As with any third-party vendor, we need to insure the Sub-servicing vendor has all of the required organizational, compliance and reputational resources available prior to exposing our customers and their confidential information, as well as our investors, to an outside party. We utilize our vendor approval process for this purpose.

We augment our general vendor approval process in order to encompass elements specific to Sub-Servicer's business.

Outside Vendors & Service Providers

In addition to demonstrating a capacity to meet service and product needs, outside vendors must have their own policies and procedures. We must review these prior to providing approval.

ALL Vendors

- Information Security and Red Flag ID Theft Plan
- Disaster Recovery and Business Continuity Plan
- Liability Insurance

Customer Facing Vendors

- Fair Lending/Anti-Discrimination
- Unfair and Deceptive Practices

Periodic and Annual Audit

In order to ensure functions are conducted appropriately, we will conduct a monthly review of all Sub-Servicer's activity. In addition, we will randomly select a percentage of loan files to audit on an annual basis.

Monthly Review

Servicer/Sub-Servicer Monthly Audit Review and Report

Month Ending		
Number of Loans Serviced Begin		
Number of Loans Added		
Loan Set-up Audit		☐
Number of Loans Paid Off		
Number of Loans Sold		
MERS completed		☐
Mortgage Record Change		☐
Number of Loans – End		
Select for Audit (10%/12)		☐
Financial Reporting Review		
Month Remittance Report		☐
P&I Advances collected (refunded to clearing)		☐
Escrow Advances Balanced?		☐
a.) Shortage/Overage Addressed		☐
MIP Remitted – Compare MIC		☐
Anniversary Loans – Analysis Performed/Sent		☐
Corporate Advances Reviewed		☐
Prepayment Report		☐
a.) Interest on Prepayment Correct		☐
Fee Breakdown (Prohibited fees/charges)		☐
Investor Correspondence		
All Correspondence Resolved		☐
Systems Access		
Access to Servicing System Internal		☐
Access to Customer System		☐
Delinquent Online Collection Service		☐
Credit Reporting Review		
Pull Closed Loan		☐
Tape Copy Received		☐
Random Sample		☐
Rate Adjustment Review		
Use Treasury - HMDA Calculation		☐
Payment Adjustment and ARM disclosure sent		☐
Customer Service Review		
Survey Sent		☐
Received Surveys Reviewed		☐
Complaint Resolution		
CFPB Checked		☐
Google/Bing Checked		☐
LDP, OFAC, FNMA, FHLMC		☐
Information Security/Records Management		
Documents Retained (3 years)		☐
Record Destruction?		☐
Copy of Data Backup		☐
Default Servicing		
Delinquent Loans Sent to Audit		☐
Loans Reported to Default Management		☐
Person to Person Contact?		☐
Property Inspection?		☐
Disaster?		☐
Loan Modification procedure followed		☐
Fair Lending Review – No Prohibited Bases		☐
Foreclosure Process Reviewed		☐
Deficiency Judgments Taken on all		☐
Claims filed inc claims w/o conveyance of title		☐

Review of Loan Administration Functions

In our review of Sub-Servicer's functions, we must be able to access account information in real time to verify customer activity and contact.

Access to Mortgage Servicing and Financial System

The Sub-Servicer will provide Company Name with electronic access to Sub-Servicer's mortgage servicing system to view any available information with respect to individual mortgage loans

If separate, Sub-Servicer will also provide access to the financial operations system to monitor performance

Designated Employees for Access

Sub-Servicer provides Company Name with the tools to create and administer log in identifications and passwords for each of its authorized users.

Company Name designates the following employees to access and review servicing system information

(Insert Individuals Here)

Investor Reporting and Review

Sub-Servicer is responsible for remitting and monthly investor reporting. As part of Company Name's servicing function, we perform a monthly review of each loan serviced for each investor.

Investor Remittance

Sub-Servicer forwards to the Investor

- all principal and interest collected from borrowers
- guaranty fees

less

Sub-Servicer's fees

FHLMC and FNMA

FHLMC and FNMA require that balances and cash remittances be reported and remitted at one time and consolidated on the appropriate reports. Sub-Servicer will consolidate as appropriate, with reports forwarded to Company Name for review and accuracy.

Interest Rate Adjustments

Sub-Servicer is to make interest rate adjustments in compliance with applicable regulatory adjustable loan requirement and the Note, which reflect the applicable movements of the applicable loan rate index.

Deliver notice of rate adjustment to:

- Borrower
- Investor (or assigns)

Pre-Payments

Sub-Servicer may not accept any prepayment of any Loan except as specified by law or and permitted by the terms of the Loan Documents. Partial prepayment must be recorded and reported to the investor in Monthly Reporting.

When a borrower pays a Loan in full, Sub-Servicer will prepare and file necessary release or satisfaction documents and, upon final reconciliation, refund any escrow balances.

If an investor requires that interest be paid through the end of the month when the borrower only pays through the date of the payoff, the Sub-Servicer must provide advance notice to allow Company Name to place funds in the appropriate advance account.

Late Charges

Sub-Servicer does not have to obtain written consent to waive any late charge, unless the investor or servicing guide states that it must be obtained.

Account Reconciliation Review

Disbursement and Cash Management

Collections from Borrowers and Remittances

The Sub-Servicer collects payment from the borrowers directly to the Clearing Account. Any funds received by Sub-Servicer directly get deposited into the Clearing Account within one business day of receipt.

Any other funds received for the purposes of escrow or other custodian duties directly by Sub-Servicer will be deposited by the Sub-Servicer within 2 Business days. In the case of ancillary fees due to Sub-Servicer, the amount of the remittance may be the net amount.

Credit Bureau Reporting Review

We verify that credit reporting is correctly conducted through our quality control process.

Quality Control Reviews

Initial Review - As part of the loan level quality control review of a file we establish whether credit is correctly reported. We may find that servicing has not yet begun reporting. If this is the case, we will re-review this during our annual servicing audit.

Annual Review

During our annual servicing/operational audit, we review a representative sample of serviced loans. Within this review we require verification that the account is properly reporting.

We will confirm the reporting time frames by requesting a copy of the transfer transmission to the CRAs.

Reporting – Management and Audit Reports

Servicing Reports

Sub-Servicer will deliver all reports as required. These work to provide information as well as a basis for auditing of Sub-Servicer's activities.

Monthly Remittance Report

Prior to each Monthly Reporting Date, the monthly remittance report is delivered and reviewed as to:

P&I Advances – provides supporting information regarding any advance

Monthly Servicing Oversight Report

Due no later than the first Business Day of each month, this report provides a detail of all servicing activity for the previous month.

Annual and Periodic Reports

Sub-Servicer will provide copies of each of the following reports, as well as additional reports for inspections that it conducts.

- SAS 70 reviews of data processing environment and internal controls
- site review copies of any internal audit reports relating to servicing operations
- results of a security audit to be performed no less than annually.

Sub-Servicer will incorporate Company Name's comments into the requirements for future audits when Sub-Servicer's practices are not consistent with servicing industry standard practice.

Escrow Reporting and Analysis

Escrow Account

Company Name provides the Sub-Servicer access to the Escrow Accounts relating to each Subject Servicing Agreement during the term of this Agreement. The Sub-Servicer can withdraw funds from an Escrow Account only for the following purposes:

1. to effect timely payments of ground rents, taxes, assessments, water rates, mortgage insurance premiums, condominium charges, fire and hazard insurance premiums or other items constituting escrow payments for the related Mortgage Loan to the extent permitted;
2. to refund to any Mortgagor any funds found to be in excess of the amounts required under the terms of the related Mortgage Loan, Applicable Law or judicial or administrative ruling;
3. for application to restoration or repair of the Mortgaged Property in accordance with the related Subject Servicing Agreement
4. to pay any interest paid on the funds deposited in the Escrow Account to any Mortgagor, to the extent required by Applicable Law.

Collect as they become due (i) payments of principal and interest, (ii) any sums to be held in escrow for the payment of taxes, assessments and other public charges that are generally impounded, hazard and/or flood insurance premiums, FHA insurance or private mortgage insurance premiums, condominium association dues and fees and other sums required to be collected and disbursed for Borrowers (collectively, “Escrowed Sums”), if applicable, and (iii) all other payment from Borrowers and/or Mortgagors;

Service Quality Statistics Customer Service Performance

Customer service is the prime concern for our servicing operation. We want to ensure that our customers can easily access and manage their accounts. To do this we will monitor, on a monthly basis a small selection of loans, by sending a customer service survey.

Survey and Analysis

The purpose of the survey is to re-establish contact with the customer and proactively measure service analytics from the perspectives of:

- Customer is receiving statements
- Customer can log on to account
- Customer has not noted any discrepancies in accounts and payments
- Customer has been able to reach customer service with a problem

Servicing Customer Service Audit Questionnaire

Mortgage Servicing Customer Survey

Dear Customer,

We want to offer the best service of any lender, but we need your help.

Only you can tell us if the customer service you receive is up to your standards, which is why we regularly ask our customers for their opinions. We would appreciate it very much if you would take a few minutes and complete this questionnaire on your mortgage servicing. Your response will be kept in strict confidence.

VISITS TO WEBSITE					
I have logged on to the customer website	Yes No				
When was the last time you logged on?					
Approximately how many times have you logged on the website in the last 3 months:					
CUSTOMER SERVICE REPRESENTATIVES					
In terms of the service you received from the customer service representatives, how satisfied were you with the following?	Very satisfied	Satisfied	Neutral	Dissatisfied	Very dissatisfied
Friendly and courteous manner					
Knowledge of bank's products & Services					
Willingness to listen and respond to your need					
Fast and efficient service					
Recognition of you as valued customer					
STATEMENTS AND MAILED DOCUMENTATION					
Do you receive statements monthly?	Yes No				
In terms of your expectations regarding mailed statements, please indicate your satisfaction with the following.	Very satisfied	Satisfied	Neutral	Dissatisfied	Very dissatisfied
Sent out reliably and on time					
Complete record of transactions					
Accurate					
Easy to read and understand					
TELEPHONE INQUIRIES					
Have you contacted us by telephone in the last year?	Yes No				
Approximately how often do you contact us by telephone in a year?	Never	1-3 times	4-9 times	10-19 times	20 or more times
What was the reason for your most recent telephone contact with us?		Account information/balance			
		Confirmation payment			
		Hours/phone number/address			
		Statement inquiry			
		Complaint			
		Pre-Payment Inquiry			
		Other			
In terms of the service you expected from the telephone contact, please rate the following criteria.	Very satisfied	Satisfied	Neutral	Dissatisfied	Very dissatisfied
Call handled promptly, not kept on hold					
Courteous and professional manner					
Quickly connected to the right person					
Question or problem handled to your satisfaction					
FINAL REMARKS					
Would you recommend us to a friend or business associate?	Yes	Maybe	No		
If no, why would you not recommend us?					
Do you have any remarks you want to add concerning the service you have been receiving?					
Your complete satisfaction is very important to us. Would you like someone contact you?	No thanks	Yes please			
Your contact Information (optional)					
Your Name:					
Phone number					

Review of Default, Delinquency Management and Collection Activity

Delinquency requires prompt corrective action. To reinforce our own resources, we utilize sub-servicers who have extensive experience in identifying and remediating delinquent and defaulted borrowers. It is always in our mutual interests to maintain delinquent accounts. Our strategy is always to deal quickly and effectively with Borrowers who become delinquent or fall into default. By maintaining the maximum possible number of Loans in a current status, we can reduce risk and improve customer service.

Single Point of Contact

As part of the CFPB requirements, and as a best practice, loans which attain delinquent status must receive notification of a single point of contact for resolving all delinquency related matters.

Steps for Default, Loss Mitigation and Foreclosure Management

Sub-Servicer is responsible for protecting our investment and end investor's capital.

1. Immediately and positively indicate the existence of delinquent account. Beginning on the 10th day of each month, Sub-Servicer generates a report of all delinquent mortgages. This alerts the lender as to the scope of potential longer-term delinquencies and P&I advances.
    a. On the 15th (or as otherwise provided in the individual note) the system
        i. Sends delinquent notices
        ii. Assesses late charges
        iii. Returns inadequate payments
2. We place loans which become distressed or chronically delinquent into a special servicing queue for additional support and loss mitigation assessment.
    a. 15th Day - Assign Single Point of Contact
        i. Single Point of Contact maintained until two (2) consecutive on-time payments (without late fees) post
    b. Default Notice
    c. 30-45th Day - Discuss Loss Mitigation options
    d. Initiate foreclosure discussions with sub-servicer
3. Loss Mitigation Application Received
    a. If more than 45 days to Foreclosure
        i. Acknowledge within 5 days Review
            1. If approved
                a. Send valuation Notice
                b. Obtain appraisal
            2. Notify borrower within 30 days of determination
    b. If less than 37 days to foreclosure and more than 120th day of delinquency
        i. Acknowledge and review
4. Proceed with foreclosure
5. Documents retained for 7 years

Maintain Collection Department

Sub-Servicer maintains a collection department and on-line automated collection system. Each month we review the status of delinquent loans. Refer to the loss mitigation policy for serviced these in accordance with Investor's Instructions or our guide.

Month-End Collection and Delinquency Report

Sub-Servicer provides Company Name and the individual Investor, if applicable, with a month-end collection and delinquency report. Sub-Servicer may provide Company Name with loan service reports relating delinquent loan collections to assist in the risk analysis and loan disposition process.

Loss Mitigation Solicitation

Strategies include collections, past due letters. Sub-Servicer will determine optimal workout strategy and negotiation of workouts.

Delinquent Loan Disposition

Company Name may direct Sub-Servicer to assist in

- the foreclosure or other acquisition of the property securing the Loan pursuant to a Mortgage
- the transfer of such property to the FHA or VA
- the collection of any applicable mortgage insurance,
- Protecting the property from waste and vandalism.

Options for Delinquent Loan Resolution

- Repayment Plan, Reinstatement and Forbearance
- Loan Modification
- Deed-in-Lieu
- Short Sale, Short Payoff, Third Party Sale Loss Mitigation Refinance
- Foreclosure

Conveyance

Sub-Servicer will cause title to such property to be conveyed in the name designated by Investor. If retained for this service, Company Name must immediately reimburse Sub-Servicer for all its actual expenses incurred in collecting the debts, including court costs and attorneys' fees.

30+ Day Delinquency – Property Preservation

After the 30th day of delinquency, Subservicer will initiate property preservation process:

1) Order initial property inspection
   a) Set up for continuing inspections until delinquency is cured
      i) reinstated, paid off, approved for a foreclosure prevention option, or sold at a foreclosure sale
2) If property issues arise, work to preserve property
   a) Property found vacant
      i) Order "Initial Secure"
         (1) Change locks
         (2) Add lockbox
         (3) Interior Assessment
      ii) Winterization or Lawn Maintenance
         (1) Winterization – pipes blown out, antifreeze sewer traps, water drained from heating system
         (2) Grass cut set up for every 2 weeks
3) Bids for additional work – Non-Agency
   a) Subservicer will obtain bids, we will approve
   b) Agency loans – pre-determined cost structure
4) Insurable Damage
   a) Subservicer will present claim to force-placed coverage, if current policy lapsed

Bankruptcy Payment Tracking

Subservicer maintains has the capacity to track pre- and post-bankruptcy petition payments.

Servicer's Platform: BKFS Workstation

Foreclosure Tracking

The CFPB's mortgage servicing rules prohibit a servicer from making the first notice or filing until the loan is more than 120 days delinquent. See the Default Management Timeline

Review of Compliance with Federal, State and Secondary Market Requirements

Federal Laws

Customer Facing Vendors must all adhere to consumer protection regulations on both the federal and state level.

We review our vendors for compliance, but servicing is an extension of our business, so we must address all areas of compliance related to mortgage servicing. As such we insure that the following areas are all addressed in our review of Sub-Servicer's activities.

RESPA - Transfer of Servicing

The Transfer of Servicing Act protects the borrower in that

1.) The borrower must be notified 15 days prior to a servicing transfer by both the selling and purchasing lender. This is known as the "Good-bye Letter".
2.) Late payment charges may not be levied within 60 days of the transfer
3.) The borrower's escrow accounts can never include more than a 2-month cushion (plus one current month) for real estate taxes and insurance.

Annual Escrow Analysis

Servicing transfer practices mandates that the borrower receive an escrow analysis at the time of closing, at least annually thereafter, and at the time the loan servicing is transferred.

Section 6 of RESPA, the Transfer of Servicing Act, allows consumers to file individual or class actions against loan Servicers for RESPA violations. In individual actions loan Servicers may be liable for damages up to $10,000. In class actions damages may not exceed $1000 for each member of the class and total damages may not exceed $500,000 or 1 percent of the net worth of the Servicer.

Section 10 of RESPA provides special protections for escrow accounts. Failure to submit initial or annual escrow statement can result if a civil penalty of $55 with a $1,000,000 limitation on the penalty for any one loan servicer.

Aggregate Escrow Disclosure

Since 1992 servicing rights transfers – when one lender sells the right to collect a borrower's monthly payment - have been regulated. The regulations have changed over time to address the key problems consumers face problems with – how much money may a lender hold in escrow above and beyond what is really needed. The key benefit to borrowers is the limitation on the "cushion" that a lender can hold in escrow. Previously lenders could hold any amount. Today, they must provide an accounting at the time of closing and at least once a year. The "cushion cannot exceed 2 months of required reserves, plus the current month.

Gramm-Leach-Bliley and Privacy Laws

Sub-Servicer will process, use, maintain and disclose Personal Information only as necessary for executing the servicing function.

There must be no re-disclosure of any Personal Information to any third party.

Sub-Servicer has developed and will maintain a written information security program, the terms of which shall meet or exceed the requirements for financial institutions under the Interagency Guidelines Establishing Standards for Safeguarding Customer Information

Notification of Breach

Sub-Servicer will immediately notify the other party in writing if it becomes aware of

- any disclosure or use of any information by it or any of its Representatives
- any disclosure of any information to it or its Representatives where the purpose of such disclosure is not known
- any request for disclosure or inquiry regarding the information from a third party,
- any Security Event involving Personal Information and

Examination and Backup of Records

Sub-Servicer allows Company Name to access and copy all Personal Information in Sub-Servicer's possession. Sub-Servicer backs up its electronic records and provides a copy of the backed-up information at Company Name's request in order to verify information security.

The Fair Credit Reporting Act

The Federal Fair Credit Reporting Act (FCRA) promotes the accuracy and privacy of information in the files of the nation's consumer reporting companies.

The Fair Credit Reporting Act (15U.S.C.1681) was enacted by Congress in 1970 to ensure that information used by banks and legitimate users is accurate. It also allows customers to verify the accuracy of information found in reports.

FCRA Features

Identifies what steps the consumer may take when an adverse action is based on information found in the consumer report.

- consumer must authorize the release of credit information
- details how long credit information may be on the report
- Identifies permissible purposes and end users of credit report information.
- provides for penalties of up to 2 years imprisonment and/or fines.
- State law enforcement officers may file court actions on behalf of their residents based on this Act
- dispute errors and have them investigated within 30 days.
- Block or opt out of unsolicited offers of credit or insurance.

Penalties

A person who obtains a credit report without proper authorization or an employee of a credit-reporting agency who gives a credit report to unauthorized persons may be fined up to $5,000 or imprisoned for one year or both. Agencies may award up to $1,000 for each willful or negligent violation

Procedure for Correcting Errors

The Fair Credit Reporting Act (FCRA) establishes procedures for correcting mistakes on the borrower's credit report. Both the credit agency and the reporting organization are responsible for correcting inaccurate or incomplete information in the borrower's report. To protect the borrower's rights under the law, contact both the credit bureau and the information provider. It's very important to follow the procedures outlined below or the borrower won't have any legal recourse if there is a future dispute.

Disputes must be resolved 30 days after receipt of a dispute notice from the consumer. If the consumer provides additional relevant information during the 30-day period, the CRA has 15 days more. The Credit Reporting Agency (CRA) must provide the creditor with all relevant information within five business days of receipt. If the creditor does not investigate or respond within the specified time periods, the CRA must delete the disputed information from its files.

Borrowers Copy of Report

Borrowers have the right to receive a copy of the credit report. The copy of the report must contain all the information in the credit file at the time of the request. Note that the lender is not a credit reporting agency. As such, the borrower must receive the credit report directly from the repository.

- EFX-Equifax
- EXP-Experian
- TU-Empirica

Each of the nationwide consumer reporting repositories is required to provide the borrower with a free copy of his or her credit report, upon request, once every 12 months.

Beginning September 2005, consumers from coast to coast have access to a free annual credit report if they ask for it.

Under federal law, a borrower is also entitled to a free report if a company takes adverse action against him or her. A denial of an application, for credit, insurance, or employment is an adverse action. The borrower must ask for the report within 60 days of receiving notice of the action. Otherwise, a consumer reporting company may charge up to $9.50 for another copy of the report within a 12-month period.

Regulation AB – Sarbanes Oxley

In accordance with the requirements of Regulation AB, Sub-Servicer will provide any annual statements as to compliance, independent certified public accountants reports, servicing reports, Regulation AB Sections 1122 and 1123 certifications, accountants certifications, Sarbanes Oxley Certifications and any other reports.

Secure and Fair Enforcement for Mortgage Licensing (SAFE Act)

When discussing loan terms, as to loan modification or any other adjusted loan terms, Company Name and Sub-Servicer must both ensure that representatives are appropriately licensed under the SAFE Act. Individuals conducting these duties must have the appropriate state licenses reflected within the NMLS.

Mortgage lender or broker firms have their applications and status tracked through NMLS. Banks and federally regulated entities fall under the category of loan originators known as "Federally Supervised Originators" and must register through the NMLS.

State Licensed Originator	**Federally Supervised Originator**
Employed by non-federally supervised lender, non-depository	Federally supervised institution
Minimum Standards: Fingerprints Background Check Pass National and State Test 20 Hour Initial Education – Federal Law, Ethics, Non-traditional mortgages 8 Hours Continuing Education	Minimum Standards FFIEC background check, fingerprints Register with NMLS (by July 2011)

Home Owner's Protection Act

Congress passed the Homeowners Protection Act in 1997 to protect consumers from excessive payments on private mortgage insurance (PMI). PMI protects the lender if a borrower defaults on a loan. The risk of default decreases over time, thereby reducing the need for PMI.

PMI Cancellation

When the LTV reaches 78% PMI cancellation is automatic and does not require a borrower's request. If the LTV reaches 80% based on the value of the home at the time of the loan origination, and the borrower requests termination, lenders are forced to honor the request.

These provisions apply to mortgages closed on or after July 29, 1999. PMI for loans closed before that date can be cancelled at the borrower's request after he/she has paid 20% of the principal on the loan. The provisions of the Homeowners Protection Act do NOT apply to FHA-insured or VA guaranteed loans.

Conversion of Sub-Servicers – Servicing Transfers

If, during business, Company Name determines it must transfer servicing to another lender or servicer, we will follow a standard procedure. Within each function we must address issues as they pertain.

In the event Company Name or its investor sells all or any part of its interest in any Loan to one or more third parties, including the sale of participating interests therein, Sub-Servicer shall remit all principal and interest installments collected under the Loan documents directly to such third party after deduction of the servicing fee

Accounting and Finance Transfer

- Define accounting responsibilities of the Subservicer
- Coordinate accounting requirements
- Complete gap analysis of current accounting functions
- Review and test daily transactions in system
- Develop a general ledger mapping for system interface

Portfolio Transfers

- Coordinate “goodbye” and “welcome” letters
- Validation of loan data pre-boarding and post boarding of transferring loan data – accounting data and critical fields

Document Custodianship

- Determine document custodial approach
- Identify current document custodians

Loan Boarding (Set Up) Review Process

Each loan file submitted for servicing must contain all necessary documentation to accurately monitor payments, protect the collateral and allow for effective borrower communication. Documents may be transmitted electronically or in hard copy. For ease of transfer, a MISMO compliant, formatted electronic file may be provided.

Transmittal Forms to Start Servicing

- Loan Servicing Set Up (Boarding) Checklist
- Loan Servicing Setup Form
- Loan Servicing - BORROWER Automated Payments Form (ACH)

Loan Servicing Set Up Checklist

Use this checklist as a guide to put together a complete Loan Servicing Package for submission. Read each item carefully and include this form in the complete package.

Loan Servicing Setup (Boarding) Document Checklist

Borrower Name ______________________________
Address ______________________________
Loan Amount ______________________________
Interest Rate ______________________________
1st Payment Date ______________________________
Investor ______________________________
Insurance Company ______________________________
Document Custodian ______________________________

Documents to Include

- ☐ 1st Payment Letter
- ☐ Loan Transfer Letter (Hello or Good-Bye)
- ☐ Form 1003 Loan Application.
- ☐ HUD-1 Closing Statement
- ☐ Escrow Analysis/Statement
- ☐ Copy of Note
- ☐ Recorded Deed of Trust/Mortgage (recorder's receipt)
- ☐ All Riders
- ☐ Assignments
- ☐ Allonge
- ☐ Endorsement (If Note Assigned, Reverse)
- ☐ Payment History
- ☐ Insurance Policy and Paid Receipt
- ☐ Endorsement to or letter requesting endorsement
- ☐ ______________________
  Its Successors and Assigns
  c/o BSI Financial Services, Inc.
  PO Box 702168
  Dallas,TX 75370
- ☐ Tax Service Certificate
- ☐ Investor/Secondary Marketing Sale
- ☐ MERS Registration
- ☐ ______________________________
- ☐ ______________________________
- ☐ ______________________________