

## **Requirements & Checklists for Approval as a Correspondent Lender ("Approval Checklist")**

**The General Eligibility Standards** - Unless waived by Cornerstone Home Lending, Inc. ("CHL") in writing in its sole and absolute discretion, the applicant set forth below (the "Lender") must satisfy all eligibility standards set forth herein to be eligible for participation in the CHL Correspondent Program.

1. Net Worth – The Lender must maintain a minimum net worth of \$5,000,000.
2. Selling Standards – The Lender must follow Fannie Mae, Freddie Mac, HUD, VA, and/or USDA ("Agencies") accepted mortgage lending practices with respect to its mortgage loan origination activities.
3. Quality Control – The Lender must have a quality control program that conforms to the requirements of all applicable Agencies.
4. Approvals – The Lender must be (a) either a state or federally chartered (i) bank, (ii) savings and loan association, or (iii) a credit union or (b) affiliate of CHL.
5. Capital Requirements – The Lender must need the capital requirements of each state and federal regulatory agency with jurisdiction over any of the Lender's or the Lender's parent company's activities, as applicable.
6. Legal Standing and Authority – The Lender must be duly organized, validly existing, and in good standing under the laws of the jurisdiction in which it was formed and in each jurisdiction in which it originates or services mortgage loans. The Lender must be in good standing with all governmental agencies and regulatory authorities having jurisdiction over the Lender, and the Lender's operations must not be subject to any extraordinary regulatory supervision. The Lender must have the power and authority to enter into the Correspondent Loan Purchase and Sale Agreement (the "Agreement") and be, and remain in, compliance with the terms and conditions of the Agreement, including the Loan Manual.
7. Insurance – The Lender is responsible for maintaining, at its sole cost and expense, blanket fidelity and errors and omissions insurance coverage. The coverage must be a minimum of \$300,000, with a deductible of no more than 5% loss per occurrence. The coverage must insure the Lender against losses resulting from dishonest or fraudulent acts committed by the Lender's personnel, contract and temporary employees, third-party vendors, or other service providers, and name CHL as a loss payee. If at any time coverage expires or changes, the Lender must immediately deliver evidence of the new or modified coverage to CHL.
8. Product Approval – Lenders will be approved to sell conventional mortgage loan products and /or government mortgage loan products to CHL subject to the following:
  - a. Conventional - No additional or specific eligibility requirements beyond the general requirements set forth in the Loan Manual are required.
  - b. Government: In addition to the general requirements set forth in the Loan Policy Manual, the following requirements must be met:
    - (i) FHA – The Lender must be a HUD approved entity and have successfully completed the pre-closing review period of the Direct Endorsement Program.
    - (ii) VA – Lender must be a VA approved entity or sponsored by CHL.
    - (iii) USDA – Lender must be a USDA approved entity or sponsored by CHL.
9. Maintain Eligibility – Any Lender approved for participation in the Correspondent Program must continue to meet the eligibility requirements set forth herein, the Website, the Loan Manual, and/or in any other document, agreement, memorandum, or notification, if any, of CHL to maintain its eligibility and approval to participate in the Correspondent Program.

**Requirements for Notification of Significant Changes** – The Lender must notify CHL, in writing, in advance of any contemplated material changes in its organization, together with copies of any filings with, or approvals from, its regulators. Specifically, but without limitation, CHL must be notified of the following:

1. Any mergers, consolidations or reorganizations;
2. Any direct or indirect material change in ownership or management. An “indirect change in ownership” includes any change in the ownership of the Lender’s parent, any owner of the parent, or any beneficial owner of the Lender that does not own a direct interest in the Lender;
3. Any change in Lender’s name;
4. Any change from a federal charter to a state charter (or vice versa) if the Lender is a savings and loan association or a bank;
5. A material adverse change in financial condition;
6. The sale of all or a substantial portion of the Lender’s assets or a line of business, and;
7. Any adverse regulatory requirements, including without limitation, cease and desist orders and/or memoranda of understanding.

**Compliance and Reporting Requirements** – If the Lender is subject to the jurisdiction of any governmental or quasi-governmental agency or enterprise, including but not limited to, Fannie Mae, Freddie Mac, HUD, NCUA, VA or FDIC, the Lender must deliver documentation of any disciplinary action taken by any such agency or enterprise within three (3) Business Days of such action; including suspension or termination of the Lender’s selling or servicing rights. Within one hundred twenty (120) days after the end of each fiscal year, Lender must deliver to CHL audited financial statements for the preceding year.

**Checklist** - The following documents must be executed by a duly authorized officer of the Lender. All information submitted must be correct and complete in all material respects:

	Correspondent Loan Purchase and Sale Agreement
	Executed Secretary Certification
	Limited Power of Attorney

**The following additional documents must also be submitted with the application:**

	Professional resumes for mortgage and operations manager(s) and underwriting personnel
	A copy of the Lender’s most recent 2 year’s audited financial statements* and most recent call report
	A certificate of insurance for the Lender’s fidelity bond and errors and omissions insurance policy which meet the requirements of the Manual.*
	Three professional business references: two investor and one mortgage insurance reference
	Copies of all current investor report cards
	A copy of QC policies and procedures
	A copy of AML/SAR program and evidence of training (can be a copy of your training materials)*
	A copy of hiring procedures of Lender for validating the standing of all employees, including management, involved in the origination of mortgage loans (from application through closing) under the Databases set forth below, AND a list of Lender’s employees.
	A complete list of all names under which the Lender is doing business and a list of all branch locations
	Completed Lender Questionnaire
	Completed Contact Sheet

*\*will be required annually and/or upon expiration of documentation*

**Check all that apply:**

	<b>Agency Approvals</b>	<b>Date of Approval</b>	<b>ID#</b>
	Fannie Mae (FNMA or Fannie)		
	Freddie Mac (FHLMC or Freddie)		
	Federal Housing Administration (FHA)		
	Veterans Administration (VA)**		
	USDA/RD (Rural Development)		

If you will be selling Cornerstone FHA loans, please check one of the following:

Test Case or Conditional DE     Unconditional DE/Eligible for Pre-Closing  
 Unconditional DE

**\*\*if requesting VA Sponsorship, please complete VA Sponsorship Form**

**Please complete:**

Residential mortgage first lien volume during the most recent 12 month period	
Product mix (% of conventional, government, and bond loans)	
Number and \$UPB of mortgage indemnifications currently held as a liability on the balance sheet or as an off balance sheet contingent liability	
Number and \$UPB of investor repurchases in the last 12 month period	
Regulating agency (i.e. OTS, OCC, NCUA, state)	
Tax ID #	
FDIC or NCUA #	
MERS ID# (MUST be either General or Lite. Cannot be TPO)	
Mortgage Origination System (LOS)	
Pricing Engine (Optimal Blue, Marksman, etc.). If none, please indicate N/A	
Legal Counsel	
Flood Company	Life of Loan?    Yes    No
List all applicable federal, state and local licenses:	
Is your organization under any regulatory guidance? If yes, please explain:	Yes    No

**NMLS Information:**

NMLS Registration or Entity Number:	
Names and NMLS License Numbers of Loan Officers who will be (now and in the future) originating loans to be sold to CHL. Please provide on separate sheet and identify as Exhibit A.	

**Main Contact:**

Name	E-mail
Phone #	Fax #

**Additional information to be verified by CHL:**

The Lender (including all names under which the Lender is currently doing business) and all key personnel will be compared to state and local licensing, the Freddie Mac Exclusionary list, the HUD Limited Denials of Participation list, Neighborhood Watch, MARI (or similar agency), System for Award Management (“SAM”), Federal Housing Finance Agency Suspended Counterparty Program, and any other agency, licensing authority, or industry related database (the “Databases”) deemed necessary to verify the standing of said personnel and the validity of the information submitted for approval. An acceptable business credit report may be required for approval. If required, it will be ordered by CHL.

By signing below, I represent, warrant, and certify to CHL that: (1) I have the requisite authority and capacity to execute this Approval Checklist on behalf of the Lender and make the representations, warranties and certifications as to the Lender made herein; (2) all information and documentation submitted to CHL in connection with this Approval Checklist is true and correct in all material respects; and (3) CHL is authorized to verify the information and documentation provided herein with the Databases or otherwise, as well as, any other information or documentation provided to CHL by Lender.

**Lender:** \_\_\_\_\_

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

\_\_\_\_\_ Dated