



Correspondent Seller's Guide

Table of Contents

Introduction.....	4
Intended Use.....	4
Contact Information.....	4
Seller Eligibility.....	4
Experience.....	4
Capital Requirements.....	5
Licensing.....	5
Insurance.....	5
Notification of Significant Changes.....	5
Periodic Reviews.....	6
Annual Recertification.....	6
Mortgage Loan Purchase Eligibility.....	6
Loan Defects.....	7
Early Payment Default.....	7
Early Payoff.....	7
Loan Defects.....	8
Government Insuring Policy.....	8
VA Guaranty Fee.....	9
FHA Test Cases.....	9
Veterans Affairs (VA) Probationary Period.....	10
Representations and Warranties for Individual Mortgage Loans.....	11
Bulk Bid.....	14
Pricing.....	14
Delivery Options.....	14
Suspense Fees.....	14
Rolling a Commitment.....	14

Tolerance and Pair Offs.....	15
Trade Desk Operating Hours	15
Rate Sheet.....	15
Pricing	15
Locking.....	15
Delivery Options	16
Suspense Fees.....	16
Tolerance and Pair Offs.....	16
Product Guidelines	17
VA Sponsorship.....	17
IRS 4506C and Tax Transcripts.....	17
General Tax Transcript Requirements	17
Business Transcripts	17
Amended Returns.....	18
Comparing the Income Documentation to the Transcripts.....	18
Taxpayer Identification Theft	18
Borrower Not Required to File.....	18
Borrower Owes Money to IRS.....	19
Income Earned in U.S. Territories	20
Loan Quality	20
Appraisal Requirements.....	21
Appraisal Certification.....	21
Escrow Holdback.....	22
Disaster Areas.....	22
Disaster Overview	22
State of Emergency	23
Multiple Disaster Events	23
Re-Verification of Employment.....	23
Important Disaster Dates.....	23
Property Inspection Post-Disaster.....	23

FHA Transactions in Declared Disaster Areas	26
VA Transactions in Declared Disaster Areas.....	27
Lender Certifications and Third-Party Inspections	27
Requirements when Damage is Identified	28
Correspondent Warranty	28
Escrows.....	28
Post Purchase Adjustments and Escrow Reconciliation	29
Property Insurance	29
Flood Insurance.....	30
Earthquake Insurance.....	31
Loss Payee / Mortgagee Clause.....	31
Mortgage Insurance	32
Compliance Requirements	32
Ability to Repay and Qualified Mortgage Rules (ATR/QM)	32
QM Safe Harbor/Rebuttable Presumption.....	33
Evidence in Compliance with QM Points and Fees	34
Bona Fide Discount Points.....	34
Collateral Delivery Information.....	34
Collateral Delivery Information.....	34
Government Insuring Delivery	38
Conventional Mortgage Insurance Change	39
Credit Delivery Requirements	40
Goodbye Letter	43
Contents of Notice	43
Sample Goodbye Letter/Notice of Servicing Transfer	44
Ginnie Mae Loan Data Matching.....	46
Unmatched Data Fees.....	47
Recast Options.....	47

Introduction

This On Q Financial Correspondent Seller Guide (“Guide”) contains On Q Financial LLC’s detailed requirements for selling Mortgage Loans with Delegated underwriting to On Q Financial pursuant to a Mortgage Loan Purchase Agreement (“Agreement”). This Guide is incorporated into the Agreement by reference and forms a critical and inseparable part of the Seller’s contract with On Q Financial. On Q Financial reserves the right to amend or supplement this Guide at any time at its sole discretion. In connection with the sale of Mortgage Loans to On Q Financial, Seller agrees that each transaction with On Q Financial is governed by this Guide, the Agreement, and any related Purchase Commitment.

Intended Use

This Guide contains confidential information that is the property of On Q Financial. It may not be copied, published, or used, in whole or part, for any purpose other than as expressly authorized by On Q Financial.

Contact Information

Product Information	TPOScenarios@OnQFinancial.com
Pre-Post Closing	CorrPre-PC@onqfinancial.com
Suspense Items	CorrSuspense@onqfinancial.com
Trailing Docs	CorrTrailingDocs@onqfinancial.com
Lock Desk	Corrlockdesk@onqfinancial.com
Trade Desk	Tradedesk@onqfinancial.com
LenderSupport	LenderSupport@onqfinancial.com
PrePurchase Review Team	PPConditionsTeam@onqfinancial.com
Insuring	Corr-insuring@onqfinancial.com

Seller Eligibility

Experience

The Correspondent must be an active originator of first lien, investment quality residential mortgage loans during the previous two years.

Capital Requirements

The Correspondent and the Correspondent's parent corporation, if any, must meet the capital requirements of each state and federal regulatory agency with jurisdiction over any of the Correspondent or parent corporation's activities, as applicable.

Licensing

The Correspondent must possess and maintain all required licenses necessary to conduct its activities in each jurisdiction in which any mortgaged property is located or otherwise be exempt from such requirements.

Insurance

Correspondents that are not federally insured must maintain a blanket fidelity bond, errors, and omissions insurance coverage in the amount of \$300,000 each. The deductible may not exceed the greater of \$100,000 or 5% of the face amount of the bond.

Notification of Significant Changes

The Correspondent must continue to meet the eligibility requirements set forth to maintain its eligibility and approval with On Q Financial. The Correspondent must send On Q Financial written notice of any major changes in its organization, including with its notice copies of any filings with, or approvals from, its regulators. Examples of when a Correspondent will need to give On Q Financial notice, but not limited to, include the following:

- Material changes in financial condition
- Any change in corporate name
- Any change from a federal or state charter if the Correspondent is a savings and loan or bank
- Any direct or indirect material change in ownership, including any change in the ownership of the Correspondent's parent, any owner of the parent, or any beneficial owner of the Correspondent that does not own a direct interest in the Correspondent.
 - In the event there is any change in the authority evidenced by the Corporate Resolution, or in the banking relationships described in the Funding Instructions Notification, the Correspondent must immediately deliver to On Q Financial a replacement Corporate Resolution, which accurately reflects the corporate authorizations granted by the Correspondent, or a Funding Instructions Notification which accurately describes the banking relationships in effect, as applicable.
 - On Q Financial will not recognize any changes in the Correspondent's corporate authorizations or funding instructions until the replacement Corporate Resolution, or Funding Instructions Notification, as applicable, is received by On Q Financial.

- Any disciplinary action taken by any such agency, including suspension or termination of the Correspondent's selling or servicing right - In the event of disciplinary action, the Correspondent must notify On Q Financial within three (3) business days of such action.

Periodic Reviews

On Q Financial will routinely review each Correspondent's book of business to monitor the performance. The reviews will include, but not limited to the following:

- Number of Early Payment Default (EPD) transactions
- Number of Early Payoff (EPO)
- Quarterly Financials
- Product mix
- Commitment pull through rate
- Delinquency rate
- HUD Neighborhood Watch compare ratios
- Repurchase activity
- Loan Defect rate

Annual Recertification

All correspondents are required to complete the Correspondent Annual Recertification process within 30 days of the anniversary of the initial lender approval date. The annual recertification process requires completion of the Correspondent Annual Recertification form. In addition to completing and executing the recertification form, all correspondents are required to provide the following information at the time of their annual recertification:

- Most recent fiscal year-end audited financial statements (if most recent audited financials have already been provided, correspondent must provide the most recent quarterly statements or interim financials)
- A copy of the Correspondent's Fidelity Bond or Errors and Omission Declaration page

Mortgage Loan Purchase Eligibility

- Unless a non-delegated underwriting relationship has been approved in advance by On Q, the Correspondent must underwrite and close all loans delivered to On Q Financial for purchase. Underwriters must be either:
 - An employee of the Correspondent; or
 - An Approved Underwriting Service Provider; or
 - A nationally recognized Mortgage Insurance contract underwriting company
- Contract Underwriting Services may be utilized subject to the following:
 - The Correspondent must establish and utilize their own contract underwriting agreement with the specific underwriting company.

- Representations and warranties to On Q Financial for underwriting decisions remain solely with the Correspondent.
- The underwriting decision made on behalf of the Correspondent by a contract underwriting company will not affect or change the Correspondent's responsibility and obligation to sell On Q Financial loans that are in full compliance with this Guide and the Loan Purchase Agreement.
- Loans must meet all On Q Financial guidelines.
- Automated Underwriting is eligible accordance with the following:
 - Conventional – Desktop Underwriter (DU) or Loan Product Advisor (LPA) approval
 - FHA – DU or LPA TOTAL Scorecard approval
 - Manual underwriting is eligible when there is a DU or LPA approval and a manual downgrade is required per FHA guidelines.
 - FHA Streamlines do not require a DU or LPA TOTAL Scorecard approval.
 - VA – DU approval, LPA approval, or manual underwrite. VA Interest Rate Reduction transactions do not require an automated underwriting approval.
 - USDA – Guaranteed Underwriting System (GUS)
- Correspondents wishing to utilize On Q Underwriting services must execute the On Q Non-Delegated Underwriting Addendum to the Correspondent Mortgage Loan Purchase Agreement (MLPA) and comply with all terms and requirements of the MLPA, Non-Delegated Addendum and Correspondent Sellers Guide.

Loan Defects

Early Payment Default

Per the Correspondent Agreement, Section 9, the Seller shall be obligated to repurchase the affected Mortgage Loan upon the occurrence of an Early Payment Default has occurred with respect to the Mortgage Loan. On Q Financial reserves the right to recapture the SRP, charge an administrative fee identified within the MLPA and collect from Seller any estimated mortgage servicing liability associated with such Mortgage Loan.

Early Payoff

For Loans that become the subject of an Early Payoff and referenced in the Correspondent Agreement, Section 9:

EARLY PAYOFF (EPO): In the event a Mortgage Loan is refinanced or any payoff of the Mortgage Loan occurs within 180 days of the purchase date, Seller shall be responsible for repayment to Buyer of any and all Servicing Release Premiums and above PAR pricing (above 100.00) paid on the Mortgage Loan as follows:

- a. For Mortgage Loans where a curtailment occurs during the 180-day Early Payoff period in excess of 30% of the original principal balance, Seller shall promptly reimburse the Buyer the proportionate amount of the Servicing

Release Premium and above PAR pricing (above 100.00) paid by Buyer on the subject Mortgage Loan.

- b. In the event that the borrower refinances the Loan or early payoff occurs, within 180 days following the Purchase Date, regardless of whether refinanced with or without Seller, this shall be considered an early payoff and Seller will be responsible for full reimbursement to Buyer. Upon notification from Buyer, Seller shall then promptly reimburse Buyer for the total Servicing Released Premium and above PAR pricing (above 100.00) paid as published on the Loan Purchase Advice or calculated internally by Buyer.

Loan Defects

For all loans acquired by On Q Financial where defects are detected, On Q Financial will inform the Seller and provide a required response time.

If a Seller provides a response within the time frame and both On Q Financial and the Agency agree with the provided rebuttal the repurchase demand will be rescinded.

If a Seller cannot cure a defect but is able to refinance the existing Mortgage Loan, On Q Financial reserves the right to recapture the original SRP, if any, paid by On Q Financial with respect to such Loan or the greater of the premium paid in excess to par or 100 bps of the purchased loan amount. Additional fees may be applicable if the refinance extends beyond the repurchase due date.

If the defect cannot be cured, an effective repurchase due date will be set. The repurchase due date will be the greater of the Agency repurchase date or 30 days from initial repurchase notification. If funds are not remitted by the repurchase due date, On Q Financial reserves the right to charge the Seller a daily holding fee until the full Repurchase Price is remitted.

Government Insuring Policy

Government loans, which are not yet insured, may be eligible for purchase when the following purchase eligibility criteria are met:

- Clear of suspense conditions; and
- Evidence of UFMIP being paid; and
- Loan is aged less than 30 days; and
- Notice of Rejection (NOR) has not been issued.

On Q Financial will request a status update for applicable loans not insured upon 45 days of the Note Date.

Government loans that do not meet the criteria above must be insured prior to purchase.

For any government loan where On Q Financial has not received the insuring certificate and/or not insured within 60 days of loan closing, Seller may be subject to (a) a Repurchase Obligation

or (b) payment of an uninsured loan fee, which would be refundable at the time the loan is insured. Correspondent must provide a reasonable basis for the insuring delay for On Q financial to offer the option of an uninsured loan fee. Correspondent must notify On Q Financial immediately once a loan has been deemed uninsurable and provide specific reasons for the defect.

VA Guaranty Fee

Loan Guaranty Certificates (LGC) must have a minimum 25% guaranty. Anything below this coverage is ineligible for delivery and subject to Indemnification.

FHA Test Cases

Sellers who are in process of completing FHA test cases during the Test Case Phase are eligible for delivery as long as the following guidelines are met.

- Prior to submission of test cases the client must request approval and provide the following documentation to Lender Support LenderSupport@onqfinancial.com in order to deliver test cases through the Delegated Channel for purchase. Lender Support will then obtain approval from the Vice President of Credit Policy or the Vice President of TPO Fulfillment.
 - Provide copies of the DE Underwriter Resumes.
 - Provide procedures for insuring activities.
 - Provide the Test Case Approval Letter from HUD.
 - Correspondents approved by HUD for FHA Test Cases must provide the "Firm Commitment" issued by HUD for each transaction.
- Delivery Requirements:
 - The correspondent lender should submit a cover letter detailing that the file is a HUD test case with initial loan submission.
 - The initial file upload should contain a screen print of FHA Connection's Underwriting Report showing any outstanding or required closing/deficient items.
- Once HUD grants the Lender Unconditional DE approval, the approval letter must be promptly provided to LenderSupport LenderSupport@onqfinancial.com.
- If the HOC discontinues accepting Test Cases, the Correspondent must promptly notify On Q Financial, LLC at LenderSupport LenderSupport@onqfinancial.com
- The seller must ensure 4000.1 is followed for test case qualification requirements.
- File must be submit via TPO Portal
- In order to submit FHA transactions with property type reflected as Condominium Projects the seller must have unconditional DELRAP Authority.

Veterans Affairs (VA) Probationary Period

Sellers who are not formally approved for non-supervised lending authority and are currently within the probationary period or lenders requiring prior approval (neither non-supervised automatic lender or supervised) are eligible to deliver loans to On Q Financial, LLC.

Sellers that are working towards non-supervised approval are subject to a probationary period of 1 year or longer where VA offices carefully review the quality of the lender's underwriting, completeness of loan submissions, compliance with VA requirements and procedures, and delinquency and foreclosure rates.

Requirements for Non-Supervised Lender Applying for Automatic Authority and within the Probationary Period:

- Prior to submission(s) of the transaction, the client must request approval and provide the following documentation to Lender Support LenderSupport@onqfinancial.com in order to deliver VA Probationary Period Transactions through the Delegated Channel for purchase. Lender Support will then obtain approval from the Vice President of Credit Policy and Compliance.
 - Seller to provide copies of the VA Underwriter/SAR/LAPP Resumes.
 - Provide procedures for insuring activities.
 - Provide the VA Approval Letter for Probationary Period.
 - Delivery Requirements:
 - The correspondent lender should submit a cover letter detailing that the file is a VA Probationary Period Transaction.
 - The seller must ensure the VA Lender's Handbook – VA Pamphlet 26-7 is followed for test case qualification requirements.
 - VA must perform a complete review including underwriting analysis for a minimum of the first 15 loans closed and guaranteed, and fifty percent (50%) of the next 50 loans closed automatically.
 - If at any time VA determines to withdraw automatic authority for poor underwriting and/or consistently careless processing, On Q Financial must be notified within 5 business days at LenderSupport@Onqfinancial.com
 - After the expiration of the probationary period, Seller is required to submit the VA lender written notice of decision to LenderSupport@Onqfinancial.com for Credit Policy/Compliance. On Q Financial, LLC must receive within 5 business days of receipt.

***As a reminder, all lenders, whether or not they have automatic authority, must submit the following types of loans to VA for prior approval:

- Joint loans (Veteran/Veteran or Veteran/non-Veteran).

- Loans to Veterans in receipt of VA nonservice-connected pension.
- Loans to Veterans with a VA appointed fiduciary.
- Interest Rate Reduction Refinancing Loans (IRRRLs) made to refinance delinquent VA loans.
- Manufactured home loans (except when the manufactured home is permanently affixed to the lot and considered real estate under state law) unless the lender has been separately approved for this purpose.
- Unsecured loans or loans secured by less than a first lien.

Lenders without automatic authority must submit all loans to VA for prior approval except IRRRLs made to refinance VA loans that are not delinquent.

Representations and Warranties for Individual Mortgage Loans

1. **Loans are current.** The full principal amount of the Mortgage Loan has been advanced to the Borrower, either by payment directly to such person or by payment made on such person's request or approval. The unpaid principal balance of the Mortgage Loan is as represented by the Correspondent. All costs, fees, and expenses incurred in making, closing, and recording the Mortgage Loan have been paid. All payments required under the terms of the Mortgage Note to be made on or prior to the Funding Date have been made; and
2. **Sole Owner, Right to Transfer, No Encumbrances.** The Correspondent is the sole owner and holder of the Mortgage Loan and is the custodian of the related Escrow Account, if applicable. The Mortgage Loan has neither been assigned nor pledged, and the Correspondent has good and marketable title thereto, and has full right to transfer and sell the Mortgage Loan to the Purchaser free and clear of any encumbrance, equity, lien, pledge, charge, claim or security interest, and has full right and authority, subject to no interest or participation of, or agreement with, any other party, to sell and assign each Mortgage Loan to the Purchaser pursuant to the terms of the Agreement; and
3. **Compliance with Applicable Laws.** Any and all requirements of any federal, state or local law, including, without limitation, those relating to usury, sale or transfer, truth in lending, real estate settlement procedures, consumer credit and privacy protection, fair lending, predatory and abusive lending, equal credit opportunity or disclosure applicable to the Mortgage Loan, have been strictly complied with in all respects; and
4. **No High Cost Loans.** The Mortgage Loan is not classified as a "high cost" loan under the Home Ownership and Equity Protection Act of 1994; and
5. **No Misrepresentation.** The documents, instruments and agreements submitted were not falsified and contain no untrue statement of material fact or omit to state a material fact required to be stated therein or necessary to make the information and statements therein not misleading. No fraud or other misrepresentation was committed in

connection with the origination of the Mortgage Loan by Correspondent, borrower or any third party in connection therewith; and

6. **Valid Lien.** The Mortgage is a valid, existing and enforceable lien on the Mortgaged Property, including all improvements on the Mortgaged Property, if any, subject only to (a) the lien of current real property taxes and assessments not yet due and payable, (b) covenants, conditions and restrictions, rights of way, easements and other matters of the public record as of the date of recording being acceptable to mortgage lending institutions generally and specifically referred to in the lender's title insurance policy delivered to the originator of the Mortgage Loan and which do not adversely affect the Appraised Value of the Mortgaged Property, and (c) other matters to which like properties are commonly subject which do not materially interfere with the benefits of the security intended to be provided by the Mortgage or the use, enjoyment, value or marketability of the related Mortgaged Property; and
7. **Enforceable Note and Mortgage.** The Mortgage Note and the related Mortgage are genuine, and each is the legal, valid and binding obligation of the maker thereof, enforceable in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency or reorganization; and
8. **No Modifications.** The terms of the Mortgage Note and the Mortgage have not been impaired, waived, altered or modified in any respect; and
9. **Recording.** Each original Mortgage was recorded and each subsequent Assignment of Mortgage (other than the Assignment of Mortgage to On Q Financial) has been recorded in the appropriate jurisdictions wherein such recordation is necessary to perfect the lien thereof as against creditors of the Correspondent, or is in the process of being recorded; and
10. **No Satisfaction of Mortgage.** The Mortgage has not been satisfied, canceled, subordinated, or rescinded, in whole or in part, and the Mortgaged Property has not been released from the lien of the Mortgage, in whole or in part, nor has any instrument been executed that would affect any such release, cancellation, subordination or rescission; and
11. **Borrower's Alive and Well.** None of the Mortgagors is deceased; and
12. **No Pending Litigation.** No Mortgage Loan is subject to any pending litigation, foreclosure, bankruptcy, insolvency, or reorganization proceeding; and
13. **No Advances.** Unless indicated in the Mortgage Loan Schedule otherwise, the Correspondent has not advanced funds, or induced, solicited or knowingly received any advance of funds from a party other than the owner of the Mortgaged Property subject to the Mortgage, directly or indirectly, for the payment of any amount required under the Mortgage Loan; and
14. **Agency Forms.** The Mortgage Note and Mortgage are on forms that are acceptable for sale and securitization to the Agencies; and

15. **Licensing.** The Correspondent had all requisite licenses and approvals to originate and service the Mortgage Loans in all jurisdictions where so required; and
16. **No Bankruptcy Filings.** No person obligated on the Mortgage Loan, including the Mortgagor, has filed a petition in bankruptcy or for protection under any other federal or state debtor relief law prior to the Funding Date; and
17. **Title Insurance.** The Mortgage Loan is covered by an ALTA lender's title insurance policy that (i) is acceptable to the Agencies, and (ii) was issued by a title insurer acceptable to the Agencies and qualified to do business in the jurisdiction where the Mortgaged Property is located; and
18. **Homeowners and Flood Insurance.** All buildings upon, or comprising part of, the Mortgaged Property are insured by an insurer acceptable to the Agencies against loss by fire, hazards of extended coverage and such other hazards as are customary in the area where the Mortgaged Property is located; and
19. **Property Condition.** The Mortgaged Property is free of material damage and waste and there is no proceeding pending for the total or partial condemnation thereof. The Mortgaged Property is free of contamination from Hazardous Substances, and no amount of any Hazardous Substance has been disposed of or identified on, under or at the Mortgaged Property. There is no pending action or proceeding directly involving the Mortgaged Property in which compliance with any environmental law, rule or regulation is an issue; there is no violation of any environmental law, rule or regulation with respect to the Mortgage Property; and nothing further remains to be done to satisfy in full all requirements of each such law, rule or regulation constituting a prerequisite to use and enjoyment of said property; and
20. **No Acceleration.** There is no default, breach, violation or event of acceleration existing under the Mortgage or the Mortgage Note and no event which, with the passage of time or with notice and the expiration of any grace or cure period, would constitute a default, breach, violation or event of acceleration, and the Seller has not waived any such default, breach, violation or event of acceleration; and
21. **Service Members Civil Relief Act.** The Mortgagor has not notified the Correspondent, and the Correspondent has no knowledge of any relief requested or allowed to the Mortgagor under the Service Members Civil Relief Act or other similar state statute; and
22. **GSE and Ginnie Mae Eligibility.** For all Mortgage Loans underwritten to GSE guidelines, the Mortgage Loan was underwritten in accordance with either Fannie Mae's Selling Guide or Freddie Mac's Seller/Servicer Guide, as applicable, is otherwise eligible for sale or securitization to one or more GSEs in all respects, and the representations, warranties, covenants and other obligations under the respective GSE's guidelines are incorporated by reference in their entirety into the Guide. For all Mortgage Loans underwritten to Ginnie Mae guidelines, the Mortgage Loan was underwritten in accordance with Ginnie Mae's guidelines, is eligible for securitization through Ginnie Mae, and the

representations, warranties, covenants and other obligations under Ginnie Mae's guidelines are incorporated by reference in their entirety into the Guide.

Bulk Bid

Pricing

Pricing is established on a loan level basis based on data variables received from an approved Seller in bid tape format.

Pricing is based on the data file received from the Seller*. Current market conditions are used to calculate an asset price for each loan. Security Price (or Base Price) is derived from the MBS market. Risk-based adjusters are assigned depending on individual loan variables. Each loan will receive an all-in price on a loan level basis and/or blended price for a pool of loans.

* Pricing is subject to change upon receipt of the delivered close loan if the loan parameters do not match the original bid tape data on the date of initial bid.

Delivery Options

Loans may be delivered on a Mandatory or Best Effort basis and commitment options for both range from one to 30 days. At the time of a mandatory bid, the customer is to request the number of days needed for commitment in order to deliver into the trade. Any unfilled portion of a trade committed will be need to extended at 2 bps per day, rolled or paired out by the delivery date. A Best Effort commitment is taken out on an individual loan basis for 15, 30, 45 or 60 days. The customer is to request the number of days needed at the time of lock in order to deliver the loan.

Suspense Fees

On Q Financial allows Correspondent ten calendar days to clear deficiencies. The calendar day count begins the day following the date the loan is suspended.

If the items needed to clear the suspense are not received from the Seller on the tenth calendar day, a suspense fee will be assessed at funding. The initial suspense fee of 10bps is as of the eleventh calendar day, and a daily suspense fee of 2bps per day for each additional day the loan is in suspense, continuing through the date On Q receives the last condition required to clear the loan.

The initial and daily suspense fee amounts published on our bid confirmation letter are subject to change without notice.

Rolling a Commitment

Rolling a Commitment may be most appropriate if a loan(s) will not make the designated delivery date, but will eventually be delivered. The cost of this option is market related. The

customer should contact the On Q Mandatory trade desk at TradeDesk@onqfinancial.com to initiate the roll and the corresponding market-based price adjustment will be provided.

Tolerance and Pair Offs

Tolerance: Mandatory Program offers 2% tolerance.

Pair offs: A pair off charge will apply if the current market is higher than the current Commitment Price. The charge is based on market movement against the remaining balance of the Commitment.

On Q will not remit for negative market movement pair offs.

The 2% tolerance is not considered in the pair off process.

Trade Desk Operating Hours

The Trade desk will begin accepting bid tapes at 9am EST. Cutoff time is 3pm EST.

Send bid tapes to TradeDesk@onqfinancial.com. Mandatory Trade Desk will follow the SIFMA Holiday Schedule.

Rate Sheet

Pricing

Pricing is established in the form of a Best Effort rate sheet and is subject to change throughout the day, depending on market movement. Morning rate sheets will be updated between 9:45am and 11:00am Eastern Standard Time (EST).

Locking

Approved Correspondent Sellers have the availability to submit lock requests, lock extensions and change requests through use of On Q Financials Lock Request Form and email directly to corrlockdesk@onqfinancial.com. Lock confirmations will be emailed back to the originating address.

Any loan locked via rate sheet pricing will be considered as a Best Effort commitment unless otherwise requested by the Correspondent Seller. If a single-loan mandatory commitment is desired, please request directly from corrlockdesk@onqfinancial.com at the time of initial lock.

The On Q Financial Lock Desk business hours are Monday to Friday, 9am-5pm EST time.

Off sheet pricing requests should be submitted via email to the Lock Desk no later than 4pm EST.

Delivery Options

Loans should be in fundable condition upon delivery and delivered by the commitment expiration date. When the initial commitment expiration date falls on a weekend or holiday the commitment expiration date is automatically moved to the next business day.

Rolling (Extending) fixed products are permitted. Extensions must be requested prior to the commitment expiration date. The cost is 2bps per day, for a maximum of 30 days*.

* Extension costs are subject to change.

Suspense Fees

On Q Financial allows Sellers seven calendar days to clear deficiencies. The calendar day count begins the day following the date the loan is suspended.

If the items needed to clear the suspense are not received from the Seller on the seventh calendar day, a suspense fee will be assessed at funding.

The initial suspense fee of 10bps is as of the eighth calendar day, and a daily suspense fee of 2bps per day for each additional day the loan is in suspense, continuing through the date we receive the last condition required to clear the loan.

The initial and daily suspense fee amounts published on our rate sheet are subject to change without notice.

Tolerance and Pair Offs

Tolerance: On Q Financial Mandatory Program offers a 2% tolerance.

Pair offs: A pair off charge will apply if the current market is higher than the current Commitment Price. The charge is based on market movement against the remaining balance of the Commitment.

On Q will not remit for negative market movement pair offs.

The 2% tolerance is not considered in the pair off process.

Product Guidelines

With respect to loans sold to On Q Financial and in addition to the Correspondent Purchase Agreement and any other legal agreements between On Q Financial and the Correspondent, each Correspondent is bound by all provisions of this Guide, including the Product Guidelines. Product Guidelines may change from time to time. It is the Correspondent's responsibility to insure that they are underwriting to the most recent Product Guidelines at the time of delivery.

Loans are not eligible in Georgia, Guam, Puerto Rico, New Jersey, New York, Hawaii, or the Virgin Islands under any program.

***FHA Streamlines are not allowed in West Virginia.

VA Sponsorship

Non-Delegated delivery of VA loans requires the below application sent along with a check for one-hundred dollars. VA registration will be inaccessible until the application and check is received.

[VA Sponsorship Request](#)

IRS 4506C and Tax Transcripts

Sellers are required to submit a borrower signed Request for Transcript of Tax Return Form 4506-C signed by each borrower and dated at closing. As On Q Financial selects loans for either a pre-funding or post-closing quality control review, the IRS Form 4506-C will be submitted by On Q Financial to the IRS for tax validation and/or tax filing purposes.

General Tax Transcript Requirements

For those borrowers that receive W-2 wage-earner income or 1099 fixed-income transcripts are not required.

Tax transcripts with a Record of Account will be required for a borrower when:

- Not all qualifying income is W-2 wage-earner and/or fixed income typically reported on a 1099;
- Tax returns are required to document income based on the Agency guidelines.

The number of years of income that requires validation will depend on the number of years of income that was used to qualify the loan.

Business Transcripts

Business transcripts are not required unless the Underwriter determines additional confirmation of the business income documentation is needed.

Amended Returns

When a borrower files an amended tax return, a copy of the amended tax transcript is required. Amended returns are not acceptable if filed on or after the credit report or application date, whichever is first.

Comparing the Income Documentation to the Transcripts

When documentation used to verify the income is from the same calendar period as the tax transcript, the information must match exactly. However, there will be acceptable variances:

- Wage earning spouse who is not on the transaction; or
- Borrower has an additional wage earning job that was not disclosed; or
- Application was requires in one name but the tax return is filed jointly

Taxpayer Identification Theft

Taxpayer identification theft occurs when a legitimate taxpayer's stolen Social Security number is used to file a forged tax return and attempt to claim a fraudulent refund.

The following documentation is required when a borrower is a victim of taxpayer ID theft:

1. Proof of the ID theft as evidence by ONE of the following:
 - a. Proof ID theft was reported to and received by the IRS (IRS form 14039)
 - b. Copy of the notification from the IRS alerting the taxpayer to possible ID theft.
 - c. Police report or proof of filing a complaint with the Federal Trade Commission regarding the ID theft.
2. EACH of the following secondary documents (as applicable) to validate the reported income on the tax returns in question:
 - a. W-2 or 1099 transcripts, which match the W-2 or 1099 income shown on the tax transcripts.
 - b. 1099 Mortgage interest should match reported interest on Schedule A or Schedule E.
 - c. 1099G Unemployment should match reported unemployment.
 - d. 1099 Interest/Dividend should match reported dividend and interest.
 - e. Validation of prior tax year(s) income (income for current year must be in line with prior year(s)).

Borrower Not Required to File

In some instances, a borrower was not required to file a tax return for the prior year. Acceptable examples may include:

- Newly employed borrower who was a full-time student the most recent tax year. School transcripts are required for documentation.

- Borrower whose income level was below the minimum reporting standards as required by the IRS. Examples include borrower who receive disability, social security m, or pension income and indicate that they are not required to file tax returns.
- Active duty military that meet all the requirements to be granted an extension by the IRS in accordance with IRS Publication 3 – Armed Forces Tax Guide.

In addition to the specific requirements noted above, the file must be satisfactorily documented to:

- Support the income used for qualifying,
- Comply with any documentation requirements of the AUS or manual underwrite,
- Document the reason a tax transcript is not available, and
- Include a tax transcripts indicating “No Record Found” or IRS Verification of non-filing form.

Borrower Owes Money to IRS

If the most recent tax return or the IRS transcripts identify that the borrower owes money to the IRS, documentation must be received of the payoff or payment arrangements of the debt and included in the debt ratio. If the borrower owes money to the IRS from the most recent tax return, acceptable documentation includes:

- Copy of the cancelled check made out to the IRS for the exact amount due per the tax returns; or
- Evidence the exact amount due per the tax returns was automatically withdrawn from the borrower’s bank account.

If the tax transcripts reflect the borrower owes money to the IRS for the current or previous tax years, the following documentation is required:

- Documentation from the IRS of the approved tax payment plan; and
- Evidence of the minimum amount of payments of the approved plan as required below, depending on the loan type:
 - FNMA/FHLMC = 1 monthly payment required
 - FHA = 1 monthly payment required
 - USDA = 3 monthly payments required
 - VA = 1 monthly payment is required for the current tax year and 6 monthly payments are required for previous tax years.

If the borrower has been making the required payments for longer than the above minimum time frames the full payment history must be obtained to show a satisfactory pay history. This may be obtained through the Record of Account on the transcripts or directly from the IRS. All payments must be included in the debt-to-income ratio for qualifying purposes. If the loan is locked with a specific investor, please refer to the specific investor tax payment requirements for the required number of months needed. All tax liens must be paid off at closing.

Income Earned in U.S. Territories

For borrower that have income that is earned from sources in a U.S. Territory that is exempt from federal income taxation under the Internal Revenue Code:

Territory	Form
Puerto Rico	In lieu of a Form 4506-T, the borrowers must sign the most recent version of the Request for Copy of the Return, Estate or Gift Certificate of release (Commonwealth of Puerto Rico Form 2907) (Modelo SC 2907 "Solicitud De Copia De Planilla, Relevo De Herencia Y De Donacion) for submission to the Puerto Rico Department of the Treasury, Internal Revenue Area.
Guam	Borrower must sign the Form 4506-T (or an alternate form that authorizes the release of comparable tax information) for submission to Guam Department of Taxation and Revenue.
U.S. Virgin Islands	Borrower must sign the Form 4506-T (or an alternate form that authorizes the release of comparable tax information) for submission to Virgin Islands Bureau of Internal Revenue.

Loan Quality

To evaluate the quality of originations and in order to prevent closing mortgage loans with significant defects or misrepresentation, inaccurate data, or inadequate documentation, On Q Financial requires quality control checks throughout the loan origination process on all transactions.

- Confirmation no parties to the transaction are on the General Services Administration (GSA) list and the HUD Limited Denial of Participation (LDP) list.
- Validation that documentation conform to the U.S. A. Patriot Act and the Department of Treasury's Office of Foreign Assets Control (OFAC)
- Validation of the data entered into an automated underwriting system, including property information.
- Validation of the borrower(s) Social Security number(s) used to verify borrower identity.
- Validation all liabilities are documented and included in the qualifying ratios, for credit qualifying loan programs up to ten (10) business days prior to Note date for conventional transactions and (10) calendar days prior to the Note date for government transactions (FHA/VA/USDA). A new credit report (credit refresh) to be pulled prior to

closing documents being generated. All discrepancies in the information must be addressed and cleared prior to loan documents being drawn.

- FHA/VA/USDA – any increase in DTI, the loan is to be re-ran through AUS and/or re-analyzed by underwriting.
- FNMA/FHLMC – Additional debts and/or reduced income that causes the DTI ratio to exceed 45%, or that cause the DTI ratio to increase by 3% points or more. If manually underwritten loan, loan will be deemed ineligible if DTI exceeds 45%.
- MERS check to establish new or undisclosed liabilities/liens.
- All credit inquiries have been explained and, as appropriate, included in qualifying ratios.
- All “Potential Red Flag” messages have been reviewed and cleared.
- All “Occupancy” messages have been reviewed and cleared.
- Validation of income calculations and supporting documentation. A verbal verification of employment is required for Underwriting validation and within 10 business days of the note date for conventional transactions and (10) calendar days prior to the Note date for government transactions (FHA/VA/USDA), 30 business days for self-employed borrowers.
- Validation of sufficient assets needed to close or meet reserve requirements.
- Analyze property appraisal to ensure the value and marketability is supported, if program requires an appraisal, and insure full property address is identified including unit numbers.
- UCDP/SSR for Fannie Mae and Freddie Mac transactions to evidence the appraisal has been uploaded.

Any discrepancies in the information must be addressed and cleared.

Appraisal Requirements

The AUS findings and the GSE Guidelines determine an appraisal. Property Inspection Waivers from DU or Appraisal Waivers from LPA are acceptable. Correspondents must carefully review appraisals to ensure that the value is supported. A field review may be required if the underwriter feels that the market value may be overstated. All conventional appraisals must be submitted through Collateral Underwriter (CU) and all FHA appraisals must be submitted through Electronic Appraisal Delivery (EAD).

Appraisal Certification

With every appraisal report submitted to On Q Financial, the Correspondent certifies:

- The appraisal has been conducted by a licensed or certified appraiser. Correspondent certifies that it has adequate controls to ensure the appraiser is in good standing and licenses/certifications are current.
- The Correspondent has thoroughly reviewed the report and has concluded that the property is adequate collateral to support the loan.

- The report complies with On Q Financial, USPAP and agency standards.
- Any information known to the Correspondent that could adversely affect value or Marketability was disclosed to the appraiser.
- The appraiser has adequately supported any assumptions, data, analysis, rationale, and conclusions made or used to determine value and marketability.
- The information on the report is accurate, consistent, clearly written, and sufficiently documented.
- Appraiser comments addressing declining property value (if any) are acted upon appropriately.
- By delivering loans to On Q Financial, the Correspondent represents and warrants that their appraisal process and appraisal reports comply with the all agency and HUD requirements, as well as, all applicable state or federal statutes in all aspects of ordering, evaluating, disclosures and processing appraisals. Appraisals provided by a third party, such as a mortgage or real estate broker, are not acceptable.

Escrow Holdback

Escrow holdbacks are used to hold a portion of the loan proceeds in an escrow account set up to fund the completion of interior or exterior improvements that cannot be completed by the closing date. This borrower accommodation allows the loan to close and the borrower to occupy the property while incidental work is finished. Escrow holdbacks are for work completion items on new construction or required repairs set forth by the appraiser for resale transactions only. All work must be completed with evidence of all funds being disbursed and a final inspection prior to purchase.

Disaster Areas

Disasters can cause varying degrees of damage and create potential risks. It is On Q Financials policy to insure those properties have not been damaged by the disaster and they are in a satisfactory marketable condition throughout the process from origination through purchase.

Disaster Overview

Any adverse event that may have affected a subject property must be evaluated in terms of its effect on the subject's habitability, marketability and value. An adverse event does not specifically require a federal or state disaster declaration.

Once the federal government has declared a disaster with individual assistance, a FEMA Disaster Notification is issued. However, a disaster declaration may occur at a time significantly later than the occurrence of the adverse event. Therefore, regardless of whether there is a declared disaster, anyone with any knowledge of an adverse event must take appropriate action to ensure the safety and soundness of the property.

State of Emergency

FEMA declares a State of Emergency in areas that could potentially be affected by a disaster. A State of Emergency generally only requires action if it is followed by a FEMA Disaster Declaration.

Multiple Disaster Events

In the event of multiple disasters in the same geographic location, such as a hurricane followed by a flood, the requirements of this Policy apply to the date of the most recent event.

Re-Verification of Employment

In the event of a widespread property destruction or large-scale disaster, a re-verification of employment may be required after the disaster end date.

Important Disaster Dates

Three specific dates are used in the disaster requirements:

Date	Definition
Disaster Date	The date the disaster event first occurred. If the disaster date is a range, the end date of the range is considered the disaster date.
FEMA Declaration Date or Incident Begin Date	The date that FEMA declared the disaster and made individual assistance available.
End Date	The date the disaster ended.

Property Inspection Post-Disaster

If a property is in a FEMA Declared Disaster Area eligible for Individual Assistance and the most recent appraisal in the file was completed on or before the Incident Period End Date, or an Incident Period End Date has not been declared, then, subject to the applicable product and program requirements, On Q requires that an acceptable property inspection meeting the following requirements be completed.

- A final exterior inspection or appraisal update signed by the original appraiser and completion date
 - Appraisal Update, FNMA Form 1004D, Disaster Inspection, or
 - Completion Report, FHLMC Form 442, or
- Property Inspection Report
 - FNMA Form 2075, or
 - FHLMC Form 2070, Streamlined Inspection, or

- Third-Party Inspection or Lender’s Certification (not eligible for FHA/USDA)
 - See Lender’s Certification section below for requirements.

The inspection document provided must address the specific disaster and indicate any apparent damage to the subject property. If the inspector identifies damage to the exterior, it may be necessary to inspect the interior to any additional damage. If a property is located in a condo project or PUD attached project, both the condition of the unit and the condition of the building in which the unit is located and the common elements must be assessed. Inspection reports may not be used to estimate or recertify value.

For FHA transactions also refer to the FHA Transaction in Declared Disaster Areas section below.

Property Inspection Requirements for Transactions with Appraisals			
Program	If Appraisal is dated...	Property Inspection Date	Property Inspection Type
FNMA FHLMC USDA FHA loans endorsed/insured <i>prior</i> to the Incident Begin Date VA Loans closed prior to the Incident Begin Date	On or before the Incident Period End Date, including on-going disasters where an Incident Period End Date has not yet been declared.	May be prior to the declared Incident Period End Date.	Utilize any of the exterior inspection types referenced above.
VA Loans closed after the Incident Begin Date	On or before the Incident Period End Date, including on-going disasters where an Incident Period End Date has not yet been declared.	May be prior to the declared Incident Period End Date.	In addition to the inspection requirements above, a signed Lender Certification and signed Borrower

			Certification must be provided.
FHA loans endorsed/insured <i>after</i> the Incident Begin Date	<ul style="list-style-type: none"> • On or before the Incident Period End Date, or • Within 14 calendar days from the Incident Begin Date, whichever is earlier 	<p>FHA requires a disaster inspection. The report must be dated after:</p> <ul style="list-style-type: none"> • the Incident Period End Date, or • 14 calendar days from the Incident Begin Date, whichever is earlier. 	See the FHA Transaction in Declared Disaster Areas Section below.
	<ul style="list-style-type: none"> • After the Incident Period End Date, or • 14 calendar days from the Incident Begin Date, whichever is earlier. 	No inspection is required.	The appraisal may be used in lieu of an inspection.
<p>FNMA FHLMC VA USDA FHA</p>	After the Incident Period End Date and supports that the property is habitable, sound, and has only minor cosmetic, non-structural damage that does not impair the safety, structural soundness, habitability or functional use of the property.	Not required	Not required

Property Inspection Requirements for Transactions without Appraisals			
Program	Appraisal Waiver Eligibility	Property Inspection is Required	Property Inspection Type
FNMA with a PIW	Allowed	No Incident Period End Date has been declared and Loan Close date is on or after Incident Begin Date. Or – Incident Period End Date has been declared and Loan Closing is on or within 90 days after Incident Period End Date.	Utilize any of the property inspection types above, AND include an interior inspection with photos.
FHLMC with PIA	Allowed		
VA IRRRL	Allowed		
FHA Streamline	Allowed		
USDA Streamline	Allowed		

FHA Transactions in Declared Disaster Areas

Transactions for which FHA requires a disaster inspection must meet the requirements in SF Handbook II.A.7.c Inspection and Repair Escrow Requirements for Mortgages Pending Closing or Endorsement in Presidentially Declared Major Disaster Areas, including that an FHA Roster Appraiser must complete the inspection, even if the inspection shows no damage to the property, and the report must be dated after the Incident Period or 14 Days from the Incident Period start date, whichever is earlier. Lender Certification or Third-Party Inspection is **not** acceptable.

When damage is identified during a disaster inspection on an FHA transaction:

- All damages must be repaired by licensed contractors or per local jurisdictional requirements.
- All damages, regardless of amount, must be repaired and the Property restored to pre-loss condition with appropriate and applicable documentation.
- The repairs must be completed prior to delivering the loan to the agency.
- The Mortgage Loan must be insured prior to delivering the loan to the agency.

VA Transactions in Declared Disaster Areas

If the property was appraised on or before the date of the declared disaster and not closed prior to that date, the following items must be included in the loan file:

1. Lender's signed and dated certification that "This is to affirm that the property which is security for VA loan number _____ has been inspected to ensure that it was either not damaged in the recently declared disaster or has been restored to its pre-disaster condition or better."
2. Veteran's signed and dated certification that "I have inspected the property located at _____ and find its condition now to be acceptable to me. I understand that I will not be charged for any disaster-related expenses and now wish to close the loan."

Lender Certifications and Third-Party Inspections

Lender Certification Requirements

For transactions with appraisals, if a Lender Certification is used, the following are required:

- Must be executed by a Correspondent employee who will not receive direct compensation from the subject transaction.
- Must be on Correspondent letterhead.
- Must state that an acceptable inspection of the property was completed
- Correspondent Loan number
- Subject property complete street address
- "This is to confirm that the above referenced has been inspected and I have determined that it was either not damaged in the recent disaster declared on _____ date or has been restored to its pre-disaster condition or better."
- Printed Name and Signature of Correspondent Representative, Title and Date
- Photos of the property front, back, street in both directions, house number and any visible damage. For loans that have Property Inspection Waivers, interior photos are required.
 - Condos also require lobby and front of building- lobby through window is acceptable if lobby is not accessible due to security.

Third-Party Inspection Requirements

For properties with appraisals, if an exterior property inspection report from a third-party inspector is used, the inspection report must, at minimum, include:

- Loan Number
- Borrower Name
- Subject property complete street address
- Date of Inspection
- Order Number
- Name of person inspecting
- Signature

- License number if appraiser, inspector, or Realtor
- Post disaster photographs that clearly demonstrate that the property has not been adversely affected by the disaster
 - Condos also require lobby and front of building – lobby through window is acceptable if lobby is not accessible due to security
- Inspector commentary supporting that there has been no material damage to the property improvements.

Lender Certification or Third-Party Inspections for Transactions without Appraisals

If loan file did not contain a full appraisal (e.g. Appraisal Waiver and streamline-type transactions without an appraisal), then, in addition to the requirements listed above, an interior inspection with interior photos is required.

If the inspector is not able to certify that the property shows no signs of damage, then see Requirements When Damage is Identified Section below.

Requirements when Damage is Identified

If the inspection supports that the property is habitable, sound, and the property has not been affected by the disaster, then the original collateral valuation may be used.

If the inspection notes that the property is uninhabitable, unsound, or that the property condition has been affected by the disaster, then a new, interior and exterior appraisal must be obtained showing that:

- All damage has been repaired, and
- The property is habitable, and sound and the property value is supported.

Correspondent Warranty

By the sale of the loan to On Q Financial, the Correspondent warrants that the subject property is in marketable condition and that there are no repairs or other detrimental conditions to the subject property at the time of sale.

On Q Financial is not responsible to provide notification to the Correspondent of disaster areas. If at any time after loan purchase, On Q Financial or a subsequent investor, determines that the subject property was damaged and not in fully marketable condition at time of sale, the loan is subject to repurchase.

Escrows

The seller is required to pay all escrow related expenses prior to and 30 days after purchase. This includes taxes and all insurance related items. Private Mortgage insurance will be adjusted for on the PA accordingly.

Post Purchase Adjustments and Escrow Reconciliation

The Correspondent Seller's approved user(s) can review the Purchase Advice (PA) online and on each transaction the PA will be emailed to the contact on file. In certain cases, there may be information that was not provided such as a principle reduction, property tax payment, or inaccuracies in registration.

To limit discrepancies On Q Financial strongly advises to review the PA within 30 days of purchase.

For resolution or clarification on PA's, the seller should contact the Correspondent Purchase Advice Team CorrPurchaseAdvice@onqfinancial.com . If it is regarding a reconciliation, supporting documentation should be provided such as proof of payment, CD, IEAD's, etc.

Files purchased after 60 days are considered aged and ineligible for a refund by the borrower or On Q Financial, but On Q Financial reserves the right to reconcile up to 12 months after the purchase date. On Q Financial will not reimburse escrow funds to the Correspondent for loans sold or paid in full.

Property Insurance

The Correspondent must ensure that each loan file has the required insurance in place whether it is hazard, flood, a blanket policy, HO-6, etc. depending on the type of property, to insure the security of the property.

Hazard Insurance

The file must contain a copy of the policy's Declaration Page to evidence that the secured property is covered by hazard insurance. This includes all property types including Condominiums and PUD projects.

Coverage Requirements – Hazard Insurance

Hazard insurance must protect against loss or damage from fire and other hazards covered by the standard extended coverage endorsement. Extended coverage must include, at a minimum: wind, civil commotion (including riots), smoke, hail, and damages caused by aircraft, vehicle or explosion. The extended coverage should be referenced on the Declaration Page.

The policy's coverage must provide for claims to be settled on a replacement cost basis.

On Q Financial does not accept hazard insurance policies that limit or exclude from coverage, in whole in part: windstorm, hurricane, hail damages, or any other perils that normally are included under an extended coverage endorsement.

The hazard insurance policy may not include such limitations or exclusions, unless documentation is provided of:

- A separate policy or endorsement from another commercial insurer providing adequate coverage for the limited or excluded perils; **or**
- A separate policy from an insurance pool that the State has established to cover the limitations or exclusions.

Coverage is required to be equal to or the lesser of the following:

- 100% of the insurable value of the improvements, as established by the property insurer. Documentation from the insurer may be required to support how the coverage amount was determined (e.g. Replacement Cost Estimator or similar documentation); **or**
- The policy includes a "Guaranteed Replacement Cost Endorsement"; **or**
- The unpaid principal balance of the mortgage, as long as it equals the minimum amount – 80% of the insurable value of the improvements – required to compensate for damage or loss on a replacement cost basis. If it does not, then coverage that does provide the minimum required amount must be obtained.

Deductible Amounts

Loan Type	Maximum Allowable Deductible
FNMA, FHLMC, FHA and VA	<p>5% of the face amount of the policy</p> <ul style="list-style-type: none"> • Includes common elements in a PUD or Condo project <p>If policy provides for a separate wind-loss deductible (either in the policy itself or a separate endorsement), that deductible cannot exceed 5% of the face amount of the policy.</p>
USDA (Rural Housing)	<p>Greater of either \$1,000 or 1% of the face amount of the policy.</p> <p>If the minimum deductible offered by the borrowers chosen insurance carrier exceeds the stated requirement, the file must be documented with a letter from the insurance agent or carrier verifying the deductible the borrower received is the lowest deductible offered for that policy.</p>

Flood Insurance

Flood insurance is required for any property that has a builder, dwelling, structure or improvement situated in a Special Flood Hazard Area ("SFHA") that:

- Has federally mandated flood insurance purchase requirements; or

- Is located in the Coastal Barrier Resources System or Otherwise Protected Area

Flood Insurance Escrow Requirement

On June 22, 2015, federal regulatory agencies issued a Joint Agency Statement approving a Final Rule clarifying, modifying and implementing regulations that apply to loans secured by properties located in a Special Flood Hazard Area. The Final Rule implements provisions of the Flood Insurance Reform Act of 2012 and Home Owner Flood Insurance Affordability Act of 2014. As a result, when a loan requires flood insurance, the monies for flood insurance premiums **must be held in escrow/impound regardless of LTV**. Escrow waivers will not be accepted for flood insurance.

Voluntary Flood Insurance

On loans where flood insurance is **not required**; however, the borrower **elects** to voluntarily obtain flood insurance, the monies for any flood insurance cannot be held in an escrow/impound account.

Required Flood Notification to the Borrower

Once the property has been determined that it is in a flood zone, a Flood Notification must be delivered to the borrower a **minimum of 10 calendar days** prior to closing.

Acceptable Flood Insurance Policies

Flood insurance must be in the form of a standard policy issued under the NFIP or by private insurer if allowed under the applicable loan type/program. The terms and conditions of the flood insurance coverage must be at least equivalent to the terms and conditions of coverage provided under the standard policy for the NFIP for the appropriate property type.

The Policy Declaration page of a policy is acceptable evidence of coverage.

Policies that are written / reflected on an Acord Form are considered applications and are not acceptable, regardless of the information reflected on the face of the document.

Earthquake Insurance

Earthquake Insurance is mandatory for any property located on or in close proximity to a structural fault, or in a special seismic studies zone. If no mention is made in the appraisal, survey, or title policy regarding earthquake exposure, then insurance should not be required.

Loss Payee / Mortgagee Clause

After the loan is purchased, Correspondents are required to notify all insurance providers (Homeowners and Flood) to change their loss payee clause to reflect the following:

On Q Financial, LLC
Its Successors and/or Assigns
9140 S Kyrene Road, Suite 101
Tempe, AZ 85284

Mortgage Insurance

The Correspondent is responsible to purchase a commitment/policy from an agency approved private mortgage insurer prior to the mortgage loan closing for all loans requiring private mortgage insurance (PMI).

For loans being underwritten using the Correspondent's delegated status, On Q Financial expects our Correspondents to be aware of the specific limitations of their own MI providers and ensure that their loan is properly insured by an approved provider of MI up to the amount required based on the product.

The Correspondent must forward a Change of Servicer notification to the PMI Company once On Q Financial has purchased the loan, if the Correspondent's name appears in the mortgagee clause.

On Q Financial relies on the Correspondent's representations and warranties that, as of the date a mortgage loan is purchased, private mortgage insurance has been secured and any upfront premiums for private mortgage insurance have been paid.

If private mortgage insurance cost has not been properly disclosed to the borrowers, the Correspondent is responsible for correcting the error at no charge to the borrower.

On Q Financial may order the correct mortgage insurance coverage amount and invoice the Correspondent for the actual cost if necessary.

Compliance Requirements

Ability to Repay and Qualified Mortgage Rules (ATR/QM)

The Consumer Financial Protection Bureau adopted a rule that implements the Ability to Repay and Qualified Mortgage ("ATR/QM") provisions of the Dodd-Frank Act. The effective date of the ATR/QM rule is with initial applications taken on or after January 10, 2014.

For loans subject to the ATR/QM rule, On Q financial will only purchase loans that comply with the requirements. Correspondents are responsible for providing evidence of compliance with the ATR/QM rules. On Q Financial will accept cures on QM points and feed violations in the following instances:

- For FHA loans, if the borrower has been delivered a refund, including interest based on the note rate, before insurance endorsement.
- For all other loans, if the borrower has been delivered a refund, including interest based on the note rate, on or before 210 days from the date of consummation.

* Note: Investment properties are exempt from ATR/QM; however, such loans must meet agency eligibility requirements and are subject to the applicable points and fees threshold.

QM Safe Harbor/Rebuttable Presumption

The Ability to Repay rule requires lenders to determine that the borrower has a reasonable ability to repay the loan. This requirement is satisfied with an AUS approval or when a government loan is manually underwritten to the applicable Agency and meets all On Q Guidelines.

A Qualified Mortgage (QM) is a loan that meets the standards set forth by the CFPB. A QM loan may be identified as a "Safe Harbor" QM or a "Rebuttable Presumption" QM depending upon the loan's APR and if it is considered a Higher Priced Mortgage Loan (HPML).

Safe Harbor (loan is not an HPML) provides certain legal protection to lenders in the event a borrower defaults on the loan. Rebuttable Presumption (loan is an HPML) also provides certain legal protection as well however borrowers may challenge the lender regarding their ability to repay at the time the loan closed.

Category	Requirements	Acceptable to On Q Financial?
Safe Harbor	Not a higher-priced loan transaction; APR is less than 1.5% over the APOR. Less than 3.5% for second mortgage. For FHA loans the APR is less than 1.15% plus annual MIP. Loan has no toxic features*; Passes points and fees test. Borrower's ability to repay has been documented. Eligible for GSE purchase or government insurance.	Acceptable for delivery
Rebuttable Presumption	QM is a higher-priced transaction. APR exceeds the APOR by 1.5% or more. 3.5% or more for a second Mortgage.	Not Acceptable for delivery

	<p>(For FHA loans the APR is more than 1.15% plus annual MIP Loan has no toxic features¹; Passes points and fees test. Borrower's ability to repay has been documented-Acceptable for delivery)</p>	
--	---	--

Manually underwritten loans are acceptable providing the loan meets FNMA, Freddie Mac, FHA, VA or USDA Rural Housing guidelines to be a Qualified Mortgage.

FNMA and Freddie Mac will not purchase a loan that falls under the rebuttable presumption protection because of the Higher Priced Loan classification even if the loan has an AUS accept/approve/eligible finding. Government Loans continue to have rebuttable presumption with an AUS accept/eligible under rebuttable presumption.

Evidence in Compliance with QM Points and Fees

Clear itemization of fees and application of all credits that indicate paid by/to will be required on all loans.

Bona Fide Discount Points

To verify the exclusion of bona fide discount points from the points and fees calculation, On Q Financial will require:

- Evidence of the Starting Adjusted Rate (a.k.a. Base Rate) and points, and corresponding LLPA-adjusted "rate stack" or rate sheet with non-LLPA adjusted "rate stack" and LLPA grids; and
- Evidence of the delivery price to the consumer (i.e. rate/lock confirmation).

Collateral Delivery Information

Collateral Delivery Information

Collateral Package

The package should include the original Note signed by all borrowers in original ink, endorsed to On Q Financial, **LLC** (see example endorsement below), and the corresponding Bailee Letter. Please ensure the Bailee Letter references the specific loan

¹ Toxic features include payments with deferred principal; negative Amortization; interest only payments; balloon payment; loan term exceeds 30 years; or irregular payments (except ARMS).

borrower full name and wiring instructions. If you are providing a transmittal, please include wiring instructions.

To ensure timely purchase, please email CorrPre-PC@onqfinancial.com at time of collateral shipment, and include UPS/Fed Ex tracking number. For all C2C transactions, the seller is required to inform On Q Financial for each transaction. The following email must be used with the loan # and borrower name within the subject line. CorrPre-PC CorrPre-PC@onqfinancial.com.

Collateral packages are required to be mailed via overnight delivery to:

On Q Financial

ATTN.: On Q Correspondent

9140 S Kyrene Road

Suite 101

Tempe, AZ 85284

Note Endorsement

The endorsement on the original Note should read:

Pay to the order of On Q Financial, LLC, without recourse
(Correspondent Lender's Business Name)

BY: (Signature of Authorized Officer on Endorsement)

Officer's Name and Title typed Under Signature

Allonge

An Allonge may be used for the endorsement when there is NOT enough space available on the Note; provided it is an acceptable practice in the jurisdiction in which the property is located.

The Allonge must meet all the following criteria:

- Exactly matches the information on the Note
- Is permanently affixed to the Note,
- References the attached Note and the Note references the attached Allonge,
- Is original,
- References all the following elements:
 - Borrower name (s),
 - Property address,
 - Loan amount,
 - Note date, and
 - Is properly endorsed (Pay to the order of On Q Financial, LLC, without recourse).

Bailment Specifications

For each mortgage loan which delivered to On Q Financial, a bailment letter must be included in each file and be identified sufficiently so On Q Financial can match it to the correct mortgage loan. The bailment letter should include:

- The Correspondent's name;
- The Correspondent's loan number;
- The principal balance; and
- Wiring or payment instructions.

When the Note is delivered, the bailment letter must be included with the Note. A bailment or trust arrangement is not established and a security interest in the mortgage loan is not valid if a bailment letter is sent to On Q Financial separate from the applicable Note.

MERS

All Correspondents must be MERS members, able to register and transfer loans through MERS. All loans must be registered with MERS at time of delivery to On Q Financial.

Correspondent must initiate a MERS transfer of beneficial rights and transfer of servicing rights to On Q Financial (#1004185) within 24-hours of purchase.

If a Mortgage is registered with MERS and MERS is not the original mortgagee of record, the lender must ensure that:

- An assignment to MERS has been prepared, duly executed and recorded, prior to delivery for purchase.
- The chain of assignments is complete and recorded from the original mortgagee to MERS. Add "Mortgage Electronic Registration Systems, LLC, P.O. Box 2026, Flint, MI 48501-2026" as the assignee.
- The Mortgage Identification Number (MIN) must be printed/included in the body of the Assignment.
- The MERS phone number (888-679-6377) must be printed/included in the body of the Assignment.

If a Mortgage is registered with MERS naming MERS as original mortgagee of record (MOM), no assignments are necessary if:

- The mortgage is originated naming MERS as the original mortgagee of record, solely as nominee for the lender named in the Security Instrument and the Note, and the lender's successors and assigns.
- The lender has ensured that the Security Instrument is properly executed, acknowledged, delivered and recorded in all places necessary to perfect a First Lien security interest in

the mortgaged premises in favor of MERS, solely as nominee for the lender named in the Security Instrument and the Note, and lender's successors and assigns.

- The MIN must be placed on the Security Instrument to the right of or below the form title, but NOT within the recording margin of the document.
- Additional verbiage approved by the agency must be added to the Mortgage/Security Instrument. MERS Corporate Office can provide the correct state specific verbiage.

Trust or Power of Attorney

If the transaction being delivered closes within a Trust or Power of Attorney, the Trust or Power of Attorney documents must be attached to collateral if used to execute Note or Mortgage/Deed of Trust.

Corrections to Collateral

Notes

If a Note defect is identified prior to delivery, On Q Financial will allow Correspondent to make appropriate changes provided the borrower initials accompany the correction.

If a Note defect is identified after delivery, On Q Financial will contact the Correspondent to discuss acceptable methods of correction.

Security Instruments

Security Instruments can either be corrected by providing a corrected document, initialed by the borrower, and a letter of intent to re-record or by utilizing the acceptable county equivalent, i.e. Scriveners Affidavit. Loan Modification Agreements will be accepted as a method of curing deficiencies on the Security Instrument in addition to the current methods of correction.

Any Loan Modification Agreement to the Security Instrument will need to be notarized and recorded.

Correspondents are responsible for adhering to all state and county requirements. If the use of a Loan Modification Agreement is not permitted in the subject properties county or state contact On Q Financial prior to engaging in corrective action.

Goodbye and Borrower First Payment Letter

Borrower first payments should be made out and sent to:

On Q Financial

Attn: Payment Processing

9140 S Kyrene Road, Suite 101

Tempe, AZ 85284

Trailing Documents

Mortgage loans purchased by On Q Financial require delivery of all trailing documents as they become available but not to exceed 180 days from the purchase date.

Trailing documents must include, but are not limited to:

- Original recorded mortgage and any applicable riders or addendums;
- Original recorded assignment of mortgage as required and all original recorded intervening assignments, if any;
- Original final title insurance policy and any required waivers, attorney's opinion, and/or applicable endorsements;
- Certified copy of the recorded power of attorney, if applicable.

Documents must be shipped with a Transmittal Form listing date, tracking number, borrower's name, document(s) enclosed, loan number, sender's name and phone number. Trailing Documents are required to be placed in the order listed on the Transmittal. Trailing documents are required to be overnighted or via similar tracking method.

On Q Financial has the right to:

- Charge/collect from the Correspondent a fee of \$100, per trailing document, where they have been outstanding for more than 180 days from the purchase date.
- For each month that the trailing documents are outstanding, the seller will incur \$100 for each additional month until paid.
- Mandate the Correspondent to repurchase mortgage loans with any trailing document outstanding 180 days from the purchase date.

Trailing documents are required to be mailed via overnight delivery to:

On Q Financial

Attn.: Correspondent-Trailing Documents

9140 S Kyrene Road, Suite 101

Tempe, AZ 85284

Government Insuring Delivery

If you are delivering insuring documents after purchase date, correspondents should follow the below procedure.

Upon receipt of insuring documents the correspondent is required to email the insuring document to Corr-Insuring@onqfinancial.com. Confirmation will be sent to the correspondent seller upon receipt.

Acceptable Insuring Documents are issued by HUD and Department of Veterans Affairs, FHA Mortgage Insurance Certificate (MIC), VA Loan Guaranty Certificate (LGC), or USDA Loan Note Guaranty (LNG).

Loans must be fully eligible for FHA insurance, and is insured, or within 30 days of closing will be fully insured by HUD.

If there is a Government Insuring Defect, the Correspondent Seller is required to notify On Q Financial within 7 business days by emailing Corr-Insuring@onqfinancial.com with the borrower name, On Q Financial loan number and information from the agency regarding the defect.

VA Loans Only: Prior approval must be received from VA prior to loan closing on all joint loans where the veteran will hold title to the property with any person other than the veteran's spouse. The VA will only guaranty the allocable amount to the veteran's interest in the property. The guaranty cannot be applied to the non-veteran or non-spouse.

USDA Record Change

Guaranteed Rural Housing Lender Record Change must be provided on all USDA loans. On Q's ID is to be referenced as Servicer.

USDA Loan Note Guaranty (LNG) Holding Lender:

On Q Financial (Holding Lender)

Tax ID: 51-0517525

**9140 S Kyrene Road, Suite 101
Tempe, AZ 85284**

VA Record Change

VALERI is to be updated to On Q Financial.

FHA Mortgage Record Change

Correspondent is responsible for Mortgage Record Change to On Q Financial in FHA Connection. All transfers must be complete within 7 days of purchase.

Conventional Mortgage Insurance Change

Correspondent is responsible for activating mortgage insurance certificates on newly originated loan and advise the MI carrier that the loan has been transferred to On Q Financial.

Credit Delivery Requirements

Delegated

Credit File

Correspondent Seller shall deliver to On Q Financial for each mortgage loan, a complete loan funding package comprised of the imaged mortgage loan file, containing all credit, collateral, compliance, and closed loan documentation required to create a valid mortgage loan. The closed loan package must be delivered to On Q Financial only after the loan has closed and all funds have been fully disbursed to, or on behalf of, the borrower.

On Q Financial requires the Correspondent Seller to upload the complete loan funding package into Electronic file and document submission is the required method of delivery.

The loan-funding package must comply with all agency and regulatory requirements for such mortgage, in accordance with industry best practices and specific loan program guidelines.

Correspondent Seller is obligated to forward to On Q Financial all servicing records, agency and third-party notification or correspondence received after the loan sale specific to the loan sent to On Q Financial for purchase, and files relating to each mortgage loan that are then in, or that thereafter come into, Correspondent Seller's possession.

When Correspondents agree to deliver loan files to On Q Financial by image, they warrant to On Q Financial that they will hold the original loan documents and make them available to On Q Financial upon request within a reasonable time frame.

Debt Monitoring

On Q Financial expects lenders to have in place processes to facilitate borrower disclosure of changes in financial circumstances throughout the origination process and prefunding quality control processes to increase the likelihood of discovering material undisclosed debts or reduced income. The seller is responsible for actively monitoring all borrowers on the transaction. For all conventional loans, the seller must include a copy of the UDM/UDN/Credit Refresh/Soft pull to confirm guidelines have been met.

Fraud Search

On Q Financial, Inc will require that all Delegated loan submissions include evidence that a fraud search was conducted on each applicant. The fraud report, at a minimum, must include verification of these items:

Social Security Number is not:

- Associated with a deceased individual;
- Invalid;
- Never been used;
- Inconsistent with the name; or

- Inconsistent with date of birth date range.

Current address for each borrower(s) associated with the loan.

Phone number for each borrower(s).

Subject property address.

The following are considered acceptable fraud reports (note this list is not all-inclusive):

- Avantus – LoanShield
- Core Logic – LoanSafe Fraud Manager
- Encore
- LoanSafe
- Credit Plus, Inc.
- DataVerify – Drive
- Digital Risk – Risk IQ
- Interthinx – FraudGAURD
- Kroll Factual Data – Risk Suite Fraud Reports
- LPS Verification Bureau – 1003 Appscan
- Lexis Nexis – Mortgage Fraud Report
- Pitch Point Solutions Inc.
- Veri-Tax Fraud Report

A copy of the report, along with the documentation used to resolve the deficiency and/or red flag(s), must be included in the closing package.

Non-Delegated

Credit File

Delivery is done via www.onqcorrespondent.com and all documents are required to be uploaded to each specific transaction. AUS/LP/GUS must be released/finaled to On Q Financial or ran on the portal at time of submission. Minimum submission requirements including how-to links are found below:

[Non-Delegated Submission Form/Checklist](#)

[How to: Upload Documents/Conditions for review](#)

Each loan is assigned a loan processor when the transaction is submit to underwriting. If you have any questions prior to submission, please contact your AE or lendersupport@onqfinancial.com

Non-Delegated transactions must have a clear to close issued by underwriting prior to closing. If a loan funds prior to clear to close the file maybe ineligible for delivery. All "prior to docs" conditions must be satisfied and underwriting will send out final docs to the seller. The file will go back to underwriting if there are any changes to the loan terms after a clear to close is issued.

Final transactional documents sent by On Q Financial must be executed by the borrower and must be the final documents provided by the processor or underwriter at clear to close. (This includes FHA documents, VA documents and USDA Final Docs) The final 1003 does not need to be utilized by the seller, but it must match the terms of the transaction.

Sellers are required to pay the UFMIP and VA funding fee for each non-delegated transaction. Proof of payment must be included with the closed loan package. On Q Financial will net the USDA G Fee from the purchase advice. All loans will be submit for insuring by On Q Financial. All government loans will be submit for insuring by On Q Financial. All outstanding items must be provided to On Q Financial immediately.

On Q Financial, Inc will complete all debt monitoring for all borrowers on each Non-Delegated transaction. The amount will be included on the PA (\$15 per borrower). On Q will begin monitoring at the time of approval until the CTC is issued. It is the sellers responsibility to obtain any additional information found within the debt monitoring report and the On Q Underwriter will condition accordingly.

FHA Transactions

All FHA loans are required to have the On Q Financial listed as the sponsor and this will be a hard stop/missing item for underwriting.


How to transfer the case # to On Q

Case/Appraisal Transfer Help Links ?

FHA Case Number: - ← Type in the FHA Case #

New **Sponsored Originator EIN:** ← Type in your company EIN/Tax ID. Note: This is not the FHA ID.

New Sponsor/Agent ID: ← Type in On Q's FHA ID 2355600004

Date of Assignment Letter: //  ← Include the date you would like to assign the loan to On Q, this is customarily today's date.

Appraisal Transfer

↑
Select Yes or No. Yes is selected if there is an appraisal logged. No is selected when you do not have an appraisal.

VA Transactions

The correspondent seller must assign the appraisal to On Q Financial. Case #'s will be ordered by the seller.

Loans Rejected by Prior Investor

Loan must be agency eligible. Ginnie Mae loans must be eligible/insured.

Seasoned Loans

No age requirement on Ginnie Mae. Loans greater than 180 days must have recorded final docs and final title policy and be insured. If loans are over 1-year-old, an escrow reconciliation needs to be completed prior to purchase. Conventional Loans need to be purchased by On Q within 4 months of note date.

Interest Credits and Calculations

On Q Financial will allow interest credits at closing through the seventh calendar day of the month in which the mortgage loan is closed. On Q Financial calculates interest using 360 days.

Fee Schedule

On Q Financial Correspondent Fee Schedule	
Tax Service Fee	\$85
Non-Delegated UDM (Credit Monitoring)	\$15 per borrower

Goodbye Letter

Federal law requires that a current servicer and new servicer notify borrowers in writing of any assignment, sale, or transfer of the servicing of the loan. The transferee servicer shall provide the notice of transfer to the borrower not more than 15 days after the effective date of the transfer. The transferor and transferee servicers may provide a single notice, in which case the notice shall be provided not less than 15 days before the effective date of the transfer of the servicing of the mortgage loan. Email the final goodbye letter to: Lendersupport@onqfinancial.com

Contents of Notice

The notices of transfer shall include the following information:

- (i) The effective date of the transfer of servicing;

(ii) The name, address, and a collect call or toll-free telephone number for an employee or department of the transferee servicer that can be contacted by the borrower to obtain answers to servicing transfer inquiries;

(iii) The name, address, and a collect call or toll-free telephone number for an employee or department of the transferor servicer that can be contacted by the borrower to obtain answers to servicing transfer inquiries;

(iv) The date on which the transferor servicer will cease to accept payments relating to the loan and the date on which the transferee servicer will begin to accept such payments. These dates shall either be the same or consecutive days;

(v) Whether the transfer will affect the terms or the continued availability of mortgage life or disability insurance, or any other type of optional insurance, and any action the borrower must take to maintain such coverage; and

(vi) A statement that the transfer of servicing does not affect any term or condition of the mortgage loan other than terms directly related to the servicing of the loan.

Sample Goodbye Letter/Notice of Servicing Transfer

Notice of Servicing Transfer (Goodbye Letter)

Date:

Name 1:

Name 2:

Mailing Address:

City, State, Zip:

Re: Loan #:

Property Address:

City, State and Zip:

Dear Customer:

Effective, _____, the servicing of your mortgage loan, that is, the right to collect payments from you, is being assigned, sold or transferred from (Current Servicer) to On Q Financial, LLC On Q Financial is responsible for such things as paying your property taxes, homeowners insurance, issuing billing statements and preparing year-end statements.

1/11/2023

Notice of Assignment, Sale, or Transfer of Servicing Rights:

The transfer of the servicing of your mortgage loan does not affect any term or condition of the mortgage instruments, other than directly related to the servicing of your loan. Except in limited circumstances, the law requires that your present servicer send you this notice at least 15 days before the effective date of transfer, or at closing.

Your Present Servicer:

Your present servicer is (Current Servicer). If you have any questions relating to the transfer of servicing from (Current Servicer), call Customer Service, toll-free, at (phone number) between _____ time on the following days: Monday through Friday.

Your New Servicer Contact and Payment Remittance Address:

On Q Financial, Inc
Attn: Payment Processing
9140 S Kyrene Road, Suite 101
Tempe, AZ 85284

If you have any questions relating to the transfer of servicing please contact: 888-686-8707; Hours of Operation: 9am – 5pm MST.

Please write your On Q Financial, LLC loan number on all checks and correspondence and have your number available when you call.

Information Concerning Your Payments

The date that your new servicer, On Q Financial, Inc will start accepting payments from you is **[effective date]**. Mail all payments on or after that date to the provided. On Q Financial will send you new billing statements. If you have a payment due before you receive your new billing statement, write your current [loan number] on your check and mail it to On Q Financial, Inc at the payment address shown above.

Please note that your account information is subject to change to reflect disbursements made by, and payments that are due to, (Current Servicer).

If you currently have your monthly payment automatically drafted or deducted from your bank account, please be advised that this service will discontinue at the time of transfer. Please contact On Q Financial, Inc to enroll in their automatic payment service. Until your automatic payments are established, please continue to mail your payments to the address shown above.

If you are currently making your mortgage payment through a third-party entity (e.g. government allotment, biweekly program, bill pay service), please take the necessary steps to advise them of the change of payee to On Q Financial.

The transfer of servicing rights will affect the continued availability of mortgage life, disability, accidental death insurance or any other type of optional insurance in the following manner. If you currently have optional insurance, we will not continue to bill you for the same premium. Please contact your insurance carrier to make payment arrangements.

You will receive two-year end statements. You will receive a 1098 statement from On Q Financial, Inc for the period of time in which they serviced your loan and a 1098 from (current servicer) for their servicing period.

Section 6 of the Real Estate Settlement Procedures Act ("RESPA") (12 U.S.C. 2605):

During the 60-day period following the effective date of the transfer of the loan servicing, a loan payment received by your old servicer before its due date may not be treated by the new loan servicer as late, and a late fee may not be imposed on you.

Section 6 of RESPA (12 U.S.C.2605) gives you certain consumer rights. If you send a "qualified written request" to your loan servicer concerning the servicing of your loan, your servicer must provide you with a written acknowledgement within 20 Business Days of receipt of your request. A "qualified written request" is a written correspondence, other than notice on a payment coupon or other payment medium supplied by the servicer, which includes your name and account number, and your reasons for the request.

No later than 60 Business Days after receiving your request, your servicer must make any appropriate corrections to your account and must provide you with a written clarification regarding any dispute. During this 6 Business Day period, your servicer may not provide information to a consumer-reporting agency concerning any overdue payment related to such period or qualified written request. However, this does not prevent the servicer from initiating foreclosure if proper grounds exist under the mortgage documents.

A Business Day is a day on which the offices of the business entity are open to the public for carrying on substantially all of its business functions.

Section 6 of RESPA also provides for damages and costs for individuals or classes of individuals in circumstances where servicers are shown to have violated the requirements of that Section. You should seek legal advice if you believe your rights have been violated.

It has been a pleasure for (Current Servicer) to have serviced your account.

On Q Financial, Inc looks forward to providing you with prompt and professional service throughout the life of your mortgage.

Respectfully,

(Current Servicer)

Ginnie Mae Loan Data Matching

FHA, VA and USDA Mortgage Loans purchased by On Q Financial require that the electronic loan data received and relied on from the Correspondent is consistent with the corresponding active records in the applicable agency's insurance or guarantee system.

Data discrepancies in the corresponding active records may include, but are not limited to:

- Original Principal Balance (OPB)
- Agency Case Number

- Interest Rate
- Maturity Date
- Property Zip Code

Unmatched Data Fees

A Mortgage Loan delivered to On Q Financial that subsequently is reported by GNMA as an unmatched data exception and requires research by On Q Financial may be subject to a research fee of up to \$500 per loan (“Unmatched Data Fee”). This fee will apply regardless of whether or not the Correspondent must continue to engage directly with the applicable agency for corrections.

For example, FHA loans insured with a different loan amount compared to the Mortgage Note will require the originator to engage with HUD directly. The originator will need to submit an MIC Correction form to HUD in order to update the Mortgage Insurance Certificate and FHA Connection. The same issues apply to VA & USDA loans requiring the originator to work with the Guarantor to revise the insuring certificate.

The Unmatched Data Fee is independent of any other monetary adjustments the Correspondent may be required to make in order to cure the data discrepancy. Monetary adjustments may include, but are not limited to, principal curtailments on the loan. If the data discrepancy results in an attribute or loan feature change to a Mortgage Loan, the Correspondent may also have an indemnification obligation or Repurchase Obligation related to the Mortgage Loan.

Recast Options

A written request will need to be submitted to our sub-servicer after the loan has been purchased and boarded to the sub-servicer to determine eligibility. The sub-servicer will send a requirements letter to the requestor. Once the principal curtailment and recast fee are received, the sub-servicer will prepare and send the modification document to the borrower. When the executed modification agreement is received, the sub-servicer will update the loan servicing system of record.