



**FIRST COLONY MORTGAGE  
CORPORATION**

**Non-Delegated  
Correspondent Seller Guide**

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# Table of Contents

<b>CHAPTER 1 – GENERAL .....</b>	<b>4</b>
KEY LENDING POLICIES .....	4
CREDIT POLICY .....	4
FEE POLICY .....	5
HIGH COST LOANS/PREDATORY LENDING POLICY .....	5
ELIGIBLE STATES .....	5
ESCROW WAIVER.....	6
QUALITY CONTROL/DUE DILIGENCE REVIEW .....	6
QUALIFIED MORTGAGE (QM) AND ABILITY TO REPAY (ATR) PROVISIONS .....	6
PREPAYMENT PENALTY OPTIONS.....	6
STATE SPECIFIC REQUIREMENTS & LICENSING .....	7
APPRAISAL INDEPENDENCE REQUIREMENTS .....	7
SELLER APPROVAL .....	8
SELLER CRITERIA .....	8
LOAN FRAUD ZERO TOLERANCE.....	9
ANNUAL REVIEW AND RECERTIFICATION.....	9
WEBSITE INFORMATION .....	10
<b>CHAPTER 2 – PRICING AND LOCK POLICY.....</b>	<b>11</b>
LOCK POLICY.....	11
LOCK DESK .....	11
Hours of Operation .....	11
Best Effort and Mandatory Pricing .....	11
PRICING INFORMATION .....	12
Daily Rate sheets.....	12
Intra-Day Price Changes .....	12
RATE LOCK .....	12
Rate Lock Programs .....	12
BEST EFFORT COMMITMENTS .....	13
MANDATORY COMMITMENTS .....	13
LOAN TERM DISCREPANCIES .....	14
Changes – Loan Parameters .....	14
Loan Program Changes .....	14
Interest Rate Changes .....	15
Loan Feature Changes .....	15
Lock Expirations .....	15
Lock Extensions.....	16
Expired Rate Locks/Re-Locks .....	16
Renegotiation .....	17
PAIR OFF-FEES .....	17
Best Effort Commitments.....	17
Mandatory Commitments.....	17
Commitment Management.....	18

Miscellaneous Pricing Information ..... 18

---

Cancellations/Fallout ..... 18  
Errors and Omissions ..... 19

**CHAPTER 3 – UNDERWRITING POLICIES AND PROCEDURES ..... 20**

AUTOMATED UNDERWRITING ..... 20  
SUBMISSION TO DU ..... 20  
SUBMISSION TO LP ..... 20  
CREDIT PACKAGE SUBMISSION MINIMUM STANDARDS ..... 20  
IRS FORM 4506-C ..... 21  
FANNIE MAE LQI COMPLIANCE DOCUMENTATION ..... 21  
POA CLOSINGS ..... 21  
CREDIT PACKAGE SUBMISSION PROCESS ..... 22  
MINIMUM DELEGATED SUBMISSION STANDARDS ..... 22  
MINIMUM NON-DELEGATED SUBMISSION STANDARDS ..... 23  
LOAN SUBMISSION: NON-DELEGATED UNDERWRITING OR PRIOR-APPROVAL REQUEST ..... 23

**CHAPTER 4 - CLOSING POLICIES AND PROCEDURES ..... 24**

CLOSING THE LOAN ..... 24  
ESCROW HOLDBACK POLICY ..... 24  
PREPAID INTEREST POLICY ..... 24  
IMPOUND/ESCROW ACCOUNTS ..... 24  
REQUIREMENTS FOR TRUST CLOSINGS ..... 24  
    Inter Vivos (Revocable) Trust ..... 24  
    Requirements for all Trusts ..... 25  
    Required Signatures ..... 25  
    Formats for Signatures ..... 26  
INSURANCE REQUIREMENTS ..... 26  
    Property Insurance ..... 26  
    Escrow Requirements ..... 27  
    Insurance on Refinance Loans ..... 27  
    Hazard Insurance Deductibles ..... 27  
    Flood Insurance ..... 27  
    Determining if a Property Requires Flood Insurance ..... 28  
    Properties Located in the Coastal Barrier Resources System or Otherwise Protected Area ..... 28  
    Communities that Participate in the Emergency Program of the NFIP ..... 29  
    Acceptable Flood Insurance Policies ..... 29  
    Hazard Policy Ratings ..... 29  
    Title Insurance ..... 30  
    Chain of Title Review ..... 31  
    Effective Date of Coverage ..... 31  
    Amount of Coverage ..... 32  
MORTGAGE ELECTRONIC REGISTRATION SYSTEMS (MERS®) ..... 32

Transferring a Mortgage Using MERS .....	33
Registering a Loan with MERS .....	33
Transfer of Servicing and Beneficial Rights 1, 2 .....	33

---

PRE-PURCHASE PROCESS .....	33
Submission Process .....	33
Documentation Deficiencies .....	33
Collateral Delivery .....	34
LOAN PURCHASE .....	35
Wire Detail .....	35
Net Escrow Funds from Purchase Wire .....	35
First Payment Issues .....	35
Loan History .....	35
PMI for Conventional Loans .....	35

<b>CHAPTER 5 – POST PURCHASE DOCUMENTATION .....</b>	<b>36</b>
SELLER DOCUMENT RESPONSIBILITIES .....	36
GOVERNMENT LOANS .....	36
POST PURCHASE DOCUMENTATION .....	36
SELLER TRANSFER RESPONSIBILITIES .....	37

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## CHAPTER 1 – GENERAL

First Colony Mortgage Corporation (FIRST COLONY WHOLESale) Non-Delegated Correspondent Lending Program (NDC) is designed for leading lending institutions such as mortgage lenders, banks, and credit unions. This Guide is designed to assist approved Sellers in conducting Non-Delegated Correspondent lending with FIRST COLONY WHOLESale in the most efficient and profitable manner. Additionally, the Guide sets forth, along with the NDC Loan Purchase and Sale Agreement (MLPSA or Agreement), the terms and conditions governing a Seller's participation with FIRST COLONY WHOLESale NDC Program.

FIRST COLONY WHOLESale Non-Delegated Correspondent Lending Department strives to provide best-in-class customer service. Our focus is to purchase quality loans, that have been prudently underwritten by FIRST COLONY WHOLESale, and closed by quality partners.

There are three (3) levels of NDC.

The Guide is updated periodically, with updates made available to Sellers. All loans purchased by FIRST COLONY WHOLESale are subject to its programs, matrices, guidelines, policies, overlays, and regulations in effect at the time of loan purchase.

### Key Lending Policies

This section of the Guide provides an overview of FIRST COLONY WHOLESale's general policies related to the Non-Delegated Correspondent Lending (NDC) Program.

### Credit Policy

FIRST COLONY WHOLESale purchases Eligible Loans regardless of borrower's race, color, religion, sex, ethnic origin, familial or disabled status, marital status, or any other prohibitive basis.

FIRST COLONY WHOLESale will purchase Eligible Loans that meet FIRST COLONY WHOLESale's established product guidelines. Only loans that comply with all product requirements, features, restrictions, and documentation are considered Eligible Loans.

FIRST COLONY WHOLESale requires that loans be disclosed and closed in compliance with all requirements, restrictions, and laws set forth by applicable agencies, federal, state, and local municipalities.

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## **Fee Policy**

FIRST COLONY WHOLESale does not purchase loans that are high-cost loans, loans subject to HOEPA, or loans that would be deemed predatory for the jurisdiction where the property is located. As such, FIRST COLONY WHOLESale audits loan charges as part of the purchase process. Sellers will receive a notification if the fees are more than allowable amounts; however, any testing performed by FIRST COLONY WHOLESale does not waive Seller's obligations regarding allowable or statutory fees with regard to any loan.

FHA and VA loans have certain restrictions on the types and amounts of fees that can be collected on each transaction and may have additional restrictions on fees that may be assessed to a borrower.

Fees must follow the guidelines of each individual loan program.

FIRST COLONY WHOLESale charges and Purchase Fee based on NDC tier and/or Product type. The Fee is deducted at time of purchase and reflected on the purchase advice to the Seller.

For purposes of APR disclosure, certain fees are considered prepaid finance charges.

## **High-Cost Loans/Predatory Lending Policy**

Selected states have passed laws prohibiting predatory lending, which may be referenced by any of these terms: "high cost," "high rate," "high point," "sub-prime," "non-prime," etc. Loans that fall into this category are not Eligible Loans for sale to FIRST COLONY WHOLESale Non-Del Correspondent Lending Program.

It is each Seller's responsibility to understand state-specific laws and lending requirements and to follow the requirements for specific disclosures and documentation, including but not limited to, the net tangible benefit requirement. Some states may require documentation of the net tangible benefit to the borrower or other disclosures related to refinance transactions to prove they are not high-cost loans. Refer to state restrictions for additional specific requirements. Please note that effective January 10, 2014, new revised HOEPA thresholds are in effect.

## **Eligible States**

FIRST COLONY WHOLESale maintains an up-to-date list of all states in which FIRST COLONY WHOLESale Non-Del Correspondent Lending Department will purchase loans on its website.

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## **Escrow Waiver**

FIRST COLONY WHOLESale will allow escrow waivers, subject to product guidelines, and/ or specific program requirements, state law requirements, as well as potential price adjustments. The pricing for loans with escrow waivers may include increases to rate and/or pricing depending on specific program guidelines. H06 and Flood insurance, if applicable, must also be escrowed per program guideline LTV limits.

## **Quality Control/Due Diligence Review**

FIRST COLONY WHOLESale will apply its Quality Control Policy and Procedures to loans originated by Sellers and will report findings, as appropriate, to Sellers for their use in the prevention of similar occurrences. FIRST COLONY WHOLESale requires that Sellers perform quality control procedures, as specified in the plan submitted to FIRST COLONY WHOLESale to assure the quality of the originations submitted to FIRST COLONY WHOLESale for underwriting and purchase.

If any irregularities or discrepancies are identified during FIRST COLONY WHOLESale's routine Quality Control review, FIRST COLONY WHOLESale may expand the scope of the quality control review and/or number of loans sampled to ensure all potential problem areas are thoroughly reviewed.

FIRST COLONY WHOLESale will provide audit review reports to Sellers at FIRST COLONY WHOLESale's sole discretion. Sellers will be required to respond to any findings of moderate risk or greater or to any indications of trends indicating moderate to high-risk findings. Sellers should investigate and must provide a written response, addressing each item noted and the corrective action taken by the Seller.

Serious issues with quality, adverse, material findings, or failure to respond to the report findings can result in termination of the Seller's approval with FIRST COLONY WHOLESale.

## **Qualified Mortgage (QM) and Ability to Repay (ATR) Provisions**

Eligible Loans for purchase loans must be QM/ATR compliant, unless otherwise waived by FIRST COLONY WHOLESale in writing or specific product parameters.

## **Prepayment Penalty Options**

FIRST COLONY WHOLESale does not offer products with prepayment penalty terms, unless otherwise notated in loan program guidelines.

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## **State Specific Requirements & Licensing**

If a Seller is not exempt from licensing, the Seller must meet all licensing requirements for the state where the subject property is located. This includes the institution and the originator listed on the mortgage application.

All states and many local municipalities have passed laws regarding mortgage lending activities. Sellers must follow all state and local laws in effect where the subject property is located and are responsible for all required documentation related to state specific and/or local requirements.

## **Appraisal Independence Requirements**

FIRST COLONY WHOLESale's Appraisal Policy adheres to the requirements set out by AIR developed by Fannie Mae and Freddie Mac, up to and including all updates/clarifications since the original announcement.

FIRST COLONY WHOLESale has a zero-tolerance policy for Seller's failure to comply with its Appraisal Independence Policy. Disciplinary actions may include suspension or cancellation of the Seller's relationship with FIRST COLONY WHOLESale.

FIRST COLONY WHOLESale prohibits any Seller, employee of the Seller or any representative working on behalf of the Seller, from placing undue influence or pressure including coercion and/or bribery and other similar actions designed to cause an appraiser to base the appraised value of the property on factors other than the appraiser's independent judgment. Appraisers are prohibited from having a financial or other interest in the property or the credit transaction. The Seller, employee of the Seller or any representative working on behalf of the seller are responsible for notifying FIRST COLONY WHOLESale and any other parties involved in the appraisal ordering process such as the AMC if they have knowledge of the appraiser having a financial or other interest in the property or transaction.

FIRST COLONY WHOLESale will not accept appraisals or approve appraisers who are on any exclusionary lists, such as HUD' Limited Denial of Participation List (LDP), the General Services Administration (GSA) System for Award Management (SAM), FHFA Suspended Counterparty Program (SCP) list, and/or any other Local, State, Federal, Agency or Investor list.

Appraisers must have a valid license for the state where the subject property is located and current Errors and Omissions (E&O) insurance in accordance with FIRST COLONY WHOLESale.

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## **Seller Approval**

Sellers must complete and submit the Non-Delegated Correspondent Application, provide all required documentation, and be approved prior to delivering loans to FIRST COLONY WHOLESale.

During the application review process, FIRST COLONY WHOLESale will contact Seller Applicants with any questions related to issues, which may include but are not limited to, any disruptions of state licenses, Principal, mortgage department manager, closer or other staff resumes, loan product guidelines, and violations, if any cited, and how they were cured as well as procedures set in place for compliance of regulatory requirements.

Sellers are approved solely at the discretion of FIRST COLONY WHOLESale.

## **Seller Criteria**

- Be properly licensed and authorized to originate and sell loans meeting FIRST COLONY WHOLESale product line and underwriting requirements.
- The company has been in business for at least two years. In the case of newer firms, principals should have a minimum of ten years of experience in mortgage lending.
- Uphold a good reputation in the industry with proven references, a high level of professionalism, and strong ethical standards.
- Maintain a minimum tangible and verifiable net worth as required by NDC level indicated on the Seller Eligibility document of the Non-Delegated Application derived from financial statements audited by a Certified Public Accountant.
- Maintain a current Errors & Omissions Insurance Policy and Fidelity Bond in a form and with an insurance carrier that is AM Best Rated A or B and acceptable to FIRST COLONY WHOLESale Minimum coverage: \$300,000 per occurrence, or such Insurance as required under then in effect Agency Guidelines.
- Uphold a good standing rating with all governmental licensing and revenue collection agencies, including a public record clear of any civil or criminal judgments. A Seller whose firm has been suspended, is currently under investigation by any governmental agencies or has an open judgment in excess of \$10,000 will not be approved and will not be renewed to do business with FIRST COLONY WHOLESale.
- All principal officers, owners and/or partners must have an acceptable personal credit profile, and in the case of corporations, the entity must have a satisfactory corporate report. In the instance of past credit difficulties, a letter from the Seller explaining the derogatory item(s) is required for consideration. Decisions will be made on a case-by-basis. Financial institutions subject to oversight by the FDIC, NCUA, OTS, Federal Reserve or Comptroller of the Currency are exempt from this requirement.
- Seller must have a written employment policy that includes the review of all employees and candidates for employment against the FHFA SCP List.

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## Loan Fraud Zero Tolerance

The Seller bears the responsibility for all actions of his or her employees and/or licenses. The Seller is responsible for the content and quality of each loan file submitted, including but not limited to loan application, documentation relied upon by FIRST COLONY WHOLESale to underwrite each loan submitted FIRST COLONY WHOLESale Non-Del Correspondent Lending Program.

## Annual Review and Recertification

An annual review and recertification of the Seller will be conducted. The seller will be required to provide previous year and YTD financials, as well as notice of any non-material changes or updates that may have occurred between reviews. The Seller is required to immediately update and forward notice of any material financial, organizational, and procedural changes to FIRST COLONY WHOLESale including but not limited to any suspension or termination of its licensing or lending authority; Seller is under investigation or suspended from any governmental agencies or trade group. The Seller is required to re-execute the MLPSA reflecting any updates by FIRST COLONY WHOLESale.

## Website Information

FIRST COLONY WHOLESale provides a variety of information to assist Sellers in doing business with FIRST COLONY WHOLESale. Upon approval with FIRST COLONY WHOLESale, each Seller will be issued a unique login ID and password to the Portal. Instructions for accessing and changing the password(s) will be provided. The seller is responsible for controlling who has access to sign-on IDs and Passwords. The Login ID will grant access to the secured Portal to register, lock, submit, and upload packages to FIRST COLONY WHOLESale.

FIRST COLONY WHOLESale [FCM FUEL Portal](#)

Information Available via FIRST COLONY WHOLESale Portal:

- Pricing/Locking, Registration, and Loan Submission
- Documents Upload
- News/Announcements
- Non-Del Correspondent Lending Sellers Guide
- FIRST COLONY WHOLESale. Product Guidelines
- Forms
- System/Process Tutorials
- Policies

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## CHAPTER 2 – PRICING AND LOCK POLICY

### Overview

First Colony Mortgage's ("FCM") Third Party Origination ("TPO") Lock Policy outlines the procedures and requirements for locking interest rates, ensuring compliance with applicable guidelines and available lock terms.

An interest rate "lock" secures the rate offered to the consumer at the time of the request for a defined period.

Locking a rate does not guarantee loan approval or consumer eligibility, and it is not tied to the loan's underwriting decision.

### Lock Desk Information

FCM FUEL (<https://fuel.fcmtpo.com>) is FCM's platform for managing rate locks and other TPO functions. While some lock functions can be completed directly within FCM FUEL, Lock Desk assistance may be required for certain scenarios.

These include, but are not limited to:

- Loan characteristic or program/product change requests
- Lock extensions
- Pricing discrepancies
- Lock policy questions
- Lock cancellations

### Lock Desk Staffed Hours

The Lock Desk is available to assist with rate lock-related inquiries during the following business hours:

- Monday - Friday: 8:00 a.m. – 9:00 p.m. ET

### Contact Information

For rate lock-related questions or assistance, the Lock Desk can be reached at:

- Email: [LockDesk@FCMTPO.com](mailto:LockDesk@FCMTPO.com)
- Phone: 801-854-1122

### Daily Pricing and Distribution Times

FCM distributes pricing Monday through Friday via email. The current rate sheet is also accessible on the FCM FUEL website.

All pricing shown in FCM FUEL includes applicable loan-level price adjustments (LLPAs).

### Lock Window Hours

- **Agency Pricing:** Available Monday–Thursday from 9:30 a.m. ET to midnight ET, and from 9:30 a.m. ET Friday through midnight ET Sunday. Weekend locks are accepted.
- **Non-QM Sharp Advantage Pricing:** Available Monday–Thursday from 11:30 a.m. ET to midnight ET, and from 11:30 a.m. ET Friday through midnight ET Sunday. Weekend locks are accepted.
- **Jumbo:** Available Monday–Friday from 11:30 a.m. ET to 8:00 p.m. ET. Weekend locks are not accepted after 8:00 p.m. ET on Friday.

## Price Changes

Fluctuating market conditions, averaging approximately +/-0.125%, may result in intraday price changes (“Price Changes”). All Price Changes are communicated via email from the Pricing Desk using the same channels as initial pricing distribution.

Any rate lock requests submitted after a Price Change are subject to the updated pricing, regardless of whether the Broker has received the email notification.

Lock availability during a Price Change depends on market movement at the time of the update. Notifications are emailed with subject lines as described below.

## Worsening Market Conditions:

Locking is temporarily disabled in FCM FUEL while rates and pricing are being updated due to market deterioration. The following subject lines will be used during this time:

- **Price Change In Progress – Agency**
- **Price Change In Progress - Non Agency**

Once the reprice is complete and new rates are live in FUEL, locking is restored. The following subject lines will be used to indicate completion of the update:

- **Intra-day Price Change Completed - Pricing Now Available – Agency Degraded**
- **Intra-day Price Change Completed - Pricing Now Available - Non Agency - Degraded**

## Improving Market Conditions:

When pricing improves, locking remains available throughout the update process. The following subject lines will be used to indicate that improved pricing is now active:

- **Intra-day Price Change Completed - Pricing Now Available - Agency Improvement**
- **Intra-day Price Change Completed - Pricing Now Available - Non Agency Improvement**

## Confirmation Policy

All rate lock requests must be submitted through FCM FUEL. Access to the portal requires a valid username and password. Clients are solely responsible for ensuring the accuracy of all data entered or uploaded into the system. FCM TPO is not responsible for errors resulting from incorrect or incomplete information.

A rate lock is not considered confirmed until the lock request has been processed and acknowledged in FCM FUEL. Until confirmation, the rate remains in a floating status and is subject to market fluctuations. Once confirmed, the rate is secured for the duration of the lock period.

After a lock is confirmed, a confirmation PDF will be posted in FCM FUEL, and the designated client contact will receive an email notification with a link to the confirmation. Clients are expected to review the lock confirmation and notify the Lock Desk within 24 hours of any discrepancies. Corrections requested after 24 hours will be subject to FCM’s reprice, extension, and/or re-lock policy.

## Lock Transfers

A lock may only be transferred to a new loan number when there is a valid compliance-related reason. In such cases, the original lock pricing will be carried over to the new loan.

## Loan Changes

All loan data changes such as updates to credit score, loan amount, or Loan-to-Value (“LTV”) must be submitted as a Change in Circumstance through the FCM FUEL Portal. These changes will be priced based on the original lock date. Program changes must also be submitted through FCM FUEL and may be subject to worst-case pricing, as outlined in the table below. This includes changes made in the reverse direction of those shown. For example, if the table shows a change from Conventional to FHA, the same worst-case pricing logic applies when changing from FHA to Conventional.

Original Program	New Program	Pricing
Conventional 30-year Fixed	Government 30-year Fixed	Worst Case
Any Conventional Fixed Rate	Any Conventional ARM	Worst Case
Any Government Fixed Rate	Any Government ARM	Worst Case
Conventional 30-year Fixed	Conventional 15-year Fixed	Worst Case
Conventional 30-year Fixed	Conventional 20-year Fixed	Lock Date
Government 20-year Fixed	Government 10-year Fixed	Worst Case
Government 20-year Fixed	Government 25-year Fixed	Lock Date
Any Conventional High Balance	Any LUX JUMBO Product, including AUS	Worst Case
Any Conventional Product	Any Sharp Product	Worst Case
Any LUX JUMBO Product, including AUS	Any LUX JUMBO Product, including AUS	Worst Case
Any LUX JUMBO Product, including AUS	Any Sharp Advantage Product	Worst Case
Any Sharp Advantage Fixed Rate	Any Sharp Advantage ARM	Worst Case
Sharp Advantage DSCR	Sharp Advantage Full/Alt Doc	Lock Date

### Note:

- Changing the loan term within the 16-30 year range (e.g., from 20 years to 30 years) or within the 10-15 year range (e.g., from 10 years to 15 years) will **not** result in worst-case pricing.
- **Worst-case pricing** will apply when changing from a 16-30 year range to a 10-15 year range, or vice versa.

- **Worst-case pricing** applies to **any changes** within the **LUX JUMBO**, including **AUS** or **Sharp Advantage** product suites.

### Duplicate Locks

Duplicate lock requests will not be accepted. FCM allows only one active lock per borrower(s) and property address combination.

### Canceled Loans/Locks

Brokers are responsible for managing their loan pipeline and must promptly notify their Account Manager if a loan is canceled.

The Account Manager is responsible for ensuring the loan’s status is accurately updated in the Loan Origination System (LOS). If the status is one of the following, the system will automatically trigger a lock cancellation request to the Lock Desk:

- Application approved but not accepted
- Application denied
- Application withdrawn
- File closed for incompleteness
- Preapproval request denied by financial institution
- Preapproval request approved but not accepted

**Note:** Same-day reinstatement of a canceled lock is permitted for Agency products only. For Non-Agency products, canceled locks cannot be reinstated and will require a relock, subject to worst-case pricing.

### Loan File Setup and Underwriting Submission Requirement

To maintain rate protection and support efficient pipeline management, loans must reach Loan Setup Complete status in FUEL and be submitted to Underwriting within the required timeframes. All timeframes are measured in calendar days from the initial lock date. The table below outlines the applicable requirements.

Lock Period	Agency	Non-Agency
30 Days	10 Calendar Days	10 Calendar Days
45 Days	15 Calendar Days	15 Calendar Days
60 Days	15 Calendar Days	15 Calendar Days
90 Days	25 Calendar Days	25 Calendar Days

**Note:** If the loan has not reached *Loan Setup Complete* and been *submitted to Underwriting* within the required timeframe shown above, the lock will be automatically canceled and will be subject to worst-case pricing policies at the time of re-lock.

### Property Address

Lock requests will not be accepted if the property address is listed as “TBD” in FCM FUEL. A valid subject property address is required to complete the lock process.

### Geographic Lending Area

Please refer to [First Colony Mortgage's Licensing Map](#) for the most up-to-date list of approved lending states.  
 Loan Amount Minimum

Minimum loan amount requirements may vary by product. For the most current information, refer to the Resource Center in FCM FUEL.

### Lock Expiration

Locks remain valid through their expiration date and will expire at midnight ET on that day unless extended. If the expiration date falls on a weekend or company holiday, the lock will automatically roll to the following business day. An expired rate lock cannot be extended. Locks must remain valid through the loan’s funding date and may require an extension or relock if they are set to expire beforehand. For purchase transactions, the lock expiration date must be equal to or greater than the closing date reflected on the purchase contract.

**Note:** For Non-Delegated Correspondent loans, lock expirations must be valid through loan delivery. Refer to the Non-Delegated Correspondent Loan Delivery section below for additional information.

### Non-Delegated Correspondent Loan Delivery

NDCs must deliver the closed loan file by the earlier of the lock expiration date or three (3) calendar days after the Closing Date.

Loans delivered for purchase after the lock expiration date are subject to the following:

- If the current market is better at the time of delivery, a late delivery fee of 0.125% will apply.
- If the current market is worse, the loan will be subject to worst-case pricing based on the file delivery date.

Loans must be cleared for purchase within 10 calendar days of the lock expiration date. If additional time is required to cure deficiencies, a daily charge of 2 bps (0.02%) will apply until the loan is cleared for purchase.

### Non-Delegated Correspondent Pair-Off Fees

NDCs may be assessed a pair-off fee if a loan closes but is not delivered to FCM for purchase (e.g., if the Seller withdraws or cancels the loan). This fee does not apply if the loan is canceled by the borrower or denied by FCM. The fee is based on the difference between the original lock price and the market price at the time of cancellation or lock expiration, whichever occurs first.

A minimum pair-off fee of 0.25% (25 bps) will apply regardless of market movement if the closed loan is not delivered.

The table below illustrates how the pair-off fee is calculated under different market scenarios:

	Current Market Worse	Current Market Better	Current Market Unchanged
<b>Benchmark price day of lock</b>	103.500	103.500	103.500
<b>Current benchmark price</b>	102.750	104.000	103.500
<b>Price Spread</b>	(0.750)	0.500	0.00
<b>Minimum Pair-off fee</b>	0.750	0.500	.250

## FUEL Rewards

FUEL Rewards points may be redeemed within the FCM FUEL Portal. The following guidelines govern their use:

- Accounts must apply available FUEL points before requesting a pricing concession.
- Fuel points may not be used in conjunction with concessions.
- Fuel Reward cap: 25 bps on all loan types, except Conventional, which is capped at 12.5 bps.

## Product Offerings

FCM offers a broad range of loan programs, categorized as follows:

- **Agency products** –Conventional loans backed by Government-Sponsored Enterprises (“GSEs”) such as Fannie Mae and Freddie Mac, and Government-insured loans through FHA, VA, and USDA.
- **Non-Agency products** –Jumbo, Non-QM, DSCR, and other proprietary programs.

Lock policies and eligibility requirements may vary by product category. The following sections outline specific lock policy guidelines for Agency and Non-Agency loan types, respectively.

For a complete list of approved offerings and detailed product guidelines, please refer to the FCM FUEL Resource Center.

## Agency Product Information

### Agency Product Lock Window

Agency product lock requests are accepted from the time rates are first posted (“Initial Price Posting”) in FCM FUEL until the applicable lock window closes. For additional information, refer to the section titled Lock Window Hours.

If a Broker submits an initial lock or relock request in error, they may request to have the lock marked as void in FCM FUEL (a “Void Request”). Void Requests must be submitted via email to the Lock Desk on the same business day the lock was submitted and during published Lock Desk Staffed Hours. Submissions made outside of staffed hours will not be accepted.

If an intraday price improvement has occurred, a valid compliance-related reason must be provided for the Void Request to be approved.

### Agency Lock Periods

- 15 days
- 30 days
- 45 days
- 60 days
- 75 days
- 90 days

### Agency Lock Extensions

Agency product lock extension requests must be submitted through the FCM FUEL Portal and will be accepted until midnight ET on the lock’s expiration date.

Extensions are automatically confirmed once submitted in FCM FUEL and cannot be voided once completed.

Agency lock extensions are priced at 2 bps (0.02%) per day, calculated based on the loan amount. FCM permits lock extensions up to a maximum of 30 calendar days beyond the original lock expiration date. Extension requests exceeding this limit will be treated as a relock of an expired lock and subject to applicable relock policies.

**Agency Free Lock Extension Policy**

A lock is eligible for a one-time, 3-day extension at no cost if all of the following criteria are met:

- The initial lock period was greater than 15 days (loans originally locked for 15 days are not eligible).
- The current market base price is equal to or better than the original base price, using the same lock term.
  - *Example: If the loan was originally locked on a 45-day term, the current 45-day market price is used for comparison.*
- The lock has not been previously extended or re-locked.
- The request is submitted within 7 calendar days of the current lock expiration date.

**Note:** If the 3-day extension ends on a weekend or holiday, it will roll to the next business day—as long as it stays within the 3-day limit. (A business day excludes Saturdays, Sundays, and federal holidays.)

**Agency Relock Policy**

Brokers can submit a relock request for loans with an expired lock. Relocks are unavailable on discontinued products or rates no longer offered on FCM’s current market rate sheet. Any product guideline changes to active products will apply to relocks.

If the Broker submits a relock request on a loan where the original lock expired less than or equal to 30 days before the relock request, the lock is subject to worst-case pricing and a relock fee of 25 bps (0.25% of the loan amount). Worst-case pricing compares the original lock scenario at the current market pricing to the initial lock pricing, including extension costs. Any existing extension fees are removed if the current pricing is worse than the initial lock pricing plus extension fees. In the following example, the extension fees would be removed.

Initial Lock Scenario plus extension fees	vs.	Initial Lock Scenario at current market
100.500 + (-.375 extension fees) = 100.125		100.000

The relock period must be less than or equal to the original lock period. However, the relock price will correspond to the pricing for the original lock term. The net price cannot improve through a relock (notwithstanding the 25 bps relock fee) on a lock that has expired for 30 days or less. Locks that have expired for 31 days or more will be relocked at current market pricing with no relock fee or previous extension costs.

**Agency Escrow/Impound Waivers**

First Colony Mortgage offers impound or escrow accounts for the payment of property taxes, hazard insurance, flood insurance, other required insurance, and mortgage insurance monthly premiums. A borrower may opt to waive escrow account establishment on a conventional loan if it meets the following provisions unless required by law. Pricing adjustments may apply on escrow waivers unless prohibited by state law.

- Impound or escrow accounts may be required based on Loan-to-Value (“LTV”), state regulations, or product guidelines.

- First Colony Mortgage offers partial escrow accounts for loans that do not require flood insurance (only property tax escrow or hazard insurance escrow).
- Escrow or impound waivers are not permitted on FHA, VA and USDA loan transactions.
  - **Note:** If a veteran is exempt from property taxes, an escrow account for taxes is not required.
- Escrow or impound waivers are not permitted on high-priced mortgage loans (“HPML”).
- Loans with a subject property in a flood zone cannot waive the requirement to establish a flood insurance escrow account. For transactions that require flood insurance, the premiums related to flood insurance must be escrowed. Escrows for these premiums may not be waived, regardless of LTV. No escrow is required if a condominium association pays flood insurance premiums, a homeowner’s association, or other groups.

State	LTV Requirements to Waive Escrow
All states excluding California and New Mexico	<ul style="list-style-type: none"> <li>• Less than or equal to 80% LTV</li> </ul>
California	<ul style="list-style-type: none"> <li>• <b>Primary Residence:</b> Less than or equal to 89.99% LTV</li> <li>• Subordinate Financing Transactions: Maximum CLTV 80% of the appraised value</li> </ul>
New Mexico	<ul style="list-style-type: none"> <li>• <b>Primary Residence:</b> Maximum 79.99% of the sales price or appraised value.</li> <li>• <b>Secondary Residence and Investment Property:</b> Less than or equal to 80%</li> </ul>

**Note:** Escrow waivers are not allowed on Fannie Mae HomeReady and Freddie Mac Home Possible loans.

**Agency Rate Renegotiations**

A rate renegotiation is a type of concession. This policy provides guidance in determining if the concession type qualifies as a rate renegotiation.

When a significant improvement in the interest rate environment puts a loan at risk of being canceled, the Lock Desk will evaluate the request per the guidelines set forth in the Rate Renegotiation Guidelines below.

Engaging in a rate renegotiation concession will result in a reduction of margin. Any decision to execute a rate renegotiation concession must follow the requesting Account Executive’s approval process for concessions.

**Rate Renegotiation Guidelines**

Once the Lock Desk determines a loan meets the outlined parameters, the Account Executive must determine if a rate renegotiation concession is appropriate for the loan. Rate renegotiation concession requests should be submitted to

the Senior Vice President (SVP) responsible for approving pricing concessions.

The following guidelines are used to determine if a renegotiation request qualifies:

- Market improvement of at least 75 bps (or 0.75%) in base price to base price.
- Each loan is limited to one rate renegotiation.
- Rate renegotiations are permitted on Agency products only.
- The loan must have an underwriting **Approved** status in FUEL.
- Rate renegotiations must result in a rate decrease of at least 0.125%.
- The cost to renegotiate the rate is a price adjustment of 50 bps (.50%). The renegotiated rate is determined by taking the rate associated with the current-market base price that is closest to, but not below, the initially locked base price and adding a cost of 50 basis points (bps).

**Important:** Referencing the current market's rate sheet is solely for rate calculation purposes. Engaging in rate renegotiation will not yield current market pricing.

## Non-Agency Product Information

For Non-Agency locks, it is the FUEL portal user's responsibility to review the full program guidelines for the product they are locking. Certain loan parameters, such as prepayment penalty requirements, declining markets, or other property-specific restrictions may not be accounted for in the pricing engine and could impact loan eligibility. It is critical that FUEL users verify program eligibility using resources such as the Eligibility Matrix and Underwriting Guidelines to avoid potential issues post-lock.

### Non-Agency Product Lock Window

- **Non-QM Sharp Advantage Pricing:** Available Monday–Thursday from 11:30 a.m. ET to midnight ET, and from 11:30 a.m. ET Friday through midnight ET Sunday. Weekend locks are accepted.
- **Jumbo:** Available Monday–Friday from 11:30 a.m. ET to 8:00 p.m. ET. Weekend locks are not accepted after 8:00 p.m. ET on Friday.

## Non-Agency Lock Periods

- 15 days
- 30 days
- 45 days
- 60 days (*available depending on product; refer to the current rate sheet for availability*)

## Non-Agency Lock Extensions & Relocks

Relock and extension terms for Non-Agency products vary by product type.

Non-Agency lock extension requests must be submitted through the FCM FUEL Portal and are accepted until midnight ET on the lock's expiration date. Extensions are automatically confirmed and cannot be voided once completed. The

cost for a Non-Agency lock extension is two basis points (0.02% of the loan amount) per day. Maximum allowable extension days and total lock periods (including extensions) vary by product, as shown in the table below.

Brokers may submit a relock request for loans with an expired lock. Relocks are not available for discontinued products or for rates no longer offered on FCM’s current market rate sheet. Any product guideline changes to active products will apply to relocks. Relock terms are product-specific and included in the table below.

Product Name	Lock Extensions	Worst Case Pricing Period	Relock Fee	Maximum Relock Period
<b>JUMBO LUX AUS</b>	Maximum of 30 extension days; limit two extensions per loan.	60 Days	25 bps (.25%)	15 Days
<b>JUMBO LUX (I)</b>	Total lock period (including extensions) may not exceed 75 days.	30 Days	30 bps (.30%)	15 Days
<b>Sharp Advantage</b>	Maximum of 30 extension days	30 Days	25 bps (.25%)	Relock period cannot exceed original lock period.

**Non-Agency Escrow/Impound Waivers**

For the most up-to-date information on escrow waiver requirements, please visit the Resource Center in FCM FUEL and review the applicable product guidelines.

**Non-Agency Property Address Changes**

For Jumbo products, if the subject property address changes (except for minor numerical or spelling errors), the Broker must start a new loan in FCM FUEL with a new loan number, resulting in a new lock at the current market pricing.

**New York CEMA Refinance Locks**

For New York CEMA (Consolidation, Extension, and Modification Agreement) refinance transactions, the following applies:

- **Notification** – Once Abrams Garfinkel Margolis Bergson, LLP (AGMB) confirms the CEMA, the Loan Originator must notify the Lock Desk at LockDesk@FCMTPO.com so the loan can be flagged as a CEMA refinance in Encompass.
- **Lock Timing** – Due to extended timelines, Brokers are encouraged to wait until collateral has been cleared by AGMB before requesting a lock. The CEMA process may take 30–60 business days for the existing lender to

release collateral documents, with total closing timelines of up to 75 days.

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## Best Effort Commitments

The Seller commits to deliver an individual mortgage loan of a specified principal amount and program criteria to FIRST COLONY WHOLESale. The Seller makes a best effort to deliver the loan to FIRST COLONY WHOLESale prior to the rate lock commitment expiration date.

- Loans are subject to 100% due diligence review.
- Seasoned Loans are considered on a case-by-case basis. Additional LLPA's could apply. A "Seasoned Loan" is a loan submitted for purchase greater than 30 days from the closing date.
- Closed loans should reflect the terms of original commitment.
- Final audits are conducted to ensure loans are funded as expected. Sellers are notified of any pricing adjustments needed at the time of loan purchase if pricing is not correct due to audit findings.
- Loans resubmitted after being denied cannot lock in until the new loan is approved.

***Note: To the extent a loan closes, failure to deliver the closed loan will result in a "pair-off" fee. Refer to the Pair-Off Fee section below for more information.***

***\*\*Mandatory Commitments are Not Applicable to Non-Del CORRESPONDENT currently.***

## Commitment Management

The seller is solely responsible for ensuring only authorized persons enter commitments with FIRST COLONY WHOLESale.

***Note: FIRST COLONY WHOLESale do not maintain active lists of authorized employees for the Seller.***

FIRST COLONY WHOLESale relies on the Seller to provide accurate data with all commitment requests. Loans locked with inaccurate information are subject to a Pair-off fee if FIRST COLONY WHOLESale cannot purchase the loan due to inaccurate information.

## Miscellaneous Pricing Information

FIRST COLONY WHOLESale reserves the right to charge an upfront fee for delivery commitments to Sellers with excessive fallout, as defined by FIRST COLONY WHOLESale in its exclusive description. Confirmed double Best Effort commitments will be subject to a pair-off fee. Renegotiation of loan terms and pricing of any existing delivery commitment is not allowed.

## **Cancellations/Fallout**

If Seller knows a loan will not close within the lock period, Seller should notify the Lock Desk and modify the lock as soon as possible.

Excessive cancellations, fallout, or pair-offs will be grounds for review and reconsideration of Seller approval. FIRST COLONY WHOLESALE will review cancelled Best Effort commitments and should FIRST COLONY WHOLESALE determine the loan did close, the Seller will be assessed a Pair-off fee for the non-delivery of the full commitment amount.

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## **Errors and Omissions**

FIRST COLONY WHOLESale is responsible for providing updated loan program information and accurate pricing. FIRST COLONY WHOLESale reserves the right to correct any published pricing or product guideline errors. The pricing adjustment matrix should not be used to determine product eligibility.

## **CHAPTER 3 - UNDERWRITING POLICIES AND PROCEDURES**

### **Automated Underwriting**

Sellers are responsible for submitting the loan application through an approved Automated Underwriting System, Desktop Underwriter (DU), Loan Prospector (LPA), RD/USDA Guaranteed Underwriting System (GUS).

### **Submission to DU, LPA**

Sellers shall use the FIRST COLONY WHOLESale Portal to access and submit loans to Fannie Mae DU & Freddie Mac LPA. The final DU Underwriting Findings Report must be submitted with the Initial Loan Submission to FIRST COLONY WHOLESale for review. Loans must receive a Risk Class or Eligibility decision of DU Approved/Eligible or LPA Risk Class Eligibility of Accept unless a manual underwrite is permitted.

### **Submission to GUS**

Sellers shall use the [Guaranteed Underwriting System \(GUS\)](#) to access and submit loans to GUS. The GUS Underwriting Findings Report with a GUS Underwriting Recommendation of at least Accept, Refer, Refer with Caution must be submitted to FIRST COLONY WHOLESale at time of Initial Loan Submission. GUS Underwriting Recommendation of "Ineligible" do not meet regulations and cannot be submitted.

### **Credit Package Documentation Submission Minimum Standards**

The type of loan documentation used to verify the borrower's employment, income and asset information varies depending on the loan program and program requirements. Always refer to the specific loan product and the AUS findings report to determine documentation eligibility.

In addition to any AUS or program requirements, FIRST COLONY WHOLESale also requires the following documentation in each file submitted for underwriting. Missing items will be conditions to be met prior to purchasing the loan.

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## IRS Form 4506-C (Rev. 10-2022)

All borrowers whose income is used to qualify must sign and date a completed and unexpired IRS Form 4506-C at application, and at closing. Form must be completed in accordance with IVES processing requirements. For loan files in which the borrower will be qualified using business income, a separate IRS Form 4506-C listing the Business Name must be provided (completed, executed) in addition to the 4506-C in the borrower's name. All borrowers must also execute a Taxpayer Consent Form at closing

If a loan file is selected by FIRST COLONY WHOLESale for Post-Purchase QC review, and the IRS Form 4506-C is not able to be processed, the Seller will be required to provide an updated IRS Form 4506-C or provide the required transcripts.

Form 4506-C must be filled out properly and completely in order for the IRS to process the transcript request. A separate form 4506-C must be provided for each tax form number that requires validation (i.e., 1040, 1120, 1065).

### The following fields must be completed on the Form 4506-C:

- Line 1a Borrower's name on the Federal Income Tax returns when they were filed.
- Line 1b Borrower's Social Security number listed on the application.
- Line 1c Borrower's name shown on the last return filed if different from line 1a.
  
- Line 2a Co-borrower's name on the Federal Income Tax returns when they were filed.
- Line 2b Co-borrower's Social Security number listed on the application.
- Line 2c Co-borrower's name shown on the last return filed if different from line 2a.
- Line 3 Borrower's current mailing address as listed on the application.
  
- Line 4 Borrower's address shown on the last return field if different from the address entered on line 3.
  
- Line 5a Enter the following: CoreLogic Credco, 40 Pacifica #900, Irvine, CA 92618, SOR mailbox ID: CLGX4506T  
*\*NDC3 Correspondents can list their company's Tax verification Service Address.*
- Line 5d Enter First Colony Mortgage Corporation information (Unless NDC3 listing their company's tax verification service address in section 5a, then enter NDC3 company info).
  
- Line 6 Enter the tax form number that requires validation. A separate Form 4506-C must be provided for each tax form number that requires validation (i.e., 1040, 1120, 1065).
- Line 6a–c Mark applicable box. Line 7 Leave this box blank.
- Line 8 Complete the dates of the most recent tax years requested, i.e. 12/31/2021, 12/31/2022.

- Signature      Signature/ Signatory attestation box must be marked. Borrower must sign and date the forms, & date one (1) at application and one (1) at closing.  
On joint Federal Income Tax returns a single Form 4506-C can be used for both taxpayers and requires only one (1) signature.  
Forms filed separately by the borrower and co-borrower, a single Form 4506-C for each individual must be completed and signed.
- Telephone      Insert the borrower's telephone number where they can be reached during normal daytime business hours.

***\*\*If the information entered on the form differs from that shown above, correspondent will be responsible for obtaining corrected 4506-C signed by borrower(s) prior to loan purchase.***

## **Fannie Mae LQI Compliance Documentation**

All Conventional loans must show evidence of compliance with FNMA's Loan Quality Initiative, including but not limited to credit monitoring for all borrowers via Undisclosed Debt Monitoring vendor, or in the form of a soft credit report pulled prior to closing; the use of various fraud detection tools to monitor MERS regarding borrower property liens, third party fraud checks, and data integrity check on AUS findings, prior to loan being cleared for closing. FIRST COLONY WHOLESale will maintain compliance with LQI unless otherwise stated/agreed to.

## **Power of Attorney (POA) Closings**

For any loan closing with a Power of Attorney (POA), a copy of the Special or Limited (Specific to the transaction) POA must be included in the credit package. In addition, the following requirements must be met.

### POA requirements for ALL loan programs:

- Initial 1003 must be signed by borrower.
- Statement that the attorney-in-fact has no financial interest in the transaction (i.e. real estate agent, broker).
- Title commitment must have no exceptions to POA and must guarantee first lien position.
- POA must be notarized and include a notary acknowledgement.
- Must be acceptable and in compliance with State law(s) to the extent that the mortgage can be legally enforced in that jurisdiction, and clear title can be conveyed in the event of foreclosure.
- Must meet Signature Requirements for Security Instruments and Signature Requirements for Notes as indicated in the applicable Agency Selling Guide.

POA requirements specific to Federal Housing Authority-FHA loan transactions:

- All borrowers must sign the initial 1003 and 92900a as individuals
- Must meet FHA POA requirements as noted in FHA 4000.1.

POA requirements specific to Department of Veterans Affairs-VA loan transactions

- POA must meet all requirements as indicated in Chapter 9 of the VA Lenders Handbook M26-7
- In addition, at the time of loan closing, the lender must:
  - Verify that the veteran is alive, and, if on active military duty, not missing in action (MIA), and
  - Make the following certification:

“The undersigned lender certifies that written evidence in the form of correspondence from the Veteran or, if on active military duty, statement of his or her commanding officer (including statement of person authorized to act for said officer), affirmatively indicating that the Veteran was alive and, if the veteran is on active military duty, not missing in action status on (date), was examined by the undersigned and that the said date is on or subsequent (not prior) to the date the note and security instruments were executed on the Veteran’s behalf by the attorney-in-fact.”

***Note: POA’s are not permitted on any Investment Properties, Second homes or Cash-out transactions, regardless of product type.***

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## Non-Delegated Loan Submission Standards

Seller(s) is responsible for the delivery of all required Federal, State, local, FHA, VA, USDA and/or any other program specific disclosures within statutory timeframes and for managing all communication with the borrower(s) at all times until the loan has been purchased by FIRST COLONY WHOLESale. Seller(s) will be responsible for submitting data to the AUS and for gathering the documentation as required by the program guidelines and AUS findings.

All loan files must contain the following minimum documentation to request initial underwrite:

- Fully completed and executed 1003.
- All required, properly executed disclosures.
- Complete copy of AUS findings
- Merged credit report for all borrowers
- Income and Asset documentation as per product guidelines.
- Signed and Executed IRS 4506-C and applicable transcripts.
- Purchase transactions-Sales contract and any required addenda or disclosures, signed and dated by all parties, unless property has not yet been identified and loan is being submitted as a TBD.

Prior to loan being cleared for close, all loan files must contain the following documentation:

- Sales Contract and any required addenda or disclosures along with earnest money deposit check and source of funds as applicable
- Current mortgage statement if applicable
- Hazard Insurance Policy
- Payoff Demand
- Preliminary Title Report
- In addition to all other Prior to Doc underwriting conditions.

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## CHAPTER 4 - CLOSING POLICIES AND PROCEDURES

### Closing the Loan

FIRST COLONY WHOLESale will purchase loans only when all underwriting and closing conditions have been met and the loan has been Clear to Close by FIRST COLONY WHOLESale Credit Underwriter and/or designated due diligence, as applicable. Loans closed prior to FIRST COLONY WHOLESale issuing a Clear to Close are ineligible for purchase by FIRST COLONY WHOLESale. All closed loans submitted for purchase to FIRST COLONY WHOLESale must comply with the standards as described in this section.

### Escrow Holdback Policy

FIRST COLONY WHOLESale does not allow for repair escrow holdbacks at this time.

### Prepaid Interest Policy

FIRST COLONY WHOLESale will purchase loans with interest-credit. Loan must fund no later than 7 calendar days into the month.

### Impound/Escrow Accounts

Impound/Escrow accounts for the payment of property taxes and/or property insurance will be maintained as a general rule on all loans. Certain loan programs may permit the waiver of impound/escrow accounts being established. The waiver may result in an additional fee to be charged. Refer to program guidelines and pricing policy for up-to-date program-specific impound and escrow guidance. If a property is determined to be in a flood zone, an impound/escrow account for flood insurance is mandatory and may not be waived.

Sellers are responsible for all escrow payments due to insurance providers, county/city/etc. tax collectors, and mortgage insurance carriers (as applicable), until FIRST COLONY WHOLESale 's first payment date.

### Requirements for Trust Closings

#### Inter Vivos (Revocable) Trust

FIRST COLONY WHOLESale will purchase loans held in Inter Vivos "Living" Trusts in accordance with all requirements outlined in the specific Agency or Program Selling Guide, and in accordance with any/all Federal and/or State regulations, provided that the complete Trust documents or Certificate of Trust have been submitted to FIRST COLONY WHOLESale for review by FIRST COLONY WHOLESale legal counsel and any/all conditions of the review have been met, prior to loan closing.

***Note: Some products may restrict the closing of loans in a Trust. Review product guidelines for eligibility.***

## **Requirements for all Trusts**

- Primary or second homes only.
- Borrower(s) must be creator(s) of the Trust. (The creators are usually called the Grantor(s), Settler(s), or Trustor(s)).
- The Borrower(s) must be the Trustee(s) of the Trust.
- The Trust must be revocable.
- The Borrower(s) must be the primary beneficiary of the Trust.
- The Trustee(s) must have the authority to borrow money and pledge the Trust property as security.

For any loan closing in the name of an Inter-Vivos Revocable Trust, the following documents are required for submission to underwriting:

- Copy of trust and certification letter, if required or permitted under state law
- Title commitment showing complete 24-month history. The commitment must identify the transfer dates, all lenders, all buyers, and all sales prices.

Trust documents or a Certificate of Trust, as permitted under state law, by the title company are required for review and must meet FIRST COLONY WHOLESALE and Agency requirements for approval.

## **Required Signatures**

All loan documents must be signed in accordance with the specific Agency or Program Selling Guide. Failure to have the loan documents signed correctly will result in the loan being ineligible for purchase.

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## Formats for Signatures

Signatures must include the name and date of the Trust as well as the name and title of Trustees. Those individuals on the Trust as borrowers must sign both as Trustee or Co-Trustee and individually:

- Jane Doe, individually, and as Co-Trustee of the Jane Doe Revocable Trust under Trust instrument dated month, day, year for the benefit of Jane Doe.

Any individual who is a Trustee but NOT a borrower will sign only as a Trustee:

- John Doe, Co-Trustee of the Jane Doe Revocable Trust under instrument dated month, day, year for the benefit of Jane Doe.

If there is a borrower on the Note who is not a Trustee or Co-Trustee of the Trust that the loan is closing in, that Borrower must sign as an individual only.

**Example:** John Jones (Borrower 1) is not a Trustee or Co-Trustee of the Trust that the loan is closing in. Jane Jones (borrower 2) is the only trustee of the Trust that the loan is closing in.

Signature lines should be as follows:

- John Jones, Individually
- Jane Jones, Individually, and as Trustee for the Jane Jones Revocable Trust under Trust instrument dated month, day, year for the benefit of Jane Jones.

FIRST COLONY WHOLESALE does not allow the use of a POA for any Trustee or Co-Trustee.

## Signatures/Signature/Name Affidavit

The borrower(s) must sign documents consistently and exactly as their name appears on all mortgage loan documentation. A Name Affidavit executed by the borrower(s) is required on all loans to account for any name inconsistencies or unclear or indecipherable signatures within the closed loan file.

VA Loans: If the borrower's name as it appears on the VA Certificate of Eligibility differs from the borrower's legal name on the closing documents, the name variance must be reflected on the Signature/Name Affidavit.

## Insurance Requirements

The closed loan file must contain insurance policies with effective dates no later than the funding date on the Final Closing Disclosure. All transactions must contain a copy of the insurance policy along with a paid receipt for the annual premium. Evidence of payment may include:

- Paid receipt from the insurance agent
- Itemized as paid on the CD (This does not include premiums paid POC)
- Zero balance shown on the declarations page

Refinance transactions must include renewal policies if expiring within 30 days from the FIRST COLONY WHOLESALE purchase date. The policy must be renewed for a minimum of 12 months.

The following documentation is required:

- Declarations page for the renewal policy evidencing acceptable dates of coverage.
- Evidence the renewal premium has been paid in full. If the premium is disbursed from the escrow account, the NDC2/NDC3 Correspondent must provide a current pay history meeting the guidelines as referenced in the Pay History Requirements section above.
- Refinance transactions where escrows are being waived and the current hazard insurance policy is set up to
  - pay in installments will require either
  - Evidence current policy is paid in full; or
  - Evidence current policy is paid current (through later of either closing or disbursement date)

Upon loan purchase, a mortgagee change letter should be sent to the homeowner's insurance company.

FIRST COLONY WHOLESALE Mortgagee Clause is as follows:

First Colony Mortgage Corporation, ISAOA, ATIMA Loan Number  
500 East Park Avenue, Suite 900  
Orem, UT 84097

### **Property Insurance**

FIRST COLONY WHOLESALE requires property insurance coverage to include perils that include fire or lightning, explosion, windstorm, hail, smoke, aircraft, vehicles, riot, or civil commotion. If a property insurance policy excludes or limits coverage, the borrower must obtain an acceptable standalone policy that provides adequate coverage for the limited or excluded peril. Claims must be settled on a replacement cost basis. In certain instances, additional coverage may be required in accordance with a specific Agency or Program Selling Guide. The insurance coverage must include at a minimum Hazard Insurance, Flood Insurance for properties in a designated flood zone, and Wind Insurance if the hazard policy does not cover wind damage.

***\*\*Please note that FLORIDA insurance agents/companies, can no longer supply Replacement Cost Estimators\*\****

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For Attached Condominium and PUD projects, a copy of the Projects Master Policy (“blanket” policy) is required. If Master Policy does not provide all-in coverage, including betterments and improvements, then HO-6 policy must be obtained. The HO-6 policy must provide coverage as determined by insurer with a 5% maximum deductible. Additionally, an impound/escrow account must be established for the HO-6 when an impound/escrow account is required.

### **Hazard Insurance Deductibles**

For Conventional, FHA and VA the maximum deductible may be up to 5% of the amount of the policy, unless a higher maximum amount is required by state law. If individual deductibles apply to losses from named perils (such as fire, water not caused by flooding, or wind), then each deductible may not exceed 5% of the dwelling coverage. The deductible must apply to either fire or extended coverage, or both.

For RD/USDA, the maximum deductible cannot exceed the greater of either \$1,000 or 1% of the policy coverage.

### **Flood Insurance (and CoreLogic® Life-of-Loan Flood Certificate Requirement)**

For all loans, Sellers must provide a Life-of-Loan Flood Certificate/Standard Flood Hazard Determination Form for all loans, specifically from CoreLogic® Flood Services. If the seller provides a flood cert from a different company, FIRST COLONY WHOLESale will obtain a flood cert to satisfy this requirement, at the seller's expense. Flood insurance is required when all or part of the property improvement(s) is in a Special Flood Hazard Area (SFHA). Flood insurance is required even if the mortgaged premises (such as a condominium unit on the fourth floor) are above the 100-year flood boundary.

The minimum amount of flood insurance required is the lesser of:

- 100% of the replacement cost of the insurable value of the improvements.
- The maximum insurance available from the NFIP; or
- The UPB of the mortgage loan (or, if a second lien mortgage loan, the combined UPB of the first lien and second lien mortgage loans).

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## Determining if a Property Requires Flood Insurance

Flood insurance coverage is required when a mortgage loan is secured by a property located in a SFHA. The following table describes how to evaluate a property to determine if flood insurance is required.

If...	Then flood insurance...
any part of the principal structure on a property securing the mortgage loan is in an SFHA	is required.
the principal structure on a property securing the mortgage loan is not located in an SFHA, but a residential detached structure attached to the land that serves as part of the security for the mortgage loan is located within the SFHA	is required for the residential detached structure
the principal structure on a property securing the mortgage loan is not located in an SFHA, but a non-residential detached structure attached to the land that serves as part of the security for the mortgage loan is located within the SFHA	is not required.
the principal structure on a property securing the mortgage loan is not located in an SFHA, but a detached structure attached to the land that does not serve as part of the security for the mortgage loan is located within the SFHA	is not required.

## Properties Located in the Coastal Barrier Resources System or Otherwise Protected Area

If a property securing a mortgage loan is located within the Coastal Barrier Resource System or is within an Otherwise Protected Area, flood insurance is required. If the property is not eligible for federal flood insurance, private flood insurance is acceptable.

The flood insurance carrier must meet FIRST COLONY WHOLESale minimum rating requirements. The amount of flood insurance required, and deductible amount must adhere to FIRST COLONY WHOLESale flood insurance requirements based on the property type.

## Communities that Participate in the Emergency Program of the NFIP

For communities that participate in the Emergency Program of the NFIP, the borrower must obtain private insurance or a supplemental private policy in conjunction with an NFIP Emergency Program policy that fully meets Fannie Mae's flood insurance coverage requirements in situations where the NFIP Emergency Program only provides limited coverage.

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## Acceptable Flood Insurance Policies

Flood insurance must be in one of the following forms:

- A standard policy issued under the NFIP.
- A policy that meets NFIP requirements, such as those issued by licensed property and casualty insurance companies authorized to participate in the NFIP’s “Write Your Own” program; or
- A policy issued by a private insurer, so long as:
  - the terms and amount of coverage are at least equal to that provided under an NFIP policy, and
  - The insurer meets FIRST COLONY WHOLESALÉ’s rating requirements as specified in *Property Insurance Carrier Rating Requirements*.

**For FHA loans, Private Flood Insurance is acceptable in accordance with FHA Single Family Housing Policy Handbook 4000.1**

## Notice of Special Flood Hazards (NSFH)

FIRST COLONY WHOLESALÉ requires a Notice of Special Flood Hazards (NSFH) (Flood Insurance Coverage Subject to Change Disclosure) signed by all borrowers on all loans submitted to FIRST COLONY WHOLESALÉ for purchase. This form is also available in the Resource Center. The following language is required on this acknowledgment:

*We may assign, sell, or transfer the servicing of your mortgage loan. Your new lender/servicer may require more flood insurance coverage than the minimum amount that has been identified in your Notice of Special Flood Hazards (NSFH). The new lender/servicer may require coverage in an amount greater than the minimum and has the right to require flood coverage at least equal to 100% of the insurable value (also known as replacement cost value) of the building(s) used as collateral to secure the loan or the maximum available under the National Flood Insurance Program (NFIP) for the particular type of building. You should review your exposure to flood damage with your insurance provider, as you may wish to increase your coverage above the minimum amount required at the time of closing your loan versus what subsequently the new lender/servicer may require.*

## Responsibility for Payment of Property Taxes and Property Insurance

For all loans with established escrow accounts, the correspondent is responsible for the payment of property taxes and insurance premiums that become due within 30 days of the FIRST COLONY WHOLESALÉ purchase date.

## Hazard Policy Ratings

The Seller must ensure, that any required property insurance coverage is maintained to protect FIRST COLONY WHOLESALE’s interest in the mortgage loan.

Policies covering 1–4-unit properties must meet one of the following eligibility criteria:

- Be covered under a Fair Access to Insurance Requirements Plan (FAIR) Plan if it is the only coverage available at a reasonable cost. FAIR Plan is a program established within a state to provide access to insurance for property owners in designated areas of high-risk.

**OR**

- Be issued by a company that meets the rating requirements of one of the following agencies:

Rating Agency	Rating Category
AM Best Company	Either a “B” or better Financial Strength Rating in <i>Best’s Insurance Reports</i> , or an “A” or better Financial Strength Rating and a Financial Size Category of “VIII” or greater in <i>Best’s Insurance Reports Non-US Edition</i> .
	Carriers providing coverage for co-op projects must have a general policyholder’s rating of “A” and a Financial Size Category of “V” in <i>Best’s Insurance Reports</i> .
Demotech, Inc.	“A” or better rating in <i>Demotech’s Hazard Insurance Financial Stability Ratings</i> .

S&P Global	“BBB” or better Insurer Financial Strength Rating in <i>Standard &amp; Poor’s Ratings Direct Insurance Service</i> .
Kroll bond Rating Agency	“BBB” or better Insurance Financial Strength Rating (IFSR)

FIRST COLONY WHOLESale accepts the following types of property insurance policies if it is the only coverage the borrower can obtain:

- Policies underwritten by a state’s FAIR plan, d
- Policies obtained through state or territory insurance plans.

The following are exceptions to FIRST COLONY WHOLESale rating requirements:

- Mortgage Impairment (or Mortgagee Interest) Insurance - If the Seller is covered by a mortgage impairment (or mortgagee interest) insurance policy, and the issuer meets either the A.M. Best Financial Strength Rating or Standard & Poor’s Insurer Financial Strength Rating, FIRST COLONY WHOLESale does not require the Seller to confirm the borrower’s property insurance coverage is with a firm that meets FIRST COLONY WHOLESale rating requirements.
- Reinsurance Arrangements - The policies of an insurer that does not meet FIRST COLONY WHOLESale’s rating requirements will be accepted provided all conditions outlined in Fannie Mae Selling Guide B7-3-01.

**Government Loans**

Documentation submission for FHA VA and Rural Housing must occur prior to the first payment due date. If the Seller fails to obtain the required insurance prior to the first payment due date, Seller shall, at the discretion of FIRST COLONY WHOLESale, repurchase the affected loan

**FHA Upfront Mortgage Insurance Premiums**

NDC2/NDC3 Correspondent will be responsible for remitting the FHA Upfront Mortgage Insurance Premium (FHA UFMIP) unless otherwise indicated by the Correspondent on the Correspondent Application and executed Fee Remittance Addendum. Evidence of payment of the UFMIP premium will be required to be provided to FIRST COLONY WHOLESale at the time of submission for loan purchase.

## VA Funding Fee

NDC2/NDC3 Correspondent will be responsible for remitting the VA Funding Fee unless otherwise indicated by the Correspondent on the Correspondent Application and executed Fee Remittance Addendum. Evidence of payment of the VA FF will be required to be provided to FIRST COLONY WHOLESale at the time of submission for loan purchase.

## USDA Loan Note Guarantee Fees (RD)

NDC2/NDC3 correspondent will not be responsible for remitting any USDA Loan Note Guarantee Fees on RD/USDA loans. The USDA fee will be netted from funding upon purchase of the loan and FIRST COLONY WHOLESale will remit payment.

## Conventional Mortgage Insurance Premium's

NDC2/NDC3 correspondent will not be responsible for remitting any Single-Premium upfront PMI premiums on Conventional loans. Lender Paid PMI (LPMI) will be built into loan pricing. Borrower- paid upfront PMI will be netted from funding upon purchase of the loan. FIRST COLONY WHOLESale will remit payment.

***\*Be sure to use PMI factors from the actual PMI Certificate obtained by FIRST COLONY WHOLESale. Do not use figures from a rate quote for closing.***

## Title Insurance

The Title Policy must name the Seller, ISAOA, as the insured. Title must be vested in the mortgagors' names, or in the name of an eligible Inter Vivos Trust, if allowed under program guidelines.

## Chain of Title Review

The title policy must include a minimum of 24-month history of property ownership from the effective date of the policy or preliminary report.

The Title Insurance Policy must ensure that the title is generally acceptable and that the mortgage constitutes a lien of the required priority on a fee simple or leasehold estate in the property

The title policy must also list all other liens and state that they are subordinate to FIRST COLONY WHOLESale's mortgage lien.

Loan Origination Date	Title Policy Requirements
On or after January 1, 2024	<p>The title policy must be written on one of the following forms:</p> <ul style="list-style-type: none"> <li>• the 2021 American Land Title Association (ALTA) standard form;</li> <li>• an ALTA short form if it provides coverage equivalent to the 2021 ALTA standard form and does not materially impair protection to FIRST COLONY WHOLESale;</li> <li>• in states in which standard ALTA forms of coverage are, by law or regulation, not used, the state-promulgated standard or short form which provides same coverage as the equivalent ALTA form, provided that those forms do not materially impair protection to. FIRST COLONY WHOLESale</li> </ul>
Prior to January 1, 2024	<ul style="list-style-type: none"> <li>• the 2006 American Land Title Association (ALTA) standard form;</li> <li>• an ALTA short form if it provides coverage equivalent to the 2006 ALTA standard form and does not materially impair protection to FIRST COLONY WHOLESale;</li> <li>• in states in which standard ALTA forms of coverage are, by law or regulation, not used, the state-promulgated standard or short form which provides same coverage as the equivalent ALTA form, provided that those forms do not materially impair protection to FIRST COLONY WHOLESale.</li> </ul> <p>The title policy must either use the appropriate 2006 ALTA form noted above or ensure that title coverage meets the requirements in place at the time of mortgage loan origination.</p>

### Effective Date of Coverage

The effective date of the title insurance coverage written on forms that do not provide the gap coverage included in the 2006 & 2021 ALTA policies may be no earlier than the later of the date of the final disbursement of loan proceeds or the date the mortgage was recorded.

Because the 2006 and 2021 ALTA forms provide protection for the time between loan closing and recordation of the mortgage, policies written on those forms may be effective as of loan closing.

The effective range of coverage must extend at least 90 days from the effective date.

## Amount of Coverage

The amount of coverage must be at least equal to the original principal amount of the loan.

## Other Requirements

If a mortgage is registered with MERS and is originated naming MERS as 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, then the "insured mortgage" covered by the title insurance policy must be identified in the title insurance policy as the security instrument given to MERS, solely as nominee for the lender and lender's successors and assigns. However, under no circumstances may MERS be named as the insured of a title policy.

The title insurance coverage must include an environmental protection lien endorsement (ALTA Endorsement 8.1-06 or equivalent state form provides the required coverage).

References are to the ALTA 2006 form of endorsement, but state forms may be used in states in which standard ALTA forms of coverage are, by law or regulation, not used, provided that those endorsements do not materially impair protection to FIRST COLONY WHOLESale. As an alternative to endorsements, the requisite protections may be incorporated into the policy.

Title policies may not include the creditors' rights exclusion language that ALTA adopted in 1990.

## Property Tax Information Sheet

A completed Property Tax Information Sheet and / or tax certificate must be included in all closed loan files. Details on the tax information sheet should correspond to the details provided on the Initial Escrow Account Disclosure. The tax info and / or tax certificate must include the following information:

- Name, Address and telephone number of the taxing authority
- Tax ID number for the taxing authority
- Date taxes are next due and payable (should match IEADS exactly)
- Billing cycle (i.e. annual, semi-annual, etc.)

## Initial Escrow Account Disclosure

- An escrow / impound account must be established for all loans sold to FIRST COLONY WHOLESale. The escrow / impound account must conform to the RESPA Escrow Accounting Procedures. The account must be established under the aggregate method.
- The escrow money collected at closing, when added to the monthly escrow payment collected from the borrowers, must be in an amount sufficient to pay property taxes, hazard insurance premiums, flood insurance premiums, MI premiums and any other premiums. ***\*Please note, HO6 policies should not be escrowed when the Insurance Master Policy includes "all-in" coverage***
- FIRST COLONY WHOLESale requires a two (2)-month cushion for all escrow items, with the exception of PMI and MIP, for all loan types, unless prohibited by state law. A two (2)-month cushion is also

required for a USDA Annual Fee.

- The beginning balance on the IEADS must equal the net Initial Escrow Payment at Closing shown on the Closing Disclosure.
- The Initial Escrow Account Disclosure must be executed by borrower(s) at closing.
- For new construction loans, estimated taxes must be based on the improved value of the land, not on land only.
- Items that are not mandatory but are purchased by the borrower on an elective basis should not be included in the escrow account / analysis.
- NDC2/NDC3 Correspondent Lender will be responsible for taxes, property insurance and MI premiums that are due within 30 days of the purchase date.
- When disbursing payments from escrows the NDC2/NDC3 Correspondent must provide a current pay history meeting the guidelines set forth in Pay History Requirements section above.
- If property taxes have been paid from escrows, NDC2/NDC3 correspondent must provide an updated Tax Information Sheet.

### **Address Cert.**

Address cert. must be included if the borrower(s) mailing address and property address differ.

### **Closing Disclosure (CD)**

NDC2/NDC3 Correspondent is responsible for ensuring that the consumer receives the Closing Disclosure (CD) no later than three business days prior to the Consummation Date of the loan. For purposes of the CD, a business day is all calendar days with the exception of Sundays and all Federal Holidays. FIRST COLONY WHOLESale considers the date the Note is signed as the Consummation Date.

Acceptable delivery methods of the Initial CD are:

- In Person- A signed, dated copy of the disclosure is required in Closed loan package.
- E-mail- Must be E-sign compliant. Closed loan package must contain an E-sign Compliance Acknowledgement from the E-sign vendor, evidence of borrower consent and a satisfactory audit trail. If E-mail delivery was not in compliance with the E-Sign Act, all timing requirements default to First-Class Mail.
- First Class mail – CD is assumed to be/considered delivered on the fourth business day. The loan cannot close until the third business day after the CD is considered delivered.

Although TRID permits the waiver of some timing requirement waiting periods in certain situations, loans with waived timing requirements are not eligible for purchase by FIRST COLONY WHOLESale.

See below for additional information related to the Closing Disclosure (CD)

- Certified copies of the Initial Closing Disclosure, sufficient evidence of delivery to consumer(s) within TRID timing requirements, all revised Closing Disclosures, and the final CD are required to be delivered to FIRST COLONY WHOLESale in the closed loan file at the time of purchase submission.
- The CD must comply with existing and subsequently enacted RESPA and TRID requirements and guidelines and must accurately reflect all of the financial aspects of the transaction.

- Data issued on the CD should be the date the CD is provided to the consumer(s). For example, on the final CD this should be the closing date/date borrower(s) execute the CD. For any subsequent post-consummation CD's this should be the date the amended CD is provided to the consumer(s).
- NDC2/NDC3 Correspondent must use the version of the CD that is applicable to the loan transaction
- Fees and charges must comply with all Federal, State, Agency, and predatory lending rules.
- Payoffs reflected on the CD must be consistent with borrower's title commitment and / or credit report. Any non-lien payoffs, including seller disbursements, exceeding \$5,000.00 will require written explanation and/or documentation to determine if acceptable.
- Interest credit is allowed on loans that will fund by the 7th calendar day of the month preceding the first payment date.
- Each escrow item (i.e. county tax, city tax, hazard insurance, etc.) should be listed on its respective line in section G of the CD. The aggregate adjustment (amount) must be equal to zero or a negative number.
- Third party fees may not be "marked up"
- All fees must reflect Payee information, including transfer taxes.
- Pre-pays (Taxes and Insurance) must reflect the applicable time period (number of months) covered by the amount to be paid by the consumer.
- The parenthetical description "(Optional)" shall appear at the end of the label for costs designated borrower- paid at or before closing for any premiums paid for separate insurance, warranty, guarantee or event coverage products in the "Other" section on the consumer's CD. This includes items such as Owners Title Insurance and Home Warranty.
- The Partial Payment section of the disclosure must be completed. FIRST COLONY WHOLESAL do not accept partial payments.
- The contact information table located on page 5 of the CD must be completed in its entirety.
- A new CD is required along with a new three-day waiting period if the APR increases by more than .125 (same as MDIA requirements). If the fees on the CD change, however, the change(s) does not increase the APR by more than .125, a revised CD can be provided to the borrower at closing.
- The settlement agent is required to provide the seller with the CD no later than the day of consummation. The NDC2/NDC3 Correspondent Lender must retain a copy of the seller's CD and include it with the file submitted to FIRST COLONY WHOLESAL.
- ALL Seller-paid loan costs and other costs are now required to be disclosed on page 2 of the consumers closing disclosure, even when a separate CD is provided to the property seller. (This requirement is based on updated versions of the TILA RESPA Integrated Small Entity Compliance Guide and the Guide to the LE and CD Forms.
- The "seller responsible for" charges should be listed in section H / Other section of the consumer's CD. This includes seller title fees, real estate commissions and other non-commission real estate brokerage or agent charges for services to the seller. Charges should be itemized separately with a description of the service and identification of the person ultimately receiving the payment. Seller's title fees listed in this section should not reflect "Title – "preceding the fee name. All seller charges disclosed on the consumer's CD should be consistent with fee details on the seller's CD. Otherwise, a post-consummation amended CD to consumer may be required.
- Any buyer charges paid by seller that are being itemized in the seller column of page 2 should still be disclosed in their respective sections of the CD.
- For rescindable loans, the lender must ensure that all consumers with the right to rescind are

provided proper disclosures as required under the regulation. Each consumer with a right to rescind must be provided with a separate initial and final CD. The CD must be signed and dated by each consumer required to execute.

- The Closing Disclosure must be executed by all parties. FIRST COLONY WHOLESale requires the CD provided at closing be signed even if/when no changes occur.
- The NDC2/NDC3 Correspondent lender must retain copies of the CD and all related documents related to this disclosure for a period of five years after closing.
- VA Loans – It is imperative that any non-allowable fees in excess of the threshold established by VA guidelines that are being paid by a third party are itemized in the appropriate column on the consumer's CD. Overcharges in the borrower's column on the CD will result in required refund to borrower, regardless of any lump sum seller or lender credit shown on the CD. A separate itemization of credits for costs will not be acceptable.
- Cash back to borrower at closing must not exceed applicable program guidelines.
- If a borrower is receiving cash back at closing for POC items, FIRST COLONY WHOLESale will require evidence that the borrower paid for those services from their own funds (items/services paid via credit card are not eligible to be credited back as a POC item)

## **Principal Curtailments**

Principal curtailments may be permitted for certain loan types, subject to program parameters. Principal reductions will not be permitted for excess seller contributions.

- Conventional and RD/USDA loans – must comply with FNMA guidelines regarding principal curtailments at closing.
- Government (FHA and VA) loans – Principal curtailments must comply with appropriate agency and product guidelines.
- A loan history will be required to document any principal curtailment applied on loan prior to funding.

## **Loan Estimate (LE)**

All Loan Estimates provided to the borrower must be delivered to FIRST COLONY WHOLESale.

An LE revised on or after the Closing Disclosure has been provided to the consumer(s) consumer(s) is not acceptable.

## **Settlement Service Provider List**

In addition to the LE, if the consumer was permitted to shop for a settlement service, a written list of services for which the consumer can shop should be provided. This also should have been provided no later than three business days after the NDC2/NDC3 Correspondent received the loan application.

If there is no evidence of a SSPL being given or if the SSPL is not dated, FIRST COLONY WHOLESale will

assume that the consumer was not given an opportunity to shop, and the charge would then be subject to the zero-tolerance category.

### **Change In Circumstance (CIC)**

All Change in Circumstance forms must be delivered to FIRST COLONY WHOLESale.

### **Intent to Proceed**

The borrower(s) Intent to Proceed form must be included in the credit package delivered to FIRST COLONY WHOLESale.

### **Appraisal acknowledgement and Evidence of delivery**

Evidence that all property valuation documents (including but not limited to Appraisal(s) and / or AVM's) have been delivered to the borrower promptly must be included in all loan packages submitted to FIRST COLONY WHOLESale for purchase. Acceptable evidence includes:

Processor's Cert

Email Read Receipt from the borrower

### **Right to Cancel**

A Right to Cancel or Rescission Notice is required to be in the closed loan file if applicable. The rescission period begins on the day the loan documents are signed, as evidenced by the notary date on the Security Instrument and continues for three business days. Monday through Saturday are considered business days and are counted as part of the rescission period. Sundays and legal public holidays are not included in the rescission period.

The correct rescission form should be provided based on Regulation Z requirements. There are two different model rescission notices that may be provided on owner-occupied refinances. The H-8 model rescission notice is the standard form used for all refinance mortgage transactions. The H-9 model rescission notice is to be used in a lender-to-lender refinance. The H-9 form has language that is slightly different and specifically reflects that consumers are entering into a new transaction to increase the amount of credit previously provided and that cancelling the new transaction will not affect any amount that is presently owed. Use links below to view the forms.

[H-8\(A\) Rescission Model Form \(General\)](#)

[H-9 Rescission Model Form \(New Advance of Money with the Same Creditor\)](#)

A right to cancel or rescission notice must be signed and dated by all individuals (vested and non-vested) who have an ownership interest in the property being used as security. Individuals who have an ownership interest in real estate include, but are not limited to:

- Borrowers vested on the property being used as security
- Non-borrowing individuals who are vested on the property being used as security

- Non-vested individuals deemed to have an ownership interest in the property (for example, non-borrowing spouse, domestic partner, or civil union member (if recognized by state law), or state laws based on community property, homestead, dower/courtesy, etc.)

The following recorded documents, if allowed under state law, showing an individual no longer has an ownership interest in the property may be accepted in lieu of the notice of right to cancel

- Quit Claim (transactional) Warranty Deed

\*Note: Some states may prohibit a creditor from requiring a person with an ownership interest in the property to sign an instrument (such as a quit claim deed) that would result in the forfeiture of their interest in the property.

Property vested as “sole and separate property” (in community property, homestead, or dower/courtesy states) where there is a non-vested individual require the documentation listed above, since the vesting of “sole and separate property” alone may not remove the right of rescission for a non-vested individual.

If the right to cancel or rescission notice is not executed correctly, the rescission period will have to be re-opened for three business days prior to being eligible for purchase. A revised right to cancel notice signed and initialed by the borrower(s) will be required.

### **Notice of Transfer or Assignment to FIRST COLONY WHOLESale**

A Notice of Assignment referencing transfer of the loan to FIRST COLONY WHOLESale should not be provided to the borrower at closing.

Notification of transfer should be sent to the customer only once FIRST COLONY WHOLESale has purchased the loan.

### **First Payment Letter**

Payment letter must disclose all monthly payments included in the borrower(s) mortgage payment. These amounts should equal the amounts disclosed on the CD and Initial Escrow Account Disclosure.

Payment letter provided to customer at closing should reference NDC2/NDC3 correspondent’s payment remittance address.

### **IRS Form W-9**

All borrowers must provide a completed IRS Form W-9 or its equivalent, indicating the social security number.

### **Final Loan Application (URLA)**

Final URLA/1003 must be submitted with the closed loan package and must contain the following:

- Signed and dated by all Borrowers and by Loan Officer

- Must include NMLS #'s of LO and Lender
- All Government Monitoring completed as applicable
- Must have all Government Monitoring completed accurately
- Have the Supplemental Consumer Information Form (SCIF 1103) completed

## Underwriting Conditions

The loan is considered Clear to Close only upon final approval by FIRST COLONY WHOLESale Underwriter as evidenced by loan status of "Clear to Close".

Loans closed prior to, or without, final underwriter approval are ineligible for purchase by FIRST COLONY WHOLESale.

Any remaining conditions reflected on the underwriting approval indicated as "At Closing" or "Funding" must be submitted with the closed loan package to FIRST COLONY WHOLESale. Failure to do so will result in funding suspense and delay of loan purchase.

All underwriting conditions, if applicable, that were required at closing must be delivered in the closed loan file.

## Additional Requirements for Texas Loans

FIRST COLONY WHOLESale must be provided with a copy of the property survey that is acceptable to the title company / closing attorney on all Texas loans. Survey exceptions on title are not acceptable.

FIRST COLONY WHOLESale must have a first mortgage lien position on all loans.

FIRST COLONY WHOLESale will not allow any HOA to have a priority lien position over FIRST COLONY WHOLESale's loan

Requirements specific to 50(a)(6) Texas cash out loans:

- In addition to all 50(a)(6) loan requirements, FIRST COLONY WHOLESale requires the following documents to be executed on all 50(a)(6) loans submitted to FIRST COLONY WHOLESale for purchase. (These documents are available in the Resource Center on the FIRST COLONY WHOLESale website.)
- Owner's Affidavit of Compliance
- Owner Affidavit Acknowledging Lender Compliance with Constitutional Requirements to Provide Owner Copy of Loan Application and Early Final Itemized Disclosure of Actual Fees, Points, Interest, Costs and Charges
- Texas Home Equity Receipt of Copies
- Texas Home Equity Certificate from Originating Lender Regarding Compliance with Section 50(a)(6) Article XVI of the Texas Constitution
- Certificate of Non-Cancellation of Loan
- Notice Concerning Extensions of Credit defined by Section 50(a)(6), Article XVI, Texas Constitution. **\*This acknowledgement must be signed and dated by the borrowers at least 12 days prior to closing.**
- Acknowledgement from borrower(s) that a copy of the final CD that will be signed at closing was received by borrower one business day prior to closing date.

Requirements specific to 50(a)(4) loans:

- Notice of Refinance of a Texas Home Equity Loan pursuant to subsection (f)(2) of Article XVI, Section 50 of the Texas Constitution is required on all 50(a)(4) loans.
- This acknowledgement must be signed and dated by the borrowers within 3 days of application and at least 12 days prior to closing.

### **UCD (Uniform Closing Dataset) Requirements**

To support the implementation of Fannie Mae and Freddie Mac's Uniform Closing Dataset (UCD) requirements, FIRST COLONY WHOLESALÉ will require the following:

- For all Conventional transactions, NDC2/NDC3 Correspondent Lenders must submit their UCD files to both GSE's and provide evidence of a successful submission via the UCD findings reports in the loan file delivered to FIRST COLONY WHOLESALÉ.
- A Fannie Mae UCD Findings Report reflecting "Successful" with no fatal edit messages and a Freddie Mac Loan Closing Advisor (LCA) Feedback Certificate reflecting "Satisfied" with no Red (critical) messages. NDC2/NDC3 Correspondent Lenders must transfer/assign the UCD file to FIRST COLONY WHOLESALÉ prior to loan purchase.
- All pages of both the UCD Findings Report and the LCA Feedback Certificate are required with all edit messages.
- The UCD Findings Report, LCA Feedback Certificate, and UCD submission must reflect the most recent borrower Closing Disclosure (CD) data.
- The latest CD, matching the UCD file submitted to the GSE(s), must be included in the Closed Loan Package delivered to FIRST COLONY WHOLESALÉ.
- Casefile ID / AUS Type on reports must correspond to final AUS findings in file.

Resources:

Fannie Mae: Uniform Dataset (UCD) Webpage

Freddie Mac: Uniform Closing Dataset (UCD) New and Implementation Resources Webpage UCD Implementation Update, June 6, 2017

Uniform Closing Dataset (UCD) FAQs

### **MERS Registration**

- All loans submitted to FIRST COLONY WHOLESALÉ must be registered with MERS using the 18–digit MIN assigned to each loan on the MERS Security Instrument.
- All registration fields must be completed in their entirety and must be accurate.
- All names, property addresses, etc. must match the information as it appears on the Note exactly.
- NDC2/NDC3 Correspondent Lenders must be named as the Originating Agent, Investor and Servicer at the time of MERS registration.
- Registration must take place within 7 calendar days of Note Date or Funding Date, as applicable for Refinance transactions.

- Evidence of MERS registration must be submitted to FIRST COLONY WHOLESale with closed loan package.
- Upon purchase of the loan by FIRST COLONY WHOLESale, the NDC2/NDC3 Correspondent lender must execute a Transfer of Servicing Rights and Transfer of Beneficial Rights (TOS/TOB batch) in the MERS system naming FIRST COLONY WHOLESale as Investor and Servicer (FIRST COLONY WHOLESale MERS ID is 1001382). Transfer should take place within 48 hours of loan purchase.  
***If assistance is needed, contact the MERS Help Desk phone number is (888) 680-6377***

## **Transferring a Mortgage Using MERS**

The Sellers must use MERS when selling loans to FIRST COLONY WHOLESale. A “MIN #” will be generated as a part of the closing process but the Sellers will be responsible for registering the loan with MERS and transferring the beneficiary and/or servicing rights to FIRST COLONY WHOLESale.

## **Registering a Loan with MERS**

Loans delivered to FIRST COLONY WHOLESale must be registered by the Sellers with MERS at time of delivery. A MERS transfer of beneficial rights (TOB) and transfer of servicing rights (TOS) must be initiated by the Seller to FIRST COLONY WHOLESale (ORG ID# 1001382), within two (2) business days of purchase by FIRST COLONY WHOLESale.

## **Pre-Purchase/Loan Delivery Process**

### **Loan Delivery**

The file received date must be the earlier of the lock expiration date or 3 calendar days from the Closing Date. Loans delivered for purchase after the lock expiration date will be subject to a late delivery fee of .125% if current market is better at time of delivery or will be subject to worst case pricing based on the file delivery date if current market is worse.

Loans will have 10 calendar days beyond the lock expiration date to clear any deficiencies and to be purchased. If additional time is needed to cure deficiencies, there will be a daily charge of .02% until the loan is cleared for purchase.

In order to expedite file review, documents should be uploaded in the order referenced on the FIRST COLONY WHOLESale NDC2/NDC3 Correspondent Loan Delivery Transmittal.

Refinance loan transactions will not be recognized as delivered for the purposes of satisfying the lock expiration date until the rescission period is complete.

## **Review of Closed Loan Package**

All documentation/forms must be accurately completed and executed in accordance with the *Required Documentation* section of this guide. To ensure a prompt loan purchase, please review documentation prior to delivery to confirm compliance and reduce purchase delays.

If no deficiencies are revealed during review of closed loan package, an e-mail notification indicating that the loan is Cleared for Purchase will be sent to the NDC2/NDC3 Correspondent's designated contact.

When deficiencies are identified, the loan will be placed in "Suspense" status and a Suspense Notification will be emailed to the NDC2/NDC3 Correspondent's designated contact.

### **Suspended Loans**

The items required to clear the Suspense (Funding Conditions) will be posted on the Funding tab in the FCM FUEL Portal.

Missing items should be uploaded as a condition into FIRST COLONY WHOLESale's FUEL Portal Funding tab. The cleared to purchase date must be equal to 10 days after Lock Expiration date, otherwise, a.02 per day roll fee will be assessed until the loan is purchased.

It is the Correspondent's responsibility to manage their funding suspense pipeline to ensure that all outstanding loan issues are resolved, and the loan purchased/funded timely.

### **Closing Disclosure (CD) Discrepancies will require the following documentation / actions from NDC2/NDC3 Correspondent:**

RESPA cure and/or other events in connection with the settlement of the transaction which result in a change in the amount already paid by the consumer will require a corrected CD to be sent to the consumer within 30 days of closing.

Non-numerical / clerical errors require a corrected CD sent to the consumer within 60 days of closing.

For loans that are subject to a Right of Rescission, rescission must be re-opened when material disclosures are corrected. Refer to Right of Rescission Discrepancy guidance below.

See below for a list of required documentation that must be provided to all applicable consumers, as well as FIRST COLONY WHOLESale prior to loan purchase:

- Letter of Explanation - A letter of explanation on company letterhead, and signed by an employee of the lender
- Corrected Closing Disclosure - A corrected post-consummation CD, reflecting the changes, as well as the amended date noted as the "date issued".
- Refund Check - If a refund is required, provide to all applicable consumers via check. Make sure to make a copy of the check prior to sending.

Proof of Delivery - Proof of delivery via "trackable mail" (e.g., FedEx, UPS, USPS delivery confirmation, etc.) showing the date the material disclosures were delivered to the consumer(s). Any electronic disclosures must adhere to E-Sign requirements.

## **Right of Rescission Discrepancies will require the following documentation / actions from NDC2/NDC3 Correspondent:**

See below list of required documentation that must be provided to all applicable consumers entitled to rescind the transaction as well as FIRST COLONY WHOLESale prior to loan purchase.

- Letter of Explanation - When reopening rescission, a letter of explanation on company letterhead, and signed by an employee of the lender, clearly stating the reason rescission is being reopened.
- Closing Disclosure - A copy of the material disclosures provided at Closing, or any corrected material disclosures.
- Reopen Rescission - A copy of the new Notice of Right to Cancel must be provided to all consumers who have the right to rescind the transaction.
- Evidence of Receipt - Evidence of receipt (e.g., copy of the mailing confirmation showing proof of delivery, signed, and dated NRTC, etc.) showing the date of the new NRTC, and that the material disclosures were received by the consumer(s).
- Lender Attestation - A lender attestation dated after the rescission period has expired attesting that rescission was reopened and no notice was received canceling the transaction. The attestation must be signed by a Vice President or higher or contain language that the individual signing the attestation has the authority to sign on behalf of the lender.

Any expense involved in correcting and / or re-recording documents is the responsibility of the NDC2/NDC3 Correspondent lender

## **Payment History Requirements**

FIRST COLONY WHOLESale requires a current payment history on all loans when any of the following occurs:

- One or more payments have come due at the time of loan purchase.
- Disbursements have been made from the escrow account prior to loan purchase.
- A principal reduction has been applied prior to loan purchase.
- The Loan is amortized at loan purchase – pay history will be required for payment(s) received by correspondent lender after loan purchase.

The payment history must indicate the date upon which payments were made, the amount of the payments, any principal reductions applied, any escrow disbursements made, the current escrow balance and the current principal balance. If any loan payments have been 30 or more days delinquent, the loan is ineligible for purchase.

## **Laws and Requirements**

FIRST COLONY WHOLESale relies on the NDC2/NDC3 Correspondent to strictly comply with all State and Federal laws and regulations as well as Agency and FIRST COLONY WHOLESale guidelines including, but not limited to, Fannie Mae (FNMA),

Freddie Mac (FHLMC), Ginnie Mae (GNMA), Real Estate Settlement Procedures Act (RESPA), Truth in Lending Act (ECOA), the Mortgage Disclosure Improvement Act (MDIA), the Home Mortgage Disclosure Act (HMDA), Qualified Mortgage (QM) requirements, and TILA-RESPA Integrated Disclosure regulations.

Non-compliance may result in a loan being suspended for deficiencies, loan being ineligible for purchase, or the NDC2/NDC3 Correspondent having to repurchase a loan which has already been purchased by FIRST COLONY WHOLESale.

Any loan that meets or exceeds the Section 32 fee and / or APR thresholds, regardless of occupancy type or transaction type, is ineligible for sale to FIRST COLONY WHOLESale.

### **Seller Documents**

Seller(s) must sign all applicable Seller documents on the same day as the borrower(s) (document/closing date/funding date).

If for any reason the Seller is not able to be present to sign on the day of closing, Seller documents may be signed prior to the closing date, but in no instance will FIRST COLONY WHOLESale accept Seller documents, including warranty deed, dated after the closing date under any circumstances.

### **Required Documentation**

The loan documentation noted below is intended to be used as guidance when submitting a loan to FIRST COLONY WHOLESale for purchase. This list should not be relied upon to be an all-inclusive document list. All loans & documentation submitted for purchase should comply with all State and Federal laws and regulations, all Agency guidance and regulations as noted in VA Lenders Handbook, HUD Handbook, Ginnie Mae Selling / Servicing Guide, Fannie Mae / Freddie Mac Selling / Servicing Guide, USDA Rural Development Handbook, all FIRST COLONY WHOLESale guidelines, policies, and procedures.

### **Original Note**

All Notes used in the loan transaction must conform to State and Agency guidelines and must be the proper/most current version of the document.

The original Note along with wiring instructions must be submitted to FIRST COLONY WHOLESale prior to loan purchase.

**Endorsement of the Note must read as follows:**

**Pay to the Order of:**  
**First Colony Mortgage Corporation, Without Recourse**  
**(NDC2/NDC3 Correspondent Lenders Typed Name)**  
**By: (Authorized Signature)**  
**Typed Name and Title of Authorized Signer**

The original Note must include and / or comply with the following:

- The Note must be endorsed by a person whose name appears on the NDC2/NDC3 Correspondent's Corporate Resolution as an authorized signor.
- Endorsements that utilize a Power of Attorney (POA) require a copy of the POA to be included with the loan file.
- Allonges to the Note should only be used in cases where there is insufficient space on the note for full endorsement. If an allonge is used it must contain Borrower(s) Name(s) exactly as it appears on the note, Property Address, Loan Amount, Note Date and Endorsement. An allonge to the note being used to for the purpose of correcting an existing endorsement requires a letter of authorization to void the incorrect endorsement.
- If the note has a designated place for the borrower(s) to initial at the bottom of each page FIRST COLONY WHOLESale requires the borrower(s) to initial each page.
- Corrective covering, whiteout or tape on documents is not permitted. All corrections must be initialed by each borrower and / or applicable party.
- Loan amounts with cents disclosed are not acceptable, must be whole dollar amounts only.
- FHA / VA case number must be disclosed as a complete and accurate fixed- length number as applicable by loan type.
- The MIN # must be reflected on page 1 of the Note.
- If required by state law or security instrument, the original note is required to be acknowledged by a notary public.
- FIRST COLONY WHOLESale requires the name and NMLSR ID number of both the Loan Originating Company and the Loan Originator to be disclosed on the signature page of the Note and Security Instrument at time of closing.

## Security Instrument

A certified true copy of the executed state specific MERS Security Instrument must be submitted with the closed loan file.

The Security Instrument must include and/or comply with the following:

- Any person whose signature is required to perfect a lien against the property must sign the Security Instrument. This includes any person with ownership interest in the security property, even if the person is not a borrower on the loan.
- Security Instrument must include the appropriate MERS verbiage, the MIN number, and the MERS telephone number prior to recording.
- Security Instrument must be complete in its entirety, executed and notarized on the closing date.
- A complete, accurate property legal description must be incorporated into the Security Instrument.
- When borrower(s) initials are required/present, all pages of the Security Instrument must be consistently initialed by all parties.
- Corrective covering, whiteout or tape on documents is not permitted. All corrections must be initiated by each borrower and/or applicable party.
- FHA / VA case numbers must be evidenced on all Security Instruments and applicable Riders for all FHA/VA loans. Case number must be disclosed as a complete and accurate fixed-length number as

applicable by loan type, including ADP code on FHA loans.

- FIRST COLONY WHOLESale requires the Name and NMLSR ID of the Loan Originating Company and the Loan Originator to be disclosed on the signature page of the Note and Security Instrument at time of closing.

## Rider to Security Instrument

All applicable Riders must be fully executed and attached to the Security Instrument when the closed loan file is delivered. Examples of Riders that must be attached to the security instrument:

- Condo Rider: Required on all condominiums
- 1–4 Family Rider: Required on 2–4-unit properties and all Investment properties.
- PUD Rider: Required on all Planned Unit Developments and/or properties with mandatory HOA dues.
- Second Home Rider: Required on all Second Homes
- Adjustable-Rate Mortgage (ARM) Rider: Required on all ARM loans
- Rural Development Occupancy Rider: Required on all RD/USDA loans to conform with USDA occupancy requirements
- Renewal and Extension Rider: Required on all owner-occupied TX refinance loans
- Closing Attorney Affidavit and Waive of Borrower’s Rights: Required on all GA loans

## Collateral Delivery

A complete Collateral Package is required on all loans. Collateral Package documents must be organized and delivered to FIRST COLONY WHOLESale Document Custodian:

**First Colony Mortgage Corporation**  
**Attn: Note Delivery**  
**500 East Park Avenue, Suite 900**  
**Orem, UT 84097**

The Collateral Package must have a label on the tab with the following:

Mortgagor’s Last Name and First Name Seller Loan Number

- Every Collateral Package must include, in the following order:
  - Bailee Letter, Form (or equivalent). Should reference Loan Number, MIN Number, Borrower Name and Note Amount. It should also reference the items listed below:
    - Receiving Bank
    - Receiving Bank Address
    - ABA Number
    - Account Name
    - Account Number
  - Original Note (and applicable addenda), reflecting all applicable endorsements, including Original Allonge final endorsement from Seller to "blank" (or 'Pay to the order of FIRST COLONY WHOLESale. without recourse').
  - Certified Copies of the Note, Security Instrument, and all Riders, and POA (POA & Trust Cert if applicable)

All outstanding collateral conditions must be satisfied before the loan can be cleared for purchase.

## **Loan Purchase**

### **Wire Detail**

FIRST COLONY WHOLESale will issue a Purchase Advice to the Seller for each loan that is purchased detailing all financial calculations used to determine the final purchase price of the loan. Loans cleared for purchase prior to 3:00 CST will be purchased the next business day.

### **Net Escrow Funds from Purchase Wire**

Except for any escrow payments that are the Seller's responsibility, the following items will be netted-out from the Seller's purchase proceeds for a loan with an escrow:

- Escrows deposited with Seller
- Escrow amounts included in any payments due Seller.
- FIRST COLONY WHOLESale fees as applicable

The seller is also responsible for payment from the escrow account of any insurance or tax payments that were due or will be due by or before FIRST COLONY WHOLESale's first payment date. If escrows have been waived and a bill for taxes or insurance is due, Seller is responsible for obtaining proof of payment from the borrower.

### **First Payment Requirements**

The seller is responsible for collecting borrower's mortgage payments up to FIRST COLONY WHOLESale's Mortgage Servicer's first payment due date. If a payment for a loan is due during the same month in which FIRST COLONY WHOLESale's purchases the loan, FIRST COLONY WHOLESale's will require Seller to collect that payment and the loan purchase balance will reflect the reduced principal balance.

### **Loan History**

A payment history will be required on all loans prior to purchase when payment would have conceivably been made to the seller. The payment history must show the loan is current at the time of purchase.

### **PMI for Conventional Loans**

Seller must pay any escrowed PMI, financed or Seller paid lump sum mortgage insurance premiums if applicable prior to delivery of the closed loan package to. FIRST COLONY WHOLESale's. At this time FIRST COLONY WHOLESale will not accept Streamline MI with lower coverage. Evidence of payment in the form of a copy of the check payable to the mortgage insurance company is required.

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## CHAPTER 5 – POST PURCHASE DOCUMENTATION

### Seller Document Responsibilities

Sellers are responsible for the submission of final recorded documents and title policies with all endorsements after the loan has been purchased. FIRST COLONY WHOLESale requires the submission of these documents to be delivered within 90 days following closing.

FIRST COLONY WHOLESale's reserves the right to assess fees for documents not received within 90 days of the date of purchase per the Agreement. Such fees may be deducted and held in reserve from proceeds of other loan purchases until the documents have been received.

### Government Loans

All government loans sold to FIRST COLONY WHOLESale must be insured prior to the first payment due date. This insurance requirement applies to FHA, VA and Rural Housing transactions and insurance will be verified as follows: UFMIP and VA funding Fee must be paid, and proof of payment must accompany the file delivered for purchase.

- FHA loans will be verified via FHA Connection
- VA loans require the delivery of the Loan Guaranty Certificate
- Rural Housing loans require delivery of the Loan Note Guaranty

Documentation submission for FHA VA and Rural Housing must occur prior to the first payment due date. If the Seller fails to obtain the required insurance prior to the first payment due date, Seller shall, at the discretion of FIRST COLONY WHOLESale, repurchase the affected loan.

### Post Purchase Documentation

Sellers are responsible for delivery of the following documents on all loans purchased by FIRST COLONY WHOLESale's:

- Recorded Security Instrument and all riders.
- Any intervening Assignments of Mortgage required ensuring the interests of FIRST COLONY WHOLESale's
- Mortgage Insurance Certificate (FHA) / Loan Guaranty Certificate (VA) / Loan Note Guaranty (USDA)
- Final Title Policy and all endorsements

***Note: Re-recording fees for inaccurate Security Instruments or for additional Assignments and any costs for additional endorsements are the responsibility of the Seller.***

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***Final Document Delivery Address:***

First Colony Mortgage Corp C/O DocProbe  
ATTN: Final Document Department  
1133 Ocean Ave  
Mailstop: DP9312  
Lakewood, NJ 08701  
[fcmwholesale@docprobe.net](mailto:fcmwholesale@docprobe.net)

**Sellers Transfer Responsibilities**

Sellers are also responsible for the following:

- MERS transfer of servicing and beneficial interest transactions (TOS/TOB)
- Mailing “Goodbye Letter”/Transfer of Serving Rights to borrower.
- Notification to insurance providers of transfer to FIRST COLONY WHOLESAL, including, but not limited to, and as applicable the following:
  - Hazard, including fire, wind, condominium master and HO-6
  - Flood Certification
  - Flood Insurance
  - Mortgage Insurance (MI) – Conventional Loan
  - MIC, LGC, LNG – Government Loans
  - Notice of Record/Lender Change on FHA/USDA