

Luxury Mortgage Corp. ®

Correspondent Seller Guide

Version 1.3

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Table of Contents

- SECTION 1.0 – OVERVIEW 6
 - SECTION 1.2–ADDRESSES, CONTACT INFORMATION AND HOURS OF OPERATION 6
 - SECTION 1.2.1–CONTACT INFORMATION 6
 - SECTION 1.2.2–HOURS OF OPERATIONS 6
 - SECTION 1.2.3–OBSERVED HOLIDAYS 6
 - SECTION 1.3 – FEES 7
 - SECTION 1.4–SELLER ID, LOAN NUMBER 7
 - SECTION 1.5–GEOGRAPHIC ELIGIBILITY 7
- SECTION 2.0 – SELLER ELIGIBILITY 7
 - SECTION 2.1— APPROVAL OVERVIEW 7
 - SECTION 2.1.1–COMERGENCE 7
 - SECTION 2.1.2–MINIMUM REQUIREMENTS 8
 - SECTION 2.2 – DOCUMENTATION REQUIREMENTS FOR APPROVAL 8
 - SECTION 2.3 – SELLER RESPONSIBILITY 8
 - SECTION 2.3.1–MAINTAINING ELIGIBILITY 8
 - SECTION 2.3.2–NOTIFICATION OF SIGNIFICANT CHANGES 8
 - SECTION 2.3.3–GOOD STANDING/RE-CERTIFICATION 8
- SECTION 3.0 – LOCK POLICY 9
 - SECTION 3.1 – BEST EFFORTS RATE LOCK PROGRAM 9
 - SECTION 3.1.1–REGISTRATION/RATE LOCK AND LOCK CONFIRMATION 9
 - SECTION 3.1.2–CANCELLATIONS 10
 - SECTION 3.1.3–PREPARING TO CLOSE LOANS 10
 - SECTION 3.2 – LOCK DESK & PRICING 10
 - SECTION 3.2.1–DAILY PRICING 10
 - SECTION 3.2.2–INTRA-DAY PRICE CHANGES 10
 - SECTION 3.3 – RATE LOCK PROGRAMS 10
 - SECTION 3.3.1–GENERAL RATE LOCK INFORMATION 10
 - SECTION 3.3.2–RATE LOCK EXTENSIONS 10
 - SECTION 3.3.3–RATE LOCK RENEGOTIATIONS 11
 - SECTION 3.3.4–RATE RE-LOCKS 11
 - SECTION 3.3.5–RATE LOCKS AND DELIVERY 11
 - SECTION 3.3.6 – PAIR-OFF 11
 - SECTION 3.4 – LOCKING LOANS 11

SECTION 3.4.1—CREATING ACCOUNTS	11
SECTION 3.4.2—INFORMATION REQUIRED TO LOCK LOANS	11
SECTION 3.5 – PRICING VALIDATION	12
SECTION 4.0 – UNDERWRITING AND DUE DILIGENCE PROCESSES.....	12
SECTION 4.1 – NON-DELEGATED REVIEWS	12
SECTION 4.1.1 – DELEGATED UNDERWRITING REQUIREMENT	12
SECTION 4.1.2 – NON-DELEGATED UNDERWRITING REQUIREMENT	12
SECTION 4.1.3 – SCENARIO REVIEW	12
SECTION 4.1.4 – EXCEPTION PROCESS.....	13
SECTION 4.1.5 – CONDO REVIEW PROCESS.....	13
SECTION 4.1.6 – TRUST/ENTITY REVIEW PROCESS	13
SECTION 4.1.7 – POST CLOSING REVIEW	13
SECTION 4.2 – CREDIT PACKAGE SUBMISSION STANDARDS	13
SECTION 4.3 – LOAN INTEGRITY/FRAUD MITIGATION	13
SECTION 4.4 – UNDERWRITING SUBMISSION	13
SECTION 4.5 – CONDITION CLEARING REQUIREMENTS	14
SECTION 4.6 – AGE OF DOCUMENT REQUIREMENTS.....	14
SECTION 4.6.1—CREDIT REVIEW DOCUMENTATION	14
SECTION 4.6.2—APPRAISAL.....	14
SECTION 4.7—CLARIFICATION.....	14
SECTION 5.0 – PROPERTY & APPRAISAL REQUIREMENTS	14
SECTION 5.1 – APPRAISAL ORDERING.....	14
SECTION 5.1.1—SELLER ORDERS THE APPRAISAL	15
SECTION 5.2 – REQUIRED APPRAISAL REPORTS	15
SECTION 5.2.1—COMPLETION OF THE RESIDENTIAL APPRAISAL FORM	15
SECTION 5.3 – DISASTER AREAS.....	15
SECTION 5.3.1—DETERMINATION OF DISASTER AREAS	15
SECTION 5.3.2—APPRAISALS COMPLETED PRIOR TO DISASTER	16
SECTION 5.3.3—APPRAISALS COMPLETED AFTER DISASTER EVENT.....	16
SECTION 5.3.4—DISASTER EVENT OCCURS AFTER CLOSING BUT PRIOR TO PURCHASE	16
SECTION 6.0 – CLOSING AND POST-CLOSING REQUIREMENTS.....	16
SECTION 6.1 – PURCHASE PROCEDURES	16
SECTION 6.2 – WIRE INSTRUCTIONS.....	17
SECTION 6.3 – FILE REVIEW	17

SECTION 6.4 – INTEREST CREDIT	17
SECTION 6.5 – COLLATERAL DELIVERY	17
SECTION 6.5.1–REQUIREMENTS FOR MORTGAGE FILE	17
SECTION 6.5.2–STACKING ORDER FOR COLLATERAL	18
SECTION 6.6 – SELLER DOCUMENT RESPONSIBILITIES	18
SECTION 6.6.1–POST PURCHASE DOCUMENTATION.....	18
SECTION 6.7–PURCHASE ADVICE	20
SECTION 6.7.1– POST PURCHASE ADJUSTMENTS.....	20
SECTION 6.7.1–SCENARIOS FOR WHICH A POST-PURCHASE ADJUSTMENT OCCURS	21
SECTION 6.8 – CLOSING AGENT	21
SECTION 7.0 – SERVICING TRANSFER INSTRUCTIONS	21
SECTION 7.1 – INTERIM SERVICING RESPONSIBILITES.....	21
SECTION 7.1.1–INTERIM SERVICING REQUIREMENTS	21
SECTION 7.1.2 – REMITTANCE AND REPORTING REQUIREMENTS	21
SECTION 7.1.3 – ADVANCES.....	22
SECTION 7.2 – SERVICING TRANSFER CONTACTS	22
SECTION 7.2.1--TRANSFER CONTACTS.....	22
SECTION 7.2.2--NEW SERVICER CONTACT INFORMATION	22
SECTION 7.3 – NOTIFICATION OF SERVICING TRANSFER.....	22
SECTION 7.3.1-- GOODBYE LETTER	22
SECTION 7.3.2 – WELCOME LETTER.....	23
SECTION 7.4 – POST TRANSFER PAYMENTS TO THE NEW SERVICER.....	23
SECTION 7.4.1--PAYMENTS FORWARDED BY WIRE – WIRE INSTRUCTIONS	23
SECTION 7.4.2--PAYMENTS FORWARDED BY SENDING A CHECK – MAILING INSTRUCTIONS.....	23
SECTION 7.5 – BORROWER CONTACT CONSENT FORM	23
SECTION 7.6 – ESCROW FUNDS AND ESCROW DISBURSEMENT REQUIREMENTS	23
SECTION 7.6.1--GENERAL ESCROW DATA INFORMATION	24
SECTION 7.6.2--ESCROW DISBURSEMENT REQUIREMENTS – TAXES AND INSURANCE.....	24
SECTION 7.6.3--FORWARDING TAX BILLS	24
SECTION 7.7 – MORTGAGEE CHANGE REQUIREMENTS	24
SECTION 7.7.1--MORTGAGEE CHANGE ENDORSEMENTS.....	24
SECTION 7.7.2--TRANSFER FLOOD CERTIFICATES	25
SECTION 7.7.3--LOSS DRAFT INFORMATION	25
SECTION 7.7.4--TRANSFER OF REAL PROPERTY TAX INFORMATION	25

SECTION 7.8 – YEAR END TAX REPORTING/IRS REPORTING.....	25
SECTION 7.9 – PAYOFFS AND PENDING PAYOFFS.....	25
SECTION 7.9.1--PAYOFFS.....	25
SECTION 7.9.2--LOANS WITH PENDING PAYOFF.....	25
SECTION 7.10-SELLER’S SERVICING RESPONSIBILITIES	25
SECTION 7.11—PAYMENT HISTORY.....	26
SECTION 7.12—CHANGE OF SERVICER	26
SECTION 7.13—ESCROW HOLDBACKS.....	26
SECTION 8.0 – MORTGAGE ELECTRONIC REGISTRATION SYSTEM (MERS®).....	26
SECTION 8.1 – MERS® AS NOMINEE	26
SECTION 8.2 – TRANSFER OF SERVICING AND BENEFICIAL RIGHTS.....	27
SECTION 8.3 – ASSIGNING A MORTGAGE TO MERS®	27
SECTION 9.0 – COMPLIANCE.....	27
SECTION 9.1 – FAIR LENDING POLICY	27
SECTION 9.2 – ANTI-PREDATORY LENDING POLICY.....	27
SECTION 9.3 – ANTI-MONEY LAUNDERING	28
SECTION 9.4 – ABILITY TO REPAY/ QUALIFIED MORTGAGE.....	28
SECTION 9.5 – FEE POLICY.....	28
SECTION 9.6 – QUALITY CONTROL.....	29
SECTION 9.7 – PREPAYMENT PENALTY OPTIONS	29
SECTION 9.8 – STATE SPECIFIC REQUIREMENTS AND LICENSING	29
SECTION 9.9 – FANNIE MAE LQI CHECKS	29
SECTION 10.0—REPRESENTATIONS AND WARRANTIES.....	29
APPENDIX A: DEFINITIONS.....	30

SECTION 1.0 – OVERVIEW

SECTION 1.1 – INTRODUCTION

The Correspondent Lending Division of Luxury Mortgage Corp.[®] (“Luxury Mortgage”) purchases closed Mortgage Loans from approved Sellers. The Mortgage Loan Purchase and Sale Agreement (“Agreement”), which by incorporation includes the Correspondent Seller Guide and the Underwriting Guidelines (the “Guide”) as amended from time to time, governs business relationships between Luxury Mortgage and approved Sellers (“Sellers”). The Guide sets forth the terms and conditions, process, policies and procedures by which approved Sellers may sell Mortgage Loans to Luxury Mortgage. The Guide together with the Agreement constitute the entire agreement between the Seller and Luxury Mortgage. The Guide is effective as of the date specified herein and applies to all Mortgage Loans.

SECTION 1.2—ADDRESSES, CONTACT INFORMATION AND HOURS OF OPERATION

SECTION 1.2.1—CONTACT INFORMATION

Main Phone Number: (203) 327-6000

Email: See Contact List

Mail:

Luxury Mortgage Corp.
4 Landmark Square, Third Floor
Stamford, CT 06901

SECTION 1.2.2—HOURS OF OPERATIONS

9 A.M E.S.T. TO 5 P.M. PST Monday through Friday

SECTION 1.2.3—OBSERVED HOLIDAYS

HOLIDAYS:

The federally recognized holidays at the time of publication of this Seller’s Guide are as follows:

New Year’s Day
Martin Luther King, Jr. Day
President’s Day
Memorial Day
Juneteenth
Independence Day
Labor Day
Columbus Day
Indigenous People’s Day
Veteran’s Day
Thanksgiving Day
Christmas Day

On federal holidays, banks and the U.S. Postal Service do not operate and wire transfers do not occur. Luxury Mortgage’s wire desk is closed on federal holidays so therefore any funds that would be due for wiring on a federal holiday will be wired on the following business day. Additionally, Luxury Mortgage will be closed the day after Thanksgiving, which will be treated as a holiday.

SECTION 1.3 – FEES

Luxury Mortgage will charge fees listed on the Fee Schedule when purchasing a Mortgage Loan from a Seller. These fees will be deducted from the funding wire at time of purchase.

SECTION 1.4–SELLER ID, LOAN NUMBER

Luxury Mortgage will assign a unique Seller ID to each Seller upon approval. This number must be referenced on all correspondence and transmittals sent to Luxury Mortgage.

SECTION 1.5–GEOGRAPHIC ELIGIBILITY

See the Underwriting Guidelines for state eligibility.

Any Mortgage Loans that fall under the definition of New York Subprime Home Loan are not eligible. NY Subprime is defined as a primary residence where the loan amount is under the county's conforming limit (high balance if a high cost county, standard if not) where the APR is more than 1.75% above the comparable rate based on the Freddie Mac Mortgage Survey. This applies only to Full Documentation, Bank Statements, and Asset Qualifier. See NY Banking Law §6-M for additional information.

SECTION 2.0 – SELLER ELIGIBILITY

The Eligibility section outlines requirements for becoming an approved Seller and for maintaining that eligibility in good standing (as defined within [section 2.3.3](#) of the Guide. All applicants must submit their applications utilizing Comergence and will be provided with a login.

SECTION 2.1— APPROVAL OVERVIEW

Luxury Mortgage will review the applicant's information and request for approval to determine eligibility. At the discretion of Luxury Mortgage, eligibility standards may be waived, modified or changed; however, any modification or waiver shall not impinge the ability of Luxury Mortgage to enforce other provisions of the Guide or Agreement nor subsequently enforce a waived or modified provision should circumstances change. This Eligibility section provides a list of all the documentation Luxury Mortgage needs to review for approval. Upon completion of all the items and documents listed below, please upload and submit them via the Comergence portal at www.comergence.com.

To become an approved Seller with Luxury Mortgage, the applicant must:

- Satisfy all Luxury Mortgage's eligibility requirements
- Accurately and fully complete all required applications and provide all necessary documentation.
- Execute the applicable Agreement, in addition to other agreements, documents, forms or requirements that may be applicable to the approval requested

Luxury Mortgage retains the right to approve a Seller with restrictions and may impose additional conditions or requirements for review in order to maintain Seller approval.

SECTION 2.1.1–COMERGENCE

Comergence is an online due diligence screening firm utilized by Luxury Mortgage. The Comergence portal makes applying easier and safer using an electronic application to streamline the approval process. Comergence provides a proprietary combination of background due diligence with ongoing compliance surveillance, all of which makes the entire management process easier.

SECTION 2.1.2–MINIMUM REQUIREMENTS

Please refer to the Seller Eligibility Requirements for the most current set of requirements to become an approved Seller with Luxury Mortgage.

SECTION 2.2 – DOCUMENTATION REQUIREMENTS FOR APPROVAL

The seller is required to provide all documentation outlined in Comerence for Seller approval. LMC may, in its direction, require additional information or clarification on the Seller’s application.

SECTION 2.3 – SELLER RESPONSIBILITY

SECTION 2.3.1–MAINTAINING ELIGIBILITY

Once a Seller is approved by Luxury Mortgage, it must continue to meet the eligibility requirements herein to maintain its eligibility and approval. Luxury Mortgage retains the right to conduct periodic audits or inspections at one or more of the Seller’s offices with reasonable notice during normal business hours. The scope of the audit would include but not be limited to Mortgage Loans that have been sold to Luxury Mortgage and the Seller’s compliance with the terms of the Agreement and Guide. Luxury Mortgage may suspend such Seller or terminate its entire relationship with that entity upon any failure by the Seller to meet the Seller’s obligations in the Guide or the Agreement.

SECTION 2.3.2–NOTIFICATION OF SIGNIFICANT CHANGES

Seller must provide written notice of any contemplated change in its organization, including copies of any filings with, or approvals from its regulators. Luxury Mortgage requires written notice immediately, but no later than five (5) calendar days after, the finalization of significant changes relating to the Seller including, but not limited to:

- Any mergers, consolidations or reorganizations
- Any direct or indirect material change in ownership; an indirect change in ownership includes any change in the ownership of the Seller’s parent, any owner of the parent, or any beneficial owner of the Seller that does not own a direct interest in the Seller
- Any change in corporate name
- Any change from a federal charter to a state charter (or vice versa) if the Seller is a Savings and Loans Association or a Bank
- Material Adverse Change in financial condition
- Any change in authority evidenced by the Corporate Resolution or in banking relationships including warehouse lines of credit/wire instructions
- Any change in Agency approval
- Any change in fiscal year end date
- Any change in management or key personnel or persons who oversee key Seller departments
- Use of a new or different fictitious name
- Any change regarding registration or licensure of a fictitious name.
- Any change that could cause a Material Adverse Change to the value of any Mortgages Loans sold to Luxury Mortgage.

SECTION 2.3.3–GOOD STANDING/RECERTIFICATION

All approved Sellers must remain in good standing with Luxury Mortgage to maintain eligibility to sell Mortgage Loans. Failure to remain in good standing could result in termination of the Agreement with cause.

To remain an approved Seller in good standing the Seller must:

- Actively participate in the products and programs described in the Guide
- Maintain an acceptable pull through rate on commitments issued by Luxury Mortgage
- Be in full compliance with all terms of the Agreement and the Guide
- Complete and submit all requested documents, as applicable, as part of the Annual Recertification.

Updated information requirements include, but are not limited to:

- Copies of renewed/updated Fidelity Bond and E&O Insurance
- State licensing list with copies of the applicable current/updated state licenses
- Audited Financial Statements with all appropriate schedules and attachments
- Current unaudited financial statements no older than four (4) months
- Updated/Current Organization Chart
- Resumes on any new management position changes since last approval
- Copy of any investor scorecards. Scorecards must include 75% of the loans sold by the Seller over the most recent 12 month period
- Any other additional certifications or information requested by Luxury Mortgage.

SECTION 3.0 – LOCK POLICY

SECTION 3.1 – BEST EFFORTS RATE LOCK PROGRAM

The Lock Policy outlines the terms by which Sellers can commit Mortgage Loans for purchase by Luxury Mortgage. When a Seller locks a Mortgage Loan with Luxury Mortgage, the interest rate, pricing, and terms are protected through Lock Expiration. Sellers are required to deliver a complete closed and funded Mortgage File before the expiration of the Rate Lock. Any Mortgage Loan that is not delivered in purchasable form, pursuant to the Stacking Order by the Lock Expiration may be subject to the current lock and pair-off policy. Luxury Mortgage may, in its discretion, require that a file that has not been delivered by the Lock Expiration date be repriced or return the file to the Seller.

Luxury Mortgage offers best efforts locks and provides interest rate protection for the purpose of pricing a mortgage application for the Mortgagors. Once a Seller locks a Mortgage Loan with Luxury Mortgage, they are obligated to use their best effort to close the Mortgage Loan. Once a Mortgage Loan is closed under Luxury Mortgage's best efforts lock program, delivery becomes mandatory.

The Lock Desk hours of operation are listed on the applicable rate sheet.

The e-mail address for the Lock Desk is: See Contact List

Sellers can expect to receive a Lock Confirmation within 24 hours. The Lock Desk has the right to reject any lock requests that are not completed correctly.

SECTION 3.1.1–REGISTRATION/RATE LOCK AND LOCK CONFIRMATION

Sellers register and lock Mortgage Loans in the TPO Website. Sellers have the option of either registering/locking through the website or uploading a manual request. If the Seller is manually uploading a request, they should email the lock desk to notify them the request is uploaded. Any loan which constitutes a guideline exception must be locked manually. Rate Locks are priced based on the rates in effect at the time a lock is confirmed. The Lock Confirmation will be posted to the TPO Website, which may be printed or downloaded. The confirmation will display a Lock Price. Sellers must review the confirmation upon receipt and contact the Lock Desk regarding any discrepancies. All Rate Locks are Mortgagor and property specific.

A Mortgage Loan may be locked at any point in the process, provided the Seller has received a completed application from the Mortgagor and registered the loan. However, we strongly advise locking after either an Underwriting Disposition or an Eligibility Finding has been received.

In the event of changes to the Mortgage Loan which would drive a pricing change the Seller must notify the Lock Desk. An updated confirmation will be issued reflecting the change.

See [Section 3.4](#) for details on locking with Luxury Mortgage

Note: Confirmation of a Rate Lock does not constitute underwriting approval and/or exception approval. All Mortgage Loans must meet Luxury Mortgage Underwriting Guidelines, in addition to meeting pre and post-closing due diligence requirements.

SECTION 3.1.2–CANCELLATIONS

Sellers must notify the Lock Desk as soon as possible when a locked loan is canceled. Failure to do so on a regular basis may impact Seller eligibility.

SECTION 3.1.3–PREPARING TO CLOSE LOANS

All Mortgage Loans must be locked before a file is submitted for Purchase. All Mortgage Loans must have a valid unexpired lock when the Mortgage File is delivered for Purchase and may be required to have an unexpired lock at Purchase at Luxury Mortgage’s discretion.

SECTION 3.2 – LOCK DESK & PRICING

SECTION 3.2.1–DAILY PRICING

Interest rates are published on each week day Luxury Mortgage is open, generally by 10:00 AM EST. Luxury Mortgage reserves the right to change rates at any time. Rates will be published in the TPO Website and distributed via email. Each Rate Sheet will provide the effective date and time.

SECTION 3.2.2–INTRA-DAY PRICE CHANGES

Luxury Mortgage reserves the right to change pricing without advance notice at any time, which may also include after the market closes. Luxury Mortgage makes its best effort to notify Sellers of new pricing when there is an intraday price change; however, Sellers will receive the pricing in effect when Mortgage Loans are locked on the TPO Website. Sellers are responsible for verifying the Lock Confirmation as soon as it is received and must contact the Lock Desk immediately if there is a discrepancy. Intra-day price changes will be emailed and published in the system as soon as is feasible.

SECTION 3.3 – RATE LOCK PROGRAMS

Luxury Mortgage offers the Sellers competitive pricing. Specific information regarding Rate Locks, extensions, and renegotiations is provided as follows.

SECTION 3.3.1–GENERAL RATE LOCK INFORMATION

General information regarding the available duration of Rate Locks, cost and length of extensions, adjusters, and all matters related to pricing are found on the daily Rate Sheet. Sellers should rely on the most recent Rate Sheet in regards to all pricing and rate extension information (or the Rate Sheet at time of lock in regards to extensions and worst-case pricing.) Information on the Rate Sheet will take precedence over the information in this Guide.

SECTION 3.3.2–RATE LOCK EXTENSIONS

Please refer to the current rate lock and pair-off policy.

SECTION 3.3.3–RATE LOCK RENEGOTIATIONS

Please refer to the current rate lock and pair-off policy.

SECTION 3.3.4–RATE RE-LOCKS

Please refer to the current rate lock and pair-off policy.

SECTION 3.3.5–RATE LOCKS AND DELIVERY

All files in purchasable form, pursuant to the Stacking Order must be delivered by the Lock Expiration. In the event the file is not delivered, by the Lock Expiration, the Mortgage Loan will be subject to a pricing change.

Locks with weekend or holiday Lock Expirations roll to the next business day following the stated Lock Expiration; this becomes the effective Lock Expiration.

Luxury Mortgage reserves the right to return a Mortgage File and its associated collateral, at any time for poor quality and/or inconsistency with program guidelines.

Luxury Mortgage reserves the right to price expired Mortgage Loans outside of the matrix above based on market conditions.

SECTION 3.3.6 — PAIR-OFF

Please refer to the current rate lock and pair-off policy

SECTION 3.4 — LOCKING LOANS

Luxury Mortgage utilizes the TPO Website for all Lock Confirmations and Purchase Advices.

SECTION 3.4.1–CREATING ACCOUNTS

All Sellers must designate an internal administrator to manage access to the TPO Website.

SECTION 3.4.2–INFORMATION REQUIRED TO LOCK LOANS

Sellers can enter information in manually or by using a Fannie 3.4 file. A complete application from the Mortgageor must have been received by the Seller in order to lock a Mortgage Loan.

IMPORTANT

Sellers are always responsible for confirming the accuracy of the information in the system. Any discrepancies uncovered in the underwriting and/or due diligence processes will affect pricing up to and including Repurchase of the Mortgage Loan by the Seller plus any expenses incurred. Please take the time to verify that all information is correct and that all required documentation has been provided. Luxury Mortgage will not be responsible for any errors made by the Seller.

SECTION 3.5 – PRICING VALIDATION

Any Mortgage Loan submitted for Purchase will have pricing re-verified after delivery. Any changes to the Mortgage Loan that would drive a pricing change will be reflected on an updated confirmation issued to the Seller after delivery.

SECTION 4.0 – UNDERWRITING AND DUE DILIGENCE PROCESSES

SECTION 4.1 – NON-DELEGATED REVIEWS

Sellers are responsible for underwriting the Mortgage File according to Luxury Mortgage's Underwriting Guidelines and for issuing final approval. If a Mortgage Loan requires Non-Delegated underwriting review based on the Seller's approval letter, Luxury Mortgage will issue an Underwriting Disposition.

SECTION 4.1.1 – DELEGATED UNDERWRITING REQUIREMENT

Sellers are responsible for providing a fully underwritten, closed, and funded Mortgage File in purchasable form, pursuant to the Stacking Order along with a Data Tape (see Exhibit B) to Luxury Mortgage prior to expiration of the Rate Lock. After submission, Luxury Mortgage will review the file and contact the Seller for any suspense items that are needed in order to purchase the loan by the rate lock expiration date.

A full Mortgage File includes the Stacking Order Checklist referenced in Exhibit A along with a Data Tape including the fields referenced in Exhibit B and must be uploaded to the Luxury Mortgage TPO website.

SECTION 4.1.2 – NON-DELEGATED UNDERWRITING REQUIREMENT

As required by Seller's approval letter, the Seller must submit Mortgage Loan(s) to Luxury Mortgage for an Underwriting Disposition prior to the Seller funding the Mortgage Loan. The complete, imaged Mortgage File should then be uploaded to Luxury Mortgage's TPO website for underwriting review. Once an Underwriting Disposition is issued, it will be uploaded to the website and the contact person at the Seller will be notified by email. Conditions should be uploaded to the TPO Website at one time, and at least 72 hours prior to a Clear to Close being needed in all instances where feasible. An updated Underwriting Disposition or Clear to Close will be provided in the same manner as the Underwriting Disposition. The Seller does not need to wait for a Clear to Close from Luxury Mortgage to fund a Mortgage Loan provided an Underwriting Disposition has been issued by Luxury Mortgage, however by doing so the Seller assumes the responsibility of being able to clear the file in a timely manner. Luxury Mortgage is under no obligation to purchase any loan that does not meet guideline eligibility.

SECTION 4.1.3 – SCENARIO REVIEW

If a Seller has a question related to a file or a specific guideline(s), they may reach out to the TPO Scenario Desk for guidance. Please see contact list. . The Scenario Desk will endeavor to respond as soon as possible, but all efforts will be made to facilitate a response within 24 hours. If any documentation is requested by the Scenario Desk for review, care must be taken to ensure that documentation provided by the Seller does not include Mortgage specific non-public information. To the extent necessary, the Seller should include the correspondence with the Scenario Desk with the Mortgage File.

SECTION 4.1.4 – EXCEPTION PROCESS

If a guideline exception is identified as necessary, the Seller shall complete the Exception Request Form (Exhibit G) and submit via email. Please see contact list. . The Exception Desk will respond with any additional information which is necessary for a decision to be made and subsequently with a decision on the exception as to whether or not it will be considered. There may be an exception charge associated with the exception. The signed form shall be maintained with the Mortgage File and submitted as part of the Non-Delegated Review and Post-Closing Review Mortgage File. If any documentation is requested by the Exception Desk for review, care must be taken to ensure that documentation provided by the Seller does not include Mortgagor specific non-public information.

SECTION 4.1.5 – CONDO REVIEW PROCESS

The Seller's underwriter is responsible for warranting the project and including a copy of the Condo Project Warranty Form (Exhibit F) signed by the Seller's underwriter.

SECTION 4.1.6 – TRUST/ENTITY REVIEW PROCESS

If title to the Mortgaged Property will close in a living trust, blind trust, or entity, (as allowed) the completed checklist (see Exhibits H and I) and relevant documents must be submitted as part of the Non-Delegated review and Post-Closing Review.

SECTION 4.1.7 – POST CLOSING REVIEW

A complete Mortgage File in purchasable form, pursuant to the Stacking Order and Data Tape must be submitted to Luxury Mortgage within a sufficient period of time to meet the Lock Expiration. A conditions report will be issued for any missing documents or exceptions on the Mortgage File that need to be cleared by the Seller prior to Purchase. Each Mortgage File should contain the documents listed in the Stacking Order Checklist in Exhibit A and include any documentation required specific to the file, up to and including any prior to purchase conditions noted on the Clear to Close. Any Mortgage Loan submitted for Purchase will have pricing re-verified after delivery. Any changes to the file that would drive a pricing change will be reflected on an updated confirmation issued to the Seller after delivery. Any disclosures issued to a Mortgagor post-closing (i.e. a post-closing CD) must be provided promptly to Luxury Mortgage along with any other documents included with the disclosure(s) issued to the Mortgagor.

SECTION 4.2 – CREDIT PACKAGE SUBMISSION STANDARDS

Refer to the Guide for program underwriting requirements.

SECTION 4.3 – LOAN INTEGRITY/FRAUD MITIGATION

Data integrity is crucial to quality Mortgage File delivery and mitigation of fraud risk. All Mortgage Loans must be submitted to an automated fraud and data check tool (i.e. FraudGUARD, DataVerify, etc.). A copy of the findings report must be provided in the Mortgage File along with documentation resolving any deficiencies or red flags noted.

SECTION 4.4 – UNDERWRITING SUBMISSION

In an effort to ensure the efficient review of Seller's Mortgage Files, the Stacking Order Checklist (Exhibit A) should be used to confirm Mortgage Files contain all the required documentation. Although the Stacking Order Checklist is a representation of typically required documentation, the list is not exhaustive. It is the Seller's responsibility to provide all applicable documentation needed to confirm

compliance with the Underwriting Guidelines and all regulatory requirements (both state and federal) in order to render a sound credit decision.

Once a Mortgage File has been received and reviewed, the Seller will receive either a notification that the Mortgage File is acceptable or a list of missing documents/conditions that must be provided and cleared in order for the Mortgage File to be Purchased.

SECTION 4.5 – CONDITION CLEARING REQUIREMENTS

If a Mortgage Loan is approved with condition(s) in closed loan status, the Seller is required to resolve within 5 days. It is not a requirement that open conditions on a Non-Delegated review be cleared, however, Seller retains responsibility of ensuring that any Mortgage Loan meets the requirements of this Guide. In the case of a non-delegated underwrite or a post-closing review, the conditions should be submitted to Luxury Mortgage. The Seller will receive an updated Eligibility Finding or Underwriting Disposition.

SECTION 4.6 – AGE OF DOCUMENT REQUIREMENTS

SECTION 4.6.1–CREDIT REVIEW DOCUMENTATION

See the Underwriting Guidelines for document age requirements.

Credit documents must be valid as of the Note Date. Those documents exceeding these timeframes must be updated.

SECTION 4.6.2–APPRAISAL

See the Underwriting Guidelines for appraisal age requirements. The appraisal(s) must be valid as of the Note Date.

SECTION 4.7–CLARIFICATION

It may be necessary for the Mortgagor(s) to explain or clarify information provided on the application or for a third party to clarify information provided on a verification request form. This should be completed in writing and included in the Mortgage File.

SECTION 5.0 – PROPERTY & APPRAISAL REQUIREMENTS

SECTION 5.1 – APPRAISAL ORDERING

Appraisers must meet all industry standards and be state certified. State licensed appraisers and trainees are not permitted to independently sign an appraisal. All real estate appraisals must be performed according to the Uniform Standards of Professional Appraisal Practice (USPAP) and FNMA guidelines, including Universal Appraisal Dataset (UAD) requirements. The appraisal must be assigned in a manner that maintains appraiser independence and does not unduly influence the appraiser to meet a predetermined value. Luxury Mortgage reserves the right to restrict the use of any specific appraiser and/or appraisal management company at its discretion.

Luxury Mortgage reviews the appraisal as part of the post close review process. Luxury Mortgage and its due diligence provider will carefully review appraisals to ensure that the appraiser has appropriately analyzed property value trends and overall market conditions to arrive at the value provided. A Desk Review or Field Review may be required if Luxury Mortgage and/or its due diligence provider feels that the market value is not sufficiently supported. If additional information or a Review Appraisal is required, the due diligence firm or Luxury Mortgage will notify the Seller. If a Review Appraisal is

requested, it must be completed by an Appraisal Management Company (AMC). Each Seller that sells Mortgage Loans to Luxury Mortgage must ensure that its origination appraisal practices are in compliance with the Appraiser Independence Requirements (AIR) and represents and warrants to Luxury Mortgage that any appraisal and all appraisal practices used in origination of a Mortgage Loan conform to the requirements of Fannie Mae and Freddie Mac. Refer to the Underwriting Guidelines for additional information.

Sellers must order appraisals through an AMC that is AIR compliant. Loans with appraisals that do not conform to the above and following guidelines are not eligible for Purchase by Luxury Mortgage.

SECTION 5.1.1–SELLER ORDERS THE APPRAISAL

Sellers must demonstrate proof the appraisal meets AIR guidelines and Fannie Mae LQI requirements. The AMC must be directed to order the appraisal using the following requirements:

- Appraisers must be state certified with a minimum of five years' experience;
- Appraiser must be located within a maximum of 30 miles of the Mortgaged Property when the property is in a suburban area or an area that is built up greater than 25%, and
- Property profile and the most recent listing (non-copyrighted/non-disclosure states) of subject, and non-copyrighted MLS of all comps must be included whenever available.

SECTION 5.2 – REQUIRED APPRAISAL REPORTS

The Mortgage File must contain an appraisal completed by a state certified Appraiser on the standard Fannie Mae form which is suitable for its property type:

Property Type	FNMA Form
1 family properties & PUDs	#1004
2-4 family properties	#1025
Condominiums	#1073
Market conditions addendum	#1004MC

SECTION 5.2.1–COMPLETION OF THE RESIDENTIAL APPRAISAL FORM

- Existing construction: The appraisal is performed after all improvements have been completed. Luxury Mortgage does not permit escrow accounts for work completion.
- Site section of the appraisal form must state whether the Mortgaged Property is located in a FEMA identified Special Flood Hazard Area.
- If applicable, the appraisal form must include the census tract number. If not applicable, the appraiser must insert "N/A" where the census tract is requested.
- Luxury Mortgage reviews each appraisal report to determine acceptability.
- Luxury Mortgage also evaluates property characteristics that may preclude maximum financing.

See the Underwriting Guidelines for more details.

SECTION 5.3 – DISASTER AREAS

SECTION 5.3.1–DETERMINATION OF DISASTER AREAS

Sellers are responsible for identifying geographic areas impacted by disasters and taking appropriate steps to ensure the Mortgaged Property has not been adversely affected. The following guidelines apply to properties located in FEMA declared disaster areas, as identified by reviewing the FEMA web site at <http://www.fema.gov/news/disasters.fema>. In addition, when there is knowledge of an Adverse Event occurring near and around the Mortgaged Property location, such as earthquakes, floods, tornadoes, or

wildfires, additional due diligence should be used to determine if the disaster guidelines should be followed.

SECTION 5.3.2—APPRAISALS COMPLETED PRIOR TO DISASTER

An interior and exterior inspection of the Mortgaged Property, performed by the original appraiser if possible, is required.

- The appraiser should provide a statement indicating if the Mortgaged Property is free from any damage, is in the same condition from the previous inspection, and the marketability and value remain the same.
- Inspection report must include photographs of the Mortgaged Property and street view.
- Any damage must be repaired and re-inspected prior to Purchase.

SECTION 5.3.3—APPRAISALS COMPLETED AFTER DISASTER EVENT

The appraiser must comment on the Adverse Event and certify that there has been no change in the valuation. Any existing damage notated from the original report must be repaired and re-inspected prior to Purchase.

SECTION 5.3.4—DISASTER EVENT OCCURS AFTER CLOSING BUT PRIOR TO PURCHASE

A Mortgage Loan is ineligible for Purchase until an update or inspection from the original appraiser is obtained. The appraiser must comment on the event and certify that there has been no change to the value. Guidelines for disaster areas should be followed for 90 days from the disaster period end date or the date of the event, whichever is later.

SECTION 6.0 – CLOSING AND POST-CLOSING REQUIREMENTS

Luxury Mortgage requires that all Mortgage Loans undergo a mandatory post-closing due diligence review of the Mortgage File. Sellers will submit loans in purchasable form, pursuant to the Stacking Order to Luxury Mortgage and Luxury Mortgage will complete the review process. Please see [Section 4](#) for the submission process and Exhibit A for the Stacking Order Checklist for Mortgage Files submitted for Purchase. All Suspense Items must be resolved prior to Purchase. All Rate Locks must be good through delivery, , or they will be subject to worst-case pricing. In addition, Sellers must comply with any post-closing requests as laid out in general terms in this document, and in more specific terms in the Agreement. Luxury Mortgage only Purchases Mortgage Loans that have been delivered within 60 days of the Note Date. All closing agents utilized must be checked against Luxury Mortgage's exclusionary list.

SECTION 6.1 – PURCHASE PROCEDURES

Luxury Mortgage issues a separate Purchase Advice on each Mortgage Loan Purchased. Once the Purchase Advice is issued, it will be emailed to the Seller from the Correspondent Purchase Department or will be posted to the TPO Website. The Purchase Advice will contain the price paid for each Mortgage Loan. It is imperative that the Seller review the Purchase Advice in its entirety and reconcile the wire amount to ensure that the appropriate funds have been received. If a financial discrepancy is identified, the Seller must notify the Correspondent Purchase Department within 5 days of the Mortgage Loan's Purchase. The Seller must provide documentation supporting the discrepancy. See [Section 6.7.1](#) for additional information.

At Purchase the Seller must provide a current payment history for any Mortgage Loan that had a payment due or for which the Seller is responsible for a payment. Payment collection responsibility depends on the date the Mortgage Loan is Purchased and is determined as follows:

- If a Mortgage Loan is Purchased prior to or on the 14th calendar day of the month, the next payment will be due to Luxury Mortgage.
- If a Mortgage Loan is Purchased after the 14th calendar day of the month, the next payment will be due to the Seller.

Interest to be credited or debited at the time of Purchase is based upon a 360 day year.

At the Servicing Transfer Date, the Seller must provide an updated payment history to Luxury Mortgage for any Mortgage Loan where the Seller collected a payment.

Luxury Mortgage will net escrow funds from the Purchase Price.

Servicing Transfers occur on the 1st of each month. [See Section 7.0](#) for Servicing Transfer Information

SECTION 6.2 – WIRE INSTRUCTIONS

A Master Bailment Letter for each warehouse bank used by the Seller is required to be on file with Luxury Mortgage.

SECTION 6.3 – FILE REVIEW

Every Mortgage File gets reviewed in order received. If any deficiencies are identified the Seller will have 5 calendar days to clear before fees will be incurred and/or the Mortgage File will be returned, at Luxury Mortgage's discretion.

SECTION 6.4 – INTEREST CREDIT

A Mortgage File submitted for Purchase may have an interest credit on the final Closing Disclosure of not more than 7 days. The Mortgagor must also provide a signed letter confirming they are aware that their first payment is due within 30 days of their closing.

SECTION 6.5 – COLLATERAL DELIVERY

SECTION 6.5.1–REQUIREMENTS FOR MORTGAGE FILE

The original Mortgage Note and Collateral File should be delivered to the Custodian as soon as possible, and in all instances before a Mortgage Loan's related Purchase Date. Tracking information must be provided to Luxury Mortgage and the Custodian on the day the collateral is shipped. An email should be sent to the Custodian that includes the shipping vendor name, tracking number, Mortgage Loan numbers, Seller ID, Mortgagor names and the documents enclosed. The Custodian will issue a Trustee's Receipt once the Collateral File is in their possession. Sellers must arrange for prompt delivery of the Bailee Letter with the original Mortgage Note to the Custodian at the address below. Tracking information must also be provided in order for these documents to be incorporated into the Collateral File. NOTE: The Custodian will not process any Mortgage File where they have not received tracking information.

Luxury Mortgage will advise each Seller on the Custodian to be utilized.

Please notify the Relationship Manager with the anticipated date of the transfers, the number of Mortgage Files to be shipped and the tracking information.

Shipping instructions:

- Documents placed in a pocket file folder (legal size)
- Labels, affixed to the upper right hand corner of the legal-size pocket file folder, reflecting the Loan # from the Data Tape that was issued to Custodian, as well as previous loan # (if any) & Mortgagor Name
- Mortgage Files placed in sequential, numerical loan number order inside archive boxes.
- A packing list, consisting of a list of the loans and the box number, must be included in each box.
- Each box must be marked on the outside to identify its contents as follows: Investor/Seller/Funding Date/Box 1 of __, Ln # 100000–100200.

See [Section 6.5.2](#)– Collateral Delivery for complete list of documents required to be shipped.

SECTION 6.5.2–STACKING ORDER FOR COLLATERAL

File as Follows

- Bailee Letter
- Original Mortgage Note
- Endorsement or Allonge to blank in recordable format. See Exhibit D for a sample
- Certified Copy of the Mortgage
- Certified Copies of the Riders, Schedules
- Each original recorded Intervening Assignments
- Copy of Title Commitment/Binder
- Executed Power of Attorney (if applicable)
- Documentation necessary for completion of the CEMA (NY Only)

The recorded Mortgage and original Title Policy may follow as Trailing Documents, see [Section 6.6.1](#) for timelines and fees for non-compliance

SECTION 6.6 – SELLER DOCUMENT RESPONSIBILITIES

Sellers are responsible for the timely submission to Custodian of Final Recorded Documents and title policies with all endorsements after the Mortgage Loan has been Purchased. The Custodian requires tracking information be provided for all Trailing Documents.

SECTION 6.6.1–POST PURCHASE DOCUMENTATION

Final Recorded Documents Delivery

All Final Recorded Documents must be reviewed by the Seller for accuracy and delivered to Luxury Mortgage within 120 days of the date the Mortgage Loan is Purchased by Luxury Mortgage. In the event that Luxury Mortgage does not receive the required Final Recorded Documents within 120 days from Purchase, the Seller will be billed \$100 per missing document per month.

Final Recorded Document Delivery Address and Contact Information

All Final documents must be sent to the following address:

Luxury Mortgage Corp. C/O Doc Probe
Attn: Final Documents Department
1125 Ocean Avenue
Lakewood NJ, 08701

All inquiries must be made to the below:

Main Email Address: Finaldocuments@luxurymortgage.com

Contacts:

Luxury Mortgage Contact:

See Contact List

Doc Probe Contact:

See Contact List

Final Recorded Documents Requirements

The Final Recorded Documents must be the most current Fannie Mae, Freddie Mac forms. In all cases, the Seller is responsible for using the current documents and ensuring that all documents including, and without limitation, any documents supplied to Luxury Mortgage conform to all applicable state and federal laws.

Recorded Mortgage Requirements

The Seller must record the Mortgage, together with all appropriate riders. Luxury Mortgage will not accept any document that contains white-out or erasures. Luxury Mortgage will accept strike-overs only if the Mortgagor has initialed any such strike-overs. The original or county certified copy of the Mortgage should be sent to Doc Probe.

The below must be accurate and complete on the Mortgage:

- The Mortgage must be complete, legible, and is in accordance with common and customary practices.
- When closing with MERS as nominee for the Seller, the deed of trust and mortgage must include the appropriate MERS verbiage and the MIN prior to recording.
- Document date agrees with the date of all other legal documents.
- Name(s) of Mortgagor(s) agree(s) with name(s) shown on all other legal documents
- The Mortgage does or will vest in title all parties who are named in and who have executed the Mortgage. All parties vested in title are named in and have executed the Mortgage. Additionally, all parties who have an equitable interest (e.g., spouses in community property states) have signed the Mortgage.
- Loan terms are correct and agree with the Mortgage Note, including but not limited to:
 - Loan amount and
 - Loan terms (first and last payment)
- Legal description agrees with title work.
- Address of Mortgaged Property is correct and complete and agrees with the appraisal and, where applicable, the title report.
- All Mortgagors' signatures agree with signatures on the Mortgage Note and Signature/Name Affidavit.
- Notary acknowledgement is complete and correct, and, if applicable:
 - Notary seal/stamp appears on document.
 - Commission expiration date is included

Final Title Policy

Luxury Mortgage requires the original Title Policy with all applicable endorsements. The Title Policy must insure the Seller as its name appears in the Mortgage and must also include the language “its’ successors and assigns as their interest may appear”.

The below must be accurate and complete on the Final Title Policy:

- Document date agrees with the date of all other legal documents.
- Name(s) of Mortgagor(s) agree(s) with name(s) shown on all other legal documents
- Address of subject property is correct and complete and agrees with the appraisal

Failure to Fully Document Loans

In the event that Luxury Mortgage does not receive the required Final Recorded Documents within 120 days from Purchase the Seller will be billed as per the Pair-Off Policy (see [Section 3.3.6](#)). Should the required documentation be found to be unobtainable and/or unrecorded, or if the documentation shows a consistently high percentage of errors and/or poor quality, Luxury Mortgage may restrict or cancel the Seller’s eligibility. Such restrictions may remain in effect until the Seller delivers the appropriate outstanding documentation. Extended or repeated violations of the delivery requirements or persistently poor documentation quality may result in termination from the Correspondents Lending Program and Repurchase of the Mortgage Loan(s).

SECTION 6.7–PURCHASE ADVICE

Sellers will receive their Purchase Advice from the Correspondent Purchase Department. If there are any discrepancies between the price on the Rate Lock and the Advice Price, Sellers should confirm that:

- The Mortgage File in purchasable form, pursuant to the Stacking Order was received prior to Lock Expiration, and
- No factors affecting pricing changed during the due diligence process (i.e. change in LTV or FICO); That the Mortgage Loan was not subject to any special pricing changes negotiated by the Seller with Luxury Mortgage subsequent to entering into the Rate Lock.

Should the Seller feel that an error has been made on the part of Luxury Mortgage in regards to the price paid on the Purchase Advice, they should immediately contact the Correspondent Purchase Department to begin a review process.

SECTION 6.7.1– POST PURCHASE ADJUSTMENTS

It is the Seller’s responsibility to review the Purchase Advice as soon as possible to ensure the net funding is correct. Following delivery of a Mortgage Loan to Luxury Mortgage, if there is a discrepancy between the Mortgage Loan data in the TPO Website and Seller’s records, a Post Purchase Adjustment may be required.

To initiate a Post Purchase Adjustment for a Mortgage Loan, the Seller should:

- Research the discrepancy and request a Post Purchase Adjustment from the Correspondent Purchase Department. Requests exceeding 90 days will not be considered for a Post Purchase Adjustment.
- Provide documentation to support the Post Purchase Adjustment. Documentation should include:
 - Detailed explanation of the discrepancy and the corrective action requested.
 - Copy of the Purchase Advice
 - Additional documentation supporting your request, as applicable (i.e., CD, etc.)

Luxury Mortgage will research the request and provide a written response.

SECTION 6.7.1–SCENARIOS FOR WHICH A POST-PURCHASE ADJUSTMENT OCCURS

When a Seller submits a post-purchase data change to a price-impacted field and the resulting price is lower than the Purchase Price, the difference in price will be billed to the Seller.

When a Seller submits a post-purchase data change to a price-impacted field and the resulting price is higher than the Purchase Price, the difference in price will be remitted to the Seller.

SECTION 6.8 – CLOSING AGENT

The Seller may not use a closing agent to close a Mortgage Loan who is on Luxury Mortgage’s exclusionary list.

SECTION 7.0 – SERVICING TRANSFER INSTRUCTIONS

SECTION 7.1 – INTERIM SERVICING RESPONSIBILITIES

SECTION 7.1.1–INTERIM SERVICING REQUIREMENTS

Loans sold to Luxury Mortgage require that the Seller service the Mortgage Loans for an interim period prior to the Servicing Transfer. In accordance with the Agreement, the Seller shall service and administer the Mortgage Loans on behalf of Luxury Mortgage from and after a Mortgage Loan’s Purchase to the designated Servicing Transfer Date, as specified by Luxury Mortgage.

The interim servicing obligations of the Seller shall include mailing the Goodbye Letter, responding to servicing related inquiries from the Mortgagor, as well as escrow disbursements and payment collection during the Interim Servicing Period.

Servicing Transfer occurs on the 1st of each month. Loans will transfer to our sub-servicer. The transfer process should comply with all RESPA laws and CFPB best practices.

The Seller will be provided ample notification of the Servicing Transfer Date in order to meet any applicable RESPA notification to the Mortgagor(s).

The Seller will furnish to the applicable Mortgagors notices required under RESPA in accordance with its provisions, including the timeframe required by RESPA.

SECTION 7.1.2 – REMITTANCE AND REPORTING REQUIREMENTS

On or prior to the fifth (5th) business day of each month prior to the related Servicing Transfer Date, Seller shall forward to the Purchaser and/or any of its designees in electronic form, reports relating to all payment, delinquency, loss and other activity of the Mortgage Loans (including, without limitation, any such other information as may be reasonably required to be delivered due to revisions in applicable rules and regulations) with respect to the period preceding the most recent Due Date and calendar month in a form mutually agreed to by the Purchaser and the Seller.

The Seller will properly apply payments received towards the account of each Mortgage Loan. The Seller will forward any suspense payments, escrow payments, or unapplied funds to the Purchaser prior to the related Servicing Transfer Date.

SECTION 7.1.3 – ADVANCES

On the related Servicing Transfer Date, the Seller will provide an electronic report generated by the Seller detailing Servicing Advances for such Mortgage Loan along with a loan level report providing detail and corroborations on each expense paid by the Seller. In addition, the Seller shall forward on a weekly basis an electronic report with respect to any additional Servicing Advances incurred by the Seller, or its designee, prior to the related Servicing Transfer Date for which an invoice or bill is received after the related Servicing Transfer Date including, but not limited to, all receipts, invoices and documentation of such Servicing Advances.

SECTION 7.2 – SERVICING TRANSFER CONTACTS

SECTION 7.2.1--TRANSFER CONTACTS

The Servicing Transfer Team will assist each Seller throughout the Servicing Transfer process. The Seller will be contacted directly by the Servicing Transfer Team member assigned to each Servicing Transfer. For any servicing related questions, please contact the party listed on the Contact List.

SECTION 7.2.2--NEW SERVICER CONTACT INFORMATION

Once servicing is transferred, please see contact list.

Loan Inquiries: see contact list

Overnight Address: see contact list

Payments: see contact list

Please reference the payment address in your Goodbye Letter

Mortgagee Clause: see contact list

SECTION 7.3 – NOTIFICATION OF SERVICING TRANSFER

SECTION 7.3.1-- GOODBYE LETTER

The Seller should prepare and send a Goodbye Letter notifying the Mortgagor of the Servicing Transfer to the current servicer.

Sellers should make every effort to use the CFPB endorsed Notice of Servicing Transfer format.

A sample Goodbye Letter must be submitted to Luxury Mortgage for review and approval prior to mailing. Luxury Mortgage must review and approve any changes to the Goodbye Letter a servicer uses.

The Goodbye Letter must be mailed to the Mortgagor(s) no later than 15 days prior to the Servicing Transfer Date, in compliance with RESPA guidelines.

SECTION 7.3.2 – WELCOME LETTER

Luxury Mortgage or its assignee will prepare and send a Welcome Letter notifying all Mortgagors of the Servicing Transfer.

The Welcome Letter will be mailed to the Mortgagor(s) no later than 15 days after the Servicing Transfer Date, in compliance with RESPA guidelines.

Luxury Mortgage or its servicer will provide to the Mortgagor(s) on the Mortgage Loan the notice required by Section 404 of the Helping Families Save Their Homes Act of 2009 (the “Helping Families Act”) in accordance with the provisions of the Helping Families Act.

SECTION 7.4 – POST TRANSFER PAYMENTS TO THE NEW SERVICER

SECTION 7.4.1--PAYMENTS FORWARDED BY WIRE – WIRE INSTRUCTIONS

Post-Transfer Monthly Payments sent via wire should be forwarded to Luxury Mortgage within 48 hours of receipt. If funds are to be wired, please contact the appropriate party on the Contact List.

SECTION 7.4.2--PAYMENTS FORWARDED BY SENDING A CHECK – MAILING INSTRUCTIONS

Post-Transfer Monthly Payments that are forwarded by check should be endorsed to Luxury Mortgage without recourse.

Checks should be forwarded within 48 hours of receipt via overnight mail service to:

Luxury Mortgage Corp
Attn: Servicing Department
4 Landmark Square, Suite 300
Stamford, CT 06901

Please send an email to the appropriate party on the Contact List and outline the payment amounts being forwarded for each Mortgage Loan where a payment was received.

SECTION 7.5 – BORROWER CONTACT CONSENT FORM

To assist the current subservicer in contacting the Mortgagor in a timely manner, the Seller is required to obtain a valid phone number for the Mortgagor(s). The phone number can be collected on the 1003 loan application or by using the Applicant Contact Consent Form (Exhibit E).

SECTION 7.6 – ESCROW FUNDS AND ESCROW DISBURSEMENT REQUIREMENTS

Where requested by the Mortgagor or required by either the Guide or local, state, or federal statute an escrow account shall be established for the payment of property taxes and property insurance. The current subservicer will utilize these funds to cover property tax and property insurance bills as they come due. If the Mortgagor elects to waive escrows, a signed escrow waiver shall be retained in the Mortgage File. Any Mortgage Loan with escrows shall be closed in accordance with applicable statutes including but not limited to the Dodd-Frank Act, Public Law 111-203, 124 Stat. 1376 (2010) (2013 Title XIV Final rules) and the Escrow Requirements under the Truth in Lending Act (Regulation Z) (2013 Escrows Final Rule) utilizing the escrow analysis method in compliance with all applicable laws and regulations. The Seller will complete and deliver an initial escrow account disclosure statement that matches the Closing Disclosure (CD) for each Mortgage Loan with escrows. Funds utilized to create the escrow account shall either be documented acceptably in accordance with the Underwriting Guidelines or be from proceeds from the Mortgage Loan in the case of a refinance. Generally a cushion of 2

months of escrow payments should be collected at closing unless prohibited by state law. The Seller must always escrow for flood insurance.

SECTION 7.6.1--GENERAL ESCROW DATA INFORMATION

Escrow funds will be netted by Luxury Mortgage at the time of Mortgage Loan Purchase.

SECTION 7.6.2--ESCROW DISBURSEMENT REQUIREMENTS – TAXES AND INSURANCE

Seller is responsible to pay all taxes due prior to the Servicing Transfer Date as well as those due during a period of thirty (30) days following the Servicing Transfer Date. Seller will provide written certification of such payment within five days of the Servicing Transfer Date.

Seller is responsible to pay all insurance premiums due prior to the Servicing Transfer Date as well as those due during a period of thirty (30) days following the Servicing Transfer Date. Seller will provide written certification of such payment within five days of the Servicing Transfer Date. Seller will be responsible for the payment of any and all penalty and/or interest assessed as a result of delinquent payment of tax or insurance items due and payable prior to and including thirty (30) days post Servicing Transfer Date. Similarly, Seller will be responsible for the payment of any and all penalty and/or interest assessed as a result of the Seller's failure to forward tax or insurance bills to the current subservicer as required below.

Seller will be responsible to take advantage of any early payment discounts for property taxes and/or insurance. Failure to take advantage of an available early payment discount may result in a reimbursement from the Seller.

If any tax or insurance disbursements are due within sixty (60) days of the Mortgage Note date, or are past due, the Seller will provide an open items report to the current subservicer.

If force placed insurance is in effect, Seller will provide an electronic report of force placed insurance including the amount and date of the last disbursement. Seller will confirm if the force placed insurance will be cancelled on the Servicing Transfer Date. Seller will provide the date of the anticipated refund, and advise how it will be provided to the current subservicer.

SECTION 7.6.3--FORWARDING TAX BILLS

Seller should forward to the current subservicer within one business day, all tax bills and insurance premium notices and policy documents following the Servicing Transfer Date.

SECTION 7.7 – MORTGAGEE CHANGE REQUIREMENTS

SECTION 7.7.1--MORTGAGEE CHANGE ENDORSEMENTS

Seller will, at its expense, prepare and submit a Change of Mortgagee Notice to each hazard/flood insurance payee.

Seller will, at its expense, prepare and submit a Change of Mortgagee Notice to each taxing authority, or its tax service vendor.

Confirmation that notices have been sent should be provided to the current subservicer no later than five business days following the Servicing Transfer Date.

Mortgagee clause information:-see contact list

SECTION 7.7.2--TRANSFER FLOOD CERTIFICATES

Luxury Mortgage requires transferrable life of loan flood certificates for all Mortgage Loans. The flood certificate should be completed on the FEMA Standard Flood Hazard Determination Form and must indicate whether the Mortgaged Property lies within a special flood hazard area as identified by FEMA through the National Flood Insurance Program (NFIP) and include the flood zone, flood map number, and map date. If the property is indicated as being in a special flood hazard area, follow the Flood Insurance section of the Underwriting Guidelines. If there is not Life of Loan coverage, Luxury Mortgage will purchase on the Seller's behalf for the amount listed on the Fee Schedule and net from the Seller's proceeds.

SECTION 7.7.3--LOSS DRAFT INFORMATION

Should a Mortgagor contact the Seller regarding a loss draft claim prior to the Servicing Transfer Date, any funds or checks received by the Seller for the claim should be forwarded via check to the current subservicer utilizing the contact information in [Section 7.2.1](#)

SECTION 7.7.4--TRANSFER OF REAL PROPERTY TAX INFORMATION

If the Seller has a tax service contract, it must be fully transferrable. If Luxury Mortgage secures a tax service contract on the Seller's behalf, the Seller is responsible for providing Luxury Mortgage with the necessary information to create the tax service contract. The Seller must provide Luxury Mortgage or its designated servicer with the Mortgagor's name, Mortgaged Property's address, the Mortgaged Property's tax identification number, the name of each taxing authority, the amount and due date of each tax, the date each tax was last paid, and the date each tax is next due.

SECTION 7.8 – YEAR END TAX REPORTING/IRS REPORTING

The Seller is responsible for providing 1098 reporting to the Mortgagor for the period during which the Seller serviced the Mortgage Loan. Luxury Mortgage will provide 1098 reporting to the Mortgagor for the period during which Luxury Mortgage serviced the Mortgage Loan.

SECTION 7.9 – PAYOFFS AND PENDING PAYOFFS

SECTION 7.9.1--PAYOFFS

All payoffs received before the Servicing Transfer Date should be wired within 24 hours. Please see the Contact List.

SECTION 7.9.2--LOANS WITH PENDING PAYOFF

The Seller will provide a list of accounts with a current valid Payoff Statement pending at the time of Servicing Transfer to include:

- Loan Number
- Payoff amount
- Good-thru date

The Seller will provide to the current subservicer copies of all Payoff Statements issued within thirty (30) days of the Servicing Transfer Date for which funds have not been received.

SECTION 7.10--SELLER'S SERVICING RESPONSIBILITIES

The Seller acknowledges that they are responsible for all events of Servicer Default that occur up to and including the Servicing Transfer Date. The Seller will promptly notify Luxury Mortgage and/or its designated servicer of any changes that may affect the Mortgage Loan's servicing. The Seller also agrees

to cooperate with any of Luxury Mortgage's and/or its servicer's requests for relevant documentation. The Seller will comply with all local, state, and federal statutes and regulations regarding and/or governing the Servicing Transfer and the Servicing Transfer Instructions. This includes, but is not limited to, statutes and regulations related to the notification to the Mortgagor of a Servicing Transfer and all reporting requirements.

SECTION 7.11—PAYMENT HISTORY

Each Mortgage Loan must be current at time of Purchase. Any Mortgage Loan that is or has been delinquent (a payment is more than 30 days past its due date) are not eligible for Purchase by Luxury Mortgage. The Seller is responsible for furnishing a payment history on each Mortgage Loan prior to purchase.

SECTION 7.12—CHANGE OF SERVICER

Luxury Mortgage reserves the right to change its designated servicer at its discretion. All reasonable efforts will be made to provide Sellers with reasonable notice of a change.

SECTION 7.13—ESCROW HOLDBACKS

Unless otherwise provided for in the Underwriting Guidelines or agreed to in writing, any funds held in escrow shall have been disbursed prior to the delivery of a Mortgage Loan. If any work to the subject property needed to be completed based on the appraisal report, a satisfactory final inspection (Form 1004D) shall be provided confirming completion of work.

SECTION 8.0 – MORTGAGE ELECTRONIC REGISTRATION SYSTEM (MERS®)

SECTION 8.1 – MERS® AS NOMINEE

Luxury Mortgage requires Sellers to be “MERS® Ready” upon registering any Mortgage Loans for Purchase.

The nominee loans must be closed using MOM documents, and Sellers are responsible for the following:

- Registration in MERS® within 7 calendar days of closing or prior to delivery of the Mortgage File to Luxury Mortgage.
- Loans delivered to Luxury Mortgage must be registered by the Seller with MERS® at time of delivery. The Seller must be named as the originator, servicer and investor at the time of MERS® registration.
- Any fees incurred as part of the MERS registration or transfer

The Mortgage must follow MERS® guidelines and meet MERS® requirements:

- Name Mortgage Electronic Registration Systems, Inc. (MERS®) as mortgagee/beneficiary in the Mortgage
- Ensure that the mortgagee/beneficial language includes the MERS® address
- Ensure that MERS® is noted as the mortgagee/beneficiary in the Transfer/Due on Sale Clause
- Place the Mortgage Identification Number (MIN) in a visible location on the first page of the Mortgage (as well as on the Mortgage Note), but not in any space reserved for the jurisdiction's recorder per jurisdictional requirement.
- Send the Mortgage for recording within five calendar days of the Funding/Disbursement Date (the date on which Mortgagor interest begins to accrue).

SECTION 8.2 – TRANSFER OF SERVICING AND BENEFICIAL RIGHTS

Sellers are responsible for initiating a MERS® Transfer of Beneficial Rights (TOB) to Luxury Mortgage and Transfer of Servicing Rights (TOS) to the current servicer within 5 calendar days of Purchase by Luxury Mortgage.

Sellers must name Luxury Mortgage as the investor and Select Portfolio Servicing as the servicer in the TOB/TOS transfer.

The Luxury Mortgage MERS Org ID is: 1003126

See contact list for the Transfer of Servicing Rights MERS Org ID is:

Sellers may contact Luxury Mortgage's MERS® desk for additional assistance as listed on the Contact List

Note: An administrative fee of \$25.00 is applied for any Mortgage Loan not registered and/or transferred accurately within these timeframes.

SECTION 8.3 – ASSIGNING A MORTGAGE TO MERS®

Sellers may not assign a mortgage to MERS® using a recorded assignment to MERS®. Only Mortgage Loans closed on MOM documents are eligible for Purchase by Luxury Mortgage.

SECTION 9.0 – COMPLIANCE

Luxury Mortgage is committed to complying with all federal, state, and local laws and regulations regarding the origination, underwriting, closing, and sale of Mortgage Loans as well as any related functions.

SECTION 9.1 – FAIR LENDING POLICY

Luxury Mortgage abides by the requirements of applicable federal, state, and local fair lending laws, including but not limited to the Equal Credit Opportunity Act ("ECOA") and its implementing regulation, Regulation B and the Fair Housing Act ("FHA") and its implementing regulations, and New York Executive Law §296-a. Accordingly, Luxury Mortgage will not engage in the conduct of business upon the pretext of discrimination arising out of race or color, national origin, religion or lack thereof, sex, marital status, familial status, age not relating to capacity to contract, handicap, applicant receipt of income from a public assistance program, or an applicant good faith exercise of any right arising under the Consumer Credit Protection Act of 1968 (Pub.L 90-321, 82 Stat. 146). It is the responsibility of the Seller to follow all applicable federal, state, and local fair lending laws through the origination process.

SECTION 9.2 – ANTI-PREDATORY LENDING POLICY

Luxury Mortgage does not Purchase Mortgage Loans that are subject to the Home Ownership and Equity Protection Act of 1994 (HOEPA), as described in Section 32 of Regulation Z (12 CFR 1026.32). In addition, Luxury Mortgage does not Purchase Mortgage Loans meeting the definition of "residential mortgage transaction", as defined under the Truth-in-Lending Act (a purchase-money loan secured by Mortgagor's principal residence), that have either an annual percentage rate (APR) or total points and fees payable by the Mortgagor that exceed the applicable thresholds under HOEPA. Points and Fees may not exceed the lesser of 5% or local, state, or federal requirements regardless of whether or not the loan is subject to 12 CFR 1026.32.

Luxury Mortgage does not Purchase Mortgage Loans that meet the definition of “high cost,” “high risk,” “covered,” “subprime,” or any similar designation under state or local law, regardless of whether any provision of such state law is preempted by federal law with respect to a particular Mortgage Loan or for a particular Seller.

Luxury Mortgage requires the Seller to provide documentation that each refinance Mortgage Loan meets applicable Net Tangible Benefit requirements, including disclosures required by the state where the Mortgaged Property is located.

Predatory lending, of which the following are illustrative and not necessarily limiting, will not be entertained or condoned:

- Collateral or equity “stripping”
- Inadequate disclosure
- Risky loan terms and structures
- Padding or packing
- Flipping
- Single-premium credit insurance

Unfair, abusive and deceptive acts or practices will not be entertained or condoned.

SECTION 9.3 – ANTI-MONEY LAUNDERING

It is the policy of Luxury Mortgage to follow all Anti-Money Laundering laws, including but not limited to the Patriot Act and the Bank Secrecy Act.

SECTION 9.4 – ABILITY TO REPAY/ QUALIFIED MORTGAGE

Luxury Mortgage will only Purchase Mortgage Loans that meet the CFPB’s requirements under its Ability-to-Repay (ATR) Rule unless exempt by definition, including Mortgage Loans that meet the general ATR requirements and certain Qualified Mortgage Loans with either Safe Harbor or rebuttable presumption liability protection, as prescribed by the applicable regulation.

Each Mortgage Loan delivered for Purchase to Luxury Mortgage must include the relevant completed Borrower Affirmation form ([Exhibit C](#)), available on the TPO Website. An example is also in the exhibits section of this Guide. The affirmation form shall have been completed in its entirety and by the Mortgagor at closing.

SECTION 9.5 – FEE POLICY

The Seller must provide applicants with all required disclosures. Fees charged must be in compliance with all applicable laws and regulations, including those governing permissible fees, maximum fee amounts, timing, and disclosures.

It is Luxury Mortgage’s policy to not Purchase Mortgage Loans that are considered to be a High Cost Loan. Luxury Mortgage runs an audit of the fees charged on the Mortgage Loan as part of the Purchase process. Luxury Mortgage provides a notification to the Seller if the fees are in excess of the allowable amounts, but any testing performed by Luxury Mortgage does not reduce or eliminate each Seller’s obligations under the Agreement in the event there be a subsequent finding that the Mortgage Loan is a High Cost Loan.

SECTION 9.6 – QUALITY CONTROL

Luxury Mortgage applies its Quality Control Policy and Procedures to Mortgage Loans originated by Sellers, and reports findings as appropriate to Sellers for their use in prevention of similar occurrences. Luxury Mortgage requires that Sellers have in place and utilize a Quality Control Plan and perform regular reviews to ensure the quality of Mortgage Loans submitted to Luxury Mortgage for underwriting and Purchase.

If any irregularities or discrepancies are discovered during Luxury Mortgage's routine review, Luxury Mortgage expands the scope of the quality control reviews on Seller's Mortgage Loans to ensure all problem areas are identified.

Luxury Mortgage provides reports to Sellers regarding their performance. Sellers are required to respond to any findings of moderate risk or greater or to any indications of trends toward risk findings. Sellers must investigate and respond with what corrective actions will be taken. Serious issues with quality and/or material findings trends or failure to respond to the report findings can result in Luxury Mortgage taking remedial action, up to and including termination of the Seller's approval with Luxury Mortgage.

SECTION 9.7 – PREPAYMENT PENALTY OPTIONS

Luxury Mortgage will Purchase Mortgage Loans on investment properties which are subject to prepayment penalties, where permitted by state and federal law. The specific requirements of the prepayment penalty may be located in the Underwriting Guidelines.

SECTION 9.8 – STATE SPECIFIC REQUIREMENTS AND LICENSING

The Seller must meet all licensing/registration requirements for the state where the Mortgaged Property is located, unless exempt from such requirements. Furthermore, Sellers must ensure continued compliance and licensing/registration requirements on an ongoing basis.

Various states and some local municipalities have passed laws regarding mortgage lending activities. Sellers must follow all the laws in effect where the Mortgaged Property is located, and are responsible for all required documentation related to state-specific requirements.

SECTION 9.9 – FANNIE MAE LQI CHECKS

Sellers are responsible for compliance with Fannie Mae's Lender Quality Initiative, including but not limited to verbal re-verification of employment, updated credit report prior to closing, related parties search, verification in MERS® regarding Mortgagor and property liens and third party fraud checks prior to closing. These items must be in the Mortgage File.

SECTION 10.0—REPRESENTATIONS AND WARRANTIES

The representations and warranties made by the Seller in the Agreement are restated here. By submitting a Mortgage Loan for Purchase to Luxury Mortgage, the Seller agrees to be bound by them.

APPENDIX A: DEFINITIONS

The following is a list of defined terms contained within the Guide. Any defined terms contained therein which are not addressed within this list can be located within the Agreement.

- **Adverse Event**: within the context of the property, an event, act of god, or equivalent that could cause damage to the property.
- **Clear to Close**: An Underwriting Disposition which is a.) an approval and b.) has no outstanding prior to closing conditions.
- **Collateral File**: The original documents outlined in Section 6.5.2 of the Guide that are part of the Mortgage File but must be sent to the Purchaser's Custodian per the requirements of Section 6.5.1.
- **Custodian**: The entity selected by the Purchaser to hold the Collateral File on the Purchaser's behalf during the Purchase process.
- **Data Tape**: The list of data elements for a Mortgage Loan Package which must be uploaded along with the Mortgage File, the requirements for which are outlined in the Exhibit B.
- **Due Date**: The day of the month on which the Monthly Payment is due on a Mortgage Loan, exclusive of any days of grace as specified in the related Mortgage Note.
- **Eligibility Findings**: The communication from one of Luxury Mortgage's due diligence providers to the Seller outlining conditions that need to be met or exceptions which need to be cleared either prior to funding or purchasing a Mortgage Loan.
- **Extension Fees**: Any fees that the Seller incurs for extending an existing Rate Lock beyond the current Lock Expiration.
- **Final Recorded Documents**: Original or clerk certified copies of the documents in the Collateral File which require recordation by the relevant governmental entity.
- **Funding/Disbursement Date**: The date that proceeds from the Mortgage Loan are advanced to the Mortgagor.
- **Goodbye Letter**: The notification sent from the Seller to the Mortgagor(s) advising them of the Servicing Transfer.
- **High Cost Loan**: A Mortgage Loan that is (a) a "high cost" mortgage loan under HOEPA, (b) a "high cost home," "threshold," "covered," (excluding New Jersey "Covered Home Loans" as that term was defined in clause (1) of the definition of that term in the New Jersey Home Ownership Security Act of 2002 during the period between November 26, 2003 and July 7, 2004), "high risk home," "predatory," "abusive," or similarly defined loan, including refinance loans, under any other applicable state, federal or local law or regulation (or a similarly classified loan using different terminology under a law imposing heightened regulatory scrutiny or additional legal liability for residential mortgage loans having high interest rates, points and/or fees) or (c) categorized as "High Cost" pursuant to Appendix E of Standard & Poor's LEVELS® Glossary, as revised from time to time. For the avoidance of doubt, the parties agree that this definition shall apply to any law regardless of whether such law is presently, or in the future becomes, the subject of judicial review or litigation.
- **Interim Servicing Period**: The period during which the Seller services Mortgage Loan(s) on behalf of the Purchaser.
- **Lock Confirmation**: The written terms of the Rate Lock that are posted to the TPO Website which will memorialize the terms of the Rate Lock.

- Lock Expiration: The date the Seller's Rate Lock expires.
- Material Adverse Change: (a) A material adverse change in, or a material adverse effect upon, the operations, business, properties, condition (financial or otherwise) or prospects of the Seller or any of its affiliates taken as a whole; (b) a material impairment of the ability of the Seller to perform under the Agreement or any related agreements; (c) a material adverse effect upon the legality, validity, binding effect or enforceability of the Agreement against the Seller; or (d) a material adverse effect upon the value or marketability of a material portion of the Mortgage Loans purchased hereunder.
- MIN: The Mortgage Identification Number for any MERS® Mortgage Loan.
- Monthly Payment: The scheduled monthly payment on a Mortgage Loan due on any Due Date allocable to principal and/or interest on such Mortgage Loan pursuant to the terms of the related Mortgage Note.
- Mortgage File: With respect to each Mortgage Loan, all documents required under Applicable Requirements involved in the underwriting (including documented compensating factors pertaining to exceptions to the Applicable Requirements), origination, and servicing of such Mortgage Loan, including the documents specified in the Guide, and any additional documents required to be added to the Mortgage File pursuant to the Agreement.
- Mortgage Loan: Each individual Mortgage Loan that is the subject of the Agreement, each Mortgage Loan originally sold and subject to the Agreement and Guide being identified on the related Mortgage Loan Schedule, which Mortgage Loan includes without limitation the Mortgage File, the Servicing File, the Monthly Payment(s), Principal Prepayments, Liquidation Proceeds, Condemnation Proceeds, Insurance Proceeds, REO Disposition Proceeds, any escrow accounts related to such Mortgage Loan, the Servicing Rights and all other rights, benefits, proceeds and obligations arising from or in connection with such Mortgage Loan, provided that the term "Mortgage Loan" shall not include any mortgage loan that has been repurchased by the Seller pursuant to the Agreement after giving effect to such repurchase.
- Mortgage Note: The original executed note or other evidence of the indebtedness of a Mortgagor secured by a Mortgage.
- Mortgaged Property: The Mortgagor's real property securing repayment of a related Mortgage Note, consisting of a fee simple or leasehold interest in a single parcel of real property improved by one of the following: (a) a to four-family dwelling, (c) a one-family dwelling unit in a condominium project or (d) a one-family dwelling in a planned unit development; and not a mobile or manufactured home.
- Mortgagor: The obligor on a Mortgage Note.
- Note Date: The date that the related Mortgage Note is dated.
- Pair Off Fee: A fee which, at Luxury Mortgage's option, will be assessed by Luxury Mortgage and charged to the Seller for a loan which is locked with Luxury Mortgage and closed by the Seller but not sold to Luxury Mortgage.
- Post Purchase Adjustment: An adjustment in the Purchase Price paid from/to Purchaser/Seller which arises out of a discrepancy discovered after the Purchase.
- Post-Closing Review: Defined as the submission of a Mortgage File to either Luxury Mortgage or its due diligence provider for underwriting after the related Mortgage Loan's Note Date and for the purpose of determining eligibility for Purchase.

- Purchase Advice: With respect to each Mortgage Loan Package, the Purchase Advice, substantially in the form set forth in the Guide, providing for the sale by the Seller and the purchase by the Purchaser of such Mortgage Loan Package on the date the Mortgage Loan is Purchased.
- Purchase Price: The price paid on the related Closing Date by (or on behalf of) the Purchaser to the Seller pursuant to the Agreement in exchange for the Mortgage Loans included in the related Mortgage Loan Package, as calculated pursuant to Section 4 of the Agreement and the related Purchase Advice.
- Purchase: The acquisition of a Mortgage Loan by Luxury Mortgage.
- Rate Lock: An agreement by the Purchaser to accept for delivery a Mortgage Loan Package from the Seller prior to or on the Lock Expiration date in exchange for a set Purchase Price Percentage.
- Rate Sheet: The rates which will be published and distributed daily by Luxury Mortgage to approved Sellers.
- Repurchase: Defined within Section 7 of the Agreement.
- Servicer Default: A default on the Seller's servicing responsibilities outlined in either the Agreement or Guide.
- Servicing Transfer Date: The date or dates, set forth in the related Purchase Advice, when the Purchaser's servicer will begin servicing the Mortgage Loans for the benefit of the Purchaser.
- Servicing Transfer: The transfer of the Servicing Rights of a Mortgage Loan from the Seller to the Purchaser or its designee.
- Stacking Order and Checklist: The list of documents which must be included when a Mortgage File is submitted for either Non-Delegated Review or Post Closing Review.
- Suspense Items: Conditions, including missing documents, which are identified by either Luxury Mortgage or its due diligence provider which need to be cleared as part of the Post Closing Review process.
- Trailing Documents: Documents including but not limited to the recorded Mortgage, title policy, or any document that is required by Luxury Mortgage or its due diligence provider and listed in the Agreement or Guide which is not included in the Collateral File.
- Transfer/Due on Sale Clause: Language contained within the Mortgage that provides for an acceleration of the then outstanding principal balance in the event that title is conveyed.
- Trustee's Receipt: The document which will be furnished by the Custodian confirming they have received the Collateral File.
- Underwriting Disposition: The document issued by Luxury Mortgage or its due diligence provider indicating the underwriting decision on the file along with any conditions which need to be cleared.