

Dear Correspondent Client:

As the department responsible for maintaining the records on your company's correspondent account, we would like to thank you for having given Carrington Mortgage Services, LLC ("CMS") the opportunity to serve your residential lending needs. To continue our mutually beneficial relationship and keep your account in Good Standing, we ask that you take a few moments and complete our correspondent recertification process. This will help us keep our records current on your company and better serve your needs.

As your part of our recertification process, we are providing this broker recertification package for you to complete and return to us so that we may keep your account approved and in "Good Standing." Once you have completed the required documents, you may return them to our department mailbox at [ClientAdministration@CarringtonMS.com](mailto:ClientAdministration@CarringtonMS.com) or by mail to:

Carrington Mortgage Services, LLC  
Attn. Client Administration  
1600 S. Douglass Road, Ste. 110  
Anaheim, CA 92806

#### **Required Documents**

Completed and signed CMS Correspondent Recertification Form enclosed.

Mortgage Loan Purchase and Sale Agreement (revision date 11/01/2024) enclosed.

Most recent audited financial statements (balance sheet and income statement) and interim unaudited statements if audited statements are more than four (4) months old.

Resumes for any senior managers or company executives hired during the prior twelve (12) months.

Evidence of current Mortgagee Errors & Omissions (or Mortgage Impairment) Insurance and Fidelity Bond or Bankers Bond with minimum coverage of \$300,000 per occurrence.

Authorization to Release.

Latest Quality Control audit report with management response to significant findings.

Most current policies and procedures for the following: Quality Control, Appraisal Independence Requirements (AIR).

Loan Fraud Zero Tolerance Form.

**Please note that, should we not receive our recertification documents promptly, your account may be deactivated without further notification until the completed material is received.**

If you should have any questions regarding your status with Carrington Mortgage Services, LLC or the process of re-certifying your company's standing with us, please contact Client Administration at Carrington by e-mailing us at [ClientAdministration@CarringtonMS.com](mailto:ClientAdministration@CarringtonMS.com) or by phone at 949-517-5703.

Sincerely,

**Client Administration**  
Carrington Mortgage Services LLC / Wholesale

## CLIENT CERTIFICATION

On behalf of \_\_\_\_\_ (the "Company"), NMLS ID No. \_\_\_\_\_,  
I certify that during the previous twenty-four (24) months have any of the following occurred:

- 1) Has the Applicant, its owners, its broker(s) of record or any of its employees (i) had any formal complaints filed against them with a federal or state mortgage banking/broker regulatory authority, (ii) been found in violation of any mortgage banking/broker federal or state regulatory authority's statutes or regulations, (iii) had an order entered against them by a federal or state mortgage banking/broker regulatory authority or (iv) been denied, suspended or had a registration or license revoked by a federal or state mortgage banking/broker regulatory authority?

Yes No

- 2) Has your company ever had unfavorable findings with regard to mortgage operations or servicing activities included in any audit, examination or report by FHA, VA, Fannie Mae, Freddie Mac or any regulatory, supervisory or investigative agency?

Yes No

- 3) Has any owner, partner, officer, director, employee or loan officer been affiliated with any company/business that was suspended by FHA, VA, Fannie Mae, or FreddieMac?

Yes No

- 4) Has any owner, partner, officer, director, employee or loan officer of your company ever been found guilty of a criminal offense?

Yes No

- 5) Has your company ever been denied, suspended or disqualified by any MI companies?

Yes No

**If you answered "Yes" to any of the above questions 1-5, please explain (attach to Application):**

- 6) Have you been required to repurchase a loan(s) from investors in the last twenty-four (24) months?

Yes No

**If you answered "Yes" to question 6, please state number of loan(s): \_\_\_\_\_ Aggregate dollar amount: \$ \_\_\_\_\_**

- 7) Is the company or any of the officers of the company currently involved in any lawsuit or litigation which could affect the company's capacity to perform under this agreement?

Yes No

**If you answered "Yes" to question 7, give details and provide estimate of potential liability through an adverse ruling (attach to Application).**

- 8) Has the company adopted a policy for verifying potential employees against the following industry exclusionary lists: GSA Excluded Parties List, Freddie Mac's Exclusionary List, HUD's LDP List, FHFA's Suspended Counterparty List and state specific debarment lists (e.g., CA, GA):

Yes No

**If you answered "No" to question 8, please provide explanation for lack of process and/or steps taken to remediate**

- 9) Does Applicant have a third-party compliance review reporting (e.g., Mavent, Compliance Ease) process in place to ensure loans comply with "high-cost" and "predatory lending" statutes for all applicable federal, state and, if necessary, local laws?

Yes No

**If you answered "No" to question 9, please provide explanation for lack of process and/or steps taken to remediate**

- 10) Has the company adopted a policy for the regular training of all employees in federal and state regulatory compliance including but not limited to the processing, tracking and resolution of client and employee complaints?

Yes No

**If you answered "No" to question 10, please provide explanation for lack of process and/or steps taken to remediate**

- 11) Does Applicant use third-party fraud alert software (e.g., DataVerify, Interthinx, CoreLogic) on every loan application prior to processing?

Yes No

**If you answered "No" to question 11, please provide explanation for lack of process and/or steps taken to remediate**

- 12) If required, does Applicant have the ability to collect borrower payments?

Yes No

**If you answered "No" to question 12, please provide explanation for lack of process and/or steps taken to remediate**

- 13) Does Applicant utilize an Appraiser Management Company ("AMC") and/or an Appraiser Panel Management?

Yes No

**If you answered "Yes" to question 13, check all that apply:**

Appraiser Management Company

Appraiser Panel Management

## AFFILIATED RELATIONSHIPS

Does your company share a common ownership with other companies?    Yes      No

If **Yes**, please complete all of the following that apply:

	Services Company Provides:	Name of Affiliate Company:	% of Production Using Services:
	Appraisal Services		
	Appraisal Management		
	Escrow Services		
	Real Estate Brokerage		
	Warehouse Lending/ Loan Financing		
	Title Services		
	Name of Company Underwriting Title Policies:		

- 1) Is the borrower informed of the affiliation between company and above business in all loan applications?      Yes      No
- 2) Do borrowers have the opportunity to choose a non-affiliated business for the above services?      Yes      No

## CURRENT WAREHOUSE PROVIDERS

Please indicate your current warehouse lines:

Warehouse Bank	Line Limit

## PLEASE PROVIDE THE FOLLOWING INFORMATION FOR THE BELOW-NAMED

### Secondary Marketing Supervisor:

Name: \_\_\_\_\_

Telephone No.: (     ) \_\_\_\_\_

e-mail: \_\_\_\_\_

### Legal, Contract & Repurchase Notices:

Name: \_\_\_\_\_

Telephone No.: (     ) \_\_\_\_\_

e-mail: \_\_\_\_\_

### Chief Compliance Officer:

Name: \_\_\_\_\_

Telephone No.: (     ) \_\_\_\_\_

e-mail: \_\_\_\_\_

### Underwriting Supervisor:

Name: \_\_\_\_\_

Telephone No.: (     ) \_\_\_\_\_

e-mail: \_\_\_\_\_

### Post-Closing Shipping Supervisor:

Name: \_\_\_\_\_

Telephone No.: (     ) \_\_\_\_\_

e-mail: \_\_\_\_\_

### Investor Recertifications:

Name: \_\_\_\_\_

Telephone No.: (     ) \_\_\_\_\_

e-mail: \_\_\_\_\_

### Billing Invoices Contact:

Name: \_\_\_\_\_

Telephone No.: (     ) \_\_\_\_\_

e-mail: \_\_\_\_\_

### Interim Servicing Supervisor:

Name: \_\_\_\_\_

Telephone No.: (     ) \_\_\_\_\_

e-mail: \_\_\_\_\_

## COMPLIANCE ATTESTATION

On behalf of \_\_\_\_\_ (the "Company"), NMLS ID No \_\_\_\_\_,  
I certify that the Company has implemented an Anti-Money Laundering Program compliant with FinCEN's Anti-Money Laundering Program and Suspicious Activity Report Filing Requirements for residential mortgage lenders and originators and that said program contains

- Policies, procedures and internal controls, based upon an assessment of money laundering and terrorist financing risks associated with the mortgage broker's/correspondent lender's products and services that will reasonably prevent, detect and report potential money laundering and other suspicious activity.
- Appointment of an AML Compliance Officer to administer the policy who is knowledgeable with Anti-Money Laundering and Suspicious Activity Report requirements
- A requirement for educating and training appropriate staff, either internally or by a third-party
- Independent testing, either by a third-party or internally, but not by the AML Compliance Officer, to monitor and maintain an adequate program
- A requirement to report suspicious activity to FinCEN within 30 days of discovery

In addition, all appropriate employees of the Company have received AML-SAR training.

Furthermore, I have reviewed Carrington's Fair Lending Policy statement, a copy of which was provided as part of our application package or recertification, and acknowledge that the Company is committed to the practices of fair lending.

By signing below, I declare that I am authorized to execute the attestation and certification of the enclosed information on behalf of the Company and that the foregoing is true and accurate to the best of my knowledge.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Name (Printed)

## FAIR LENDING STATEMENT

Carrington Mortgage Services, LLC (CMS) recognizes its responsibility to proactively avoid supporting any type of abusive or predatory lending practice, both in its own originations and in its dealings with any mortgage related professionals. CMS does not engage in abusive lending practices and refuses to do business with those who do.

Fair lending practices are incorporated into several federal and state laws that make it illegal for lenders to discriminate based on race, color, religion, age, sex or national origin. These include the Housing Financial Discrimination Act, the Equal Credit Opportunity Act, the Home Mortgage Disclosure Act, and the Federal Fair Housing Act. A summary of each is provided below. The summaries are not intended to be relied upon as compliance advice.

### **The Housing Financial Discrimination Act:**

- Known as the Holden Act, it is intended to prevent discrimination in housing accommodations such as improved or unimproved real estate that is used or intended to be used as a residence, will be occupied by the owners, and is not more than four units.
- A lender is not allowed to discriminate based on race, color, religion, sex, age or national origin regarding the availability of financial assistance for the purpose of improvements, rehabilitation, purchasing, construction, or refinancing.
- Lenders cannot deny loans or adversely vary the terms of loans due to conditions or trends in the neighborhood that are unrelated to the credit history of the potential borrower.
- A lender cannot utilize inconsistent appraisal practices in determining whether the loan is granted to individuals due to their race, color, religion, sex, age or national origin.

### **The Equal Credit Opportunity Act:**

- A lender is obligated to notify a borrower of its intentions concerning a loan within a specified period of time, usually thirty days, after a loan application has been received.
- If there are adverse actions from the lender, the borrower is entitled to a written statement as to why the action was taken. An adverse action is in the form of a denial, revocation of credit, a refusal of credit or a change in terms of an existing credit arrangement or other status.
- The lender is subject to punitive damages and actual damages if it fails to comply.

### **The Home Mortgage Disclosure Act:**

- The Secretary of the Business, Transportation, and Housing Agency investigates and monitors the lending practices and patterns of lenders.
- The Secretary may take actions if it is found that the lender willfully discriminated against any individual based on race, color, sex, religion, age, or national origin.
- If a lender is found to have engaged in such discriminatory practices and patterns that violate the law, the Secretary can recommend that state funds be withheld from the lender.

### **The Fair Housing Act:**

- The Federal Fair Housing Act of 1969 was created to provide fair housing throughout the United States, barring all racial, religious, or sexual discrimination, private or public, in the sale or rental of real property.
- Designed as a rational means of stating effective policy, the fair housing act implements standards to which Congress has given the highest national priority, giving all citizens the same rights to purchase, inherit, sell, lease, and convey title to real estate personal property.
- Incorporated in its purpose are provisions to prohibit and remedy acts of discrimination. It established procedures to provide protection within constitutional limits for fair housing with the intentions of ending unfair and unwanted biases in the housing market.

Together, these separate acts work hand in hand to prohibit discrimination by lenders and those involved in the mortgage industry and to set a standard of fair play for all citizens, regardless of race, color, religion, age, sex, or national origin.

## AUTHORIZATION TO RELEASE INFORMATION

By executing this form, the Applicant and each of the undersigned persons hereby authorize Carrington Mortgage Services, LLC (CMS) and its assigns, and their authorized agents, at their discretion, to verify all information provided in the Application and to obtain credit reports (soft pull), business references and all other pertinent information. The information obtained is only used in connection with CMS' approval of the Applicant and evaluation of the Applicant's continued eligibility to do business with CMS and not for any consumer credit or other purposes. Additionally, the Applicant and each of the undersigned persons hereby consents to a review and confirmation of their moral character, business professional and financial reputation and standing, personal financial standing, fitness as a CMS client, and such other information as may be received during the review and confirmation to be provided to CMS.

Every firm, company, governmental agency, court, association or institution having control of any documents, records and other information pertaining the Applicant and each of the undersigned persons is hereby authorized and requested to furnish, allow to be copied or otherwise provide, information of the kind described above to CMS or its representatives, conducting the review and confirmation.

Please provide the information requested below for all Control Person(s). A Control Person is an individual that directly or indirectly exercises control over the Applicant. This definition includes any individual that is a "director, general partner, or executive officer." The term director includes all members of a company's board of directors that are not employees of the company. Please refer to NMLS Policy Guidebook for more information.

Control Person #1)

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Last Name	First Name	S S #	Signature
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Control Person #2)

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Last Name	First Name	S S #	Signature
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Control Person #3)

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Last Name	First Name	S S #	Signature
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Control Person #4)

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Last Name	First Name	S S #	Signature
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Control Person #5)

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Last Name	First Name	S S #	Signature
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The Correspondent Seller represents that the Company has implemented a Fraud Training program for any employee in a position to notice or report fraud and suspected fraud. The training program, held at least annually, must include training about:

- Common and emerging fraud schemes
- Red flags that may signal fraud and the need for more review.

All Loan Brokers and Correspondents approved by CMS must be aware that the licensed real estate broker, mortgage lender, mortgage banker or loan broker (collectively, the “Originator”) bears the responsibility for all actions of the Originator’s employees or licensees. The Originator is responsible for the content and quality of each application taken and each loan submitted to CMS.

## THE SUBMISSION OF A LOAN APPLICATION CONTAINING FALSE INFORMATION IS A CRIME!

### *Types of Loan Fraud*

1. Submission of inaccurate information, including false statements on loan application(s) and falsification of documents purporting to substantiate credit, employment, deposit and asset information, personal information including identity, ownership/non-ownership of real property etc.
2. Forgery of partially or predominantly accurate information.
3. Incorrect statements regarding current occupancy or intent to maintain minimum continuing occupancy as stated in the security instrument.
4. Lack of due diligence by Originator/loan officer/interviewer/processor, including failure to obtain all information required by the application and failure to request further information as dictated by Borrower’s response to other questions.
5. Unquestioned acceptance of information or documentation that is known, should be known, or should be suspected to be inaccurate.
  - a. Simultaneous or consecutive processing of multiple owner-occupied loans from one potential borrower supplying different information on each application.
  - b. Allowing potential borrower or interested third party to “assist with the processing of the loan.”
6. Originator’s non-disclosure of relevant information.

### *Impact of Loan Fraud*

The effects of “Loan Fraud” are costly to all parties involved. CMS stands behind the quality of its loan production. Fraudulent loans cannot be sold into the secondary market and, if sold, will require repurchase by CMS. Fraudulent loans damage our reputation with our investors and mortgage insurance providers.

The price paid by those who participate in “Loan Fraud” is even more costly. The following is a list of a few of the potential consequences that may be incurred:

### *Consequences to Originator*

1. Criminal prosecution.
2. Loss of Originator’s license.
3. Loss of lender access due to exchange of information between lenders, mortgage insurance companies including submission of information to investors (Freddie Mac/Fannie Mae), police agencies, and the State Licensing Agencies.
4. Civil action by CMS.
5. Civil action by potential borrower/borrower or other parties to the transaction.
6. Loss of approval status with CMS.

I have read the foregoing and understand CMS’s position on “Loan Fraud”.

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COMPANY NAME

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SIGNATURE OF PRINCIPAL OFFICER

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NMLS ID NUMBER

## **Mortgage Loan Purchase and Sale Agreement**

This Mortgage Loan Purchase and Sale Agreement ("Agreement") is dated as of this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, by and between Carrington Mortgage Services, LLC, a Delaware limited liability company, ("Purchaser") and \_\_\_\_\_ ("Seller"), a \_\_\_\_\_.

WHEREAS Seller desires to sell mortgage loans from time to time to Purchaser, including all servicing rights relating thereto, upon such terms as are set forth below and Purchaser desires to purchase from Seller those mortgage loans under this Agreement.

NOW, THEREFORE, in consideration of the premises and mutual agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Purchaser and Seller agree as follows:

**SECTION 1. DEFINITIONS.** Capitalized terms in this Agreement shall have the meanings below or as otherwise defined herein.

Accepted Servicing Practices: Those mortgage servicing practices of prudent mortgage lending institutions, which service mortgage loans of the same type as the related Mortgage Loan in the jurisdiction where the related Mortgaged Property is located.

Agency or Agencies: Fannie Mae, FHA, VA, Freddie Mac, Ginnie Mae, RHS, USDA and/or HUD, as applicable.

Agency Early Payment Default: For any Agency Mortgage Loan that is eligible to be sold to or insured by any Agency: Any of the first four (4) monthly payments due Purchaser that has not been received by Purchaser by the close of business on the ninetieth (90) day after its due date.

Agency Mortgage Loan: An individual mortgage loan that conforms to all applicable Agency requirements and is the subject of this Agreement, including, without limitation, the Mortgage, Mortgage Note, and all Servicing Rights and all other rights, benefits, proceeds and obligations arising from or in connection with such mortgage loan.

Appraised Value: The value set forth in an appraisal made by a Qualified Appraiser in connection with the origination of the related Mortgage Loan as the value of the Mortgaged Property.

Assignment of Mortgage: An assignment of the Mortgage, notice of transfer or equivalent instrument in recordable form, sufficient under the laws of the jurisdiction wherein the related Mortgaged Property is located to reflect the sale of the Mortgage to Purchaser.

Business Day: Any day other than (i) a Saturday or Sunday, or (ii) a day on which banking and savings and loan institutions in the State of California are authorized or obligated by law or executive order to be closed.

Closing Date: The relevant date from time to time on which Purchaser shall purchase and Seller shall sell the Mortgage Loans identified on the Purchase Advice or Trade Confirmation, as applicable.

Non-Agency Early Payment Default: For any Non-Agency Mortgage Loan: Any of the first four (4) monthly payments due Purchaser that has not been received by Purchaser by the close of business on the sixtieth (60) day after its due date, unless such delinquency was the result of a servicing transfer error or the applicable Mortgagor paid the applicable monthly payment to the prior servicer in a timely manner.

Escrow Payments: With respect to any Mortgage Loan, the amounts constituting ground rents, taxes, assessments, water rates, sewer rents, municipal charges, mortgage insurance premiums, fire and hazard insurance premiums, condominium charges, and any other payments required to be escrowed by the Mortgagor with the mortgagee pursuant to the Mortgage or any other document.

Fannie Mae: The Federal National Mortgage Association, or any successor thereto.

FHA: Federal Housing Administration or any successor thereto.

First Payment Default: For any Mortgage Loan where the first payment has not been received by Purchaser by the close of business on the thirtieth (30) day after its due date.

Freddie Mac: The Federal Home Loan Mortgage Corporation, or any successor thereto.

Ginnie Mae: The Government National Mortgage Association or any successor thereto.

HUD: The U.S. Department of Housing and Urban Development or any successor thereto.



**Material Adverse Change:** Any of the following: (a) a material adverse change in or a material adverse effect upon the operations, business, properties, condition (financial or otherwise), assets, or prospects of Seller; (b) a material impairment of Seller's ability to perform under this Agreement or any related agreement; (c) a material adverse effect upon the legality, validity, binding effect, or enforceability of this Agreement, the Mortgage Loans sold hereunder, or any related agreement with Seller or (d) any material adverse change in any of Seller's warehouse agreements, including, but not limited to, the termination or cancellation of any agreement with a warehouse lender.

**MERS:** Mortgage Electronic Registration Systems, Inc. or any successor thereto.

**MERS Mortgage Loan:** Any Mortgage Loan registered with MERS and on MERS' system of recording transfers of mortgages.

**MIN:** The Mortgage Identification Number for any MERS Loan.

**Mortgage:** The mortgage, deed of trust or other instrument that creates a first or second lien, as applicable, on an unsubordinated estate in fee simple on the Mortgaged Property.

**Mortgage File:** With respect to each Mortgage Loan, all documents involved in the origination, underwriting (including documented compensating factors pertaining to exceptions), and servicing of the Mortgage Loan, including but not limited any additional documents required to be therein pursuant to this Agreement and the Seller's Guide.

**Mortgage Interest Rate:** The annual rate of interest borne on a Mortgage Note.

**Mortgage Loan:** An individual Agency Mortgage Loan, Non-Agency Mortgage Loan or Non-QM Loan that is the subject of this Agreement, including, without limitation, the Mortgage, Mortgage Note, and all Servicing Rights and all other rights, benefits, proceeds and obligations arising from or in connection with such mortgage loan.

**Mortgage Loan Schedule:** Prior to each Closing Date, the tape of Mortgage Loans available for sale by the Seller and, upon the purchase of Mortgage Loans on any Closing Date, the schedule of Mortgage Loans annexed to the related Purchase Advice or Trade Confirmation, as applicable, setting forth with respect to each Mortgage Loan the loan data set forth in the Seller's Guide, which shall be delivered on such Closing Date in such format as the parties hereto may agree.

**Mortgage Note:** The note or other evidence of the indebtedness of a Mortgagor.

**Mortgaged Property:** The real property securing repayment of the debt evidenced by a Mortgage Note.

**Mortgagor:** The obligor on a note or other evidence of the indebtedness that is the subject of this Agreement.

**Non-Agency Mortgage Loan:** An individual mortgage loan that is not required to conform to all applicable Agency requirements and is the subject of this Agreement.

**Non-QM Loan:** An individual mortgage loan that is not required to conform to all applicable Agency requirements and is the subject of this Agreement that is not a "Qualified Mortgage" as defined in Section 129C of the federal Truth-in-Lending Act, 15 U.S.C. 1639c, and as further defined in Regulation Z, 12 C.F.R. Part 1026.43(e), as may be amended from time to time, including, without limitation, the Mortgage, Mortgage Note, and all Servicing Rights and all other rights, benefits, proceeds and obligations arising from or in connection with such mortgage loan.

**Person:** Any individual, corporation, limited liability company, limited liability partnership, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, government or any agency or political subdivision thereof.

**Premium:** The amount Purchaser paid to Seller to purchase a particular Mortgage Loan in excess of the unpaid principal balance of such Mortgage Loan on the Closing Date.

**Purchase Advice:** With respect those Mortgage Loans purchased on a flow basis, the document from Purchaser describing the financial terms of the transaction.

**Purchase Price:** The total amount Purchaser pays to Seller to purchase a Mortgage Loan.

**Qualified Appraiser:** An appraiser who had no interest, direct or indirect, in the Mortgaged Property or in any loan made on the security thereof, and whose compensation is not affected by the approval or disapproval of the Mortgage Loan, and such appraiser and the appraisal made by such appraiser both satisfy the requirements of Title XI of the Federal Institutions Reform, Recovery and Enforcement Act of 1989 and the regulations promulgated thereunder, all as in effect on the date the Mortgage Loan was originated.

**RHS:** The Rural Housing Service or any successor thereto.

**Seller's Guide:** Purchaser's guidelines, policies, procedures, and requirements, as may be developed, revised, supplemented or replaced from time to time in Purchaser's sole discretion and any additional guidelines, policies, procedures, requirements, or other documents incorporated therein. Any change to the Seller's Guide applies to any Mortgage Loan locked with Purchaser after Seller is notified of such change. The Seller's Guide is incorporated herein by this reference.

**Servicing File:** With respect to each Mortgage Loan the file retained by Seller until the applicable Transfer Date, consisting of originals of all documents in the Mortgage File that are not delivered to Purchaser or Purchaser's designee on or before the Closing Date, and copies of any other documents in the Mortgage File.

**Servicing Rights:** Any and all of the following: (a) any and all rights to service the Mortgage Loans; (b) any payments to or monies received by Seller for servicing the Mortgage Loans; (c) any late fees, penalties or similar payments with respect to the Mortgage Loans; (d) all agreements or documents creating, defining or evidencing any such servicing rights to the extent they relate to such servicing rights and all rights of Seller thereunder; (e) Escrow Payments or other similar payments with respect to the Mortgage Loans and any amounts actually collected by Seller with respect thereto; (f) all accounts and other rights to payment related to any of the property described in this paragraph; and (g) any and all documents, files, records, servicing files, servicing documents, servicing records, data tapes, computer records, or other information pertaining to the Mortgage Loans or pertaining to the past, present or prospective servicing of the Mortgage Loans.

**Trade Confirmation:** With respect to certain Mortgage Loans purchased and sold on the Closing Date on a bulk basis, the letter agreement between Purchaser and Seller, the form of which shall be mutually agreed upon by Seller and Purchaser (including any exhibits, schedules and attachments thereto), setting forth the terms and conditions of such transaction and describing the Mortgage Loans to be purchased by Purchaser on the Closing Date.

**Transfer Date:** The date on which Purchaser, or its designee, shall receive the transfer of servicing responsibilities and begin to perform the servicing of the related Mortgage Loans, and Seller shall cease all servicing responsibilities. Such date shall be the date specified by Purchaser in its sole and absolute discretion.

**USDA:** The U.S. Department of Agriculture or any successor thereto.

**VA:** The U.S. Department of Veterans Affairs or any successor thereto.

## **SECTION 2. AGREEMENT TO PURCHASE; DELIVERY AND EXAMINATION; CONVEYANCE FROM SELLER TO PURCHASER.**

A. Agreement to Purchase. From time to time, Seller agrees to sell and Purchaser agrees to purchase those Mortgage Loans meeting the requirements of this Agreement and the Seller's Guide, on a servicing released basis. Purchaser shall pay to Seller those amounts set forth in a Purchase Advice or Trade Confirmation for each Mortgage Loan purchased by Purchaser, as applicable. Notwithstanding the above, it shall be Purchaser's sole discretion as to whether to purchase any individual Mortgage Loan. Each sale of a Mortgage Loan to Purchaser shall be subject to and comply with all terms, conditions, and provisions of the Seller's Guide.

B. Delivery and Examination of Mortgage Loan Documents. Seller shall deliver documents related to the Mortgage Loans to Purchaser or Purchaser's designee as described in the Seller's Guide. Purchaser, in its sole discretion, may reject any Mortgage Loan that does not comply with the Seller's Guide or this Agreement. Purchaser may, at its option and without notice to Seller, purchase some or all of the Mortgage Loans without conducting any partial or complete examination. The fact Purchaser conducted or determined not to conduct any partial or complete examination of any Mortgage Loan related documents shall not affect Purchaser's (or any of its successors') rights to demand repurchase or other relief or remedy. On the Closing Date, the ownership of each Mortgage Note, Mortgage, and the contents of each Mortgage File is vested in the Purchaser and the ownership of all records and documents with respect to the related Mortgage Loan prepared by or which come into the possession of the Seller shall immediately vest in the Purchaser and shall be retained and maintained, in trust, by the Seller at the will of the Purchaser in such custodial capacity only. The copies of the Mortgage File retained by the Seller with respect to each Mortgage Loan pursuant to this Agreement shall be appropriately identified in the Seller's computer system to reflect clearly the ownership of such related Mortgage Loan by the Purchaser. The Seller shall release from its custody the contents of any Mortgage File retained by it only in accordance with this Agreement and Purchaser's transfer instructions.

C. Conveyance of Loans. On each Closing Date, Seller, simultaneously with Purchaser's payment of the Purchase Price, does hereby sell, transfer, assign, set over and convey to Purchaser without recourse, but subject to the terms of this Agreement and the Seller's Guide, all right, title and interest of Seller in and to the Mortgage Loans sold thereon, including, but not limited to, all Servicing Rights associated therewith. All funds received on or in connection with a Mortgage Loan that belong to Purchaser shall be received and held by Seller in trust for the benefit of Purchaser or Purchaser's assigns, as the case may be, as the owner of the Mortgage Loans.

In addition, in connection with the assignment of any MERS Loan, Seller agrees that no later than 24 hours after the Closing Date it will cause, at its own expense, the MERS® System to indicate that interests in the related Mortgage Loans have been transferred to Purchaser. Seller acknowledges and agrees that it is in good standing with MERS, and will comply in all material respects with the rules and procedures of MERS in connection with the servicing of the MERS Loans for as long as such Mortgage Loans are registered with MERS. With respect to the Mortgage and intervening Assignments of Mortgage related to any MERS Loan, Seller shall provide Purchaser with the original Mortgage with evidence of registration with MERS and, as applicable, the originals of all intervening Assignments of Mortgage with evidence of recording thereon prior to the registration of the Mortgage Loan with the MERS® System.

D. Books and Records. It is the express intention of the parties that the transactions contemplated by this Agreement be, and be construed as, a sale of the Mortgage Loans by Seller and not a pledge of the Mortgage Loans by Seller to Purchaser to secure a debt or other obligation of Seller. Consequently, the sale of each Mortgage Loan shall be reflected as a sale on Seller's business records, tax returns and financial statements. Seller shall be responsible for maintaining and shall maintain a complete set of books and records for the Mortgage Loans. Such books and records, together with the Servicing File retained by Seller with respect to each Mortgage Loan, shall be appropriately identified in Seller's computer system to reflect clearly the sale of such related Mortgage Loan to Purchaser.

**SECTION 3. SERVICING OF THE MORTGAGE LOANS.** The Mortgage Loans shall be sold on a servicing released basis. Seller shall service the Mortgage Loans through the applicable Transfer Date for no additional consideration and in accordance with Accepted Servicing Practices and applicable law. The contents of each Servicing File required to be retained by Seller to service the Mortgage Loans shall be held in trust by Seller for the benefit of Purchaser as the owner thereof. Seller's possession of any portion of the Servicing File is at the will of Purchaser for the sole purpose of facilitating servicing of the related Mortgage Loan prior to the Transfer Date, and such retention and possession by Seller shall be in a custodial capacity only. The ownership of each Mortgage Note, Mortgage, Mortgage File and Servicing File related to any Mortgage Loan sold to Purchaser is vested in Purchaser and the ownership of all records and documents with respect to the related Mortgage Loan prepared by or which come into the possession of Seller shall immediately vest in Purchaser and shall be retained and maintained, in trust, by Seller at

the will of Purchaser in such custodial capacity only. The Servicing File retained by Seller prior to the Transfer Date shall be appropriately marked to clearly reflect the sale of the related Mortgage Loan to Purchaser.

**SECTION 4. TRANSFER OF SERVICING.** With respect to each Mortgage Loan, on the related Transfer Date, Purchaser, or its designee, shall assume and Seller shall cease all servicing responsibilities related to such Mortgage Loans. The related Transfer Date shall be the date specified by Purchaser, which shall be no later than 60 days after the Closing Date. On or prior to the related Transfer Date, Seller shall, at its sole cost and expense, take such steps as may be necessary or appropriate to effectuate and evidence the transfer of the servicing of the Mortgage Loans to Purchaser, or its designee, including but not limited to the following:

A. Notice to Mortgagors. Seller shall mail to the Mortgagor of each Mortgage Loan a letter (commonly referred to as a “goodbye letter”) advising the Mortgagor of the transfer of the servicing of the related Mortgage Loan to Purchaser, or its designee, in accordance with all applicable laws; provided, however, the content and format of the letter shall have the prior approval of Purchaser. Seller shall provide Purchaser with copies of all such notices no later than the related Transfer Date. Seller shall also cooperate with Purchaser with respect to the notice of transfer of mortgage loan required by the Helping Families Save Their Home Act of 2009, as implemented in Section 131(g) of the Truth in Lending Act.

B. Notice to Taxing Authorities and Insurance Companies. Seller shall transmit to the applicable tax services, taxing authorities, and insurance companies (including primary mortgage insurance policy insurers and flood insurance insurers, if applicable) and/or agents notification of the transfer of the servicing to Purchaser, or its designee, and instructions to deliver all notices, tax bills, and insurance statements to Purchaser or its designee from and after the related Transfer Date. Seller shall provide Purchaser with copies of all such notices no later than the related Transfer Date.

C. Delivery of Servicing Records. Seller shall forward to Purchaser or its designee, at Seller’s cost, all servicing records and the Servicing File relating to each Mortgage Loan.

D. Escrow Payments. Seller shall provide Purchaser with an accounting statement of Escrow Payments and suspense balances and loss draft balances sufficient to enable Purchaser to reconcile the amount of such payment with the accounts of the Mortgage Loans. The Purchase Price paid by Purchaser to Seller for each Mortgage Loan shall be net of the amount of the Escrow Payments and suspense balances and loss draft balances associated with each such Mortgage Loan. Additionally, Seller shall wire transfer to Purchaser all other amounts received or held by Seller in connection with the Mortgage Loans.

E. Payoffs and Assumptions. Seller shall provide to Purchaser, or its designee, copies of all assumption and payoff statements generated by Seller on the Mortgage Loans prior to the related Transfer Date.

F. Mortgage Payments Received Prior to related Transfer Date. Prior to the related Transfer Date, all payments received by Seller on each Mortgage Loan shall be properly applied by Seller to the account of the particular Mortgagor.

G. Mortgage Payments Received After related Transfer Date. The amount of any Monthly Payments received by Seller during the first sixty (60) days after the related Transfer Date shall be forwarded to Purchaser within one (1) Business Day following the date of receipt by either wire transfer or overnight mail to the address specified for notices in this Agreement. Seller shall notify Purchaser of the particulars of the payment, which notification requirement shall be satisfied if Seller forwards with its payment sufficient information to permit appropriate processing of the payment by Purchaser. Seller shall assume full responsibility for the necessary and appropriate legal application of Monthly Payments received by Seller after the related Transfer Date with respect to Mortgage Loans then in foreclosure or bankruptcy; provided, for purposes of this Agreement, necessary and appropriate legal application of such Monthly Payments shall include, but not be limited to, endorsement of a Monthly Payment to Purchaser with the particulars of the payment such as the account number, dollar amount, date received and any special Mortgagor application instructions.

H. Misapplied Payments. Misapplied payments shall be processed as follows:

- 1) All parties shall cooperate in correcting misapplication errors;
- 2) The party discovering a misapplied payment occurring prior to the related Transfer Date shall immediately notify the other party;
- 3) If a misapplied payment that occurred prior to the related Transfer Date cannot be identified and resulted in a shortage in a custodial account or escrow account, Seller shall be liable for the amount of

such shortage. Seller shall reimburse Purchaser for the amount of such shortage within thirty (30) days after receipt of a written demand from Purchaser;

4) If a misapplied payment that occurred prior to the related Transfer Date has created an improper Purchase Price as the result of an inaccurate outstanding principal balance, payment shall be made to the party shorted by the improper payment application within five (5) Business Days after notice thereof by the other party; and

5) Any payment issued under this Section 4(H) shall be accompanied by a statement indicating the corresponding Seller and/or Purchaser Mortgage Loan identification number and an explanation of the allocation of any such payments.

I. Books and Records. On the related Transfer Date, Seller's books, records, and accounts with respect to the Mortgage Loans shall comply with all applicable laws and Accepted Servicing Practices.

J. Reconciliation. Seller shall, on or before the related Transfer Date, reconcile principal balances and make any appropriate monetary adjustments as may be reasonably required by Purchaser. Any such monetary adjustments will be transferred between Seller and Purchaser as appropriate.

K. IRS Forms. Seller shall prepare and file all IRS forms 1098, 1099 and other applicable forms and reports which are required to be filed with respect to the period prior to the related Transfer Date in relation to the servicing and ownership of the Mortgage Loans. Seller shall provide copies of such forms to Purchaser upon request and shall reimburse Purchaser for any costs or penalties incurred by Purchaser due to Seller's failure to comply with this paragraph. Purchaser or Purchaser's designee shall prepare and file all such reports with respect to any period commencing on or after the related Transfer Date.

## **SECTION 5. REPRESENTATIONS, WARRANTIES AND AGREEMENTS OF PARTIES.**

A. Seller, as a condition to the consummation of the transactions contemplated hereby, hereby makes the following representations and warranties to Purchaser as of each Closing Date:

1) Due Organization and Authority. Seller is duly organized, validly existing, and in good standing under the laws of the state of its formation and has all licenses necessary to carry on its business as now being conducted and is licensed, qualified, and in good standing in each state where a Mortgaged Property is located if the laws of such state require licensing or qualification in order to conduct business of the type conducted by Seller, and, in any event, Seller is in compliance with the laws of any such state to the extent necessary to ensure the enforceability of the related Mortgage Loan in accordance with the terms of this Agreement. Seller has the full corporate power and authority to execute and deliver this Agreement and to perform in accordance herewith. The execution, delivery and performance of this Agreement (including all instruments of transfer to be delivered pursuant to this Agreement) by Seller and the consummation of the transactions contemplated hereby have been duly and validly authorized. This Agreement evidences the valid, binding, and enforceable obligation of Seller. All requisite corporate action has been taken by Seller to make this Agreement valid and binding upon Seller in accordance with its terms. Seller is and has been at all material times in compliance with the Seller's Guide;

2) Ordinary Course of Business. The consummation of the transactions contemplated by this Agreement are in the ordinary course of business of Seller and the transfer, assignment, and conveyance of the Mortgage Notes and the Mortgages by Seller pursuant to this Agreement are not subject to the bulk transfer or any similar statutory provisions in effect in any applicable jurisdiction;

3) No Conflicts. Neither the execution and delivery of this Agreement, the origination of the Mortgage Loans by Seller, the sale of the Mortgage Loans to Purchaser, the other transactions contemplated hereby, or the fulfillment of or compliance with the terms and conditions of this Agreement by Seller will (i) conflict with or result in a breach of any of the terms, conditions, or provisions of Seller's charter or by-laws, any legal restriction, agreement, or instrument to which Seller is now a party or by which it is bound, or constitute a default or result in an acceleration under any of the foregoing, or (ii) result in the violation of any law, rule, regulation, order, judgment, or decree to which Seller or its property is subject, or (iii) impair the ability of Purchaser to realize on the Mortgage Loans or impair the value of the Mortgage Loans;

4) Ability to Perform. Seller does not believe, nor does it have any reason or cause to believe, that it cannot perform each and every covenant required of Seller under this Agreement. Seller is solvent and the sale of the Mortgage Loans will not cause Seller to become insolvent. The sale of the Mortgage Loans is not undertaken with the intent to hinder, delay or defraud any of Seller's creditors.

5) Material Adverse Change. Seller has not experienced a Material Adverse Change and there is no action, suit, proceeding or investigation pending or, to Seller's knowledge, threatened against Seller that, either in any one instance or in the aggregate, is likely to result in any Material Adverse Change to Seller;

6) No Consent Required. No consent, approval, authorization, or order of any court or governmental agency or body is required for (i) the execution, delivery, and performance by Seller of or compliance by Seller with this Agreement or the Mortgage Loans, (ii) the delivery of any portion of the Mortgage Files to Purchaser or Purchaser's designee or (iii) the sale of the Mortgage Loans to Purchaser or the consummation of the transactions contemplated by this Agreement, or if required, such approval has been obtained prior to the initial Closing Date;

7) No Untrue Information. Neither this Agreement nor any information, statement, report, or other document furnished or to be furnished pursuant to this Agreement or in connection with the transactions contemplated hereby contains any untrue statement of material fact or omits to state a fact necessary to make the statements contained herein or therein not materially misleading;

8) Sale Treatment. Seller has determined that the disposition of the Mortgage Loans pursuant to this Agreement will be afforded sale treatment for accounting and tax purposes;

9) No Commissions to Third Parties. Seller has not dealt with any broker, agent, or anyone else who might be entitled to a fee or commission in connection with the sale of any Mortgage Loan to Purchaser;

10) Financial Statements. All financial statements delivered to Purchaser fairly present the results of operations and changes in financial position at the end of each such period of Seller and its subsidiaries and have been prepared in accordance with generally accepted accounting principles consistently applied throughout the periods involved, except as set forth in the notes thereto. There has been no change in the business, operations, financial condition, properties, or assets of Seller since the last financial statement was delivered to Purchaser that would have a material adverse effect on Seller's ability to perform its obligations under this Agreement. Seller has fully and truthfully completed any forms requested by Purchaser in a timely manner and in accordance with the provided instructions;

11) Fair Consideration. The consideration received by Seller upon the sale of the Mortgage Loans under this Agreement constitutes fair consideration and reasonably equivalent value for the Mortgage Loans;

12) MERS. Seller is a member of MERS in good standing, and will comply in all material respects with the rules and procedures of MERS in connection with the origination, transfer and servicing of any MERS Mortgage Loans for as long as such Mortgage Loans are registered with MERS;

13) Notification of Change. Seller will give written notification to Purchaser within ten (10) days of the occurrence of any event which would cause Seller to be unable to make any of the representations and warranties specified in this Section 5(A).

B. Purchaser, as a condition to the consummation of the transactions contemplated hereby, hereby makes the following representations and warranties to Seller as of each Closing Date:

1) Due Organization and Authority. Purchaser is duly organized, validly existing and in good standing under applicable law and has all licenses necessary to carry on its business as now being conducted; Purchaser has the full corporate power and authority to execute and deliver this Agreement and to perform in accordance herewith; the execution, delivery and performance of this Agreement by Purchaser and the consummation of the transactions contemplated hereby have been duly and validly authorized; this Agreement evidences the valid, binding and enforceable obligation of Purchaser; and all requisite corporate action has been taken by Purchaser to make this Agreement valid and binding upon Purchaser in accordance with its terms;

2) No Conflicts. Neither the execution and delivery of this Agreement, the acquisition of the Mortgage Loans by Purchaser or the transactions contemplated hereby, nor the fulfillment of or compliance with the other terms and conditions of this Agreement by Purchaser, will (i) conflict with or result in a breach of any of the terms, conditions, or provisions of Purchaser's charter or by-laws, any legal restriction, agreement, or instrument to which Purchaser is now a party or by which it is bound, or constitute a default or result in an acceleration under any of the foregoing, or (ii) result in the violation of any law, rule, regulation, order, judgment, or decree to which Purchaser or its property is subject;

- 3) Ability to Perform. Purchaser does not believe, nor does it have any reason or cause to believe, that it cannot perform each and every covenant required of Purchaser under this Agreement;
- 4) No Consent Required. No consent, approval, authorization or order of any court or governmental agency or body is required for the execution, delivery and performance by Purchaser of or compliance by Purchaser with this Agreement or the consummation of the transactions contemplated by this Agreement, or if required, such approval has been obtained prior to the initial Closing Date.

**SECTION 6. REPRESENTATIONS AND WARRANTIES REGARDING INDIVIDUAL LOANS.** As to each Mortgage Loan (unless otherwise qualified below), Seller hereby represents and warrants to Purchaser that as of each Mortgage Loan's respective Closing Date:

A. Mortgage Loans as Described; Mortgage File and Servicing File Delivery; Form and Condition of Documents. Each Mortgage File and Servicing File contains all of the documents and instruments specified to be included therein which are duly executed and in proper form, and each such document or instrument is in form acceptable to the related Agency, if applicable. All documents, data and information in the possession of the Seller and relevant to the underwriting of the Mortgage Loan required by the Seller's Guide, or reasonably requested by the Purchaser in writing, have been provided to the Purchaser. Each imaged document is clear and legible, including, but not limited to, accurate reproductions of photographs. No original document provided by the Seller to the Purchaser has been or will be altered in any manner. The information regarding the Mortgage Loans set forth on any original or copies of any documents provided to Purchaser, including, without limitation, the documents contained in each Mortgage File and Servicing File are true, accurate and complete in all material respects;

B. Payments Current. All payments required to be made up to the related Closing Date for the Mortgage Loan under the terms of the Mortgage Note have been made and credited. The Mortgagor has not been in default for more than 30 days in the 12 months preceding the related Closing Date;

C. No Outstanding Charges. There are no defaults in complying with the terms of the Mortgage Loan, and all taxes, governmental assessments, insurance premiums, water, sewer and municipal charges, homeowner association dues or fees, leasehold payments or ground rents which previously became due and owing have been paid, or an escrow of funds has been established in an amount sufficient to pay for every such item which remains unpaid and which has been assessed but is not yet due and payable. Seller has not advanced funds, or induced, solicited or knowingly received any advance of funds by a party other than the Mortgagor, directly or indirectly, for the payment of any amount required under the Mortgage Loan;

D. Original Terms Unmodified. The terms of the Mortgage Note and Mortgage have not been impaired, waived, altered, or modified in any respect, except by a written instrument which has been recorded, if necessary to protect the interests of Purchaser and which has been delivered to Purchaser and is part of the Mortgage File. The substance of any such waiver, alteration, or modification has been approved by all applicable Persons, to the extent required. No Mortgagor has been released, in whole or in part, except in connection with an assumption agreement approved by all applicable Persons, to the extent required, and which assumption agreement is part of the Mortgage Loan File delivered to Purchaser;

E. No Defenses. The Mortgage Loan is not subject to any right of rescission, set-off, counterclaim, or defense, including, without limitation, the defense of usury, nor will the operation of any of the terms of the Mortgage Note or the Mortgage, or the exercise of any right thereunder, render either the Mortgage Note or the Mortgage unenforceable, in whole or in part, or subject to any right of rescission, setoff, counterclaim, or defense, including, without limitation, the defense of usury, and no such right of rescission, set-off, counterclaim, or defense has been asserted with respect thereto, and no Mortgagor was a debtor in any state or federal bankruptcy or insolvency proceeding or subject to a foreclosure proceeding for the time period prior to the Mortgage Loan's origination as required pursuant to the Seller's Guide through the Closing Date;

F. Hazard Insurance. Pursuant to the terms of the Mortgage, all buildings or other improvements upon the Mortgaged Property are insured by a generally acceptable insurer against loss by fire, hazards of extended coverage, and such other hazards as are customary in the area where the Mortgaged Property is located pursuant to insurance policies conforming to all applicable requirements. If upon origination of the Mortgage Loan, the Mortgaged Property was in an area identified in the Federal Register by the Federal Emergency Management Agency as having special flood hazards, a life-of-loan flood insurance policy meeting the requirements of the current guidelines of the Federal Flood Insurance Administration is in effect that conforms to all applicable requirements. Such flood insurance shall be with a nationally recognized flood insurer approved by the Agencies or other insurer as may be approved by Purchaser from time to time. All individual insurance policies contain a standard mortgagee clause naming Seller and

its successors and assigns as mortgagee, and all premiums thereon have been paid. The Mortgage obligates the Mortgagor thereunder to maintain the hazard insurance policy at the Mortgagor's cost and expense and, on the Mortgagor's failure to do so, authorizes the holder of the Mortgage to obtain and maintain such insurance at such Mortgagor's cost and expense and to seek reimbursement therefor from the Mortgagor. Where required by state law or regulation, the Mortgagor has been given an opportunity to choose the carrier of the required hazard insurance, provided the policy is not a "master" or "blanket" hazard insurance policy covering the common facilities of a planned unit development. The hazard insurance policy is the valid and binding obligation of the insurer, is in full force and effect, and will be in full force and effect and inure to the benefit of Purchaser upon the consummation of the transactions contemplated by this Agreement. Seller has not engaged in and has no knowledge of the Mortgagor or any subservicer engaging in, any act or omission which would impair the coverage of any such policy, the benefits of the endorsement provided for therein, or the validity and binding effect of either, including, without limitation, no unlawful fee, commission, kickback or other unlawful compensation or value of any kind has been or will be received, retained or realized by any attorney, firm, or other Person, and no such unlawful items have been received, retained, or realized by Seller;

G. Compliance with Applicable Requirements. Each Mortgage Loan complies with (i) all applicable local, state, and federal laws, rules, regulations, and ordinances (ii) the requirements and guidelines of any applicable governmental agency, board, commission, instrumentality or other governmental or quasi-governmental body or office, (iii) all judicial and administrative judgments, orders, stipulations, and injunctions applicable to Seller or the Mortgage Loans, and (iv) all applicable provisions of the Seller's Guide. If the Mortgage Loan is an Agency Mortgage Loan, it shall comply with all applicable requirements and guidelines of all applicable Agencies;

H. No Satisfaction of Mortgage. The Mortgage has not been satisfied, canceled, subordinated or rescinded, in whole or in part, and the Mortgaged Property has not been released from the lien of the Mortgage, in whole or in part, nor has any instrument been executed that would effect any such release, cancellation, subordination or rescission. Seller has not waived the performance by the Mortgagor of any action, if the Mortgagor's failure to perform such action would cause the Mortgage Loan to be in default, nor has Seller waived any default resulting from any action or inaction by the Mortgagor;

I. Location and Type of Mortgaged Property. The Mortgaged Property is a fee simple property or leasehold interest, located in the state identified in the related Mortgage Loan Schedule and consists of a single parcel of real property with a detached single family residence erected thereon, or a two - to four-family dwelling, or an individual condominium unit in a low-rise condominium project, or an individual unit in a planned unit development. No portion of the Mortgaged Property is used for commercial purposes unless allowed by the Seller's Guide. No Mortgaged Property is subject to a ground lease or is secured by a leasehold interest unless it is otherwise disclosed;

J. Valid First Lien. The Mortgage is a valid, subsisting enforceable and perfected first lien and first priority security interest on the Mortgaged Property, including all buildings on the Mortgaged Property and all installations and mechanical, electrical, plumbing, heating and air conditioning systems located in or annexed to such buildings, and all additions, alterations and replacements made at any time with respect to the foregoing. The lien of the Mortgage is subject only to: (1) the lien of current real property taxes and assessments not yet due and payable; (2) covenants, conditions, and restrictions, rights of way, easements, and other matters of public record as of the date of recording acceptable to mortgage lending institutions generally and specifically referred to in the lender's title insurance policy delivered to the originator of the Mortgage Loan and (i) referred to or to otherwise considered in the appraisal made for the originator of the Mortgage Loan or (ii) which do not adversely affect the Appraised Value of the Mortgaged Property; and (3) other matters to which like properties are commonly subject which do not materially interfere with the benefits of the security intended to be provided by the Mortgage or the use, enjoyment, value or marketability of the related Mortgaged Property. Any security agreement, chattel mortgage or equivalent document related to and delivered in connection with the Mortgage Loan establishes and creates a valid, subsisting and enforceable first lien and first priority security interest on the property described therein and Seller has full right to sell and assign the same to Purchaser. The Mortgaged Property was not, as of the date of origination of the Mortgage Loan and as of the related Closing Date, subject to a mortgage, deed of trust, deed to secure debt or other security instrument creating a lien subordinate to the lien of the Mortgage;

K. Validity of Mortgage Documents. The Mortgage Note and the Mortgage are genuine, and each is the legal, valid, and binding obligation of the maker thereof enforceable in accordance with its terms. All parties to the Mortgage Note and the Mortgage and any other related agreement had legal capacity to enter into the Mortgage Loan and to execute and deliver the Mortgage Note and the Mortgage and any other related agreement, and the Mortgage Note and the Mortgage and any other related agreement have been duly and properly executed by such parties. None of the documents, instruments, and agreements submitted, reviewed, or used in connection with the



origination of the Mortgage Loan were falsified or contain any untrue statements of material fact and do not omit to state a material fact required to be stated therein or necessary to make the information and statements therein not misleading. No fraud was committed in connection with the origination of the Mortgage Loan. Seller has reviewed all of the documents constituting the Mortgage File and the Servicing File for each Mortgage Loan and has made such inquiries as it deems necessary or as may be required by applicable law to make and confirm the accuracy of the representations set forth herein;

L. Full Disbursement of Proceeds. The Mortgage Loan has been closed and the proceeds of the Mortgage Loan have been fully disbursed and there is no requirement for future advances thereunder, and any and all requirements as to completion of any on-site or off-site improvements and disbursements of any escrow funds therefor have been complied with unless a minor withholding of funds has been preapproved by the Purchaser or the Mortgage Loan falls under the FHA 203K program preapproved by the Purchaser. All costs, fees and expenses incurred in making or closing the Mortgage Loan and the recording of the Mortgage were paid, and the Mortgagor is not entitled to any refund of any amounts paid or due under the Mortgage Note or Mortgage;

M. Ownership. Seller is the sole owner of record and holder of the Mortgage Loan. The Mortgage Loan is not assigned or pledged, and Seller has good and marketable title thereto, and has full right to transfer and sell the Mortgage Loan to Purchaser free and clear of any encumbrance, equity, participation interest, lien, pledge, charge, claim, or security interest and has full right and authority subject to no interest or participation of or agreement with any other party to sell and assign each Mortgage Loan pursuant to this Agreement;

N. Doing Business. All parties that have had any interest in the Mortgage Loan, whether as mortgagee, assignee, pledgee or otherwise, are (or, during the period in which they held and disposed of such interest, were): (1) in compliance with any and all applicable licensing requirements of the laws of the state wherein the Mortgaged Property is located, (2) an FHA approved Lender, RHS approved lender, or a VA approved lender with respect to the applicable Agency Mortgage Loan, and (3) organized under the laws of such state, or (4) qualified to do business in such state, or (5) a federal savings and loan associations or national banks having principal offices in such state, or (6) not doing business in such state;

O. Mortgage Insurance.

1) With regard to all Agency Mortgage Loans that are, or are intended to be, FHA, USDA, or VA insured or guaranteed: All applicable Agency requirements have been and are being complied with, and a mortgage insurance certificate, a loan guaranty certificate or a loan note certificate, as applicable, has been properly and timely obtained with respect to such Agency Mortgage Loan and is in full force and effect, and all premiums due thereunder have been paid. Seller has identified Purchaser in FHA Connect, VA Loan Electronic Interface, or the USDA Lender Interactive Network Connection, as applicable. No action, inaction, or event has occurred and no state of facts exists that has, or will result in the exclusion from, denial of, defense to, or rescission of coverage;

2) With regard to all other Mortgage Loans, if the Mortgage Loan is required to have mortgage insurance as provided in the Seller's Guide, then a private mortgage insurance policy has been obtained from a private mortgage insurance company that is acceptable to Fannie Mae and/or Freddie Mac, and no action, inaction, or event has occurred and no state of facts exists that has or will result in the exclusion from, denial of, defense to, or rescission of coverage;

P. Title Insurance. The Mortgage Loan is covered by an American Land Title Association (or any successor thereto) lender's title insurance policy or other generally acceptable form of policy of insurance acceptable to the Agencies, issued by a title insurer acceptable to the Agencies and qualified to do business in the jurisdiction where the Mortgaged Property is located, insuring Seller, its successors and assigns as to the first priority lien, as applicable, of the Mortgage in the original principal amount of the Mortgage Loan subject only to the exceptions contained in clauses (1) and (2) of paragraph (J) of this Section 6. The assignment to the Purchaser of the Seller's interest in such mortgagee's title insurance policy does not require the consent of or notification to the insurer. Where required by state law or regulation, the Mortgagor has been given the opportunity to choose the carrier of the required mortgage title insurance. Additionally, such lender's title insurance policy affirmatively insures ingress and egress, and against encroachments by or upon the Mortgaged Property or any interest therein. Seller is the sole insured of such lender's title insurance policy and such lender's title insurance policy is in full force and effect and will be in force and effect upon the consummation of the transactions contemplated by this Agreement. No claims have been made under such lender's title insurance policy and no prior holder of the Mortgage, including Seller, has done, by act or omission, anything that would impair the coverage of such lender's title insurance policy including, without limitation, no unlawful fee, commission, kickback or other unlawful compensation or value of any kind has been or

will be received, retained or realized by any attorney, firm, or other Person and no such unlawful items have been received, retained or realized by Seller;

Q. No Defaults. There is no default, breach, violation, or event of acceleration existing under the Mortgage or the Mortgage Note and no event which, with the passage of time or with notice and the expiration of any grace or cure period, would constitute a default, breach, violation, or event of acceleration and neither Seller nor its predecessors have waived any default, breach, violation, or event of acceleration;

R. No Mechanics' Liens. There are no mechanics' or similar liens or claims which have been filed for work, labor, or material (and no rights are outstanding that under the law could give rise to such liens) affecting the related Mortgaged Property that are or may be liens prior to, equal with, or coordinate with the lien of the related Mortgage;

S. Location of Improvements; No Encroachments. All improvements that were considered in determining the Appraised Value of the Mortgaged Property lay wholly within the boundaries and building restriction lines of the Mortgaged Property and no improvements on adjoining properties encroach upon the Mortgaged Property. No improvement located on or being part of the Mortgaged Property is in violation of any applicable zoning law or regulation;

T. Origination; Payment Terms. Principal payments on the Mortgage Loan commenced no more than sixty (60) days after the funds were disbursed in connection with the Mortgage Loans. At the time the Mortgage Loan was closed and as of the related Closing Date, the lender identified on the Mortgage Note was (i) licensed to originate Mortgage Loans in the state in which the Mortgaged Property is located and (ii) a mortgagee approved by the Secretary of Housing and Urban Development pursuant to Sections 203 and 211 of the National Housing Act or a savings and loan association, a savings bank, a commercial bank or similar banking institution which is supervised and examined by a Federal or State authority. The Mortgage Interest Rate is the interest rate set forth in the Mortgage Note. The Mortgage Note is payable in monthly installments of principal and interest, with interest calculated and payable in arrears, sufficient to amortize the Mortgage Loan fully by the stated maturity date, over an original term of not more than thirty years from commencement of amortization. No Mortgage Loan provides for negative amortization. No Mortgage Loan is a balloon mortgage loan;

U. Customary Provisions. The Mortgage contains customary and enforceable provisions such as to render the rights and remedies of the holder thereof adequate for the realization against the Mortgaged Property of the benefits of the security provided thereby, including, (i) in the case of a Mortgage designated as a deed of trust, by trustee's sale, and (ii) otherwise by judicial foreclosure. Upon default by a Mortgagor on a Mortgage Loan and foreclosure on or trustee's sale of the Mortgaged Property, pursuant to the proper procedures, the holder of the Mortgage Loan will be able to deliver good and merchantable title to the Mortgaged Property. There is no homestead or other exemption available to the Mortgagor which would interfere with the right to sell the Mortgaged Property at a trustee's sale or the right to foreclose the Mortgage subject to applicable federal and state laws and judicial precedent with respect to bankruptcy and right of redemption;

V. Conformance with Guidelines. The Mortgage Loan conforms to Purchaser's underwriting guidelines and, with respect to Agency Mortgage Loans, the applicable Agency's guidelines. The Mortgage Note and Mortgage are on forms acceptable to the Agencies and Purchaser, as applicable. The Mortgage Loan complies with all requirements of the Seller's Guide and to the extent the Seller's Guide requires the Mortgagor to undertake certain actions after the Closing Date, all such actions will be performed in the timeframes proscribed;

W. Mortgaged Property. All inspections, licenses, and certificates required to be made or issued with respect to all occupied portions of the Mortgaged Property and, with respect to the use and occupancy of the same, including but not limited to certificates of occupancy and fire underwriting certificates, have been made or obtained from the appropriate authorities. No Mortgage Loan was in construction or rehabilitation status, other than a Mortgage Loan that falls under the FHA 203K program preapproved by the Purchaser, and no trade-in or exchange of a Mortgaged Property has been facilitated;

X. No Additional Collateral. The Mortgage Note is not and has not been secured by any collateral except the lien of the corresponding Mortgage and the security interest of any applicable security agreement or chattel mortgage referred to in paragraph (J) of this Section 6;

Y. Deeds of Trust. In the event the Mortgage constitutes a deed of trust, a trustee, duly qualified under applicable law to serve as such, has been properly designated and currently so serves and is named in the Mortgage, and no fees or expenses are or will become payable by Purchaser to the trustee under the deed of trust, except in connection with a trustee's sale after default by the Mortgagor;

Z. Acceptable Investment. There are no circumstances or conditions with respect to the Mortgage, the Mortgaged Property, the Mortgagor, or the Mortgagor's credit standing that can reasonably be expected to cause private institutional investors to regard the Mortgage Loan as an unacceptable investment, cause the Mortgage Loan to become delinquent, or adversely affect the value or marketability of the Mortgage Loan. Each Mortgage Loan is of investment quality and able to be included in a securitized pool of mortgage loans. If Seller attempted to sell any Mortgage Loan to another Person prior to selling it to Purchaser, Seller has notified Purchaser and provided Purchaser with any and all reasons why the other Person did not purchase the Mortgage Loan;

AA. Delivery of Mortgage Documents. Any document or information required to be delivered by Seller to Purchaser under this Agreement or the Seller's Guide has been delivered to Purchaser or its designee. To the extent any such document is required to be delivered after the Closing Date, such document will be delivered as required by the Seller's Guide. Seller is in possession of a complete, true, and accurate Mortgage File, except for such documents the originals of which have been delivered to Purchaser;

BB. Condominiums/Planned Unit Developments.

1) With respect to any Agency Mortgage Loans, if the Mortgaged Property is a condominium unit or a planned unit development (other than a de minimis planned unit development), such condominium or planned unit development project meets all applicable Agency eligibility requirements for sale to an Agency or Purchaser and/or insurance from the FHA, or is located in a condominium or planned unit development project which has received all applicable Agency project approvals, and the representations and warranties required by the Agencies, as applicable, with respect to such condominium or planned unit development, have been made and remain true and correct in all respects;

2) With respect to any Non-QM Loan or Non-Agency Mortgage Loan, if the Mortgaged Property is a condominium unit or a planned unit development (other than a de minimis planned unit development), such condominium or planned unit development project meets all applicable eligibility requirements for sale to Fannie Mae or Purchaser, or is located in a condominium or planned unit development project which has received all applicable Fannie Mae project approvals, and the representations and warranties required by Fannie Mae with respect to such condominium or planned unit development have been made and remain true and correct in all respects;

CC. Due on Sale. The Mortgage contains an enforceable provision for the acceleration of the payment of the unpaid principal balance of the Mortgage Loan in the event that the Mortgaged Property is sold or transferred without the prior written consent of the Mortgagee thereunder;

DD. Transfer of Mortgage Loans. The Assignment of Mortgage is in recordable form and is acceptable for recording under the laws of the jurisdiction in which the Mortgaged Property is located;

EE. No Buydown Provisions; No Graduated Payments or Contingent Interests. The Mortgage Loan does not contain provisions pursuant to which monthly payments are paid or partially paid with funds deposited in any separate account established by Seller, the Mortgagor, or anyone on behalf of the Mortgagor or paid by any source other than the Mortgagor, nor does it contain any other similar provisions currently in effect which may constitute a "buy down" provision. The Mortgage Loan is not a graduated payment mortgage loan and the Mortgage Loan does not have a shared appreciation or other contingent interest feature;

FF. Consolidation of Future Advances. Any future advances made prior to the related Closing Date have been consolidated with the outstanding principal amount secured by the Mortgage, and the secured principal amount, as consolidated, bears a single interest rate and single repayment term. The lien of the Mortgage securing the consolidated principal amount is expressly insured as having first lien priority by a title insurance policy, an endorsement to the policy insuring the mortgagee's consolidated interest or by other title evidence acceptable to the Agencies, as applicable. The consolidated principal amount does not exceed the original principal amount of the Mortgage Loan;

GG. Mortgaged Property Undamaged. There is no proceeding pending or to Seller's knowledge threatened for the total or partial condemnation of the Mortgaged Property. The Mortgaged Property is undamaged by waste, fire, earthquake, or earth movement, windstorm, flood, tornado, or other casualty so as to affect adversely the Mortgaged Property's value as security for the Mortgage Loan or the use for which the premises were intended;

HH. Collection Practices; Escrow Deposits. The origination and collection practices used with respect to the Mortgage Loan have been in accordance with Accepted Servicing Practices, in all respects in compliance with all applicable laws and regulations and in all material respects proper and prudent in the mortgage origination and servicing business. With respect to escrow deposits and Escrow Payments, all such payments are in the possession of

Seller and there exist no deficiencies in connection therewith for which customary arrangements for repayment thereof have not been made. All Escrow Payments have been collected in full compliance with state and federal law. An escrow of funds is not prohibited by applicable law and has been established in an amount sufficient to pay for every item which remains unpaid and which has been assessed but is not yet due and payable. No escrow deposits or Escrow Payments or other charges or payments due Seller have been capitalized under the Mortgage or the Mortgage Note. All Mortgage Interest Rate adjustments have been made in strict compliance with state and federal law and the terms of the related Mortgage Note. Any interest required to be paid pursuant to state and local law has been properly paid and credited;

II. Appraisal. With respect to each Agency Mortgage Loan, unless otherwise permitted by the Seller's Guide, the Mortgage File contains an appraisal of the related Mortgage Property signed prior to the approval of the Mortgage Loan application by a Qualified Appraiser that conforms to all applicable Agency requirements. With respect to each Non-QM Loan and Non-Agency Mortgage Loan, the appraisal was performed by a Qualified Appraiser in accordance with all applicable requirements and conforms to Fannie Mae's appraisal guidelines and requirements;

JJ. Servicemembers' Civil Relief Act. The Mortgagor has not notified Seller and Seller has no knowledge of any relief requested or allowed to the Mortgagor under the Servicemembers' Civil Relief Act of 2003, as amended, or any successor legislation thereto;

KK. Environmental Matters. The Mortgaged Property is free from any and all toxic or hazardous substances and there exists no violation of any local, state or federal environmental law, rule or regulation. There is no pending action or proceeding directly involving any Mortgaged Property of which Seller is aware in which compliance with any environmental law, rule or regulation is an issue; and nothing further remains to be done to satisfy in full all requirements of each such law, rule or regulation consisting a prerequisite to use and enjoyment of said property;

LL. No Denial of Insurance. Seller has caused or will cause to be performed any and all acts required to preserve the rights and remedies of Purchaser in any insurance policies applicable to the Mortgage Loans including, without limitation, any necessary notifications of insurers, assignments of policies or interests therein, and establishments of coinsured, joint loss payee and mortgagee rights in favor of Purchaser. No action, inaction, or event has occurred and no state of fact exists or has existed that has resulted or will result in the exclusion from, denial of, or defense to coverage under any applicable pool insurance policy, special hazard insurance policy, mortgage insurance certificate or bankruptcy bond, irrespective of the cause of such failure of coverage. No action, inaction, or event has occurred and no state of fact exists or has existed that has resulted or will result in the curtailment of a payment (or nonpayment) by the FHA, VA or RHS, as applicable. In connection with the placement of any such insurance, no commission, fee, or other compensation has been or will be received by Seller or any designee of Seller or any corporation in which Seller or any officer, director, or employee had a financial interest at the time of placement of such insurance;

MM. Points and Fees; Mortgagor Acknowledgment. All points, fees, and charges (including finance charges), whether or not financed, assessed, collected, or to be collected in connection with the origination and servicing of each Mortgage Loan complied with all applicable guidelines and have been disclosed in writing to the Mortgagor in accordance with applicable state and federal law and regulation. The Mortgagor has executed a statement to the effect that the Mortgagor has received all disclosure materials required by applicable law with respect to the making of adjustable rate mortgage loans. The Seller shall maintain such statement in the Mortgage File;

NN. Simple Interest Mortgage Loans. None of the Mortgage Loans are simple interest mortgage loans;

OO. Single Premium Credit Life Insurance. No Mortgagor was required to purchase any single premium credit insurance policy (e.g., life, disability, accident, unemployment, or health insurance product) or debt cancellation agreement as a condition of obtaining the extension of credit. No Mortgagor obtained a prepaid single premium credit insurance policy (e.g., life, disability, accident, unemployment, mortgage, or health insurance in connection with the origination of the Mortgage Loan. No proceeds from any Mortgage Loan were used to purchase single premium credit insurance policies or debt cancellation agreements as part of the origination of, or as a condition to closing, such Mortgage Loan. No Mortgagor has a debt cancellation agreement with respect to the related Mortgage Loan;

PP. Recordation. With respect to each Mortgage Loan, a MIN has been assigned by MERS and such MIN is accurately provided on the Mortgage Loan Schedule. If applicable, the related Assignment of Mortgage to MERS has been, or is in the process of being, duly and properly recorded. With respect to each MERS Mortgage Loan, the Seller has not received any notice of liens or legal actions with respect to such Mortgage Loan and no such notices have been electronically posted by MERS. MERS properly reflects the complete chain of title from the originator to the Purchaser;

QQ. Loan Originator Compensation. Each Mortgage Loan was originated in full compliance with the loan originator compensation rule, set forth in 12 C.F.R. § 1026.36 as the same may be amended from time to time (or any successor statute or regulation);

RR. Predatory Lending Regulations; High Cost Loans. No Mortgage Loan is a (a) “high cost” loan under the Home Ownership and Equity Protection Act of 1994 or (b) “high cost,” “threshold,” “predatory,” “covered” loan under any other applicable state, federal or local law (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). No Mortgage Loan is a High Cost Loan or Covered Loan, as applicable (as such terms are defined in the current Standard & Poor’s LEVELS® Glossary);

SS. Origination. No error, omission, misrepresentation, negligence, fraud, or similar occurrence with respect to a Mortgage Loan has taken place on the part of any Person including, without limitation, the Mortgagor, appraiser, builder, developer, or any other party involved in the origination of the Mortgage Loan or in the application of any insurance in relation to such Mortgage Loan; no predatory or deceptive lending practices, including, without limitation, the extension of credit without regard to the ability of the Mortgagor to repay and the extension of credit which has no apparent benefit to the Mortgagor, were employed in the origination of the Mortgage Loan;

TT. Compliance with Anti-Money Laundering Laws. Seller has complied with all applicable anti-money laundering laws and regulations, including without limitation the USA Patriot Act of 2001 (collectively, the “Anti-Money Laundering Laws”); Seller has established an anti-money laundering compliance program as required by the Anti-Money Laundering Laws and the regulations promulgated by the Office of Foreign Assets Control (“OFAC”) of the United States Department of Treasury, has conducted the requisite due diligence in connection with the origination of each Mortgage Loan for purposes of the Anti-Money Laundering Laws that also requires regular checks of the Specially Designated Nationals list issued by OFAC, including with respect to the legitimacy of the applicable Mortgagor and the origin of the assets used by the said Mortgagor to purchase the property in question, and maintains, and will maintain, sufficient information to identify the applicable Mortgagor for purposes of the Anti-Money Laundering Laws;

UU. Qualified Mortgage. Unless the Mortgage Loan meets the definition of a Non-QM Loan as defined above, the Mortgage Loan is a “qualified mortgage” within the meaning of Section 860G (a) (3) of the Code;

VV. Underwriting Methodology; Ability to Repay. The methodology used in underwriting the extension of credit for each Mortgage Loan employs objective mathematical principles which relate the Mortgagor’s income, assets and liabilities to the proposed payment and such underwriting methodology does not rely on the extent of the Mortgagor’s equity in the collateral as the principal determining factor in approving such credit extension. Such underwriting methodology confirmed that at the time of origination (application/approval) the Mortgagor had a reasonable ability to make timely payments on the Mortgage Loan. Prior to the origination of each Mortgage Loan, the originator made a reasonable and good faith determination that the borrower would have a reasonable ability to repay the Mortgage Loan according to its terms, in accordance with, at a minimum, the eight underwriting factors set forth in 12 C.F.R. § 1026.43(c)(2), as the same may be amended from time to time (or any successor statute or regulation). The Mortgage File for each Mortgage Loan contains all necessary third-party records and other evidence and documentation to demonstrate such compliance by the related Mortgage Loan with 12 C.F.R. § 1026.43(c), as the same may be amended from time to time (or any successor statute or regulation). Seller shall provide in connection with the delivery of each Mortgage Loan, a documentation capsule in the Mortgage File and Servicing File that fully documents how each Mortgage Loan meets the ability to repay requirements of 12 C.F.R. § 1026.43(c), as the same may be amended from time to time (or any successor statute or regulation). The documentation capsule shall contain all reasonably reliable third party records used by the originator to prove that each Mortgage Loan meets the ability to repay requirements of 12 C.F.R. § 1026.43(c) as the same may be amended from time to time (or any successor statute or regulation). The documentation capsule shall also include an evidentiary summary cover checklist that specifically enumerates each of the eight underwriting factors set forth in 12 C.F.R. § 1026.43(c)(2) as the same may be amended from time to time (or any successor statute or regulation), and summarizes how each element of the checklist is met by the Mortgage Loan, which shall be certified by the originator’s underwriter;

WW. Higher Cost Products. No Mortgagor was encouraged or required to select a Mortgage Loan product offered by the Mortgage Loan’s originator which is a higher cost product designed for less creditworthy borrowers, unless at the time of the Mortgage Loan’s origination, such Mortgagor did not qualify taking into account credit history and debt to income ratios for a lower cost credit product then offered by the Mortgage Loan’s originator or any affiliate of the Mortgage Loan’s originator. If, at the time of loan application, the Mortgagor may have qualified for a lower

cost credit product then offered by any mortgage lending affiliate of the Mortgage Loan's originator, the Mortgage Loan's originator referred the Mortgagor's application to such affiliate for underwriting consideration;

XX. Arbitration. No Mortgage Loan contains any term requiring arbitration;

YY. Mortgagor. With respect to each Mortgage Loan, either (a) each Mortgagor is a natural person legally entitled to reside in the United States, or in the case of foreign nationals, legally entitled to enter the United States and own property; or (b) if such Mortgagor was not a natural person, then such Mortgage Loan has been personally guaranteed by a natural person legally entitled to reside in the United States or a foreign national legally entitled to enter the United States and own property;

ZZ. Source of Loan Payments. With respect to each Mortgage Loan, no portion of the loan proceeds has been escrowed for the purpose of making monthly payments on behalf of the Mortgagor. No payments due and payable under the terms of the Mortgage Loan, except for seller or builder concessions, have been paid by any other person who was involved in, or benefited from, the sale or purchase of the Mortgaged Property or the origination, refinancing, sale, or purchase of the Mortgage Loan, other than the Mortgagor;

AAA. Litigation with Respect to Mortgage Loan and Disclosures with Respect to Mortgaged Property. No Mortgaged Property is subject to any action, suit, proceeding, investigation, or litigation pending, or to the best of the Seller's knowledge, threatened, unless such litigation is disclosed to Purchaser and permitted by the Seller's Guide and immaterial to the value of the Mortgage Loan. The Mortgage Loan is not subject to any outstanding litigation for fraud, origination, predatory lending, or closing practices.

## **SECTION 7. REPURCHASE REMEDIES.**

A. Seller and Purchaser understand and agree that the provisions of this Agreement shall survive the sale of the Mortgage Loans and the delivery of the Mortgage File to Purchaser and shall inure to the benefit of Purchaser, notwithstanding any restrictive or qualified endorsement on any Mortgage Note or Assignment of Mortgage or the examination or failure to examine any Mortgage File. Upon discovery by either Seller or Purchaser of any breach of this Agreement, the party discovering such breach shall give prompt written notice to the other. Absent clear and convincing evidence of actual and material prejudice to Seller, Purchaser's failure to provide timely notice to Seller under this Section 7 shall not relieve Seller of any of its duties or obligations.

B. Within 20 days after the earlier of either discovery by or notice to Seller of any breach, Seller shall cure such breach or, if such breach cannot be cured, Seller shall, at Purchaser's option, and in addition to the indemnification obligations of Seller under this Agreement, repurchase any affected Mortgage Loan at the Repurchase Price. In the event a breach involves any representation or warranty set forth in Section 5(A) and such breach cannot be cured within 20 days after the earlier of either discovery by or notice to Seller of such breach, all of the Mortgage Loans materially affected thereby shall, at Purchaser's option, and in addition to the indemnification obligations of Seller under this Agreement, be repurchased by Seller at the Repurchase Price.

C. Seller's repurchase obligation with respect to a Mortgage Loan shall not be eliminated by the fact the Mortgaged Property has been foreclosed upon, and acquired by Purchaser, its assigns, or a third party. Seller's repurchase obligations hereunder include the purchase of the Mortgaged Property from Purchaser at the applicable Repurchase Price (if Purchaser has acquired the Mortgaged Property) or, if a third party have acquired the Mortgaged Property, paying Purchaser the applicable Repurchase Price.

Upon Purchaser's demand to Seller for any payment due hereunder, Purchaser shall have the absolute right to withhold or offset any monies otherwise due Seller, including but not limited to monies that may be due Seller associated with other Mortgage Loans purchased or subject to purchase by Purchaser.

D. Any repurchase of a Mortgage Loan or purchase of a Mortgaged Property shall be accomplished by direct remittance of the Repurchase Price to Purchaser or in accordance with Purchaser's instructions. Upon Seller remitting the Repurchase Price to Purchaser, Purchaser shall assign the repurchased Mortgage Loan or deed title to the Mortgaged Property, as applicable, to Seller and deliver to Seller any documents held by Purchaser relating to the repurchased Mortgage Loan at Seller's cost, in each case without representation or warranty from, or recourse to, Purchaser.

E. The repurchase price (the "Repurchase Price") shall be as follows:

- 1) For any Mortgage Loan:
  - (a) The unpaid principal balance of such Mortgage Loan; plus
  - (b) Any Premium; plus

- (c) All costs and expenses actually incurred through the repurchase date, including but not limited to reasonable fees and expenses of counsel associated with enforcing Seller's repurchase obligation's hereunder; plus
  - (d) All interest associated with the Mortgage Loan that has accrued but been unpaid from the "paid-to-date" of the Mortgage Loan through and including the last day of the month in which the repurchase is made; plus
  - (e) Any advances made by Purchaser or any successor holder of the Mortgage Loan; less
  - (f) Any proceeds of mortgage insurance with respect to the Mortgage Loan actually collected by Purchaser or any successor holder of the Mortgage Loan.
- 2) For any Mortgaged Property that has been foreclosed upon (or otherwise subject to similar process) and title obtained by Purchaser, any successor holder, or third party, then Seller shall be obligated to pay Purchaser as follows:
- (a) The unpaid principal balance of such Mortgage Loan at the time of foreclosure; plus
  - (b) Any Premium; plus
  - (c) All costs and expenses, including but not limited to fees and expenses of counsel incurred by Purchaser or any successor holder in connection with the foreclosure and management/care of the property and enforcing Seller's repurchase obligation's hereunder; plus
  - (d) All accrued but unpaid interest on the unpaid principal balance of the Mortgage Loan from the paid-to-date of the Loan through and including the last day of the month in which the foreclosure occurs; plus
  - (e) Any advances made by Purchaser or any successor holder of the Mortgage Loan; less
  - (f) Any proceeds of mortgage insurance with respect to the Mortgage Loan actually collected by Purchaser or any successor holder of the Mortgage Loan; less
  - (g) The net proceeds actually received by Purchaser associated with the sale or the property to a third-party purchaser.

## **SECTION 8. UNDERWRITING**

A. Purchaser may underwrite certain Mortgage Loans sold to Purchaser hereunder (i.e. reviewing the full credit package for compliance with applicable guidelines, including, but not limited to, employment, income, assets, collateral, and verifications). Seller acknowledges that (a) any underwriting undertaken by Purchaser does not include determining a Mortgage Loan's compliance with applicable federal, state or local laws or regulations, which remains Seller's obligation and (b) in underwriting the Mortgage Loan, Purchaser relies upon the information and data supplied by Seller as being truthful, accurate, and complete in all material respects.

B. For any Mortgage Loan underwritten by Purchaser:

- 1) The following shall be added to the end of Section 6(E): Notwithstanding the above, if the information Seller provided to Purchaser, which Purchaser relied upon to underwrite the Mortgage Loan, was true, accurate, and complete in all material respects, this Subsection shall not apply to a Mortgagor's assertion that the Seller or Purchaser failed to determine the Mortgagor's Ability to Repay the loan as required under 12 CFR Part 1026.43 (c) and (e).
- 2) Seller shall not make the representation and warranty within Section 6(VV). Underwriting Methodology; Ability to Repay.

## **SECTION 9. EARLY PAYMENT DEFAULT**

A. Mortgage Loans Underwritten by Purchaser:

- 1) In addition to any other obligations of Seller and other remedies available to Purchaser under this Agreement, if Purchaser pays a Premium to Seller in connection with the purchase of a Mortgage Loan, then Seller shall pay to Purchaser the Premium that Purchaser paid to Seller for such Mortgage Loan following receipt of written notice from Purchaser of the occurrence of any of the following:

- (a) Agency Early Payment Default; or
    - (b) Non-Agency Early Payment Default.
  - 2) Seller shall not advance funds for or on behalf of a Mortgagor for any payment or otherwise make funds available to any Mortgagor to avoid or cure a default by the Mortgagor.
- B. Mortgage Loans Underwritten by Seller:
- 1) In addition to any other obligations of Seller and other remedies available to Purchaser under this Agreement, Seller shall repurchase a Mortgage Loan at the Repurchase Price within ten (10) Business Days following receipt of written notice from Purchaser of the occurrence of any of the following:
    - (a) Agency Early Payment Default; or
    - (b) Non-Agency Early Payment Default; or
    - (c) First Payment Default.
  - 2) Seller shall not advance funds for or on behalf of a Mortgagor for any payment or otherwise make funds available to any Mortgagor to avoid or cure a default by the Mortgagor.
  - 3) Early Payment Default Fee: Notwithstanding the above, in lieu of Seller's obligation to repurchase a Mortgage Loan at the Repurchase Price following the occurrence of an (a) Agency Early Payment Default; or (b) Non-Agency Early Payment Default; or (c) First Payment Default; Purchaser, in its sole and absolute discretion, may allow Seller to: (i) pay an Early Payment Default Fee, as scheduled in the Seller's Guide, as reimbursement for administrative expenses, and (ii) if Purchaser paid a Premium to Seller in connection with the purchase of a Mortgage Loan, then Seller shall refund to Purchaser the Premium that Purchaser paid to Seller for such Mortgage Loan. Seller must pay the Early Payment Default Fee and refunded Premium within 20 days written notice from Purchaser and pursuant to the instructions set out in such notice.

**SECTION 10. EARLY PAYOFF.** In addition to any other obligations of Seller and other remedies available to Purchaser under this Agreement, if Purchaser pays a Premium to Seller in connection with the purchase of a Mortgage Loan and such Mortgage Loan is paid in full, other than by a refinancing by Purchaser, within (a) one-hundred and eighty (180) calendar days of the applicable Closing Date for a Mortgage Loan underwritten to one of Purchaser's non-QM loan programs or (b) one hundred twenty (120) days after the applicable Closing Date for any other Mortgage Loan, then Seller shall pay to Purchaser the Premium that Purchaser paid to Seller for such Mortgage Loan.

**SECTION 11. INDEMNIFICATION.** Seller shall indemnify Purchaser and hold it harmless from and against any and all claims, losses, damages, penalties, fines, forfeitures, attorney's fees and related costs, judgments, and any other costs, fees, and expenses (collectively "Damages") arising from any (i) act or omission on the part of Seller or any other Person in the origination, receiving, processing, funding or servicing of any Mortgage Loan prior to the related Transfer Date or otherwise arising from the transfer of servicing of the Mortgage Loans; (ii) any fraud by or intentional misrepresentation by Seller; or (iii) breach of this Agreement by Seller. Notwithstanding the above, Seller shall not be responsible for any Damages incurred by Purchaser that are caused by Purchaser's acts, omissions, or instructions to Seller.

Seller shall immediately notify Purchaser if a claim is made by a third party with respect to this Agreement or the Mortgage Loans, Purchaser shall control the defense of any such claim, and Seller shall pay all expenses in connection therewith, including counsel fees, costs, and expenses, and promptly pay, discharge, and satisfy any judgment or decree which may be entered against it or Purchaser in respect of such claim. In addition to the obligations of Seller set forth in this Section, Purchaser may pursue any and all remedies otherwise available under this Agreement, at law, or in equity including, but not limited to, the right to seek damages and the right to demand repurchase under this Agreement. The indemnification obligation of Seller set forth herein shall survive the termination of this Agreement notwithstanding any applicable statute of limitations, which Seller hereby expressly waives.

Notwithstanding anything in this Agreement to the contrary, neither party shall be liable to the other for any punitive damages.

**SECTION 12. COSTS.** All costs and expenses incurred by Purchaser in connection with or related to the setup, transfer and/or delivery of any Mortgage Loan submitted to Purchaser for purchase, regardless of whether the Mortgage Loan is ultimately purchased by Purchaser, including, but not limited to, DU fees (waived upon purchase),



servicing transfer fees, any fees due MERS, fees for title policy endorsements and continuations, fees for tax contracts or flood insurance contracts and the transfer thereof to any servicer, and Seller's attorney's fees shall be paid by Seller.

**SECTION 13. PROTECTION OF CONFIDENTIAL INFORMATION.** "Confidential Information" means any nonpublic information disclosed by either party to the other, whether prior to or after signing this Agreement, directly or indirectly, in writing, orally or by inspection of tangible objects. Confidential Information does not, however, include any information that: (i) is publicly known prior to the time of disclosure to the receiving party; (ii) becomes publicly known after disclosure to the receiving party through no action or inaction of the receiving party or its attorneys, accountants, agents, officers, directors, consultants and employees (collectively "Representatives"); (iii) is already in the possession of the receiving party without restriction on use or disclosure at the time of disclosure by the disclosing party; (iv) becomes available to the receiving party without restriction on use or disclosure from a third party without a breach of such third party's obligations of confidentiality; or (v) is independently developed by the receiving party without use of or reference to the disclosing party's Confidential Information.

Each party agrees: (i) to hold the other party's Confidential Information in strict confidence and to take reasonable precautions to protect such Confidential Information (which precautions shall be no less than those employed to preserve the secrecy of its own confidential materials), (ii) to comply with all applicable federal and state laws regarding privacy and confidentiality of nonpublic customer or consumer information including, but not limited to, the Gramm-Leach-Bliley Act and its implementing regulations, (iii) not to make any use of or act on the other party's Confidential Information whatsoever at any time, except to fulfill its obligations under this Agreement, (iv) not to reverse engineer or disassemble any products, technology or tangible objects that utilize such Confidential Information, and (v) not to disclose any such Confidential Information or any information derived therefrom to any third party or contact any third party regarding the Confidential Information or information derived therefrom, except to enforce the provisions herein or to those of the receiving party's Representatives who have a legitimate "need to know" and are bound in writing to restrictions substantially similar to those herein. The receiving party shall promptly notify the disclosing party upon discovery of any unauthorized use or disclosure of Confidential Information, or any other breach of this Agreement, and will cooperate with the disclosing party in every reasonable way to help regain possession of such Confidential Information and prevent its future unauthorized use. The receiving party shall be responsible for any breach of this Agreement by its Representatives as if such Representatives were party hereto.

Seller authorizes Purchaser, in connection with any sale of any Mortgage Loan to Seller, Seller's request to become an approved seller of Mortgage Loans to Purchaser, or Purchaser's recertification of Seller as an approved seller of Mortgage Loans to Purchaser, to (a) verify any information Seller provides to Seller, whether pertaining to any Mortgage Loan, Seller, or any officer, director, or employee of Seller, and (b) obtain business credit and reference reports and any other information that is of concern to Purchaser. Seller agrees that such reports, information, and verifications may be disclosed to potential purchasers of the Mortgage Loans from Purchaser; however, Purchaser shall not use such reports, information, or verifications for any consumer credit purpose.

**SECTION 14. NOTICES.** All demands, notices and communications hereunder shall be in writing and shall be deemed to have been duly given if mailed, by registered or certified mail, return receipt requested, or, if by other means, when received by the other party at the address shown below or such other address or email address as may hereafter be furnished to the other party by like notice. Any such demand, notice or communication hereunder shall be deemed to have been received on the date delivered to or received at the premises of the addressee (as evidenced, in the case of registered or certified mail, by the date noted on the return receipt as the accepted or refused date).

**Carrington Mortgage Services LLC**  
Attn: Client Administration  
1600 South Douglass Road, Ste 110  
Anaheim, CA 92806

**[SELLER]**

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**SECTION 15. SEVERABILITY CLAUSE.** If anything in this Agreement is prohibited or held to be void or unenforceable, it shall be ineffective only to the extent of such prohibition or unenforceability in that specific jurisdiction, without invalidating or rendering unenforceable anything else in this Agreement. To the extent permitted by applicable law, the parties waive any provision of law that prohibits or renders void or unenforceable any provision hereof. If the invalidity of any part, provision or section of this Agreement shall deprive any party of the economic benefit intended to be conferred by this Agreement, the parties shall negotiate, in good faith, to develop a structure, the economic effect of which is as close as possible to the economic effect of this Agreement, without regard to such invalidity.

**SECTION 16. FURTHER AGREEMENTS.** Purchaser and Seller each agree to execute and deliver to the other such additional documents, instruments, or agreements as may be necessary or appropriate to effectuate the purposes of this Agreement. Seller also agrees to comply with all provisions of the Seller's Guide.

**SECTION 17. INTENTION OF THE PARTIES.** The parties intend that Purchaser is purchasing and Seller is selling 100% ownership interest in the Mortgage Loans sold hereunder and not a debt instrument of Seller or another security. Accordingly, the parties each intend to treat each transaction for accounting and Federal income tax purposes as a sale by Seller and a purchase by Purchaser of the Mortgage Loans. Moreover, the arrangement under which the Mortgage Loans are held shall be consistent with classification of such arrangement as a grantor trust in the event it is not found to represent direct ownership of the Mortgage Loans. Purchaser shall have the right to review the Mortgage Loans and the related Mortgage Loan Files to determine the characteristics of the Mortgage Loans which shall affect the Federal income tax consequences of owning the Mortgage Loans and the Seller shall cooperate with all reasonable requests made by Purchaser in the course of such review.

**SECTION 18. GENERAL INTERPRETIVE PRINCIPLES.** Except as otherwise expressly provided in this Agreement or unless the context otherwise requires: (A) the terms in this Agreement have the meanings assigned to them in this Agreement and include the plural as well as the singular, and the use of any gender herein shall be deemed to include the other gender; (B) accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles; (C) references herein to "Articles", "Sections", "Subsections", "Paragraphs", and other subdivisions without reference to a document are to designated Articles, Sections, Subsections, Paragraphs and other subdivisions of this Agreement; (D) a reference to a Subsection without further reference to a Section is a reference to such Subsection as contained in the same Section in which the reference appears, and this rule shall also apply to Paragraphs and other subdivisions; and (E) should any part of this Agreement conflict with a provision of the Seller's Guide, the provisions of the Seller's Guide shall control.

**SECTION 19. REPRODUCTION OF DOCUMENTS.** This Agreement and all documents relating thereto, including, without limitation, (a) consents, waivers and modifications which may hereafter be executed, (b) documents received by any party at the closing, and (c) financial statements, certificates and other information previously or hereafter furnished, may be reproduced by any photographic, photostatic, microfilm, micro-card, miniature photographic or other similar process. The parties agree that any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding, whether or not the original is in existence and whether or not such reproduction was made by a party in the regular course of business, and that any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence.

**SECTION 20. RECORDATION OF ASSIGNMENTS OF MORTGAGE.** To the extent permitted by applicable law, each of the Assignments of Mortgage is subject to recordation in all appropriate public offices for real property records in all the counties or their comparable jurisdictions in which any or all of the Mortgaged Properties are situated, and in any other appropriate public recording office or elsewhere, such recordation to be effected at Seller's expense in the event recordation is either necessary under applicable law or requested by Purchaser at its sole option.

**SECTION 21. NO PERSONAL SOLICITATION.** From and after each Closing Date, Seller shall not take any action or permit or cause any action to be taken by any of its agents, affiliates, or any independent contractors on Seller's behalf, to personally, by telephone, or mail solicit the borrower or obligor under any Mortgage Loan for the purpose of refinancing the subject loan, without the prior written consent of Purchaser. It is understood and agreed that all rights and benefits relating to the solicitation of any Mortgagors and the attendant rights, title and interest in and to the list of such Mortgagors and data relating to their Mortgages (including insurance renewal dates) shall be transferred to Purchaser on the related Closing Date and Seller shall take no action to undermine these rights and benefits. Notwithstanding the foregoing, it is understood and agreed that promotions undertaken by Seller or any affiliate of Seller, which are directed to the general public at large, including, without limitation, mass mailing based on commercially acquired mailing lists, newspaper, radio, internet, e-mail and television advertisements shall not constitute solicitation under this Section.

**SECTION 22. TERMINATION.** This Agreement may be terminated by either party upon thirty (30) days prior written notice to the other party. Upon such notification, Purchaser shall cease accepting Mortgage Loans for credit approval as of the effective date of termination, but shall purchase pursuant to the terms of this Agreement any Mortgage Loan locked with Purchaser as of the termination date. Notwithstanding the termination of this Agreement, the provisions of this Agreement shall survive and continue to apply to any Mortgage Loans purchased by Purchaser.

**SECTION 23. DISPUTE RESOLUTION.** Any controversy, claim or dispute among the parties arising out of or related to this Agreement shall be settled by binding arbitration in accordance with the Commercial Arbitration Rules

of the American Arbitration Association in Orange County, California and judgment upon the award rendered by the Arbitrator may be entered in any court having jurisdiction, including the Superior Court of California, County of Orange. If any party to this Agreement resorts to any legal action or arbitration, the prevailing party shall recover all of its attorney's' fees and costs in addition to any other relief to which it may be entitled. The fees and costs incurred in any arbitration (exclusive of each party's attorney's fees and costs) shall be borne equally between the parties until such time as the arbitrator renders an award. In any award, the prevailing party shall recover all of its arbitration fees and costs in addition to any other relief to which it is entitled. Should either party fail or refuse to pay its share of the arbitration's fees and costs, then the other party may advance those fees and costs and the nonpaying party shall then be deemed to have waived their right to participate in the arbitration and shall be precluded from participating in the arbitration unless and until they have reimbursed the advancing party. Any such reimbursement must be made at least 14 days prior to the arbitration hearing date in order to cure the default of the non-paying party.

**SECTION 24. MISCELLANEOUS DOCUMENTS MUTUALLY DRAFTED.** This Agreement: (A) may be executed simultaneously in any number of counterparts, with each counterpart deemed an original, and all such counterparts constituting one and the same instrument; (B) and each document prepared in connection with the transactions set forth herein have been mutually drafted and negotiated by each party and consequently such documents shall not be construed against either party as the drafter thereof; (C) shall be deemed entered into in Orange County, California, and construed in accordance with the laws of the State of California, without regard to any conflicts of law provisions, and the obligations, rights and remedies of the parties hereunder shall be determined in accordance with the laws of the State of California, except to the extent preempted by Federal law; (D) shall bind and inure to the benefit of and be enforceable by Seller and Purchaser and their respective successors and assigns; (E) neither party may assign, pledge or hypothecate this Agreement to a third party without the other party's prior written consent, except that Purchaser may assign this Agreement to a third party without the Seller's consent in connection with the sale of a Mortgage Loan to such third party; (F) may not be waived or modified and no term or provision within this Agreement may be waived or modified, unless such waiver or modification is in writing and signed by the party against whom such waiver or modification is sought to be enforced; (G) contains the entire agreement and understanding of the parties regarding the subject matter hereof and there are no written or verbal agreements to the contrary; and (H) hereby incorporates the exhibits hereto, which are made a part hereof and are an integral part of this Agreement.

**IN WITNESS WHEREOF**, Purchaser and Seller have caused this Mortgage Loan Purchase and Sale Agreement to be executed as of the day and year first written above.

**Carrington Mortgage Services, LLC**

**[Seller]**

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

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