



SELLER ELIGIBILITY REQUIREMENTS

Overview

The Eligibility section outlines requirements for becoming a Mr. CooperSM approved Seller and for maintaining that eligibility in Good Standing.

To become an approved Seller to Mr. Cooper, the applicant must:

- Satisfy all Mr. Cooper Eligibility requirements
- Accurately and fully complete all required applications and provide all necessary documentation
- Execute the application, Loan Purchase Agreement, in addition to other agreements, documents, forms or requirements that may be applicable to the approval requested

Mr. Cooper will review the applicant's information and request for approval to determine eligibility. At the discretion of Mr. Cooper, eligibility standards may be waived, modified or changed; however, the subsequent ability for enforcement by Mr. Cooper will not be affected.

Minimum Requirements

- Be a duly organized, valid entity and in good standing under the laws of the jurisdiction of the organization
- Must possess and maintain all required licenses necessary to conduct business in each jurisdiction in which loans are originated
- Be in compliance with all applicable Federal, State and local regulations and laws
- Company must have been actively engaged in residential mortgage lending as a Correspondent Lender for a minimum of two (2) years preceding submission of Application to become an approved Seller with Mr. Cooper
- Company owners/key decision makers must have at least five (5) years of substantial residential mortgage lending
- Provide resumes of all President, CEO, CFO, COO, Head of Production, Chief Credit Officer / Head of

Underwriting, Head of Secondary Marketing; experience level must be acceptable to Mr. Cooper

- Up-to-date Credit Bureau reports (tri-scores) pulled within the last sixty (60) days for all Principals who own ten percent (10%) or greater interest in the Company. Mr. Cooper's minimum score requirement is six hundred-sixty (660).
- Principals must not have any bankruptcies, foreclosures, or unsatisfied tax liens within the last four (4) years.
- Must have a minimum audited net worth of \$2,500,000
- Provide 2 years of fiscal year end statements prepared by an independent auditing firm
- Maximum Nationwide Compare Ratio of one hundred and fifty percent (150%), if applicable.
- Maintain errors and omissions insurance and a fidelity bond in a form and with an insurance carrier that is acceptable to Mr. Cooper Mortgage and covers investor losses with minimum coverage of \$300,000 for each occurrence and a maximum deductible of \$100,000 or 5% of the face value of the policy. Mr. Cooper must be named as Loss Payee.
- Evidence a copy of an acceptable Quality Control plan in compliance with FNMA, FHLMC, FHA, VA, USDA and Mr. Cooper, as applicable.
- Provide three (3) months of QC reports and management responses to include:
 - Identification of sample size (number of loans sampled/number of loans originated)
 - Explanation of Audit Ratings Scale/Methodology
 - Summary Report of QC Audit Findings
 - Loan level QC findings report: detail of findings for each loan
 - Management's responses to QC Reports and plan of action
 - Status report detailing action plans and progress
 - Historical Trending
- Maintain 2 warehouse lines of credit or funding source acceptable to Mr. Cooper
- MARI reports (pulled by Mr. Cooper)
- Note: Any issues revealed by Mortgage Asset Research Institute (MARI) report must be resolved or satisfactorily explained to Mr. Cooper. If the issue cannot be resolved, Mr. Cooper's CPRM Department will determine the materiality of the issue.
- Notification of what compliance tools (ex: ComplianceEase) and Fraud Manager tools that client is using.
- Applicant should not be listed on any exclusionary lists provided by the agencies
- Not be listed on any public or non-public commercial watch list or database which reports cases of

misrepresentation or failure to honor contractual obligations

- A documented hiring procedure for checking all employees, including management, involved in the origination of mortgage loans (including application through closing) against the U.S. GSA Excluded Parties List, the HUD LDP List, OFAC, and FHFA Suspended Counterparties List.

Documentation Requirements

The following documentation is required for Seller approval.

- Corporate Financial Statements for the most recent two (2) years audited by an independent auditing firm and the most current (dated within 120-days of the application date) interim financial statements (YTD Profit and Loss Statement along with a current Balance Sheet). In lieu of audited statements, the following are acceptable for the specific entity:
 - Banks – Form FFIECO34
 - Savings and Loans – FHLBB1313
 - Credit Unions – NCUA5300
- Professional resumes of the following personnel:
 - President
 - Chief Executive Officer
 - Chief Financial Officer
 - Person who oversees:
 - ✓ Production
 - ✓ Underwriting Manager and all underwriters
 - ✓ Secondary Marketing
- Copy of FHA, USDA and VA approvals if requesting government loan sale approval
- Copy of acceptable Quality Control Plan and most recent 3 months management reports and responses
- Copy of current E&O Insurance Certificate and Fidelity Bond Coverage
- Completed W-9 Form
- An executed copy of the Mr. Cooper Loan Purchase and Sale Agreement by an individual authorized by the Corporate Resolution
- Completed Mr. Cooper Wire Instructions Set Up Form
- Copies of the Seller's most recent investor score cards from three (3) investors

- Minimum of three investor references not including any third party references
- Corporate Organizational Chart & Contact List
- Executed Seller Application
- A copy of the company's Articles of Incorporation, Articles of Organization (LLC), Bank Charter and/or the Partnership Agreement

Maintain Eligibility

Once approved to be a Seller to Mr. Cooper, Sellers must continue to meet the eligibility requirements herein to maintain its eligibility and approval to participate.

NOTIFICATION OF SIGNIFICANT CHANGES:

Seller must provide written notice of any contemplated change in its organization, including copies of any filings with, or approvals from its regulators. Mr. Cooper requires written notice immediately but no later than seven (7) calendar days after the finalization of significant changes relating to the Seller that include, but is not limited to:

- Any mergers, consolidations or reorganizations
- Any direct or indirect material change in ownership. An indirect change in ownership includes any change in the ownership of the Seller's parent, any owner of the parent, or any beneficial owner of the Seller that does not own a direct interest in the Seller
- Any change in corporate name
- Any change from a federal charter to a state charter (or vice versa) if the Seller is a savings and loans association or a Bank
- Material adverse change in financial condition
- Any change in authority evidenced by the Corporate Resolution or in banking relationships including warehouse lines of credit/wire instructions
- Any change in Agency approval
- Any change in fiscal year end date
- Any change in management or key personnel or persons who oversee key Seller departments
- Addition or closure of a branch
- Use of a new or different fictitious name
- Any change regarding registration or licensure of a fictitious name

GOOD STANDING:

All approved Sellers must remain in "Good Standing" with Mr. Cooper to maintain eligibility to sell loans. Failure to remain in good Standing could result in Mr. Cooper's termination of the Agreement with cause.

To remain an approved Seller in Good Standing the Seller must:

- Actively participate in the products and programs described in the Seller Guide
- Be in full compliance with all terms of the Agreements and this Seller guide, which is a contractual document by reference in the Agreements
- Complete and submit within required timeframes all requested documents as part of the Annual Recertification process. Failure to provide the updated information is cause for termination. Updated information requirements include, but are not limited to:
 - Most current updated financial statements
 - Copies of renewed, updated fidelity Bond and E&O Insurance
 - Completion of the state licensing list with copies of the applicable current/updated state licenses.

ANNUAL RECERTIFICATION:

Mr. Cooper constantly monitors the performance of each Seller. In addition to performance monitoring, Mr. Cooper will perform a comprehensive review of each Seller's financial, industry, credit and overall performance on an annual basis.

Within 60-days of request for Annual Renewal information, Seller must send to Mr. Cooper the following documentation:

- Audited Financial Statements with all appropriate Schedules and Attachments
- Current unaudited financial statements no older than four (4) months
- Up-to-date Credit Bureau reports, pulled within the last sixty (60) days for all Principals who own ten percent (10%)
- Provide three (3) month of QC reports and management responses to include:
 - Identification of sample size (number of loans sampled/number of loans originated)
 - Explanation of Audit Ratings Scale/Methodology
 - Summary Report of QC Audit Findings

- Loan level QC findings report: detail of findings for each loan
- Management's responses to QC Reports and plan of action
- Status report detailing action plans and progress
- Historical Trending
- Current E&O insurance certification and Fidelity Bond coverage
- Updated Seller contact information and Org Chart (if applicable)
- Any other additional certifications or information requested by Mr. Cooper