



Modified Correspondent Annual Recertification Instructions

Revised 08/14/20

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Recertification for Calendar Year: 2020 - 2021

Contents of the Recertification Package

The following documents are included in this Recertification Package.

- | | |
|---|--|
| <ul style="list-style-type: none">✓ Instructions✓ Modified Correspondent Recertification Form✓ LO Compensation Compliance Certification | <ul style="list-style-type: none">✓ You must fully complete the Recertification Form and include all applicable documentation.✓ All information must be received by FSM<ul style="list-style-type: none">• 2020 Recertification: No later than 10/31/20✓ Failure to return your Recertification <u>by the due date</u> may result in termination of your selling privileges. |
|---|--|

Additional Information Required

Check all included items and attach them with your return package.

Provide the following:

- | | |
|--|---|
| <input type="checkbox"/> Current year's audited Financial Statements | <input type="checkbox"/> Copy of All Loan Officer's State License, as applicable. |
| <input type="checkbox"/> Copy of current Board-Approved QC Policy | <input type="checkbox"/> Copy of current Board-Approved Fair Lending Policies |
| <input type="checkbox"/> Copy of current Board-Approved BSA/AML Policy | <input type="checkbox"/> Copy of Organization Chart |
| <input type="checkbox"/> Copy of current Board-Approved Appraisal Policy | <input type="checkbox"/> All supporting letters of explanation as required. |

Provide the updated information ONLY if changed in the past year:

- Resumes of Key Personnel
- Proof of Fidelity Bond and Errors & Omissions Insurance *and/or* Surety Bond as required by the state(s) in which you conduct business.
- Articles of Incorporation, Articles of Organization, Partnership Agreement
- Copy of Resolution Board of Directors
- Copy of all Agency Approval Letters
- W9 (October 2018 Version)
- E-Sign Approval Form
- Modified Correspondent Master Loan and Sale Agreement
- Specific Power of Attorney

Submission Instructions

- ✓ Complete the Recertification Form.
- ✓ Execute the Compliance Certification.
- ✓ Collect the supporting information listed in the section above.
- ✓ Package **all** information, include this Instruction Sheet, and return via email or fax **no later than the posted due date:**

First State Mortgage Service, LLC
Attn: Ketra Hay (khay@fsmloans.biz)
Fax: 309-807-0227



Modified Correspondent Recertification Form

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Company Information

Company Name: _____

Address: _____

City: _____ State: _____ Zip: _____

Business Tax ID #: _____ LEI #: _____

Company NMLS#: _____ FDIC/NCUA: _____

Company Web Site Address: _____

Company Main Phone: _____ Company Fax: _____

Toll Free Phone #: _____ Time Zone: _____

Key Personnel:

Department	Name	Email	Phone	Fax
If there have been any changes to the following in the past 12 months, please provide Resumes.				
<input type="checkbox"/> Main Company Contact (FSM System Administrator)				
<input type="checkbox"/> Secondary Contact				
<input type="checkbox"/> Business Owner				
<input type="checkbox"/> President Date of Birth: _____				
<input type="checkbox"/> Chief Financial Officer Date of Birth: _____				
<input type="checkbox"/> Secondary Market*				
<input type="checkbox"/> Operations/COO				
<input type="checkbox"/> Compliance				
<input checked="" type="checkbox"/> Please designate the contact person for interest rates, Announcements, and other materials.				

Company Information, Continued

Wire Instructions: Please check if this is a new bank. Please check if there are NO changes: (No info required.)

Destination Bank: _____

Destination ABA: _____

Acct. Name to be credited: _____

Acct. # to be credited: _____

Bank Phone: _____

Bank Fax: _____

City: _____

State: _____

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Investor Information

Agency Approvals: Submit agency approval letters as applicable.
Please check if there are NO changes: (No info required.)

Agency	Date Approved:	Identification Number
<input type="checkbox"/> FHA/HUD		
<input type="checkbox"/> VA		
<input type="checkbox"/> GNMA		
<input type="checkbox"/> Fannie Mae		
<input type="checkbox"/> Freddie Mac		

Investor References:

Investor Name: _____ Contact Name: _____
 Phone: _____ Last 12 month's volume: _____
 Relationship (Years) _____ % of Production sold: _____

Investor Name: _____ Contact Name: _____
 Phone: _____ Last 12 month's volume: _____
 Relationship (Years) _____ % of Production sold: _____

Investor Name: _____ Contact Name: _____
 Phone: _____ Last 12 month's volume: _____
 Relationship (Years) _____ % of Production sold: _____

General Investor Questions:	Answers:
What % of your company's loan production is sold on a flow basis?	
What % of your company's loan production is sold on a bulk basis?	
What % of your company's loan production is sold on a best efforts basis?	
What % of your company's loan production is sold on a mandatory trade basis?	
What % of your company's loan production is sold on an assignment of trade basis?	

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Production Information

Historical Loan Production: Please provide the following information on your production. Provide production numbers separately for each product loan type.

Loan Type	Volume in Dollars	Number of Loans
Current Year to Date: _____		
Conventional		
Jumbo		
FHA		
VA		
Other		
Purchase		
Refinance		
<i>Please "break down" the above product into origination channels:</i>		
Retail Origination		
Wholesale Channel		
Correspondent Channel		

Most Recent Fiscal Year Ended: _____		
Conventional		
Jumbo		
FHA		
VA		
Other		
Purchase		
Refinance		
<i>Please "break down" the above product into origination channels:</i>		
Retail Origination		
Wholesale Channel		
Correspondent Channel		

Repurchase / Indemnification Information

Repurchase / Indemnification paid in the past 12 months:

Total # of Loans: _____ UPB \$ _____ Settlement \$ _____

Outstanding Repurchase Balance as of this Recertification Date:

Total # of Loans: _____ UPB \$ _____ Settlement \$ _____

Age of the oldest outstanding Repurchase: _____

Continued on next page

Production Information, Continued

FSM Production: Please tell us your preference for selling your loans to FSM.

Conventional:

- Wholesale Transactions** – FSM underwrites and all loans are closed in FSM's name.
- Mod Corr Transactions** – FSM underwrites and the loans close in the Seller's name (with the Seller's funds); the Seller is responsible for returning a complete closing package to FSM.

Important Note: Certain conventional products require the Seller to close as a Wholesale Transaction.

FHA:

- Sponsored Originator (SO)** – all loans **must close as Wholesale Transactions**. FSM underwrites/closes and insures the loans.
- Authorized Agent – Wholesale Transactions:** FSM underwrites and insures; loans close in FSM's name.

VA:

- Authorized Agent – Wholesale Transactions:** Loans are closed in FSM's name with FSM funds; FSM underwrites and guarantees.
- Authorized Agent – Mod Corr Transactions:** FSM underwrites and guarantees, but Seller closes the loan. Seller must pay the VA Funding Fee within 10 calendar days of loan closing.

Rural Development / USDA:

- Wholesale Transactions:** All loans must be closed as Wholesale Transactions; FSM underwrites and insures; loan closes in FSM's name.
- Mod Corr Transactions:** All loans must be underwritten and guaranteed by FSM. The Seller closes the loan; the USDA 1980-18 must be in FSM's name and the Seller must return a complete closing package to FSM. FSM pays the Funding Fee.

Disclosure Questionnaire

Questions: ✓ All questions pertain to the last 12 months. ✓ Any of the following questions with a "Yes" answer require a letter of explanation (LOX) acceptable to FSM. Please include in your Recertification Package.	Please select from the drop-down menu
1. Have there been any material changes to the structure of your company this past year? If yes, please attach a full explanation.	
2. Has your company ever been named as a defendant in a lawsuit, been involved in any criminal proceedings or litigation in the past 12 months?	
3. Has any Principal or Officer ever been named as a defendant in a lawsuit, been involved in any criminal proceedings or litigation in the past 12 months?	
4. Has any Principal or Corporate Officer ever been convicted of a crime?	
5. Has there been a material change in company ownership, board of directors or senior management in the past 12 months?	
6. Have you initiated or terminated any affiliate relationships in the past 12 months?	
7. Has your company ever entered into a supervisory agreement with any regulatory agency?	
8. Has there been any material change in the way the company originates loans in the past 12 months?	
9. Has your company undergone any federal, state or agency regulatory review in the past 12 months?	
10. Have you received any customer complaints within the past 12 months regarding false/deceptive advertising, fraud, and/or misunderstanding of product terms?	
11. Has your company been suspended from selling or servicing mortgages by any investor?	
12. Have you had any information security incidents in the past 12 months?	
13. If your company is using a loan origination system are you prepared for the new upcoming URLA?	

Questions: ✓ All questions pertain to the last 12 months. ✓ Any of the following questions with a "NO" answer require a letter of explanation (LOX) acceptable to FSM. Please include in your Recertification Package	Please select from the drop-down menu
14. Are loan audits performed internally?	
15. Does your company follow the recommended quality control guidelines for responsible lending published by Fannie Mae or Freddie Mac?	
16. Does your company have a process to insure compliance with high cost and anti-predatory lending statutes for all applicable federal, state and if necessary, local laws?	
17. Does your company perform background checks for employees involved in the origination of mortgage loans?	
18. Does your company have written hiring policies and procedures for checking all employees, including management, involved in the origination of mortgage loans (including application through closing) against the HUD Limited Denial of Participation List (LDP) and the U.S. General Services Administration (GSA) Excluded Party List (GSA)?	
19. Does your company have an Anti-Money Laundering program in place?	
20. Does your company adhere to the TRID Requirements, including the CD being delivered at least 3 days before closing?	
21. Does your company have written policies and procedures regarding loan originator compensation which comply with the loan originator compensation rules set forth in the Truth in Lending Act, Regulation Z, and the Official Staff Commentary - referred to collectively as the "Loan Originator Compensation: Requirements" under the Truth in Lending Act (final rule effective January 2014)	
22. Please indicate the total number of Loan Officers with your company?	
23. Please indicate the number of salaried Loan Officers with your company?	
24. Please indicate the number of commissioned Loan Officers with your company?	

Disclosure Questionnaire, Continued

Certifications:	Please select from the drop-down menu
✓ All questions pertain to the last 12 months.	
25. Do you certify that you have implemented written policies and procedures to ensure compliance with Vendor Management and that it would be available upon request?	
26. Does your company have an approved compliance management system in place?	
27. Do you certify your company complies with all applicable Fair Lending laws, rule and regulations including, but not limited to, The Equal Credit Opportunity Act (ECOA); the Home Mortgage Disclosure Act (HMDA); the Fair Credit Reporting Act (FCRA); the Fair and Accurate Credit Transaction Act (FACT ACT); and the Community Reinvestment Act (CRA)?	
28. Does your company comply with the E-sign Act and with all local, state, federal, and agency requirements?	
IF Yes, please list current vendor(s). Please also attach your contract(s) if it has changed in the last 12 months	
29. Does your company use Affinity Processing Services?	
IF Yes, please list for which types of loans it will be utilized.	

Appraisal Engagement:	Please select from the drop-down menu
✓ All questions pertain to the last 12 months.	
30. Do you certify that your company has implemented written policies and procedures to ensure compliance with the Appraisal Independence Requirement (AIR) in conjunction with the previous Home Valuation Code Conduct (HVCC) and ECOA appraisal delivery to customers for all loan products?	
31. Do you currently order appraisals through FSM's AMC exclusively?	
IF No, what method and or services do you utilize?	

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Affiliated Agent Questionnaire

For the purposes of answering the following questions, a "Principal" is any person or entity that has:

- ✓ Control, or power to vote 5% or more of the outstanding shares of any class of voting securities of the company, directly or indirectly or acting through one or more persons; or
- ✓ Control in any manner over the election of a majority of the directors, trustee, or general partners (or individuals exercising similar functions of the company); or
- ✓ The power to exercise directly or indirectly, a controlling influence of the management or policies of the company;
- ✓ The power to exercise directly or indirectly, the selection of title companies, title agents, escrow companies, law firms, and other settlement agents used by the company.

The "1st Degree of Relationship" includes children and parents. A husband and wife are related in the first degree by marriage. For other relationships by marriage, the degree of the relationship is the same as the degree of the underlying relationship by blood.

Affiliate Relation: Any of the following questions with a "Yes" answer require a letter of explanation (LOX) acceptable to FSM.	Please select from the drop-down menu
1. Do any controlling persons, owners, directors, or officers have a direct or indirect ownership interest in a Real Estate Sales Company?	
2. Do any controlling persons, owners, directors, or officers have a direct or indirect ownership interest in an Appraisal Company?	
3. Do any controlling persons, owners, directors, or officers have a direct or indirect ownership interest in a Title Company?	
4. Do any controlling persons, owners, directors, or officers have a direct or indirect ownership interest in a Construction or Home Improvement Company?	
5. Do any controlling persons, owners, directors, or officers have a direct or indirect ownership interest in a Credit Repair Company?	
6. Do any controlling persons, owners, directors, or officers have a direct or indirect ownership interest in any other general affiliate?	

Continued on next page

Signature, Authorization and Acknowledgments

Failure to return this executed form and requested documentation will result in suspension of the Seller's FSM approval.

- By signing below you certify the accuracy of the information provided in this form you certify, represent and warrant to FSM that the company referenced herein: (i) is properly licensed and registered in the states where the licensure and registration is required in order to conduct business as is presently being conducted and is contemplated under the terms of any agreement with FSM; (ii) maintains a formal Quality Control Plan that complies with FSM requirements and adheres to those procedures; (iii) currently maintains Errors and Omissions and Fidelity Bond Insurance coverage based on state minimum requirements. You further certify that you will immediately advise FSM in writing of any material change to the information or certifications herein.
- You consent and authorize FSM to send you via facsimile, email, or other similar transmission method, notices, including but not limited to, rate sheets, policy, or procedure notices, announcements or bulletins, and business advertisements.
- I hereby agree that the original signed Mod Corr Agreement remains in effect as modified by any related Mod Corr Announcements and Seller Guide updates which supersede and modify the original signed Mod Corr Agreement.
- It is understood that all information provided to FSM and contained in this application/recertification may be used by FSM to review and maintain the Seller in Good Standing to participate in the FSM Mod Correspondent program. The Seller hereby authorized such use and certifies that by signing the application/recertification the Seller is granting permission for Data Facts and/or credit reports, financial background to be ordered on your company and/or personnel in your company.

Authorized Signer:

Signed: _____ Title: _____

Print Name: _____ Date: _____

FSM Use Only:

Received By: _____ Approved By: _____

Date: _____ Date: _____



Compliance Attestation /Certification

Compliance Attestation /Certification

In compliance with the federal Truth in Lending Act, including implementing Regulation Z and the Official Staff Commentary, _____ attests, on behalf of itself that for Loans which will be delivered to First State Mortgage Services, LLC for purchase: (1) This Seller has not paid compensation to any loan originator in an amount that is based on a prohibited term or condition, and (2) no consumer has been steered to a product or program on the basis of increased loan compensation for any loan originator.

Seller acknowledges and certifies that it is in compliance with FSM’s Representations and Warranties regarding Compensation Arrangements.

Seller affirms that First State Mortgage Services, LLC is entitled to rely, and is relying on the Seller to be in full compliance with the current regulations. Seller authorizes First State Mortgage Services, LLC, at its discretion, to verify the information with any other sources, and Seller waives any cause of action or claim Seller may have against such sources with respect to any information they may provide.

By: _____
(Authorized Officer Signature)

Print Name: _____

Title: _____ Date: _____

NMLS Loan Origination Company ID: _____

Note: May only be signed by the authorized agent on file with First State Mortgage Services, LLC.