



**CO-ISSUE - BIFURCATED**

## **Mortgage Servicing Rights Client Guide**

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# **CHAPTER 1- OVERVIEW**

This Guide is designed to assist Clients as well as provide critical information to maximize benefits to all parties participating in the Co-Issue Program. Highlights of the Client Guide include Client Eligibility and Approval Requirements, General Loan Eligibility and Ineligible Products, and Delivery Procedures and Post Purchase Requirements.

As an approved Client, Client may offer to sell to Newrez, and Newrez may agree to purchase MSR's pursuant to the procedures set forth in, and subject to compliance by the Client with, the terms and conditions of: (i) a Mortgage Servicing Rights Purchase Agreement (MSRPA); (ii) the Newrez Client Guide, as the same may be amended and supplemented from time to time; (iii) bulletins or announcements issued by Newrez and made available to Clients (Announcements); and (iv) one or more Servicing Premium Schedules, each of which shall apply to a specified period of time during which Newrez has agreed to purchase MSR's from Clients.

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## **Section 1.1: Revision Date and Updates**

Updates to the Newrez Client Guide may be issued by a revised version of the Guide or supplemented through Client Bulletin announcements. Clients must always adhere to the most current requirements.

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## **Section 1.2: Overview and Incorporation of Terms of Use**

Clients may be eligible to use various electronic services, forms and materials offered by Newrez for its clients, including such electronic services as automated decisioning, compliance and pricing engine services.

Newrez may require all Clients who wish to use any of the electronic services, forms and/or materials to obtain a User ID and password for each of the Client's individual users. Additionally, Newrez may require Clients to obtain an administrator User ID and issue User IDs and passwords to each of the Client's individual users. Newrez may make the forms, materials and/or one or more of

the electronic services available through those User IDs, depending on the requests and needs of the Client. From time to time, Newrez may also make forms, materials and certain electronic services available via selected third party providers. A Newrez User ID and password may or may not be required to access Newrez's forms, materials and electronic services through these third parties, but the third party provider may require Clients to obtain and use User IDs and passwords and to agree to terms and conditions of use.

By requesting or using any User IDs for the Newrez electronic services, forms or materials directly through Newrez or via a Newrez third party provider, Client agrees to the current [Terms of Use](#) or the individual web pages dedicated to the particular electronic service, form or material. Newrez may amend any such Terms of Use in accordance with the Client Guide update process or by posting the amended Terms of Use or on those same web pages. Client's use of the electronic service, forms or materials after notification of such amended terms shall constitute Client's agreement to the amended [Terms of Use](#). The Terms of Use are intended to supplement the terms of this Client Guide. In the event of an irreconcilable conflict between any Terms of Use and this Client Guide, the Client Guide shall prevail.

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# **CHAPTER 2- CLIENT ELIGIBILITY & APPROVAL**

## **REQUIREMENTS**

### **Section 2.1: Client Approval, Suspension and Deactivation Processes**

All Clients are required to be approved by Newrez in order to participate in the Newrez MSR Program. Approval or rejection of a Client's application is at Newrez's sole discretion and is based on an evaluation of all information available or the totality of circumstances concerning the Client. Newrez has established certain minimum standards required to do business with Newrez, which are detailed in the Minimum Eligibility Requirements section below. Upon approval, Newrez will track Client performance and conduct periodic reviews of each Client and its production.

To effectively manage Newrez's MSR Program, the Newrez closely monitors Commitment levels. Clients are expected to deliver their first Commitment within 120 calendar days of initial approval. Following any 90 day period of inactivity, Newrez may suspend a Client's approval status. In a "suspended" status, Clients would be prohibited from delivering any new Commitments to Newrez until a determination is made regarding Client's continued level of engagement in the MSR Program. The Newrez Regional Sales Manager will work with the Client to ascertain the appropriate course of action.

To the extent a Client does not deliver a Commitment for a period of 180 calendar days or more, Newrez may "deactivate" the Client from the MSR Program. Re-activation would require the Client to submit a new application package and re-approval by Newrez.

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## Section 2.2: Maintaining Client Eligibility

In order to remain eligible to participate in the Newrez MSR Program, Clients must maintain the eligibility standards currently in effect. Newrez, in its sole discretion, reserves the right to amend any or all continuing eligibility standards based upon factors such as financial strength, Commitment volume, performance history and regulatory actions. Finally, Newrez may terminate Client for any reason or no reason at all as set forth in the Program Documents, even if Client is otherwise eligible.

To confirm current eligibility standards are being met, Newrez will conduct periodic reviews of Clients and their production. Each Client is responsible for providing all required documentation for the review in a timely manner upon request by Newrez or its designated auditors. Such information will include, but is not be limited to, the following:

- Fully completed Renewal Application with all attachments and addendums executed by an individual authorized by the Corporate Resolution
- The most recent audited financial statements. If Client is a subsidiary company, the audited financial statements of the parent are also required.
- The most recent unaudited financial statements
- Current resumes of any new owners and/or principal shareholders, officers, and key management personnel appointed since last review.
- A summary and explanation of any changes in methods of operation, financial condition, or relationship with regulatory agencies governing the operations of Client.
- A current Fidelity Bond and Errors and Omissions Insurance Policy that meets Agency Requirements.
  - The Blanket Fidelity and Errors and Omissions insurance policies held by a parent corporation may be used to provide coverage to a Client that is a subsidiary as long as that Client is clearly indicated as being covered in the policy. The coverage must be adequate and equivalent to the coverage that would otherwise be obtained on a separate basis by the subsidiary.
  - The Client must furnish proof that the insurer has agreed to notify Newrez if the required coverage is canceled, reduced, or amended for any reason. Claims against this policy, whether or not pertaining to loans sold by the Client to Newrez, must be

reported to Newrez. The Client should indicate the total amount of the loss and circumstances surrounding the claim.

- The Fidelity Bond and the Errors and Omissions insurance policies are both required in a minimum amount of \$300,000 each, or as mandated by Agency Requirements.
- The policy must be written on an "occurrence" basis and the policy's deductible clause may be for any amount up to the greater of \$100,000 or 5% of the bonds face amount per incident.
- Most recent report cards for all investors and delinquency reports for loans sold on a servicing retained basis to agencies or private investors.
- Copy of quality control plan
- Finalized quality control reports and Executive Management responses covering the most recent 2 audit periods
- A list of all outstanding repurchase requests and completed repurchases occurring since the last review. Must include loan origination date, repurchase date, investor, and reason for repurchase.
- Warehouse lines of credit and any additional financing relationships, together with the applicable compliance certificates associated with facility or relationship.

**Note:** Newrez may request additional documentation as needed.

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## **Section 2.3: Client Quality Control Requirements**

The Client must maintain an internal quality control program that verifies, on a monthly basis, the existence and accuracy of the legal documents, credit documents, property Appraisals, and underwriting decisions. The program shall include evaluating and monitoring the overall quality of the underwriting, originating, administering and servicing activities of the Client in accordance with industry standards and Applicable Requirements. The Client shall make available upon request of Newrez, information regarding its quality control program.

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## Section 2.4: Financial Statements

Clients are required to deliver audited financial statements to Newrez, within ninety (90) days following the end of each fiscal year.

Clients are also required to provide monthly or quarterly unaudited financial statements, or any other financial information pertaining to Client, upon request.

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## Section 2.5: Minimum Eligibility Requirements

Category	Newrez requirement
<b>Net worth</b>	<ul style="list-style-type: none"><li>Adjusted tangible net worth of \$10,000,000 for conforming business. Qualifying institutions include independent mortgage companies, federally or state chartered banks and credit unions.</li></ul>
<b>Operating History</b>	<ul style="list-style-type: none"><li>Capital ratios must be in compliance with state and federal requirements, if applicable.</li><li>2 years of audited financial statements (and parent company, if applicable) required. Interim unaudited financial statements required if most recent audited financial statements are more than six months old from date the completed application is received at Newrez.</li></ul>
	<ul style="list-style-type: none"><li>Newrez will also consider a Client's history in operating at the required capital level, access to lines of credit, liquidity, leverage, profitability, financial trends, and Client's overall financial condition.</li></ul>
<b>Experience levels</b>	<ul style="list-style-type: none"><li>Review of 2-year company history required (for younger companies, experience level of key management considered).</li><li>Review of resumes of key management positions in areas such as Secondary Marketing, Compliance, Quality Control, Underwriting, and Delivery may be required.</li></ul>
<b>Insurance</b>	<ul style="list-style-type: none"><li>Fidelity bond insurance and errors and omission insurance required (minimum of \$300,000 each).</li></ul>

<b>Agency approval</b>	<ul style="list-style-type: none"> <li>• Fannie Mae and/or Freddie Mac approval or pending approval.</li> <li>• Government appropriate HUD, FHA, and GNMA approvals. Must have a current active status as applicable.</li> </ul>
<b>Quality control procedures</b>	<ul style="list-style-type: none"> <li>• Maintain written quality control program in line with HUD and Agency Requirements.</li> <li>• Review of monthly quality control summary reports.</li> </ul>
<b>Third-Party Originations</b>	<ul style="list-style-type: none"> <li>• Must meet Agency eligibility criteria.</li> <li>• Written procedures for evaluating, approving and renewing third-party originators.</li> <li>• Documented review of third-party originator financial statements, licenses, resumes of principal officers and underwriting personnel, quality control plan and procedures, quality control reports and management reviews, background checks.</li> <li>• Review of contractual agreements with originators.</li> <li>• Standards for evaluating an originator’s performance (report cards) and reporting performance to senior management.</li> <li>• Provisions for suspending or terminating the relationship.</li> </ul>
<b>Other</b>	<ul style="list-style-type: none"> <li>• Minimum annual review required.</li> </ul>

\*Newrez’s minimum eligibility requirements are subject to change.

## **CHAPTER 3- CREDIT POLICY**

Newrez will acquire MSRs on Mortgage Loans that qualify for the product requested, regardless of Borrower race, color, religion, sex, ethnic origin, familial or handicapped status, marital status or any other prohibitive basis. Product features, requirements and restrictions, as well as required documentation should apply consistently to all Mortgage Loans.

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### **Section 3.1: Key Lending Policies**

This section of the Newrez Client Guide provides an overview of Newrez's general policies related to the Newrez MSR Program

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#### **State Specific Licensing Requirements**

If the Client is not exempt from licensing, Clients must meet all licensing requirements for the state where the property is located; this includes the institution and the originator on the application.

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#### **Regulatory Policy**

The Client must be aware of, and in full compliance with, all federal, state and local laws (e.g., statutes, regulations, ordinances, administrative rules, and orders that have the effect of law, and judicial rulings and opinions) that apply to any of its origination, selling, or servicing practices or other business practices (including the use of technology). Among other things, this means that the Client must comply with any applicable law that addresses fair housing, fair lending, equal credit opportunity, truth-in-lending, wrongful discrimination, appraisals, real estate settlement procedures, Borrower privacy, data security, escrow account administration, mortgage insurance cancellation, debt collection, credit reporting, electronic signatures or transactions, predatory lending, terrorist activity, or the enforcement of any of the terms of the mortgage.

Remote Online Notarization (RON) Mortgages as well as eNotes are acceptable. Clients must meet Agency requirements and abide by all state/federal regulations.

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## **High Cost/Predatory Lending**

Newrez requires that all Mortgage Loans comply with the requirements and restrictions set by Agencies, federal, state, and local municipality laws governing predatory lending. Newrez will not purchase MSRs on High-Cost Loans.

The Client must provide loan applicants with all initial and subsequent disclosures to ensure compliance with all applicable predatory lending laws. Many states and local authorities have laws prohibiting predatory lending which may be referred to by any of the following terms: “high-cost,” “high rate,” “high point,” “subprime,” “non-prime” lending. Mortgage Loans that fall into this category are not eligible for the Newrez MSR Program.

Newrez may audit fees charged on Mortgage Loans, however, any testing performed by Newrez does not reduce or eliminate each Client’s obligations under the Program Documents should there be a subsequent finding that the Mortgage Loan is a High Cost Loan.

Some states have established requirements for refinanced Mortgage Loans to pass a specific Net Tangible Benefit analysis. Clients are required to provide all necessary documentation and worksheets in the closed loan delivery file for Mortgage Loans closed in states where such requirements exist.

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## **Pre-paid Interest Policy**

Newrez will purchase servicing for Mortgage Loans with interest credits. Client is responsible for collection of any payments due that may be required prior to the purchase date of the loan.

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## **Section 3.1: General Mortgage Loan Eligibility**

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### **Loan Seasoning**

Mortgage Loans may be seasoned for up to three (3) months. Any exceptions to this seasoning requirement must be approved in advance of delivery to Newrez.

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## Section 3.2: Newrez Eligible Products

Mortgage Loans must meet the following qualifications:

- Must be eligible under Agency and Newrez guidelines. See below for a list of Newrez Ineligible Loan Products.  
*(Note: Where there are differences, the Newrez Client Guide and MSR rate sheet will always supersede the Agency Guide.)*
  - Conforming conventional loans must have been sold to Fannie Mae\Freddie Mac through the Fannie Mae\Freddie Mac cash window (Mandatory or Best Efforts) or MBS transaction.
  - Mortgage Loans must not be seasoned more than three (3) payments and must be current at the time of servicing transfer. The only exception to this policy is on bulk transfers of servicing and certain best-efforts products that allow additional seasoning to meet specific Agency Requirements.
  - All loans must have been submitted for AUS underwriting through Fannie Mae or Freddie Mac. If manually underwritten, the loan must conform to all Agency guidelines.
  - All data on closed loan documents must match the Agency AUS Findings report.
  - Clients must verify that the loan meets all the specific requirements in the AUS findings before requesting a Commitment.
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### Bifurcated Ineligible Loan Products

The following Agency eligible transactions and/or loan programs are NOT eligible for bifurcated delivery under the Newrez MSR Program:

- Cooperatives
  - Loans with escrow holdbacks
  - Loans with any right of first refusal
  - **Loans with only an Individual Taxpayer Identification Number (ITIN) and no Social Security Number**
  - All FHA, VA, and USDA loans, or any loan insured by GNMA
  - Properties located in Guam, Puerto Rico, or the Virgin Islands.
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## **CHAPTER 4- CO-ISSUE COMMITMENT POLICY**

Newrez will distribute MSR pricing in the form of an MSR rate sheet. The MSR rate sheet will explain how to calculate the price for MSRs. This section will explain how to request a Commitment through the Newrez Co-Issue commitment team. It will also set forth the issuance, extension, and expiration policies and procedures for Newrez's Co-Issue Program.

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### **Co-Issue Commitment Team**

Clients may contact the Co-Issue commitment team for questions relating to the commitment process and pricing of MSRs. Inquiries may be submitted by email using the following email address: Email: [Newrez\\_coissue@newrez.com](mailto:Newrez_coissue@newrez.com)

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### **Section 4.1: Commitment Pricing Information**

The MSR rate sheet will be in effect until the next MSR rate sheet distribution, unless a revised MSR rate sheet is issued during the week.

Newrez reserves the right to suspend the terms outlined in the MSR rate sheet or the issuance of Commitments at any time and for any reason. When suspended, no new Commitments will be honored until a new MSR rate sheet is made available. Newrez will make its best effort to notify Clients of price changes as soon as possible; however, there are circumstances in the market when Newrez must change the MSR rate sheet effective immediately. Market conditions may dictate that prices change more than once a week.

To calculate the Servicing Released Premium (SRP), the Client must refer to the MSR rate sheet that is currently in effect. The base premium by product and any loan level price adjusters must be taken into consideration. The base premium is segregated by product and is applied to the note rate for each loan. The price quoted is only for the SRP. There are additional price adjusters for certain loan characteristics that are applied towards each loan's SRP. Each separate adjuster must be calculated and added to the base premium to derive the total SRP. All loan level price adjusters are based on those listed on the current MSR rate sheet at time of Commitment. The MSR rate sheet will also address geographic restrictions for all product types.

## Mortgage Loan Qualification Guidelines

In addition to the guidelines outlined in *Chapter 3- Credit Policy*, there may be additional Mortgage Loan qualifications listed in the Newrez Client Guide. These guidelines may or may not be listed on the MSR rate sheet and must be taken into consideration when submitting an MSR Commitment request.

### Section 4.2: Commitment Procedure

When Commitment requests will be accepted	Co-Issue Commitment requests will be accepted until 5:00 PM Eastern Time, Monday through Friday, except for posted holidays. If a properly completed Co-Issue Commitment request is not received by 5:00 PM Eastern Time, the pricing could be subject to an updated MSR rate sheet.
Where to send Commitments	The Client may submit the Co-Issue Commitment request to <a href="mailto:Newrez_coissue@newrez.com">Newrez_coissue@newrez.com</a> or via our <a href="#">Client Portal</a> .
Commitment period	All Commitments are subject to the maximum Commitment period as listed on the MSR rate sheet. The maximum Commitment period may change; Clients should always verify available Commitment periods in the most current MSR rate sheet. If a longer Commitment period is needed, Clients should state this request in writing when submitting the Co-Issue Commitment request documentation and the request will be considered.
Newrez Excel format	All Commitments must be in the Newrez approved Excel format and include loan level information for each Mortgage Loan in the Commitment.
Newrez confirmation	When a Co-Issue Commitment request is received by the Co-Issue Commitment team with the proper attachments, a Commitment Confirmation will be sent back to the Client via email as well as a loan level pricing indication. The Commitment Confirmation will outline: <ul style="list-style-type: none"> <li>• Total Commitment Amount</li> <li>• Newrez Commitment Number</li> <li>• Loan Count</li> <li>• Newrez expiration date</li> </ul>

	<p>The Client must review the details of the confirmation to ensure accuracy. If the Client believes there are discrepancies with any information on the confirmation, Client must respond to the Co-Issue Commitment team with the requested changes on the same Business Day Client received it, and a new Commitment Confirmation will be issued based on the change in information.</p>
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## **Commitment Extensions**

The Client must make “good delivery” of their Commitments as well as “good delivery” to Newrez with imaged files, Custodial Files (Fannie Mae\Freddie Mac) and the Agency Purchase Advice by the delivery date set forth in the original Commitment Confirmation.

To make good delivery on a Commitment, Clients must deliver Mortgage Loans for which the total unpaid principal balance does not fall below the greater of (i) \$10,000 or (ii) 2.5% of the original Commitment amount. The maximum delivery amount is an amount that will not exceed the original Commitment amount by more than the greater of (i) \$10,000 or (ii) 2.5% of the original Commitment amount. Over or under delivery against a Commitment that exceeds either of these amounts could result in changes to SRP values.

If any portion of the Commitment amount cannot be met by the delivery date, a one-time extension can be requested. The request must be submitted through [Newrez\\_coissue@newrez.com](mailto:Newrez_coissue@newrez.com). If accepted, a new confirmation will be sent back to the Client with the updated delivery details. The one-time extension is only for five (5) Business Days and a one (1) basis point fee (0.0001%) will be charged to the amount being extended. Additionally, the Client must also extend the Commitment with the Agency.

The extension can be requested at any time prior to expiration, but must be done on or before the original delivery date. Any extensions requested after the expiration date are subject to a pair-off fee. This policy also applies for any Commitments left unfilled after an extension has been granted.

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## **Commitment Expirations and Pair-offs**



All Commitments expire at close of business (5:00 PM Eastern Time) on the delivery date of the Commitment. If the expiration date falls on a date other than a Business Day, the delivery deadline is the next Business Day. Any unfilled Commitment amounts that expire are subject to a pair-off fee. Additionally, if any Commitment amount is paired-off with the Agency prior to expiration, the same amount immediately expires with Newrez and may be subject to a pair-off fee.

A pair-off fee of two (2) bps will apply if the unfilled Commitment amount is less than \$2,000,000. If the unfilled Commitment amount is equal to or exceeds \$2,000,000, the pair-off fee is the greater of (i) two (2) bps or (ii) the following pair-off calculation: (The unfilled Commitment amount multiplied by the difference in basis points between the Newrez MSR Par Rate on the Commitment date and the Newrez MSR Par Rate on the pair-off date, divided by 4.) If the Newrez MSR Par Rate on the Commitment date is greater than or equal to the Newrez MSR Par Rate on the pair-off date, then a minimum pair-off fee of two (2) bps will apply.

A pair-off fee example is detailed below:

- Original Commitment on 11/1/20XX of \$20,000,000
  - Client delivers \$18,000,000 and leaves \$2,000,000 unfilled and Commitment expires on 11/30/20XX.
  - \$2,000,000 unfilled Commitment amount is subject to a pair-off fee.
  - Newrez MSR Par Rate on 11/1 is 3.80% and Newrez MSR Par Rate on 11/30 is 4.00%, Difference is 20 basis points, divided by 4, equals 5 bps.
  - $\$2,000,000 * 0.0005\% (5 \text{ bps}) = \$1,000$  pair-off fee due Newrez.

Additionally, any expired Commitment amount that the Client wishes to re-commit into a new Commitment is subject to the pricing on the current published MSR rate sheet. The Commitment procedures described herein must be followed on the re-Commitment process.

Payment of pair-off fees must be made no later than ten (10) Business Days from date of notification. Failure to pay pair-off fees will result in suspension from the MSR program and possible cancelation of outstanding Commitments with Newrez.

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## Agency Repurchase Demands

Requests for the completed loan files are made by the Agency directly to the Client. It is the Client's responsibility to submit the files within the designated timeframe and to supply missing documentation as requested. If a defect is found by the Agency, the demand for repurchase is issued by the Agency directly to the client. It is the Client's responsibility to manage the rebuttal process and is required to include Newrez on all correspondence to the Agency. If the client cannot cure the defect but is able to refinance the existing mortgage loan, Newrez reserves the right to recapture the original SRP, paid with respect to such mortgage loan.

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## **CHAPTER 5- CLOSING POLICIES**

All Mortgage Loans must follow standard Agency guidelines and all federal and state laws related to mortgage lending, including escrows requirements.

Mortgage Loans must be registered in MERS and Clients must comply with MERS requirements, Agency guidelines and state and federal laws, including all documents required for the loan.

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### **Section 5.1: Title Issuer**

#### **Title Issuer**

The title policy must be issued by a title insurer who is acceptable to Fannie Mae or Freddie Mac and who is qualified to do business in the state where the mortgage premises is located. On Bifurcated Co-Issue transactions, Newrez will accept Attorney Opinion Letters. Clients must adhere to all agency requirements and guidelines.

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### **Section 5.2: Escrows**

#### **Escrow Requirements and Escrow Waivers**

Newrez requires that an Escrow Account for taxes and insurance be established for all Mortgage Loans, regardless of the LTV or the state in which the loan was originated, except (i) where state law expressly prohibits the lender from requiring Escrow Accounts or (ii) an exception listed below applies.

- **Loan-to-Values less than or equal to 80%:** Mortgage Loans with LTVs less than or equal

to 80% that do not have Escrow Accounts may be eligible. However, the purchase price will include an adjustment to the SRP.

Unless the exception above applies, escrows are required for the following items, as applicable:

- Taxes
- The following Borrower-paid insurances:
  - Mortgage
  - Hazard
  - HO-6 (“walls-in”)
  - Flood
  - Wind

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## Section 5.3: Tax Policies

Clients must submit a complete and accurate Tax Information Sheet (or other appropriate documentation) in all Mortgage Loan files. The Tax Information Sheet must include the following information:

- All collecting taxing authorities for the property,
- Addresses for all taxing authorities,
- Last paid date for all taxes,
- The amounts of taxes, and
- All applicable parcel ID numbers.

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## Escrow Account Requirement

Sufficient escrow to pay all taxes when due is required on all escrowed loans and must be reflected on the /Closing Disclosure.

***NOTE: Newrez requires a two-month escrow cushion, unless specifically restricted by state law.***

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## Payment of Taxes by Client

For all Mortgage Loans, Clients must:

- Pay all taxes due within thirty (30) days of the Agency Purchase Date on FNMA

transactions,

- Pay all taxes due within sixty (60) days of the Agency Purchase Date on FHLMC transactions.

## **Tax Due Date**

Taxes must be paid at the earlier of the discount or penalty date to provide the greatest economic benefit to the Borrower.

***NOTE:** Newrez will use the tax due date information from CoreLogic.*

- If the taxing authority provides various due dates with different discount levels, then the due date is the date by which the highest discount is available.
- If the taxing authority provides a date by which taxes must be paid to avoid penalties or loss of discount, then the due date is the last day to pay taxes avoiding penalties.

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## **New Construction Tax Payment Options**

Initial taxes on newly constructed homes rarely reflect an accurate tax assessment. Typically, the initial taxes are based upon unimproved or partially improved land. The discrepancy between the initial tax year assessment and the following tax year assessment (based upon the fully improved land) is often substantial. This discrepancy causes “payment shock” to the Borrowers when they are required to pay the larger tax amount.

If tax bill is not available, Client must notify Newrez at time of purchase in order to submit payment as soon the mortgage loan boards with Newrez.

### **Options for Tax Collection and Escrow Allocation on New Construction**

Clients should consult their legal counsel and choose an option below that must comply with RESPA guidelines for using estimates for collection of tax escrows.

- Collect based upon an estimated tax figure on the Closing Disclosure. Using this option, Client will base the payment and escrow allocation on an estimated tax figure.

**OR**

- Collect on land value only but base the escrow allocation on an estimated figure.
-

## **Proof of Payment of Taxes**

Newrez will accept any of the following documents as proof of tax payment prior to Transfer of Servicing.

- Closing Disclosure,
- Paid receipt from taxing authority,
- Canceled check payable to taxing authority,
- Updated title binder or Title Policy, or
- Lender's payment history showing tax disbursement.

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## **CHAPTER 6- DELIVERY REQUIREMENTS**

### **Agreement to Sell the MSRs**

The Client shall deliver the final imaged Mortgage Loan documents relating to the MSR Commitment at least five (5) Business Days prior to Newrez Expiration Date.

Newrez shall have the right to reject any MSR on a Mortgage Loan which fails to conform to the requirements of the Program Documents.

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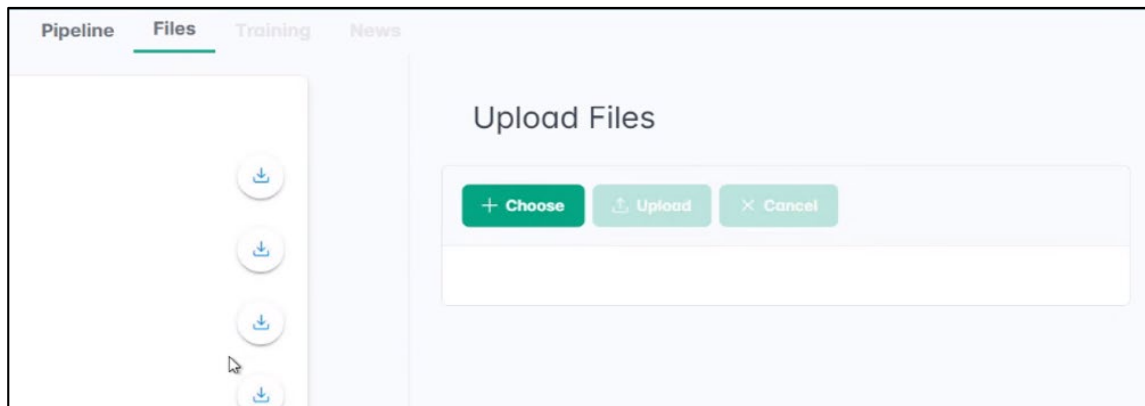
### **Section 6.1: Document and Data Delivery**

The preferred method of delivering Mortgage Loans is through a data and image upload using Newrez's client web portal. Clients represent and warrant that all documents used to process, underwrite, close and deliver a loan to the Agency are included in the closed loan file delivered to Newrez. Documents should include, but are not limited to, the complete credit package, all AUS documentation, worksheets, disclosures and notes supporting the decision process. Files with missing required documentation may be suspended during the review process.

## Client Portal Process

To upload multiple loan files, follow below process:

- Our Client Portal is setup to accept the below file naming conventions:
  - Loannumber\_closing.pdf - for credit/closing file
  - Loannumber\_trailing.pdf – for trailing docs
- Each loan must be in separate PDF, you cannot combine loans into same PDF file
- The file can be either in PDF or TIF format



To upload a single file, follow the below process:

**1** Log in to newrezcorrespondent.com

**2** Select Image Central and then Import Images

**3** Input the Loan # or select a Loan Status to locate the borrower file and then select Apply Search

**4** Select the borrower name that you are uploading documents for

**5** Select the Document Type you are uploading:  
**Credit and Closing File** for initial upload purchase  
**Trailing/Suspense** for any additional items or suspense conditions  
**PFA** – for any post funding adjustment requests or items

**6** Select Choose File to locate the Documents you wish to upload

**7** Select Upload New File to upload the selected documents

## SFTP Process

Newrez’s Enterprise File Transfer (EFT) Team will initiate all SFTP setups directly with the IT Department of the Client/Vendor. We will need Client ID, Business Contact Information, Client and/or Vendor Operations and IT Contacts, Hours of Operation and Time Zone, External IP Addresses, Range SFTP connection will be originating from.

Contact [eDelivery.FTW@Newrez.com](mailto:eDelivery.FTW@Newrez.com) SFTP delivery, to initiate setup. Include the required contact information as listed above and let us know if you will use a User Name and Password or Key Authentication method (Newrez supports both). Account setup will take approximately two weeks.

## Required Documents

- Agency Purchase Advice
  - Agency will provide Newrez with the Purchase Advice at time of settlement.
- Imaged Files
  - The Client must provide the complete credit package as well as all legal and servicing documents within twenty four (24) hours of Commitment.

## **Section 6.2: Funding**

### **Net Funding**

Newrez will fund the SRP on a daily basis. Newrez follows a Net Funding procedure, reducing the SRP by the required escrow balance, tax service fee and boarding.

Newrez will issue a Purchase Advice to the Client via e-mail detailing the SRP, escrow balance and fees for review. In addition, Newrez will post the Purchase advice on our site.

With the exception of any Escrow Payments that are the Client's responsibility, the following items will be netted from the Client's proceeds for a loan with an escrow:

- Escrows deposited with the Client
  - Escrow amounts included in any mortgage payments due the Client
- 

### **Commitment Funding Conditions**

- a. Newrez shall have received, on or prior to such Commitment Funding Date, the related MSRPA, in form and substance satisfactory to Newrez, duly executed by the Client.
- 

## **Section 6.3: Interim Servicing by Client**

### **Notice Letters of Transfer**

At least fifteen (15) days prior to each Transfer Date, the Client shall notify the Borrower of each related Mortgage Loan of the transfer of servicing to Newrez LLC and instruct the Borrower to remit all Monthly Payments to the Newrez LLC after the applicable Transfer Date.

1. Such letters shall be mailed on such date and be in such form as are reasonably acceptable to the Client and Newrez LLC.
2. The Client shall exchange copies of letters with the Newrez LLC prior to mailing and shall cooperate on a joint mailing program for notification to the Borrowers.
3. The Client shall also, at the Client's expense, notify any Custodian, real estate tax authorities and insurance companies (including MI) and/or agents, that the



Servicing Rights are being transferred and instruct such entities to deliver all payments, notices, tax bills and insurance statements to Newrez LLC after the Transfer Date.

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## **Statements**

The Client shall provide each Borrower with an annual year-end statement in accordance with Internal Revenue Service or Treasury Department regulations, including but not limited to IRS Forms 1099, 1099A, 1098 or 1041, as applicable. Such statements shall reflect the status of the Mortgage Loan up to and including the applicable Transfer Date. Neither Newrez LLC shall have any responsibility for providing such information for the period of time the Mortgage Loan was serviced by the Client.

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## **Tax and Flood Service Contracts**

Promptly following the applicable Transfer Date, the Client shall cooperate with the Newrez to accomplish an electronic tape transfer of any transferable tax service and life or loan flood service contracts necessary to effect the assignment of such tax service and flood service contracts on each Mortgage Loan, as applicable.

1. The Client shall pay any fees required to transfer the existing tax and flood service contracts to Newrez.
  2. In the event a tax or life or loan flood service contract is not in place, or not assignable or reasonably acceptable to Newrez, the Client agrees to pay all fees necessary to obtain the appropriate tax or flood service contract, as applicable, for the related Mortgage Loan. The set up fees and costs of such contracts will be deducted from funding proceeds on the Commitment Funding Date.
- 

## **Advance Reimbursement**

Newrez may reimburse the Client for unreimbursed Advances which were made by the Client and are reimbursable pursuant hereto and applicable Agency Requirements sixty (60) days following the reconciliation and confirmation, including receipt of back-up documentation satisfactory to

Newrez, of the unreimbursed Advance amount payable to the Client. To the extent that such reconciliation and confirmation cannot be successfully completed within the sixty (60) day timeframe set forth above, Newrez shall have no obligation to reimburse the Client for such Advance amounts.

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## **Payments and Notices Received After Each Transfer Date**

The Client and Newrez acknowledge that, except as otherwise provided in the applicable Servicing Transfer Instructions, all funds received in connection with the related Mortgage Loans, including, but not limited to, tax, insurance, principal, interest and all other types of payments, including, without limitation, mortgage guaranty or mortgage insurance payments, insurance loss drafts and tax refunds, are to be immediately paid to the Newrez without offset or deduction.

1. Newrez LLC shall be entitled to the service fees and other servicing related income on all such payments. Such funds shall be identified by the Client's loan numbers and shall be immediately transferred to Newrez LLC at the Client's expense by overnight courier or electronic transfer, as applicable, for next Business Day delivery pursuant to instructions provided by the Newrez LLC.
2. In addition, the Client shall deliver or cause to be delivered to the Newrez LLC, as promptly as practicable after receipt by the Client, copies of all correspondence received from the applicable Agency or any Borrower or otherwise relating to any Mortgage Loans. As set forth in the applicable Servicing Transfer Instructions, all such funds and correspondence received from a Borrower after a certain period of time following the related Transfer Date shall be returned to the Borrower with a letter of explanation. A copy of the letter shall be sent to the Newrez LLC.

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# **CHAPTER 7- POST PURCHASE REQUIREMENTS**

## **Section 7.1: MERS Transfer Requirements**

### **MERS Members**

The following are MERS Members Policies:

1. Registration of loans with MOM security instrument on the MERS System must occur at time of delivery to Newrez.
2. Transfer of Beneficiary (TOB) to Newrez must be completed on the MERS System within 24 hours after Newrez purchase date.
3. Transfer of Servicing (TOS) to Newrez must be completed on the MERS System within 24 hours after Newrez purchase date.

Refer to the MERS website for further instructions on registration and transfer process:

[https://www.theice.com/publicdocs/MERS\\_System\\_Procedures.pdf](https://www.theice.com/publicdocs/MERS_System_Procedures.pdf)

Questions or inquiries regarding MERS registration and transfer should be addressed to Post Funding Support at [MersOriginations.FTW@Newrez.com](mailto:MersOriginations.FTW@Newrez.com).

## **MERS Org ID for Newrez**

The ORG ID number for Newrez Members completing the registration of their loan with MERS: Newrez = transfer to 1007544 (Servicer (TOS) / Investor (TOB))

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## **Section 7.2: Post Funding Adjustments**

### **A. Post Funding Adjustments**

A post funding adjustment (PFA) is generally a refund of monies owed to Client or payable to Newrez due to a discrepancy in the purchase wire transaction (payment issues, pricing errors, or escrow impounds).

### **B. Requesting a Post Funding Adjustment**

To request a PFA:

- Complete the form to request the adjustment located in Forms Library
- Upload the Request for an Adjustment to Purchase Advice and all supporting documentation to Image Central under the PFA – Post Funding Adjustments Document type.
- This documentation will be received through image and placed in receipt order in our

pipeline.

- Client may also email any questions or follow up inquiries to [CoissuePostFunding@newrez.com](mailto:CoissuePostFunding@newrez.com).

### **C. Post Funding Adjustment Process within the Post Funding Support Team**

As part of the PFA process, Newrez will:

- Review all inquiries regarding PFA requests
- Research and validate adjustments and communicate the disposition of these adjustments directly to the affected party or parties
- Initiate correction of data to all systems, including Borrower's accounts

### **D. Post Funding Adjustment Process within the Invoice Team**

As part of the regular statement/invoice process, Newrez will:

- Capture all resolved PFAs on a recurring basis
- Net funds due to Newrez and funds due to Client
- Remit wires to Client for net funds payable
- Add the PFAs to the monthly billing statement for all net funds due Newrez

Client should remit wires for each PFA. Clients should use the following wiring instructions:

Bank: Citi Bank N.A.

Bank Address: New York, NY 10013

ABA: 02100089

Acct Name: NEWREZ LLC Newrez Co-Issuance

Acct #: 51001644

Contacts: Alba Suarez 484-567-4284 / Bonnie Voorhees 267-705-4611

### **E. Post Funding Support Team Members**

Specific questions regarding the status of a pending Request for an Adjustment to Purchase Advice can be directed to the Post Funding Support Team by email to [CoissuePostFunding@newrez.com](mailto:CoissuePostFunding@newrez.com).

## Custodial Documents

### Delivery of Original Note

The original note is to be sent to the custodial provider for the appropriate Agency or Program.

Specific question regarding custodial documents should be sent to: [PostClosingFTW@Newrez.com](mailto:PostClosingFTW@Newrez.com)

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## Final Documents

This chapter describes the process for Clients to deliver Final Documents to Newrez.

### 1. Delivery of Final Documents

- a. Client must include the Final Documentation Transmittal with the shipment of documents and the Newrez loan number on all final documents and communications regarding a loan.
- b. The loan number can be found on the Purchase Advice, at [Newrezcorrespondent.com](http://Newrezcorrespondent.com) or on the outstanding document report.
- c. Client must deliver all final documents to Newrez for each loan sold within 120 days from the funding date

### 2. Original Recorded Documentation Exceptions

The final documents for each loan are the following original recorded documents (subject to the differences below):

- a. Security instrument and any required addenda or riders
- b. Intervening assignments, including any recorded assignment to MERS, if applicable
- c. Where the original security instrument or intervening assignment has been retained by the controlling jurisdiction: Newrez will accept a county certified copy, provided it contains an original certification by the judicial or other governmental authority of the jurisdiction where the security instrument was recorded.
- d. Consolidation, Extension, and Modification Agreement, if applicable
- e. Modification Agreement, if applicable

- f. UCC1/UCC3, if applicable
- g. Any other original recorded documents specific to the property type (e.g., condos, co-ops) and/or applicable to lien perfection
- h. Original or Copy of Title Insurance Policy or Short Form Title Policy
- i. For loans secured by mortgaged premises in the state of Iowa : Client must deliver an attorney's certificate of title in lieu of a title insurance policy
- j. Copies of the original recorded documents are also acceptable on Conventional loans. They may be uploaded to <https://dmg.indecmm.net/docgenius/login.aspx> A transmittal sheet is not required for this method of delivery.

### 3. Final Documents Mailing Information

Client is solely responsible to ensure delivery of all final documents. All final documents (recorded mortgages, recorded assignments and final title policies) are to be sent to Indecomm Global Services at the following address:

Indecomm Global Services  
1427 Energy Park Drive  
St. Paul, MN 55108  
Mail Stop Code NR – 9915

All questions or inquiries regarding recorded mortgages, final title policies and assignments should be addressed to Indecomm [Newrez.docgenius@indecmm.net](mailto:Newrez.docgenius@indecmm.net) . Questions can also be directed to 651-766-2364.

Client must use the Indecomm Transmittal and include the Correspondent ID number, the Newrez loan number, borrower name and a list of documents being submitted. This information is to be emailed as an Excel spreadsheet to [Newrez.docgenius@indecmm.net](mailto:Newrez.docgenius@indecmm.net) and a hard copy is to be included in the submission package.

## **CHAPTER 8 SERVICING FAQ**

### **General Customer Questions – Customer Service**

**Q: What is your toll-free number and business hours for the Customer Service Department?**

A: Toll free number: 866-317-2347

Business Hours: 8:00 A.M. to 9:00 P.M. EST (Monday thru Friday) and Saturday 10:00 A.M. to 2:00 P.M. EST.

**Q: What do I need to update on our Goodbye Letter?**

A: Remove any Specialized Loan Servicing, LLC references and replace with: Newrez LLC

Toll free number: 866-317-2347

Address: Newrez LLC

P O Box 10826

Greenville SC 29603-0826

**Q: Is there an automated voice response system that can provide loan information to my customers during non-business hours?**

A: Yes, Newrez's automated line is 866-317-2347. It is available 24/7 and provides loan information, balances, due dates, last payment made, year-end information and the ability to make payments by phone.

**Q: Is there an online system where customers can access their loan information?**

A: Yes, the website is: <https://www.newrez.com/>

**Q: Are customers able to send inquiries thru the website?**

A: Yes, there is an option for customers to send inquiries thru our website. The average response/resolution time is 48 hours from the Business Day the inquiry is received.

**Q: What type of information is available on the website?**

A: Current and original loan information, payment history details, escrow information, tax and

insurance information, amortization schedule, 1098 year-end statement, auto draft enrollment, e-statements, and payment options can all be accessed thru the website.

**Q: What types of payment methods are available for customers?**

A: Newrez provides several payment options for our customers:

- Online payments thru our website
- Payments by phone 24/7 via the Automated Voice Response system
- Payments by phone during business hours by speaking with a representative
- Monthly re-occurring Auto draft
- Western Union or Money Gram
- Receipt of bill payments (most bank systems are automated electronically)
- Check
- Money order

**Q: What is the timing for customer payments to be applied?**

A: Non-exception payments are applied within 24 hours. Exception payments such as, but not limited to, bankruptcy, foreclosure or incorrect payment amounts will need to be reviewed and approved by the appropriate department.

**Q: If a Borrower sends in additional money, how is that handled?**

A: The Borrower should reference where the additional funds are to be applied. If they do not indicate on their statement, funds would be applied towards principal or to outstanding fees.

**Q: What is the current lockbox address for payments?**

A: Newrez LLC  
P.O. Box 650840  
Dallas, TX 75265-0840

**Q: What is the address if sending a payment overnight or if payments are being forwarded from the Client?**



A: Newrez LLC

Attn: Payment Processing  
75 Beattie Place, Suite LL202  
Greenville, SC 29601

Please include the Newrez loan number on all checks that are forwarded, details of how to post the check & always send with tracking information.

**Q: When will Borrowers receive statements each month?**

A: Billing statements are generated immediately following receipt of the previous month's payment. If the borrower doesn't make a payment in the billing cycle, the billing statement is sent 4 days after the grace period cut off (i.e. a loan with a 15-day grace period would generate a billing statement on the 19<sup>th</sup> day of the month).

**Q: How can a payoff be ordered?**

A: You may request a payoff statement by calling our Customer Care Center at 1-866-317-2347, by fax at 1-866-467-2347, by using your online account or by mail at:

Newrez LLC  
P.O. Box 10826  
Greenville, SC 29603-0826 Attn: Payoff Department

**Q: If a Borrower's payment goes to the Client or correspondent lender and is then forwarded to Newrez, will this be reported late or affect the Borrower credit?**

A: No. Many times new Borrowers will continue to send their payments to the previous servicer or lender. For that reason, Newrez does not report to the credit bureaus or assess late fees for 60 days after boarding or transfer. Borrowers who had payments come to Newrez late from the previous servicer or lender will not be assessed late fees. However, due to Agency Requirements, new loans may fall into welcome or collection queues depending on the due date and loan status at the time the loan is boarded.

**Q: Why are Borrowers payments adjusted?**

A: Newrez is required to do an escrow analysis on all loans every twelve (12) months. The loans are analyzed based on the state the home is located in.

When loans are analyzed the insurance and tax lines are reviewed in conjunction with the dollar funds available in the Escrow Account. As allowed by RESPA, a two (2) month “cushion” (if applicable by state) is also added to the escrow amount that is due to ensure that the escrow balance never goes to zero or below. This cushion protects both the lender and the customer from large advances that create payment shock down the line. The loan payment is adjusted based on any shortages or overages that are identified on the loan.

**Q: If a Borrower calls and requests a call back from a Supervisor, what is the turnaround time for the call back?**

A: Customer Service Supervisors return calls to the Borrowers two (2) business days.

**Q: How long does it take to get a recorded satisfaction after a loan is paid off?**

A: Different counties have different requirements for the timeframe for the county to receive the satisfaction. The timeframes can range from seven (7) days to ninety (90) days post payoff. However, we always meet all the necessary timelines put forth by the counties.

## **General Questions – Escrow/Tax/Insurance/PMI**

**Q: What is the process for a Borrower to receive funds from a loss draft insurance claim?**

A: If a Borrower has an insurance claim check, they must contact Newrez Insurance Department at 877-826-4433

**Q: What is the address if a customer wants to send in escrow shortage?**

A: To Newrez LLC, P.O. Box 650840, Dallas, TX 75265-0840; when sent to this address, their payment amount is then adjusted automatically to remove the shortage payment.

**Q: Why would a loan get lender placed insurance?**

A: Newrez will place the loan with Lender placed Insurance when there is no proof of coverage or coverage provided is insufficient. Proper notices with approved CFPB guidelines are sent to the

borrower prior to placement.

**Q: How are tax and insurance due dates monitored?**

A: Tax and Insurance due dates and payments are monitored through our Vendors as follows: Tax- CoreLogic and Insurance- Assurant. All payments are made in a timely manner prior to due date or economic loss date to prevent lapse in coverage or property tax liens.

## **General Questions – Borrower Hardship**

**Q: Borrowers who are only a few days late are now receiving collection calls. These Borrowers always pay, but tend to pay after the due date. Why are they now receiving calls?**

A: In the fall of 2011, Fannie Mae instituted their Servicing Alignment Initiative. Under the new guidelines, servicers are required to contact the Borrowers on the 3<sup>rd</sup> day of delinquency and continue to contact the Borrower until a payment is received or a payment arrangement is established. We may also use behavioral models as indicators on call management.

**Q: What is the process if customers call and indicate they are having trouble making payments?**

A: The Collections team will transfer the call to Loss Mitigation for review.

**Q: How are collection calls handled?**

A: Newrez Mortgage Servicing makes outbound call attempts on all delinquent loans subject to all applicable debt collection laws, including FDCPA, the US Bankruptcy Code, TCPA, and any applicable state laws. Call attempts begin as early as the 3<sup>rd</sup> day of delinquency based on the Fannie Mae Servicing Alignment Initiative Guidelines.

Under these guidelines, servicers are required to contact the Borrowers on the 3<sup>rd</sup> day of delinquency and continue to contact the Borrower until a payment is received or a payment arrangement is established. Therefore, Borrowers may be contacted on the 3<sup>rd</sup> day of delinquency.

**Q: When and why are property inspections ordered?**

A: Property inspections are required on all loans between the 30<sup>th</sup> and 45<sup>th</sup> day of delinquency if there is no right party contact or if the property is not owner occupied. Property inspections are ordered to determine if the home is vacant or still occupied and if there is any damage to the home.

Unless the inspector is approached by the Borrower, they will not attempt to make contact with the Borrower in any way. They take photos from their car on the road without entering the Borrower's property. The photos are then sent to Newrez for documentation purposes.

If the property is deemed vacant and/or there is damage to the property, Newrez will take the necessary measures to secure and repair the property within Fannie Mae and Freddie Mac guidelines.

In addition, property inspections will be ordered throughout the loss draft process to ensure repairs are being completed as stated by the Borrower.

**Q: When will my loans be referred to foreclosure?**

A: In accordance with CFPB rules, no earlier than the 120<sup>th</sup> day of delinquency, depending on the type of loan and if not in an active loss mitigation workout.

**Q: What options does the customer have at the time of initial call indicating they have a hardship?**

A: The Collections team has the ability to do pay by phones set up on a future date or can establish a repayment plan in accordance with the investor guidelines for short term situations such as, temporary loss of work. Generally, repayment plans are for three (3) to twelve (12) months but in special circumstances could be longer.

If longer term situations, Newrez will refer the file to Loss Mitigation for further review and actions.

**Q: What types of workout programs are available to the customers?**

A: The workout program can vary depending on the investor guidelines. The options for loss mitigation retention strategies include:

- A Repayment Plan, where the borrower pays the full monthly payment as well as a portion of the past due amounts to pay off the delinquency over time
- A Forbearance where the Borrower may pay less than total due (generally a solution for a short term situation prior to a modification such as temporary unemployment or if they are trying to sell the property)
- Loan modification (which includes a trial period plan), which may include extension of terms, interest rate reduction, forbearance of principal and HAMP Modifications
- Loss mitigation liquidation strategies include:
  - (1) Deed in Lieu of foreclosure
  - (2) Short sale (including HAFA)

All of these are subject to financial review and Investor or Client guidelines.

**Q: When a Borrower requests help paying their mortgage due to recent changes in their financial situation, what should they expect to happen?**

A: A loss mitigation package is sent out to the Borrower requesting financial information and several pieces of documentation to be submitted to Shellpoint Mortgage Servicing or borrower may apply online via MyAccount.

Once Newrez Mortgage Servicing receives the complete package, it will be reviewed to determine the type of loss mitigation options available to the Borrower. This process can take up to thirty (30) days once the complete package is received. Once it is reviewed, the Borrower is notified regarding whether the loss mitigation request was denied or approved. The borrower will be reviewed for all available loss mitigation options before being issued an approval or denial.

## **Change of Servicer Notifications to Vendor**

Client is required to send the following notices:

1. Notification to the tax service advising them of the change. The endorsement request changing the

servicer should read as follows:

Newrez LLC  
P.O Box 10826  
Greenville, SC, 29603

2. Notification to the hazard insurance carrier(s) advising them of the change. The new mortgagee clause should read as follows:

Newrez LLC  
ISAOA ATIMA  
P O BOX 7050  
Troy MI 48007-7050

For properties located in Texas:

Newrez Mortgage LLC  
ISAOA ATIMA  
P O BOX 7050  
Troy MI 48007-7050

3. Notification to the private mortgage insurance carrier(s) advising them of the change. The endorsement request should read as follows:

Newrez LLC  
P.O Box 10826  
Greenville, SC, 29603

4. All hazard and PMI insurance premiums as well as property taxes that will become due up to sixty (60) days after the Transfer Date must be paid prior to the transfer. A list of any open items after transfer should be sent to:

Newrez LLC  
P.O Box 10826

Greenville, SC, 29603

5. Notification to all Bankruptcy/Foreclosure Attorneys notifying them that there is a Transfer of servicing taking place, and that all bills should be sent to the address listed below:

Newrez LLC

P.O Box 10826

Greenville, SC, 29603