



first community mortgage



FCM NMLS ID 629700

CORRESPONDENT LENDING SELLER GUIDE



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Overview

First Community Mortgage's Correspondent Lending program is designed specifically for and is open to lenders, banks and credit unions. This Sellers Guide is designed to assist Sellers with doing business with First Community Mortgage efficiently and profitably.

Throughout this Sellers Guide, the following terms or abbreviations will be used as appropriate. The associated meaning follows each term. When more than one agency is included for loan terms and only one applies, the single agency will be stated in that instance. Otherwise the text applies generically to all.

<i>FCM</i>	<i>First Community Mortgage, Inc.</i>
<i>Seller</i>	<i>Institution delivering loans to FCM</i>
<i>Agreement</i>	<i>Correspondent Lending Agreement</i>
<i>Agency</i>	<i>Fannie Mae and Freddie Mac</i>
<i>Gov't</i>	<i>FHA loans, VA Loans</i>
<i>USDA</i>	<i>Rural Housing, also known as RD,RHS</i>
<i>AE</i>	<i>FCM Account Executive</i>
<i>CM</i>	<i>Client Manager</i>
<i>Website Admin</i>	<i>Seller employee responsible for Encompass user maintenance</i>

Revision Date and Updates

All materials in this Sellers Guide reflect the latest information through the date listed in the footer. Subsequent changes will be identified by a newer revision date at the bottom of each page with revised information. Sellers should always refer to the website and the product matrices for the latest information until such information is included in the revision of the Sellers Guide.

FCM's Correspondent Lending Team

Seller satisfaction is key to FCM's Correspondent Lending program. FCM's support begins with the Account Executive ("AE") assigned to each institution. The AE is a knowledgeable, experienced representative who will be the primary contact for all questions related to the Seller relationship with FCM.

The Correspondent Client Manager is the support person within the organization for all questions and issues that occur on loans that are submitted to FCM for underwriting or purchase. FCM CMs will work directly with Sellers to assure loans are handled quickly and efficiently as they progress through the underwriting and purchase process. CMs will review the loan documents as they are received and will contact the appropriate person at the Seller with any questions or need for follow-up documents such as underwriting conditions. FCM's Post-Closing group will receive all trailing documents and will be the contact for post-purchase issues.

FCM Contact Information

Correspondent Operations: 502-753-5377
Secure Fax: 502.753.0106
Lock Desk: lockdesk@fcmpartners.com

**Insurance Endorsements
(Mortgagee Clause)**
First Community Mortgage, Inc
ISAOA /ATIMA
Attn: Loan Servicing
262 Robert Rose Dr STE 200
Murfreesboro TN 37129

ID Numbers: MERS Org ID: 1003081
FHA ID: 1918700006
VA ID: 2603670000
RD Lender Certification:
Tax ID: 41-2031753 Branch 004

10 KEY LENDING POLICIES

This section of the Sellers Guide provides an overview of FCM's general policies related to the Correspondent Lending program. Sellers will follow Agency/Government Agency guidance and will find product-specific overlays on the Product Guides located on the [Correspondent Knowledge Center](#).

11 Compliance Policy

The Seller must be aware of, and in full compliance with, all federal, state, and local laws that apply to any use of its origination or selling practices or other business practices (including the use of technology). Among other things, this means that the Seller 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, electronic signatures or transactions, predatory lending, terrorist activity, or the enforcement of any of the terms of the mortgage.

12 Lending Policy

FCM does not purchase mortgage loans that are subject to the Home Ownership and Equity Protection Act of 1994 (HOEPA), as described in Section 32 of Regulation Z. In addition, FCM does not purchase loans meeting the definition of "residential mortgage transaction," as defined under the Truth-in-Lending Act (a purchase-money loan secured by borrower's principal residence), that have either an annual percentage rate (APR) or total points and fees payable by the borrower that exceed the applicable thresholds under HOEPA.

FCM does not purchase mortgage loans that meet the definition of "high cost," "high risk," "covered," "subprime," or any similar designation under state or local law, regardless of whether any provision of such state law is preempted by federal law with respect to a particular loan or for a particular originator.

FCM requires the Seller to provide documentation that each mortgage loan meets applicable QM and ATR requirements, including disclosures required by the state in which the subject property is located.

13 Fee Policy

The Seller must provide loan applicants with all required disclosures. Fees charged must be in compliance with all applicable laws and regulations, including those governing permissible fees, maximum fee amounts, timing, and disclosures. FCM will charge certain fees to Sellers on all loans purchased, a schedule of applicable fees is posted on the Knowledge Center.

Because FCM by policy does not purchase loans that are considered to be high-rate or high fee, loans subject to HOEPA or any state or local high cost law, or loans that would be predatory in the jurisdiction where the property is located, as part of the purchase process FCM will audit fees charged on each loan. FCM will provide Seller notification when fees are in excess of the allowable amounts. Any testing performed by FCM does not reduce or eliminate Seller's obligations under the Agreement.

14 Refunding Borrower Fees

Through the course of post-closing purchase review if FCM and/or the Seller determine excess/unallowable fees were charged to the borrower at settlement, the following documentation will be required to remedy an overage:

- Cover letter from Seller to borrower detailing the amount of overage and the Seller's intent to refund. The refund must be dated within 30 days of the Note date.
- Copy of overage reimbursement check to borrower.
- Updated settlement statement showing revised fees. The updated settlement statement does not need to be signed by borrower if the two items above are provided.

This information is intended as general guidance and will not supersede any regulatory requirement to provide additional curing/remediating documentation when a refund is due to a borrower. Additional documentation may be required if the change in fees materially affects any other loan document. If you have any questions about how to document a borrower refund, please contact your Client Manager.

15 Escrow Accounts

FCM requires that escrow (impound) accounts be established for each loan where required by Agency or state requirement.

In compliance with the Biggert-Waters Reform Act of 2012, effective January 1, 2016, properties requiring flood insurance will be required to escrow flood insurance premiums. Flood insurance escrow cannot be waived.

If the loan has escrows waived, your loan must be locked with applicable loan-level adjustments.

16 Quality Control

FCM will apply its Quality Control Policy and Procedures to loans originated by Sellers and will report findings as appropriate to Sellers for their use in prevention of similar occurrences. FCM requires that Sellers perform quality control procedures, as specified in the plan submitted to FCM, to ensure the quality of the originations submitted to FCM for underwriting and purchase.

FCM will provide quarterly reports to Sellers. Sellers will be required to respond to any findings of moderate risk or greater or to any indications of trends toward risk findings. Sellers should investigate and respond with their results and what actions will be taken to correct the situations.

Serious issues with quality and/or material findings trends or failure to respond to the report findings can result in termination of the Seller's approval with FCM.

17 Disaster Policy

Prior to purchase, FCM will require an additional property inspection for any property located in a designated disaster area where the appraisal was performed prior to the disaster effective date.

Disaster areas and effective dates are listed in the **FCM Declared Disaster Areas** document that can be located under [Resources](#) on the [Correspondent Knowledge Center](#).

Acceptable re-inspections types:

- Property Inspection Form (Form 2075)
- Appraisal Update and/or completion form (Form 1004D)

Disaster Inspections will be required for those loans that waive appraisal valuations: FHA Streamline, VA IRRRL, USDA Streamlined Assist and standard conventional loans receiving PIW/PFWs.

Post disaster inspections will be required for a 90-day period from the effective date.

18 Prepayment Penalty Options

FCM does not purchase loans with prepayment penalties.

19 State Specific Requirements & Licensing

The Seller and Mortgage Loan Originator must meet all licensing/registration requirements for the state in which the subject property is located, unless exempt from such requirements.

2.0 WEBSITE INFORMATION

Sellers have access to multiple resources on the FCM Correspondent Knowledge Center. From the main website address below, there are links to product guides, helpful links, forms, informational documentation, and Correspondent Lending team contact information. Secure login and password will be required to access Encompass for registering and locking loans, but other information is readily available to any of the Seller's employees, including training manual for the use of the FCM website functionality.

Website Address: <https://kc.fcmpartners.com/resources/correspondent/>

2.1 Using FCM Website

Sellers will find the FCM website is a valuable tool to assist in their mortgage origination process. The website also provides a portal to do business with the FCM Correspondent Lending division. Encompass allows users to search for loan programs, manage the registration and lock process with appropriate security, upload files, view status and pipeline reports.

2.2 User Functions

The Encompass Training Material available in the Documents section of the website provides detailed instructions on how to take advantage of the features of Encompass technology, including screen shots to assist users. Below is a list of functions users can perform on the Encompass Correspondent Lending website:

- Access product and pricing Information
- Export the Fannie Mae 3.2 loan file to Encompass
- Register and lock loans via export or data entry
- Send re-lock and/or lock extension requests to the Lock Desk
- View and print lock confirmations
- Obtain updated loan status
- Upload underwriting and closed loan documents to Encompass
- Review Underwriting conditions/suspense and the status of each loan
- View loan pipeline

2.3 Loan Status Definitions

The following table reflects the loan status definitions used in pipeline reports that are available on the FCM Correspondent Website.

Closed Loan Review:

Loan Status	Definition
Purchase Review	Loan is being reviewed in Pre-Purchase Audit queue.
Purchase – Suspend	Purchase Audit review is complete, and suspense items need to be cleared by Seller have been published.
Purchase – Denied	Purchase Audit is complete, but loan has been denied for purchase.
Purchase – Approved	Loan is approved for Purchase.
Purchased	Purchase Advice details have been sent to Accounting.
Funded	FCM has wired funds to the Seller

Pre-Closing Underwriting Review:

Loan Status	Definition
Submitted	Loan has been submitted to Underwriting for initial review.
Underwriting Suspense	Loan has been reviewed by underwriter and there are pending suspense items that must be cleared before a decision can be made.
UW Approved with Conditions	Loan has been approved and is subject to published conditions.
Underwriting Denied	Loan has been underwritten and denied.

NOTE: If a loan receives pre-closing underwriting approval by FCM, Seller is required to follow the full closed loan review process. A full closed loan package is required to be submitted for post-closing purchase consideration.

3.0 PRICING AND LOCK INFORMATION

The FCM Correspondent Lending Lock Policy outlines the terms by which Sellers can commit loans for purchase to FCM. When Sellers lock a loan with FCM, the interest rate, pricing, and terms are protected through lock expiration. Sellers are required to deliver a complete loan package by the expiration of the rate lock.

FCM offers only best efforts locks and provides interest rate protection for the purpose of pricing a mortgage application for the borrowers. Once Sellers lock a loan with FCM they are obligated to make the best professional effort to close and deliver the loan for purchase. FCM monitors lock pull-through from our Correspondent Lending partners. Consistent lock pull-through is a requirement to remain an approved FCM Seller.

3.1 Registration/Rate Lock and Lock Confirmation

Sellers are encouraged to register and lock loans using Encompass for immediate availability and convenient printing of lock confirmation. Rate locks will be priced based on the rates in effect at the time a lock is requested. Encompass will display the confirmed lock, which may be printed or downloaded. Sellers may submit lock requests via email, and a confirmation will be issued via email. Sellers must review the confirmation upon receipt and contact the Lock Desk regarding any discrepancies.

E-mail address for the Lock Desk:	lockdesk@fcmpartners.com
Phone number for the Lock Desk:	615-624-5295
Lock Desk hours of operation are:	8AM to 5 PM (Central)

NOTE: Confirmation of a rate lock does not constitute loan approval. All loans must meet FCM lending criteria and product eligibility guidelines.

Cancellations

Sellers should notify the FCM Lock Desk as soon as possible when a locked loan is cancelled.

Errors and Omissions

The Secondary Marketing Department is responsible for providing updated loan program information and accurate pricing. FCM reserves the right to correct any published pricing or product error.

Preparing to Close Loans

All loans must have a valid unexpired lock when the closed loan file is delivered for purchase.

4.0 PRODUCTS

FCM provides Sellers access to a variety of lending products. Loans presented for purchase must meet the product-specific requirements in the product guides located on the website. Additionally, Sellers must verify that the loan meets all the specific requirements in the AUS findings before sending the file to FCM for underwriting/Purchase.

4.1 FCM Product Guides

FCM Product Guides may be accessed at the following link: [Product Guides](#)

5.0 OTHER ELIGIBILITY TOPICS

The following sections are provided to address situations not covered in the [Product Guides](#).

5.1 Title Requirements

FCM requires a complete title commitment to be included in every closed loan package. 12 Month chain of title is required on all product and transaction types. In cases where there have been no conveyances, verbiage such as “12-month chain of title clear” is acceptable.

Title must not be more than 120 days old as of the note date of the subject loan.

5.2 HPML Loans

FCM Correspondent will accept HPML loans under certain conditions. FCM will only purchase QM HPML loans. That meet the following requirements:

- Even though QM HPML loans are technically excluded from the HPML Appraisal Rule 1026.35(c)(2)), FCM Correspondent will not permit the borrower to waive the 3-day appraisal review period.
- Must Have AUS Approval.
- Escrows cannot be waived

5.3 Signing Restrictions

Unless specific product matrices restrict the use, FCM will accept Specific Power of Attorney (POA) that references the property and authorizes the attorney-in-fact to enter into a real estate transaction to the mortgage property. FCM will not allow loan documents to be signed on the behalf of any borrower, non-borrower spouse, or vested owner by any means other than the Specific Power of Attorney. Power of Attorney Documents must meet the following requirements:

- Indicate clearly that the mortgagor is appointing an attorney in fact;
- Precisely identify who is being appointed
- The appointed attorney in fact must be the same person signing the note on behalf of the Borrower(s);
- The Borrower(s) name must match the Borrower(s) name on the note;

- Be signed and dated by the borrower;
- Be notarized
- Be effective prior to, or concurrent with the document date of the note
- Must Survive the disability or incapacity of the Principal
- Must contain language stating that the authority given remains in effect if the principal/grantor becomes incapacitated (General, Military or Durable POA)
- Must contain powers to enter in real-estate transactions with specific ability to mortgage, encumber and execute loan documents (General Power of Attorney)
- Contains authorization for the attorney-in-fact to perform specific functions related to the real estate financing and is specific to the subject property (references the subject via property address or legal description). (Specific, Special or Limited POA)
- If recording is required per the jurisdiction the property is located in, the Power of Attorney must be recorded prior to, or concurrent with the security instrument;
- The Attorney in Fact may not be the lender, affiliate of the lender, employee of the lender or the lender's affiliates, originator, employer or employee of the employer of the originator, title company or any affiliate of such title company, real estate agent with a financial interest in the transaction or any person affiliated with such real estate agent;
- Contain a statement of the grantor's (borrower's) name exactly as it will appear on all closing documents;
- Contain a recorder's stamp if previously recorded;
- A separate, executed POA must exist for each borrower not present at closing

Power of Attorney Use is not eligible on the following transactions

- Cash-out Transactions
- Texas A-6 Transactions
- Inter-Vivos Revocable Trust Loans
- NON-Owner-Occupied Transactions
- May not be utilized to sign a security instrument or note if no other borrower executed such loan documents in person and in the presence of a notary unless;
 - The attorney in fact is the borrower's attorney at law
 - The attorney in fact is the borrower's relative

Power of Attorney Signatures must be signed according to the following:

Examples:

Jane Doe by John Smith as her Attorney in Fact
Jane Doe by John Smith, as Her Attorney in Fact

Jane Doe by John Smith, Attorney in Fact
Jane Doe by John Smith, Attorney in Fact

Jim Doe by Jane Smith as his Attorney in Fact
Jim Doe by Jane Smith as his Attorney in Fact

“Power of Attorney” is acceptable in lieu of “Attorney in Fact”.

5.4 Multiple Mortgages to the Same Borrower(s)

The occupancy of the property being financed determines how many other financed one to four family properties the borrower may own. For all loans, the borrower's primary residence, subject property and any properties owned separately by a co-borrower must be included in the total. Joint ownership in residential property is considered the same as total ownership for limitation purposes. FCM will not purchase more than 4 loans to one borrower regardless of agency acceptance

5.5 Inter-vivos Revocable Trust:

FCM will purchase loans closed in the name of an Inter-vivos Revocable Trust provided they meet all eligibility requirements as provided by the underlying agency. FCM does not accept Illinois Land Trusts.

Note: Irrevocable Trusts and Life Estates are not eligible.

5.6 Electronic Signatures:

First Community Mortgage will accept Electronic signatures on the initial disclosures provided they are accompanied by an E-signature Certificate and have a time stamp with the exception of Freddie Mac transactions that include any of the following:

- Trust
- Power of Attorney
- Texas A-6

5.7 Ineligible Properties

Unless otherwise specified in agency or product guides, the following are ineligible property types.

- Unique Properties (E.g. Berm Homes)
- Illinois Land Trusts
- Co-ops
- Multi-dwelling condominiums or PUDs
- Condotels and Hotel Condominiums
- "Live-Work" loft-style condominiums
- Non-warrantable condominium projects
- Mixed use properties
- Timeshare or segmented ownership properties
- Income producing properties, such as working farms, ranches, orchards, on undeveloped land, or on land-development type properties and/or commercial operations
- Properties in less than average condition
- Properties with deed restrictions that limit transferability of title, or contain a "first right of refusal" provision
- Properties with Internal/External Obsolescence
- Properties with an Appraisal Rating of Q6 or C5/C6*

*Properties that originally appraised at C5 are repaired, re-inspected and subsequently re-rated by the appraiser to C4 or better are acceptable. Appraiser must state new rating in final inspection.

5.8 Ineligible Loans

- Texas 50(a)(6) refinance mortgages on any product.

5.9 Condominium Projects

- Conventional: FCM will follow agency guidelines and will only purchase loans in warrantable projects.
- FHA: Must be FHA approved project
- VA: Must be VA approved project
- USDA: Must be approved by FNMA, HUD or VA

Conventional Condo Approval Process:

Limited Review: FCM will require the Seller to perform a Limited Review where applicable.

Lender Full Review: Loans where the AUS requires Lender Full Review may be submitted to FCM for pre-closing approval via Condo Project Manager. Please refer to the [Condos](#) page on the [Correspondent Knowledge Center](#) for details on this process.

6.0 AGE OF LOAN NOTE

Pursuant to the Seller Agreement, FCM will not purchase loans aged > 30 days. If an exception is made to purchase a Note aged > 30 days, FCM reserves the right to charge an Aged Note Fee of at least .250% of the final unpaid principal balance. Additional fees may apply when underlying lock extension and/or hedge costs are incurred by FCM due to age of Note.

7.0 FRAUD DETECTION

FCM requires an electronic Fraud Detection report on every file. FCM will accept most standard electronic fraud detection reports including Interthinx/Fraud Guard, Data Verify, Lexis-Nexis and CoreLogic LoanSafe, etc. Report findings must cover standard areas of quality control including borrower validation, Social Security verification, property information, and MERS.

8.0 UCDP

For conventional conforming loans, FCM requires a clear/successful UCDP certificate and SSR report. If you have any questions about obtaining UCDP access or troubleshooting UCDP issues, please contact the appropriate support team at FNMA or FHLMC.

9.0 UNDISCLOSED DEBTS (Conforming only)

Pursuant to FNMA/FHLMC loan quality initiative, Sellers should provide FCM with suitable evidence that a pre-closing check for undisclosed debts check has been performed. Any changes to borrower liabilities must fit within the DTI parameters listed on the AUS.

10.0 NON-ARM'S LENGTH TRANSACTIONS AND CONFLICTS OF INTEREST

In addition to specifications listed in the FCM Product Guides or agency guidance, loans for employees or affiliates of the Seller will require pre-closing underwriting/prior approval by FCM.

11.0 COMMUNITY PROPERTY STATES

FCM will follow government agency guidance for loans in Community Property states.

12.0 PURCHASE CLEARING

In order for your loan files to be processed in a timely manner, it is important to remember to send in all required documents in your closed loan package and to include the First Community Mortgage loan number. If any documents are missing from the package, the loan will be suspended until the item(s) are received.

Closing and Credit Packages must be delivered electronically via [Encompass](#).

12.1 Required Documents

Documents within the delivery package should be organized as listed on our Purchase Review or Pre-Closing Underwriting Checklist. These forms are available in the Documents tab in Encompass. Here are a few important tips for a complete and quick review.

- ✓ Include all standard closing documents (Including all state specific documents).
- ✓ The original note should be endorsed to **First Community Mortgage, Inc., Without Recourse**.
- ✓ The closing documents must be the most current Fannie Mae, HUD and VA forms. In all cases it is the responsibility of the Seller to use the most current documents and to ensure all documents conform to all applicable state and federal laws as well as those of the applicable agencies.

12.2 Taxes and Homeowner's Insurance Policy

Seller must pay and reflect on final Closing Disclosure any unpaid property taxes and insurance premiums that are due within 60 days of the Note. A Tax Information Sheet should be included with the legal document package.

12.3 Repair & Completion Escrows

FCM will not purchase a closed loan with an open repair/completion escrow, except by exception per the terms listed below. Any closed loan may be delivered to FCM with open escrow for repair/completion items, however unless otherwise accepted, FCM will not complete purchase of the loan until escrow repair/completion is complete, disbursements have been made, and acceptable final inspection has been provided.

FCM will consider an exception to purchase a loan with an open repair/completion account under the following terms:

- Open repair/completion items may only be incomplete due to weather.
- Purchase or rate/term transactions only (cash out transactions are ineligible for purchase with an open escrow).
- Management exception is required (Seller may request exception prior to loan submission by emailing corr_uw_support@fcmpartners.com)
- Seller must provide a copy of the executed escrow agreement with the borrower.
- Seller must provide written invoice, appraisal addendum, or equivalent documentation used to estimate cost of repair/completion.
- Seller must provide statement of escrow account balance and proof of those funds (typically held back from Seller proceeds).
- Escrow funds may be retained by Seller or 3rd party settlement agent. FCM bears no responsibility for the administration of escrow funds.
- Acceptable final inspection and proof of disbursements of escrow funds must be provided to FCM no later than 60 days after Note date.
- A non-refundable \$300 *Open Escrow Exception Fee* will be applied to the Purchase Advice.

12.4 Purchase Clearing Conditions

A Suspended Loan refers to a loan that requires certain conditions be met prior to the purchase of the loan by First Community Mortgage. If a loan does not meet our requirements, the loan status in Encompass will reflect suspended. You may view your loan-level suspense conditions in Encompass as follows:

- ✓ Locate the loan in Encompass and access the Correspondent Purchase Suspense Conditions on the Documents section in the loan.

All suspense conditions must be delivered via our secure Encompass Portal. The Seller has 7 calendar days to clear all suspense conditions. The calculation will begin the day the loan is suspended.

12.5 Collateral

Your Purchase Team will review the collateral package that is sent in either by the Seller's Warehouse Bank or directly from the Seller.

- ✓ A copy of the wire instructions must accompany each note delivered for review. If you are not using a Bailee Letter, a "Release Letter" must accompany the wire instructions.
- ✓ The security instrument and all riders must be certified true copies of the originals.

All closing packages must include a scanned copy of the original Allonge and:

- ✓ The original Allonge should be mailed/sent via over-night delivery directly to Seller's Warehouse bank.
- ✓ If an Allonge was not provided, an original Note endorsed to **First Community Mortgage, Inc.** must accompany all collateral packages.
- ✓ Allonge must be properly endorsed to "**First Community Mortgage, Inc., Without Recourse**" and must reference Seller's loan number (must match loan number referenced on Note), property address, lender, terms, etc.
- ✓ Handwritten corrections are not acceptable.

All collateral packages should be sent to the following address:

**First Community Mortgage, Inc.
Attn: Delegated Correspondent Division
262 Robert Rose Drive, Ste 200
Murfreesboro, TN 37129**

13.0 FUNDING PROCESS

Once all items are satisfied, the loan is approved for purchase, the wire is calculated and submitted for funding to your warehouse bank.

13.1 Warehouse Lines

Funds are wired according to the Bailee Agreement. If multiple warehouse lines are used, the Seller must have a completed Wire Authorization Form for each warehouse line. If the Bailee Agreement indicates a warehouse line that is not set up with First Community Mortgage, then the loan will be suspended until the warehouse line is approved and set up for use. If you are not using a Bailee Letter, a "Release Letter" must accompany the wire instructions.

13.2 Price Calculation

All loans are said to have an “all-inclusive price,” meaning the SRP is built into the pricing with any applicable adjusters posted on the rate sheets.

13.3 Fees

All Fees will be deducted from the wire at the time of purchase.

- ✓ Funding Fee
- ✓ Tax Service Fee
- ✓ Underwriting (when applicable)

13.4 Purchase Advice

Purchase advices may be printed/saved directly from Encompass once available after the loan status changes to “Funded.” Only users with Post Closing access will be able to view the Purchase Advice.

The principal balance on the final Purchase Advice is determined by comparing the first Payment Date on the Note and the date FCM purchases the loan from the Seller. In order to receive the full Unpaid Principal Balance (UPB), there must be a minimum of 15 calendar days remaining between loan purchased date and the first payment date. FCM considers the loan purchased date when file reaches “Purchase Suspense Cleared” status in Encompass.

The loan balance reflected on the Purchase Advice will be calculated as follows:

- Loans purchased between the 1st and 14th of the month prior to the first payment date will be funded at full Unpaid Principal Balance (UPB).
- Loans purchased between the 15th of the month and the last day of the month prior to the first payment date will be **amortized**, or bought at a reduced principal balance.

Amortization will result in the reduction of the principal balance of the loan by the principal and interest and applicable escrows. For amortized loans purchased between the 15th of the month and the last day of the month prior to the first payment date, the following will be required:

- Seller must collect the first payment
- Payment history is required for all amortized loans. Payment history must show the payment(s) collected by the Seller were made in a timely manner. Payment history must reflect an exact date, amount, and breakdown of the payment (PITI) received.
- FCM will net the 1st payment and applicable escrows from the Purchase Advice.

As a reminder, FCM's Seller Agreement and Seller Guide specify that FCM does not purchase loans where the Note is aged greater than 30-calendar days at time of purchase. Exceptions to this policy are limited and must be made writing by the Vice President, Correspondent Lending or the Operations Manager, Correspondent Lending. Arrangements for additional amortizing and/or payment documentation will be communicated in writing via the Purchase Loan Review document at the time such an exception is granted. Seller must follow additional requirements to complete purchase of any aged Note.

13.5 MIP on FHA Loans and MI on Conventional Loans

On loans with monthly mortgage insurance (FHA and conventional >80%), the Seller is responsible for payment of the monthly premium, from the initial premium payment through the month that First Community Mortgage purchases the loan. If the mortgage loan is purchased prior to the first payment due date, First Community Mortgage will be responsible for all monthly MIP payments on the mortgage loan.

14.0 POST PURCHASE

14.1 MERS

MERS - Mortgage Electronic Registration Systems eliminates the need for assignments and reduces the costs and follow up on recorded documents.

All loans must be registered with MERS within 48 hours of Disbursement Date. Upon purchase from FCM, each MIN number must have a TOB/TOS (Transfer of Beneficial Rights/Transfer of Servicing Rights) to First Community Mortgage within 48 hours of purchase date. FCM's MERS ORG ID is #1003081). If you have any issues or questions with this process, please email MERS@fcmpartners.com.

14.2 Mortgage Record Change on FHA Loans

Once your FHA loan has been purchased, First Community Mortgage will require the Mortgage Record Change action to be completed on FHA connection. This must be completed within 15 days of the loan being purchased.

First Community FHA Mortgage ID is 1918700006

Refer to the Mortgage Record Change topic within the FHA Connection Guide for instructions how complete the transfer.

14.3 VA Loans

VA files must contain a letter from the Seller transferring the VA case number to First Community Mortgage.

14.4 Goodbye Letters

Seller shall provide borrower with a goodbye letter after First Community Mortgage has purchased the loan. Goodbye letters should include the following address/contact information:

Customer Service or Correspondence
First Community Mortgage Servicing Department
262 Robert Rose Dr Ste 200
Murfreesboro, TN 37129
Toll Free 1-800-909-4680
Monday through Friday, 8am to 5pm CST

Payment Address
First Community Mortgage Inc,
PO BOX 291205
Nashville TN 37229

14.5 Hazard and Mortgage Insurance Loss Payee

Upon purchase, it is the Seller's responsibility to inform the homeowner's insurance agent and Mortgage Insurance provider that the new loss payee should read as follows:

First Community Mortgage, Inc. ISAOA, ATIMA
262 Robert Rose Drive, Ste 200
Murfreesboro, TN 37129

14.6 Customer Service

All questions regarding payment or loan information can be answered by our Servicing Department at 1-800-909-4680 between 8:00 AM – 5:00PM CST

15.0 TRAILING DOCS

Trailing Docs (aka Final Docs) are the Seller's responsibility to follow up as a post-closing procedure and submit all required trailing docs to First Community Mortgage once loan has been purchased. Required Trailing Docs are the following:

- ✓ Recorded Security Instrument (Deed of Trust, Mortgage and any applicable riders)
- ✓ Final Title Policy
- ✓ Mortgage Insurance Certificate if FHA loan
- ✓ VA Loan Guaranty Certificate if VA loan
- ✓ Loan Note Guarantee if USDA Loan
- ✓ Certified copy of recorded Power of Attorney, if applicable
- ✓ Copy of any assignments, if applicable

15.1 Trailing Document Delivery

FINAL DOCS: All final post-closing documents must be reviewed by the Seller for accuracy and delivered to First Community Mortgage within **90 days from Note date**. Please email final docs to finaldocs@fcmpartners.com or mail each to the address below.

INSURING DOCS: Proof of insurance on government loans is required to be submitted to FCM within **60 days of Note date**. Please email proof of insurance on government loans to insuring@fcmpartners.com or mail each to the address below.

Any final documents or insuring documents not received within this required time frame will be billed on a monthly basis to the Seller according to the current market price for procurement, as established by First Community Mortgage.

- ✓ The Seller must include the First Community Mortgage loan number on each document.
- ✓ If using US Mail please deliver to the following address:

**All Final Documents should be sent to:
First Community Mortgage, Inc.
Attn: Delegated Correspondent Final Docs
262 Robert Rose Dr Ste 200
Murfreesboro TN 37129**

16.0 DELEGATED/NON-DELEGATED UNDERWRITING

When submitting a loan for Underwriting, the Seller must submit the file via Encompass. Loans must be registered with FCM prior to submission to Underwriting. All submissions must include a completed FCM Pre-Closing Underwriting Submission Checklist.

16.1 Prior-to-Close Conditions

The underwriter may approve a loan subject to conditions that the Seller must submit, to the satisfaction of the Underwriter, prior to the closing of the loan. Such conditions will be identified on the Notification of Loan Approval as "Prior to Close." Loan status notifications will be made available on the Encompass website.

16.2 Prior-to-Purchase Conditions

Documentation to satisfy the Prior-to-Purchase conditions of a loan approval may be delivered in the Closed Loan Delivery package. The Seller is responsible for ensuring that all documentation is sufficient to meet the conditions and that all conditions are cleared.

16.3 Loan Approval

If a loan is approved, Encompass will provide notification of Approval via automated email. The Seller is in turn responsible for issuing to the borrower, in its name, any loan approval and/or commitment. FCM's approval should not be provided to the Seller's borrower.

16.4 Loan Suspension

If a loan is approved, Encompass will provide notification of Suspense via automated email. The Seller is in turn responsible for provided the Suspense documents to FCM within the timeframe listed on the Suspense document.

16.5 Loan Denial

If a loan is denied, Encompass will provide notification of Decline via automated email. First the FCM Underwriter will notify the Seller by phone. FCM will provide seller with a copy of the completed NOAT.

NOTE: Loans previously declined by FCM via Pre-closing underwriting review are ineligible for purchase by FCM.