



CASTLE MORTGAGE  
CORPORATION  
CORRESPONDENT  
SELLERS GUIDE



# CASTLE MORTGAGE CORPORATION CORRESPONDENT SELLERS GUIDE

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## **About The Company**

Castle Mortgage Corporation (CMC) is a privately held corporation incorporated in 1986 and headquartered in San Diego, CA dedicated to the business of purchasing Correspondent loans. CMC is a direct FNMA/FHLMC seller/servicer and approved GNMA issuer.

## **General**

The purpose of the CMC Correspondent Seller's Guide is to provide the Correspondent Seller with information regarding ongoing support, seller approval criteria, loan program requirements, pricing policies and lending operations. Correspondent Sellers are bound by all provisions of this Guide, and are responsible for adhering to all requirements contained in this Guide, as well as, the Correspondent Loan Purchase Agreement and all agency guidelines, available on individual agency websites. CMC reserves the right to amend or supplement this Guide at any time in its sole discretion.

## **Office Location**

Castle Mortgage Corporation NMLS #61382  
10251 Vista Sorrento Parkway, Suite 225  
San Diego, CA 92121  
877-255-2266

## **Seller Qualifications**

The Correspondent must be an active originator of first lien, investment quality residential mortgage loans. To qualify as a CMC Correspondent Seller, the following minimum approval requirements specific to Correspondent Type must be met:

### **Non-Delegated/Mini-Banker**

- Minimum adjusted net worth based on state requirement where licensed
- Demonstrated profitability in the last full year and current year to date
- Current license(s) in good standing
- 620 FICO score for any individual owners with >10% ownership interest
- 3 years mortgage industry experience for principals and/or key management
- Two year operating history
- Sufficient warehouse line(s) to fund mortgages
- 3 month post funding defect rate less than or equal to 3%
- Retail business only (TPO business will be considered for delegated Correspondents with additional net worth and liquid assets as outlined in the Delegated Correspondent Requirements)
- CMC AE or Sales Manager has had a previous mortgage business relationship with the Correspondent or have knowledge of their positive industry reputation
- Errors and Omission (E&O) Insurance, as defined by state requirements where licensed and/or Fannie Mae, FreddieMac, Ginnie Mae requirement
- Fidelity Bond as defined by state requirements where licensed and/or Fannie Mae, FreddieMac, Ginnie Mae requirement



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## **Delegated Correspondent**

These requirements are in addition to or in lieu of the requirements for Non-Delegated Correspondent:

- CMC will perform a due diligence interview with at least one employee of the Correspondent.
- Company must be permanent having succession. Sole proprietorships are not allowed.
- Assets and Net Worth
  - Best Efforts: \$1mm liquid assets and \$2.5mm adjusted net worth
  - Mandatory: \$2mm liquid assets and \$5mm adjusted net worth
- TPO business allowed with additional liquid assets and net worth equal to 1% of expected annual delivery of TPO loans. The maximum liquid assets and net worth required is \$3mm and \$7mm respectively.

## **Financial Institution Purchase Program (FIPP)**

These requirements are in addition to or in lieu of the requirements for Mini-Banker Correspondent.

- Net worth as required by the financial institution's regulator
- Federal or State Charter in Good Standing with no cease and desist (C&D's)
- Must be FDIC or NCUSIF Insured
- No FICO requirement for individual owners

## **Correspondent Seller Application Requirements**

The items outlined below are required to be submitted as part of the Correspondent Seller's application:

- Completed CMC Correspondent or Non-Delegated Application
- Signed CMC Correspondent Purchase Agreement and applicable addenda executed by an authorized signer
- Completed and signed IRS Form W-9
- Resume of all officers and key management
- Most recent year audited financial statement including an unaudited year to date balance sheet and profit and loss statement
- Quality Control (QC) Policy and Procedure
- Most recent 3 months of post funding QC reports
- Company Formation (Based on company formation, documentation to ensure appropriate signers, copy of Corporate Resolution, Articles of Incorporation, Agreement indicating authorized signers, as applicable)
- Correspondent Affiliated Business Arrangements
- Completed eSign Consent Form
- Signed Credit Authorization for all owners with more than 10% interest (not applicable for FIPP)
- Copy of E&O policy
- Copy of Fidelity Bond
- Copy of Agency Approval Letter
- Resumes of underwriters and evidence of delegated approval with FNMA/FHLMC and/or other investors



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- Most recent investor scorecards from 3 investor references
- If applying for a warehouse line with independent private warehouse lender (not affiliated with Castle Mortgage Corporation), previous 2 years tax returns and principal (individual guarantors) most recent personal financial statement and federal tax return. HUD Neighborhood Watch Statistical Report.
- Additional items may be required at the time of the review

## Branch Requirements

Correspondent branches will be approved under the Correspondent's corporate approval. Branch locations disclosed on the application will not be subject to additional documentation. All branches doing business with CMC are subject to the terms of the Correspondent Loan Purchase Agreement and addenda.

## Correspondent Seller Approval Process and Permissions

Correspondents who are approved by CMC will receive an email notification of approval which contains the products they have been approved for, their unique Castle Mortgage Corporation Correspondent ID number, and links directing them to various websites they will need to access to do business with Castle Mortgage Corporation.

Correspondents will be approved only for the products they have requested provided they meet CMC's product specific requirements. Correspondents will be approved to submit loans in all states they are licensed in provided that CMC is licensed and doing business in that state.

## Annual Renewal Requirements

CMC requires all Correspondents to participate in an annual recertification and renewal process. Correspondents must maintain current and valid Mortgage Correspondent licenses, as per state specific requirements, in order to remain active and approved with CMC. It is the Correspondent's responsibility to manage their license renewals in a timely manner. If a Correspondent fails to renew, the Correspondent may be placed on "pending/inactive" status and could be temporarily unable to do business with CMC. Grace periods may be added per state specific allowances, or 30 days as appropriate.

Correspondents will be contacted annually to provide the following documentation for review:

- Completed and executed Recertification Correspondent Application
- Updated financial statements to determine financial viability
- Current E&O insurance, Fidelity Bond
- Corporate Resolution – required if the company has undergone changes (applicable to partnership, LLP, LLC, or corporation)
- Current Quality Control (QC) Policy and Procedure
- Most recent 3 months of post funding QC reports

## Required Notification of Changes

The Correspondent is required to immediately notify CMC in writing if a change occurs or is anticipated to occur to any of the following:

- Ownership, broker of record, executive management or main point of contact
- Corporate structure
- Name or licensing of company



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- Applicable license or registration in each jurisdiction governing Correspondent's company activities
- Financial condition of company
- Warehouse lines
- Status change for delivery to agencies or prior investors including disciplinary action or the addition to any exclusionary lists. Suspensions should be reported with a corrective action plan.

The Correspondent is required to immediately notify CMC in writing if any of these events occur:

- Enforcement or investigations by any licensing or regulatory agency
- Correspondent is named party to or is involved in material litigation
- Correspondent or employees of the Correspondent are placed on FNMA's or FHLMC's exclusionary list, HUD's limited denial of participation list or any other agency or private investor's exclusionary list.

**NOTE: CMC reserves the right to terminate the relationship and/or cancel registered or active loans in the pipeline if Seller fails to maintain CMC eligibility requirements.**

## **Mortgage Programs**

CMC purchases loans eligible for sale to the following agencies:

Fannie Mae (FNMA), Freddie Mac (FHLMC), Federal Housing Administration (FHA), US Department of Veterans Affairs (VA) and US Department of Agricultural Rural Housing (USDA). The loans must be eligible, first lien purchase and refinance transactions.

## **Rate Lock Policy**

Castle Mortgage Corporation (CMC) offers products and pricing options to accommodate market demand. Conventional/FHA/VA Conforming and High Balance loan programs will be offered on a Mandatory & Best Efforts commitment basis (refer to the "Loan Registration and Pricing" section in this chapter for further details). If the loan disburses to your customer, it must be delivered to CMC pursuant to the terms of this Sellers Guide.

**NOTE: This policy applies to Delegated and Non-Delegated Correspondents unless specific differences are shown herein.**

## **Rate Sheets**

Rate sheets will be e-mailed to approved Correspondents and others upon request.

- When pricing changes occur during the day, a price change notification email will be sent to Correspondents subscribed to the rate sheet distribution list.
- Rate sheets are subject to change without notice based on market fluctuations.



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## Lock Hours

Locks are accepted via email at [lockdesk@castlemortgage.com](mailto:lockdesk@castlemortgage.com) Monday through Friday (except for Holidays) during the following times:

Email	
All Products	8:30 am – 1:30 pm PST

## HOLIDAYS

New Year's Day	Martin Luther King Day
President's Day	Memorial Day
Independence Day	Labor Day
Veteran's Day	Thanksgiving Day
Day after Thanksgiving Day	Christmas Day

CMC reserves the right to identify additional company Holidays when locks will not be accepted or expire. Advance notice will be provided.

CMC reserves the right to stop accepting locks at any time due to severe market disruption.

## Loan Registration and Pricing

Best efforts locks imply that if the loan closes, the Correspondent will deliver the loan to CMC. Pull through ratios will be monitored to ensure compliance. Significant fallout could impact Correspondent's ability to lock on Best Efforts basis.

Mandatory locks imply that the loan must be delivered in salable condition otherwise a pair off and admin fee amount will be charged to the Correspondent.

Below are the allowable lock periods for BE and Mandatory locks.

- 15-day – loan must be approved and in a "Clear to Close" status for Non-Delegated loans
- 30-Day
- 45-Day

60 Day locks may be allowed on an exception basis.

For bulk bids, email bid file including loan level detail to [lockdesk@castlemortgage.com](mailto:lockdesk@castlemortgage.com)

Lock expiration dates for each lock option are reflected on the daily rate sheets. Expiration dates do not occur on weekends or Holidays. If an expiration date falls on a weekend or a Holiday, the expiration date will be the next business date.

CMC reserves the right to identify additional company Holidays when locks will not be accepted or expire. Advance notice will be provided.



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Any risk-based fee or other loan level adjustment will be applied to each loan based on the original loan registration date and applicable rate sheet at the time of the lock. Each loan will be funded in accordance to this pricing adjustment, provided all lock terms are met. If changes are made to loan details which affect pricing, the pricing will be updated accordingly.

If a correction/change of the lock terms is required, the Correspondent must notify the CMC Lock Desk by email to [lockdesk@castlemortgage.com](mailto:lockdesk@castlemortgage.com) on the same day as the lock in order to honor the same day's price.

Loan amount increases greater than (>) 15% are subject to worse case pricing. Loan amount changes less than that will retain the original price; however, for ALL cases in which a loan amount change triggers a feature adjustment, the appropriate cost shall be applied.

In the event of an Early Pay Off ("EPO"), the Correspondent will be required to repay the price over par. An EPO is a loan that is paid off prior to the borrower making 6 months of payments.

Lock periods for Delegated and Non-Delegated Correspondents: the locked loan must be purchased by the lock expiration. If that is not accomplished, a lock extension charge will be subtracted from the buy price. The Correspondent is responsible for selecting the lock extension period.

## Rate Lock Confirmation

- The Rate Lock Confirmation can be viewed or printed by the Correspondent via Castle Mortgage Corporation "The Express" website.
- The Rate Lock Confirmation reflects pertinent details regarding the lock including the lock-in date and the lock-in expiration date. Please note; the lock confirmation reflects the "all-in" price based on the loan parameters. If the actual loan parameters are different than those used for locking, price and adjustments will be applied as required.

## Rate Lock Extensions

Correspondent loans must be delivered prior to the lock expiration date in fundable condition, that is, all prior to funding conditions have been cleared and the note and other physical documents necessary for purchase are at CMC's warehouse bank. If the Correspondent is unable to accomplish this prior to the lock expiration date, an extension must be taken, or the lock will expire.

Subject to the conditions stated in the paragraph above, rate lock extensions will be allowed as follows:

- Lock extension fees as follows:
  - 5 calendar days for 0.125
  - 10 calendar days for 0.250
  - Locks that are expired are required to be re-locked at worse case pricing with 0.250 fee

A maximum of 2 extensions will be allowed, not to exceed a total of 30 days

Loans that have been extended for the maximum allowable time period are subject to CMC's Re-lock Policy. Contact the CMC Lock Desk for extensions (phone number may be located on the Rate Sheet).



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Locks must be extended prior to the lock expiration date or the loan will be subject to the worse case pricing.

## Lock Expirations

When a loan with a valid lock is cancelled/withdrawn/denied, the expiration date will automatically become equal to the action date.

EXAMPLE:

Lock Expiration Date	February 27, 2016
Action Date (Cancelled/Withdrawn/Denied)	February 15, 2016
Revised Lock Expiration Date	February 15, 2016

The loan number can be reactivated at the CMC Correspondent Lending Division (if cancelled/withdrawn) on the same day according to CMC's Rate Lock "Extension" Policy. Any time following the expiration date, the cancelled/withdrawn loan can be reactivated according to CMC's Rate Lock "Re-Lock" Policy. If a lock has been expired for at least 60 days, the loan may be locked as a new lock at CMC's current market rate.

## Re-Lock

A loan can be relocked at current market price 60 calendar days after the original lock expiration date. A loan must be relocked if it has been previously locked and:

- Has expired or,
- Was cancelled because the Loan File Application was not received (When a loan with a valid lock is cancelled/withdrawn/denied, the expiration date will become equal to the action date) or,
- Has been extended for the maximum allowable time period or,
- Two (2) extensions have been applied

If the Correspondent wishes to relock, the price is calculated as follows:

- Set the price by comparing the equivalent lock period on the day the loan was originally locked, to the current day's price.
- Worse Case Pricing will apply with a fee of .25%. (25 basis points or a quarter of a point)

## Loan Feature Changes

For any loan feature changes after the loan has been locked in, the Correspondent must contact the CMC Lock Desk at [lockdesk@castlemortgage.com](mailto:lockdesk@castlemortgage.com).

## Loan Program Changes

When a Correspondent wishes to change loan programs after the loan has been locked, the following guideline applies:

The price may be set by comparing the price of the desired program on the day the loan was originally locked, to the current day's price for the same lock period. Worst case pricing will apply.





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### Fees

Castle Mortgage Corporation (CMC) will wire funds to the Correspondents authorized account. The transfer will be made according to the instructions supplied on the wire transfer instructions or the Bailee Agreement provided by the Warehouse Lender. It is the Sellers responsibility to ensure that the instructions are correct prior to submission to CMC.

Loan purchase wires are computed and reflected on the Purchase Advice as follows:

Fee	Description
Principal Balance	The Principal loan amount is equal to the Note amount if submitted/purchased prior to a loan payment.  OR The principal loan amount is equal to the Note amount less any payments applied and the Correspondent must submit a payment history. <b>NOTE:</b> A payment history must be received by CMC prior to purchase.
Escrow	Less any escrow/impounds collected
Discount/Premium	Points/Price collected from or paid to the Correspondent
Service Premium (SRP)	Plus any Service Premium, if applicable
Accrued Interest	The amount of interest collected by or paid to the Correspondent based on a 360 day calendar year.  NOTE: If a loan is purchased between the 1 <sup>st</sup> and 15 <sup>th</sup> day of the month; interest will be paid to the Correspondent. If a loan is purchased after the 15 <sup>th</sup> day of the month; interest will be netted from the wire.
Fees/Deducts	Administration Fee: \$995.00 Flood Cert Fee: \$5.00 ****Tax Service Fee: \$75.00 Non MERS Fee: \$90.00  ****Tax Service Fee: If no contract is in place, CMC is required to pay Life of Loan tax service contracts as follows: UPB between \$0 - \$699,999.99 = \$75.00 per contract. Tax Contract prices will increase an additional \$10.00 per contract for every \$100,000 UPB after \$699,999.99. For loans exceeding 30 years in term, an additional \$10.00 for the 1st year after 30 yrs. & \$2.00 for each year thereafter.
Net Wire Amount	The wire amount (plus or minus) any fees to purchase the loan.



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## **Geographic Restrictions**

CMC is approved to purchase closed loans in AL, AK, AR, AZ, CA, CO, CT, DE, FL, GA, IA, ID, IL, IN, KS, KY, LA, ME, MD, MI, MN, MO, MS, NE, NH, NJ, NM, NC, ND, OH, OK, OR, PA, RI, SC, TX, UT, WA, WV, WI, WY, and District of Columbia. Correspondents must also be approved with the appropriate state licensing authorities and in good standing. Additionally, Correspondents are held responsible for adhering to all federal, state, municipal and other applicable legal and regulatory requirements.

## **Loan Eligibility**

**Conventional Loans** - All conventional loans must be underwritten to FNMA/FHLMC guidelines and in accordance with either Fannie Mae's Selling Guide or Freddie Mac's Seller/Servicer Guide, as applicable. All conventional loans must be of acceptable quality and eligible for sale or securitization to FNMA and/or FHLMC in all respects, and the representations, warranties, covenants and other obligations under their respective guidelines.

**Government Loans** - All government loans must be underwritten to Ginnie Mae guidelines. All government loans must be of acceptable quality and eligible for securitization through Ginnie Mae, and the representations, warranties, covenants and other obligations under Ginnie Mae's guidelines.

## **Compliance**

Per the Loan Purchase Agreement, the origination, servicing and collection practices used by Seller and Seller's predecessors-in-interest (if any) with respect to each loan have been in all respects legal, proper, prudent and customary in the mortgage origination and servicing business. This includes any and all federal, state or local laws, ordinances, rules and regulations including without limitation, usury, truth-in-lending, real estate settlement procedures, consumer credit protection, equal credit opportunity, fair housing, and lending disclosure laws. Correspondent must confirm that no parties to the loans (including third party vendors such as appraisers) are on the LDP/GSA excluded party lists. If any party appears on either of these lists, the loan will be ineligible for purchase by CMC. LDP printouts are available through the HUD LDP webpage and GSA printouts are available through <https://www.sam.gov/portal/public/SAM/>.

## **Seasoned Loans**

Depending on the Agency AUS Cert (Fannie Mae DU or Freddie Mac LP) and the age of the specific documentation (Collateral Documentation and/or Note) the following process must be followed:

### **Freddie Mac LP**

If the loan was qualified/closed using a LP Cert and the appraisal/collateral documentation is dated more than 120 days from submission to Castle for purchase review, a minimum of a 2055 exterior-only inspection that meets Freddie Mac requirements must be obtained. (This can be obtained/provided by lender or CMC can obtain and net cost from purchase advice).

If the loan was qualified/closed using a LP Cert the loan must be in "fundable condition" (as defined by CMC policy) no more than 12 months after the note date.



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## **Fannie Mae DU**

If the loan was qualified/closed using DU Findings Report and the appraisal is dated more than 120 days from submission to Castle for purchase review, an AVM must be obtained. (This can be obtained/provided by lender or CMC can obtain and net cost from purchase advice).

If the loan was qualified/closed using DU Findings Report and the loan is submitted to Castle for purchase review more than 12 months after the note date, reverifications of employment, updated credit information (soft pull) and a 2055 exterior-only inspection that meets Fannie Mae requirements must be obtained. (This can be obtained/provided by lender or CMC can obtain and net cost from purchase advice).

## **Loan Delivery Requirements**

A FNMA 3.2 file must be imported to the CMC Express portal for each loan submitted for purchase. Loan file documentation must be delivered by image through CMC Express portal. CMC does not require Correspondents to deliver loan documentation in a specific stacking order. All documents, except for collateral documents (which are required to be delivered as original documents), should be delivered to CMC via image. Delivery of a complete, imaged loan file in purchasable condition meets the delivery requirements under the commitment policy. When Correspondents agree to deliver loan files to CMC by image, they warrant to CMC that they will hold the original loan documents and make them available to CMC upon request within a reasonable time frame.

Correspondents are required to deliver closed loans in “fundable condition” no later than the lock expiration date. A loan is considered to be in fundable condition if it meets all product and program parameters, federal, state and local laws and regulations, industry standards and Castle Mortgage Corporation (CMC) specific documentation requirements. Loans must be fully disbursed unless subject to an escrow holdback with detailed documentation. Loans will be reviewed in a timely manner after receipt and the Correspondent will be notified of any issues which impact the purchase of the loan.

The pre-purchase review is to ensure that loans presented for purchase have complete and accurate information and are in compliance with all origination underwriting guidelines prior to purchase by CMC. Documents that are missing and/or incorrect that are identified during the Pre-Purchase Review process are reported to the Correspondent via the CMC website. The website lists all conditions, including documents that are missing, incomplete, or in need of correction. Any unsatisfied underwriting conditions will be identified. All conditions must be satisfied before purchase of the loan. The website also lists the final/follow-up documents that must be forwarded after the loan is purchased (refer to the “Final Documents Process”).

Correspondent will be advised where to deliver the original collateral when the loan is cleared for purchase.

## **Credit and Collateral Documentation**

Completed loan packages should include all required credit, collateral, and closing documents for the loan program. CMC will not review a file for purchase until the entire loan package has been received. CMC will not purchase loans with incomplete closing and credit files.



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Correspondent will electronically upload complete loan packages and any conditions to the Express for review. The credit and collateral documentation will be reviewed for consistency with initial approval and satisfaction of any Prior to Funding (PTF) conditions.

## **Tax Transcripts**

CMC requires tax transcripts to validate the income for each borrower whose income is utilized as a source of repayment. Transcripts must be provided for the number of years of income used to qualify the borrower. If only W2 income is used to qualify and no tax returns are included in the file, the lender may obtain W2 transcripts only.

If tax transcripts are not available (due to a recent filing) a copy of the IRS notice showing “No record of return filed” is required along with documented acknowledgement receipt (such as IRS officially stamped tax returns or evidence that the return was electronically received) from the IRS and previous one year of tax transcripts.

In cases where the borrower files an extension, the extension must be confirmed.

## **Mortgage Insurance**

The Correspondent is required to purchase a commitment/policy from an Agency-approved private mortgage insurer prior to the mortgage loan closing for all loans requiring private mortgage insurance. The Correspondent must forward a change of servicer notification to the insurer once CMC has purchased the loan.

## **Appraisal**

### **Overview**

CMC allows Correspondents to order appraisal reports following their own internal appraisal management policies. Each appraisal report submitted to CMC requires the individual appraiser to fully comply with all Uniform Standards of Professional Appraisal Practice (USPAP), Financial Institutions Reform Recovery and Enforcement Act (FIRREA) appraisal regulatory standards, and the Federal Housing Finance Agency (FHFA) which issued the Appraiser Independence Requirements (AIR). Additionally, all reports must meet all minimum appraisal requirements as set forth by the secondary market, including Government-Sponsored Enterprises (GSEs), Federal Housing Administration (FHA) and Department of Veterans Affairs (VA).

They must have documented internal appraisal procedures, including, but not limited to, if they utilize Appraisal Management Companies (AMCs) and/or a panel of approved appraisers. It is the responsibility of the Correspondent to employ additional measures whenever necessary to validate an appraisal.

### **Correspondent Certification**

With every appraisal report submitted to CMC, the Correspondent certifies:

- The appraisal has been conducted by a licensed or certified appraiser. Correspondent certifies that it has adequate controls to ensure the appraiser is in good standing and licenses/certifications are current.
- The Correspondent has thoroughly reviewed the report and has concluded that the property is adequate collateral to support the loan.



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- The report complies with CMC, Uniform Standards of Professional Appraisal Practice (USPAP) and agency standards.
- Any information known to the Correspondent that could adversely affect value or marketability was disclosed to the appraiser.
- The appraiser has adequately supported any assumptions, data, analysis, rationale, and conclusions made or used to determine value and marketability.
- The information on the report is accurate, consistent, clearly written, and sufficiently documented.
- Appraiser comments addressing declining property value (if any) are acted upon appropriately.
- By delivering loans to CMC, the Correspondent represents and warrants that their appraisal process and appraisal reports are in compliance with all agency and HUD requirements, as well as all applicable state or federal statutes in all aspects of ordering, evaluating, disclosures and processing appraisals. Appraisals provided by a third party, such as a mortgage or real estate broker, are not acceptable.

## **Appraisal Requirements**

- Determined by AUS Findings.
- A Market Conditions Addendum (Fannie Mae Form 1004MC/Freddie Mac Form 71) is required for all loans delivered with appraisals of one to four unit properties. It must be included with appraisal Forms 1004/70, 1025/72, 1073/465, 1075/466, 2055/2075.
- Correspondents must subscribe to the Uniform Appraisal Dataset (UAD) and Uniform Collateral Data Portal (UCDP) for the submission of the electronic appraisal data provided to FNMA and FHLMC.
- Summary Submissions Report (SSR) if submitted to Fannie Mae Uniform Collateral Data Portal (UCDP) or FHA/Department of Housing and Urban Development (HUD) Electronic Appraisal Delivery (EAD) Portal (effective June 27, 2016). (Note: The SSR document must have a status of "Successful" to be acceptable.)
- The appraisal must be dated within 120 days of the note date.

## **Portability of Appraisals**

CMC accepts properly documented AIR-compliant appraisals assigned by another lender under certain programs, provided the appraisals meet CMC guidelines:

- Correspondent must provide the SSR in compliance with UCDP.
- FHA appraisals must be ordered in compliance with HUD guidelines, and as such, fall under the HUD requirements for portability.
- Only appraisals that contain a certification from the ordering lender, stating that the appraisal is AIR Compliant, are acceptable for purchase.

Appraisals delivered in another lender's name must remain in that lender's name

## **Natural Disasters**

Disasters—including (but not limited to) earthquakes, fires, floods, hail, hurricanes, landslides, lightning, tornadoes—may impact a subject property adversely. While FEMA is the primary source for this information, it does not always issue declarations immediately following a disaster. Regardless of the issuance of a FEMA Disaster Notification, anyone with knowledge of potentially adverse conditions within the subject property should take action to ensure the property meets CMC's requirements for purchase. Potentially affected property should be evaluated for habitability, marketability and any adverse effect on valuation.



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The Correspondent warrants that the subject property is in marketable condition and that there are no repairs or other detrimental conditions to the subject property at the time of sale to CMC.

Correspondents are responsible for determining potential impact to a property located in an area where a disaster is occurring or has occurred. Any loan with a note date within 120 days of a disaster will require proof of no damage to the subject property. If at any time after loan purchase, CMC determines that the subject property was damaged and not in fully marketable condition at time of sale, the loan is subject to repurchase.

## **Closing Requirements**

- Loans may be funded a maximum of 7 days into the month.
- Verbal Verification of Employment must be completed by the Correspondent in adherence with agency guidelines and the AUS.
- Maximum late charges should not exceed 4.00% for FHA, VA and USDA loans and 5.00% for conventional loans unless otherwise dictated by state limitations.
- An acceptable pay history of timely payments (if any have been received), documentation of principal reductions and disbursements made on behalf of the borrower. At the time of purchase, loans must be current. CMC will not purchase any loan which has one or more payment which has been 30 days late.
- Delinquent taxes, special assessments and taxes due within 60 days of closing must be paid in full before or at closing. Evidence of payment must be documented.
- Mortgage loans must incorporate the most current Fannie Mae/Freddie Mac Note and Security Instruments, including all applicable riders and addenda.
- Proof of UPMIP or VAFF paid.

## **Power of Attorney**

CMC will purchase loans utilizing a Power of Attorney to execute the documents as long as the Power of Attorney meets all agency guidelines applicable to the specific transaction.

- Power of Attorney must be a specific or limited Power of Attorney.
- CMC will not purchase conventional cash-out refinances nor loans vested in an inter-vivos revocable trust closed using a Power of Attorney.
- 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
- The initial application and all initial disclosures must be signed by the borrower(s) without the usage of the Power of Attorney. The only exceptions to this that allows for both the original and final applications to be executed using a Power of Attorney are if a borrower is on military service with the United States armed forces serving outside the United States or deployed aboard a United States vessel, as long as the power of attorney:
  - Expressly states an intention to secure a loan on a specific property
  - Complies with all requirements as published by Veterans Administration
  - The use is required by applicable law.
- A separate, executed Power of Attorney must exist for each borrower not present at closing.
- Insuring title agent must approve the Power of Attorney.



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## **Insurance Requirements**

### **Hazard Insurance**

A valid, in-force hazard insurance policy must be provided on all loans with protection against loss or damage from fire and other hazards (common to the area where the subject property is located) covered by the standard extended coverage endorsement. The Correspondent must be listed as the mortgagee on the hazard insurance policy and include in the mortgagee clause “its successors and/or assigns”. The insurance company issuing the policy must meet all agency guidelines and licensed in the state where the subject property is located.

Purchase transactions requirements are evidence the first year premium has been paid.

Refinance loans requirements are the hazard insurance must have 60 days to policy expiration at the time CMC purchases the loan.

Coverage must be in an amount not less than the lesser of unless otherwise dictated by law:

- 100% of the replacement value of the subject property
- the outstanding principal balance for the loan
- guaranteed replacement cost as established by the insurer

### **Flood Insurance**

The National Flood Insurance Reform Act requires life of loan flood insurance is obtained on any property that is determined to be located within a special flood hazard area as indicated by the required flood certificate. The Correspondent is required to provide a Life of Loan Flood Certificate at the time of submission to CMC. All flood insurance policies must comply with the National Flood Insurance Program.

The minimum flood insurance coverage is:

- 100% of the full replacement cost of the insurable improvements, or
- The unpaid balance of the mortgage if replacement cost is not available, or
- The maximum insurance available under the NFIP.

### **Acceptable Insurance Companies**

The hazard insurance policy for a property securing any first mortgage—including blanket policies for condos, and PUDs—must be written by a carrier that meets the following rating requirements based on loan type:

Government Loans – underwritten by an insurer currently rated B+ or better in Best’s Insurance Reports and licensed or otherwise authorized by law to conduct business in the jurisdictions where the subject property is located.

Conventional Loans-The carrier only needs to meet only one of the following rating categories, even if it is rated by more than one agency:

- a “B” or better Financial Strength Rating in *Best’s Insurance Reports* or
- an “A” or better Financial Strength Rating and a Financial Size Category of “VIII” or greater in *Best’s Insurance Reports Non-US Edition*
- “A” or better rating in Demotech’s Hazard Insurance Financial Stability Ratings
- “BBB” or better Insurer Financial Strength Rating in Standard & Poor’s Ratings Direct Insurance Service



# CASTLE MORTGAGE CORPORATION CORRESPONDENT SELLERS GUIDE

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## **Escrow Accounts**

The Correspondent is responsible for complying with all applicable federal, state and local laws and regulations relating to the creation of escrow accounts prior to the transfer of the escrow account to CMC. CMC will purchase loans with and without taxes and insurance escrowed or impounded. Escrow accounts are required on conventional loans if the loan to value (LTV) is over 80% or 90% in the state of California. Flood insurance and mortgage insurance are always required to be impounded.

## **Loan Purchasing**

CMC will, in most cases, wire funds for purchase of a mortgage loan the business day following the later of the date on which the loan is approved for purchase or receipt of the original collateral, provided that re-pricing of the mortgage loan is not required.

CMC net funds loans based on the calculation of:

- Base price as noted in the confirmation letter
- Addition of any applicable pricing specials
- Increase or decrease for accrued interest
- Decrease for any applicable price adjustments
- Decrease for escrow and buydown accounts
- Decrease for any outstanding unpaid fees due CMC

Loans purchased prior to the 15<sup>th</sup> will be purchased with CMC beginning accepting payments of the loan for payments due on the 1<sup>st</sup> of the next month. Loans purchased on or after the 16<sup>th</sup> of the month will be purchased with CMC beginning accepting payments adjusted forward an additional month. For example, loans purchased on January 15<sup>th</sup> will have a first payment due to CMC on February 1<sup>st</sup> and loans purchased on January 16<sup>th</sup> will have a first payment due to CMC on March 1<sup>st</sup>.

## **Servicing Transfer**

CMC follows all federal, state and local laws as applied to borrowers in the transfer of servicing.

## **Borrower Notification**

The Correspondent lender must comply with current federal, state and local laws and regulations specific to the transfer of servicing. The lender is required to notify the borrower in writing at least 15 days before the servicing of the loan is transferred to CMC. The notice must include the following information:

- The effective date of the transfer, the date the lender servicer will stop accepting payments and the date CMC will begin accepting them.
- The name, address, and toll-free telephone number for CMC c/o LoanCare.
- A statement that the transfer of servicing does not affect any term or condition of the mortgage documents other than the terms directly related to the servicing of the loan.





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Borrower Payment Address:

(West Coast)  
Castle Mortgage Corp c/o LoanCare LLC  
P.O. Box 60509  
City of Industry, CA 91716-0509

(East Coast)  
Castle Mortgage Corp c/o LoanCare LLC  
P.O. Box 37628  
Philadelphia, PA 19101-0628

## **Taxing Authorities and Insurer Notifications**

All mortgage loan sale notifications must be sent by the Correspondent no later than 15 days prior to the Transfer Date. Such notifications must advise the taxing authority and/or insurer (including government agencies when applicable) of the assignment of the servicing duties to the related mortgage loan and instruct them to deliver all future notices, insurance statements and related correspondence to CMC.

Loss payee Clause/Hazard & Flood Insurance:

Castle Mortgage Corporation  
Its Successors and/or Assigns,  
As their interests may appear  
C/O LoanCare LLC  
P.O. Box 202049  
Florence, SC 29502-2049

## **Post Closing Documentation Requirements**

The following documents must be delivered within the time periods as shown:

- Mortgage Insurance Certificate, Loan Guaranty Certificate or Loan Note Guaranty – delivered within 45 days
- Final Title Policy including all endorsements – delivered within 90 days
- Original Recorded Mortgage/Deed of Trust and all riders – delivered within 90 days
- Original recorded specific power of attorney or copy of power of attorney with original recording receipt, if applicable – delivered within 90 days

Documents must be shipped with a transmittal form. All documents must indicate a CMC loan number.

Final Documents should be sent to the following address:

Castle Mortgage Corporation  
Attn: Final Documents  
10251 Vista Sorrento Parkway, Suite 225  
San Diego, CA 92121

If after purchasing the loan CMC discovers a deficiency, the Correspondent will be responsible to provide any required documentation or correct any errors within 72 hours of notification.



# CASTLE MORTGAGE CORPORATION CORRESPONDENT SELLERS GUIDE

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## Outstanding Final Documents

Delivery may be delayed no more than a total of 180 calendar days. A \$100 per document will be charged for any loan that has documents over 180 days from the date of purchase. CMC will continue to charge \$100 each month per loan until all outstanding documents over 180 days are received.

A \$100 monthly fee will be charged for the following documents over 180 days from the date of purchase:

- Original recorded Mortgage or Deed of Trust and all applicable riders.
- Original recorded specific power of attorney or copy of power of attorney with original recording receipt, if applicable.
- Original title insurance policy and all applicable endorsements.
- Mortgage Insurance Certificates for all FHA loans and Loan Guaranty Certificates for all VA loans.

## General

- Any Post Closing document correction must be completed within 15 days of notification.
- When an error is detected, the correspondent will receive notification by email.

## MERS

Seller must register each loan, prior to sale to CMC, with the Mortgage Electronic Registration System (MERS). The assignment in MERS must be properly recorded. Correspondents must confirm they have not received any notice of liens or legal actions with respect to each loan and no notices have been electronically posted by MERS. Correspondent must transfer the Mortgage Identification Number (MIN) to CMC within 24 to 48 hours of CMC purchasing the loan.

Exceptions will be allowed case by case to transfer the loan with an Assignment of Deed of Trust by contacting CMC.



## CASTLE MORTGAGE CORPORATION CORRESPONDENT SELLERS GUIDE

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### Castle Mortgage Company Information

<b><u>Correspondence Address</u></b>	Castle Mortgage Corporation 10251 Vista Sorrento Parkway, Suite 225 San Diego, CA 92121 Attn: Sheila Ledesma Phone: 858-207-4256 E-mail: <a href="mailto:Sheila.ledesma@castlemortgage.com">Sheila.ledesma@castlemortgage.com</a>
<b><u>MERS #</u></b>	Castle Mortgage - 1001946 LoanCare LLC - 1000723
<b><u>FHA ID</u></b>	Castle Mortgage - 70079 LoanCare LLC - 70101
<b><u>Loan Servicing Center Hours</u></b>	Monday – Friday 8:00 am to 10:00 pm EST Saturday 8:00 am to 3:00 pm EST
<b><u>Borrower Payment Address</u></b>	LoanCare LLC (West Coast) P.O. Box 60509 City of Industry, CA 91716-0509  (East Coast) P.O. Box 37628 Philadelphia, PA 19101-0628  Tel: 800-274-6600
<b><u>Loss payee Clause/Hazard &amp; Flood Insurance</u></b>	Castle Mortgage Corporation Its Successors and/or Assigns, As their interests may appear C/O LoanCare LLC P.O. Box 202049 Florence, SC 29502-2049
<b><u>Document Management</u></b>	Note, must be original endorsed to  Castle Mortgage Corporation
<b><u>Final Documents Address &amp; Contact</u></b>	Castle Mortgage Corporation Attn: Post Closing Department 10251 Vista Sorrento Parkway, Suite 225 San Diego, CA 92121 <a href="mailto:Correspondentpostclosing@castlemortgage.com">Correspondentpostclosing@castlemortgage.com</a> Tel: 877-255-2266