



Correspondent Purchasing Procedures

Fairway Wholesale Lending (“Fairway”) Correspondent program is available to approved lenders who choose to close loans in their own name and provide their own funds for the transaction. This overview will assist Correspondent Lenders (“Correspondent”) to process, close and deliver loans for purchase by Fairway.

Levels of Mini-Correspondents

There are two levels of Mini-Correspondents, as approved by Fairway:

Level I: Emerging Bank Approval – *net worth below \$250,000*

- Required to order appraisals from Frisco Lending Services (“FLS”) or Pro Teck (“Pro Teck”)
- Admin Fee if Correspondent facilitates CDs and Closing Package - \$595
- Admin Fee if Correspondent is not preparing CDs and Closing Package:
 - California, Hawaii and New York - \$995
 - All other States - \$895
- Client is responsible for reviewing and approving Final CD prior to signing/closing and funding

Level II: Full Mini-Correspondent Approval – *net worth above \$250,000*

- Eligible to order and manage appraisal in compliance with acceptable company AIR policy approved by Fairway
- Admin Fee if Correspondent prepares CDs and Closing Package - \$595
- Admin Fee if Correspondent is not preparing CDs and Closing Package:
 - California, Hawaii and New York - \$995
 - All other States - \$895
- Client is responsible for reviewing and approving Final CD prior to signing/closing and funding.

Requirements

- **MERS.** Correspondent must be a MERS LITE or MERS LITE – R member.
 - When Fairway prepares closing documents, Fairway will obtain MIN#.
 - When Correspondent prepares its own closing documents, Correspondent will obtain the MIN#.
 - Fairway’s MERS Org. ID 1003924
- **Closing Docs.** Any newly approved Correspondent preparing its own closing documents must have the closing package initially reviewed to ensure all Fairway documents are included in the closing package.
- **Underwriting.** Fairway does not allow delegated underwriting. All files must be underwritten and cleared-to-close by a Fairway underwriter prior to closing.

New Loan Submission

- **Correspondent Channel.** When importing the 3.2 file to create a new CORRESPONDENT loan, be sure to select the Channel as “Correspondent”. If the loan is created with the incorrect Channel, the loan will have to be cancelled and restarted.
- **Broker Channel.** When importing the 3.2 file to create a new BROKERED loan (if brokering FHA loans to Fairway), be sure to select the Channel as “Broker”. If the loan is created with the incorrect Channel, the loan will have to be cancelled and restarted.
- **Loan Number.** Once a loan number is assigned and disclosed to the Borrower, the same loan number must be consistent throughout the loan package, including the Closing Package and Final CD. The loan number can be the Correspondent’s loan number, or loan number assigned by Fairway at registration. The loan number must be a numeric number (cannot assign the borrower’s last name as a loan number) not to exceed 15 numbers. ONLY ONE loan number can be used on ALL documents from beginning to end.
- **Loan Estimates.** Correspondent is responsible for issuing all Loan Estimates (LE) and Change of Circumstance notifications to the borrower in the name of the Correspondent. All LE’s and Change of Circumstance forms must be provided to Fairway for compliance review.
- **Power of Attorney.** If Correspondent is preparing its own closing package, any Power of Attorney documents being used for the loan closing must meet all state requirements and the closing title company may take no exception to the POA. If Correspondent is not preparing its own closing documents, any POA being used for the loan closing must be reviewed and approved by Fairway prior to preparation of the closing package.
- **Verification of Employment.** The Correspondent is responsible for obtaining the VOE no more than five (5) business days prior to the day of closing. Fairway recommends that a reverification of the VOE is obtained on the day of closing. Any change of employment of borrower after underwriter approval could result in non-purchase of the loan.
- **Reserves.** Two months of reserves must be collected to serve as a cushion for unforeseen premium and tax installment increases. HOI premiums due within 60 days of the first payment will require verification of full one-year of payment. Any taxes due within 60 days of closing should be collected on the CD at the time of closing (Closing Agent responsible for collection and payment of taxes). Two months of MI must be collected for USDA loans.
- **Appraisals.** Appraisal should be ordered in the name of the Correspondent.
 - If utilizing FLS or Pro Teck, Correspondent must register for UCDP with FNMA and designate FLS as a Lender agent in order for FLS to obtain FNMA and FHLMC SSRs on appraisal reports.
 - If NOT utilizing FLS or Pro Teck, Correspondent must provide FNMA and FHLMC SSRs in conjunction with each appraisal report.
 - Correspondents with full HUD approval NOT utilizing FLS must register with HUD to provide appraisals through FHA’s Electronic Appraisal Delivery (EAD) portal.
- **Flood Certificate and Tax Transcripts.** Fairway will obtain CoreLogic Flood Certification and order TRVs (when required) for each transaction. Please contact your AE if you would like to order TRVs through Fairway’s approved third-party vendor.
- **Title Insurance.** See Fairway Guidelines for full title binder/insurance policy requirements.

Mortgagee Clause for CPL and title binder/insurance policy to read as follows on government loans:

- FHA Mortgagee Clause: *Lender Name* AND/OR the Secretary of Housing and Urban Development, its successors and/or assigns, as their interest may appear.
- VA Mortgagee Clause: *Lender Name* AND/OR the Secretary of Veteran Affairs, its successors and/or assigns, as their interest may appear.

Mortgagee Clause for CPL and title binder/final title insurance policy to read as follows on non-government loans:

- *Lender Name, its successor and/or assigns, as their interest may appear*
- **Hazard/Flood Insurance:** See Fairway Guidelines for full hazard and flood insurance requirements.
 - Mortgagee Clause for hazard/flood insurance: *Lender Name, its successor and/or assigns, as their interest may appear.*
- **Upfront mortgage insurance/guarantee fees/funding fees.** Upfront mortgage insurance, USDA guarantee fees, VA funding fee and FHA funding MI, may be netted out of the funds at time of purchase and processed by Fairway. If the Correspondent would like to pay these fees, evidence of payment will be required by Fairway. If fee is not paid in a timely manner, Correspondent will be responsible for late fees.
- **Private Mortgage Insurance.** Fairway will order Mortgage Insurance in conjunction with underwriting of the loan.
 - Correspondents with their own negotiated contract with a Mortgage Insurance company approved with Fairway may obtain the Mortgage Insurance Certificate. Correspondent is responsible for obtaining the correct mortgage insurance coverage.
- **Correspondent Preparing Closing Disclosure.** Correspondent preparing its own closing documents is responsible for providing preliminary CD to borrower and final CD to closing agent. Fairway requires evidence of receipt of preliminary CD by borrowers if closing less than 7 days from date of disclosures.
- **Correspondent Not Preparing Closing Disclosure.** Correspondents not preparing closing documents are responsible for providing the information necessary for the preparation of the CD to Fairway's Closing Department.

Closed Loan Package

- **Lock.** Lock must be good through the date of loan disbursement AND the date closed loan package is received by Fairway/Purchasing Dept.
- **Prior to Funding conditions.** Any "prior to funding" conditions must be completed at funding and prior to purchase of loan by Fairway.
- **Clear to Close.** Loans closed prior to Fairway's Clear to Close being issued will be closed at Correspondent's risk.
- **Closed loan package.** The closed package is to be received by Fairway the earlier of 48 hours of disbursement or lock expiration. Loan closed and disbursed 10 days or more prior to Fairway receiving the closed loan package will be purchased at Fairway's discretion.
 - Upload entire imaged signed closed loan package into the "Credit Miscellaneous" folder once loan is ready for purchase. Be sure to send an email notification of the upload to corrpurchase@fairwaymc.com.

- **Original Note.** Original Note and original allonge must be received by Fairway prior to purchase of the loan. Correspondent is responsible for making sure note is received in a timely manner. Endorsement or allonge is allowed.

Endorsement:

*Pay to the Order of Fairway Independent Mortgage Corporation
Without Recourse*

_____ (authorized signature)

Officer's Name and Title (typed)

Company Name as Listed on Note (typed)

Note/Allonge to be overnighted to: Fairway Wholesale Lending
160 Main Street, Suite 240
Birmingham, AL 35244
Attn: Purchasing Department

UCD/Compliance Reports

- **Disclosure Compliance.** Fairway requires a tracking report from the Correspondent's LOS identifying the dates and delivery method for all Loan Estimates and Closing Disclosures at the time the loan is reviewed for purchase.
- **Compliance Report.** For Correspondents who prepare CDs and closing documents, Fairway will require a copy of the Correspondent's compliance report from either their LOS or Doc Prep vendor evidencing compliance with HOEPA, HPML, High Cost Tests, APR, and any specific state requirements.
- **UCD.** Fairway will require the following from Correspondents who prepare their own CDs on all conventional and jumbo loans:
 - Submission Certificates evidencing successful final UCD submissions to both Fannie Mae and Freddie Mac and transferred to Fairway
 - Copy of the XML file
 - Copy of all CD's in PDF format
 - All signed CD's

Purchasing

- **Notification.** The Correspondent Lender will receive a notification from Fairway acknowledging receipt of the file and that file is in review. Allow 48 hours for review.
- **Purchase Advice.** When the review has been completed, the Correspondent will be notified that all requirements are met and cleared for purchase. A copy of the purchase advice and the scheduled date for arrival of the wired funds will be sent to Correspondent.
- **Suspense Items.** If loan cannot be cleared, the Correspondent will be notified of suspense items. Correspondent must fulfill the suspense items within 3 days of notification. Upload the corrected documents into the "Credit Miscellaneous" folder and send an email notification of the upload to corrpurchase@fairwaymc.com. Upon acceptance of suspense items, the loan will be cleared for purchase. Correspondent will be notified with a copy of the purchase advice and the scheduled date for arrival of the wired funds.
- **Timely Submission of Closed Loan Package.** Failure to submit complete closed loan package, meet delivery date or clearance of conditions timely could result in repricing or penalty. Loans should have a lock expiration date allowing for delivery of package no later than expiration date. Loan must be purchased within 30 days of closing.

- **Wiring Instructions.** Bailee and/or wire instructions must contain the following:
 - Authorized signature
 - Exact wire instructions
 - Fairway Independent Mortgage Corporation as purchaser
 - Mortgage Loan Number
 - Principal balance of the loan
 - Seller's name
- **Wires.** Wire Department requires 48 hours turn-time for wire requests. Wires received after 12:00 Central Time will be considered next business day and must be taken into consideration for the 48 hour turn-time.

Final Documents

Final Documentation should be received by Fairway no later than 90 days from funding. All trailing documents should be sent to:

Indecomm Global Services
 Mail Stop-FD-FW-9909
 1260 Energy Lane
 St. Paul, MN 55108

Contact Information

Purchasing Department

Phone: (205) 578-3225
 Email: corrpurchase@fairwaymc.com

Servicing Department

Fairway Independent Mortgage Corporation
 Attn: Servicing Department
 4201 Marsh Lane
 Carrollton, TX 75007
 Phone: (800) 201-7544
 Email: servicing@fairwaymc.com

Payments

Fairway Independent Mortgage Corporation
 Post Office Box 117298
 Carrollton, TX 75011

Common Delays

Common Exceptions that May Delay or Prevent Purchase:

- A Verbal VOE (regardless of AUS findings) not performed within five (5) business days of closing and included in file
- All conditions of loan approval not included in file if not already previously submitted
- First payment letter not included in file
- Original Allonge not provided or incorrectly signed
- Incomplete copy of the Mortgage/Deed of Trust or Missing Riders to the Mortgage/Deed of Trust
- Incorrect Endorsement to the Note or missing Note
- Missing final CDs

- Missing or incomplete HOI, tax, mortgage insurance, or flood information
- Wire Instructions not provided or incomplete
- Quality Control Release Form not present
- SSA89 not signed
- Patriot Act not fully completed
- Address Certification not signed
- Completion of Loan Estimate and Closing Disclosure:
 - Be sure the correct box is checked in the “**Assumption**” section on page 3 of the Loan Estimate and on page 4 of the Closing Disclosure based on the loan program (Conventional Fixed loans are not assumable; government (FHA, VA and USDA) and conventional ARMs are assumable).
 - Be sure the correct box is checked in the “**Servicing**” section on page 3 of the Loan Estimate.
 - Be sure all fields are completed correctly in the “**Closing Information**”, “**Transaction Information**” and “**Loan Information**” at the top of page 1 of the Closing Disclosure.
 - Be sure all fields in the “**Lender**” section at the top of page 3 of the Loan Estimate are completed correctly (Mortgage Broker section should be blank)