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### Purpose and Scope

The Correspondent Lending Division of New Penn Financial LLC (NPF) purchases loans for approved Correspondents ("Seller"). A Correspondent as defined by NPF, is an NPF approved mortgage lender that originates, closes and funds loans in its name. The Correspondent submits the loans to NPF for review, underwriting and purchase. Each Correspondent must meet the minimum standards as outlined in this Correspondent Eligibility Policy.

### Seller Approval Requirements

- The Correspondent must be engaged in the origination of residential mortgages as one of its principal businesses.
- The Correspondent must be properly licensed and maintain all required licenses necessary to conduct business in each geographic location in which any mortgages are originated, or it must be exempt from any such requirements, and provide sufficient documentation to support the exemption.
- In order to deliver conventional (non-high balance) to New Penn Financial:
  - Included with approval to deliver either VA or FHA production
- In order to deliver VA to New Penn Financial:
  - A Correspondent submitting loans under the US Department of Veterans Affairs (VA), must be approved by same as a Lender with Automatic Authority.
  - For Correspondents submitting loans for purchase under a sponsored agent relationship, minimum tangible net worth of \$250,000 must be maintained
  - VA Lender ID Number
- In order to deliver loans meeting Shellpoint product guidelines to New Penn Financial:
  - Must maintain a minimum tangible net worth of \$1,000,000
- In order to deliver FHA to New Penn Financial:
  - Seller must be an approved FHA Mortgagee
  - Seller may NOT have an active DE underwriter on staff actively underwriting FHA loans (*lenders with A DE underwriter on staff requires additional review and approval*)
  - Minimum tangible net worth requirements per FHA of \$1,000,000
  - Correspondents 2-year HUD Compare Ratio no greater than 150%. Please note that a 2-Year HUD Compare Ratio greater than 150% with an accompanying Supplemental Performance Metric greater than 125% will require a letter addressing a plan to lower the ratio and any information regarding discussions with HUD/FHA about lender status.
  - FHA Lender ID
- Correspondents will be approved to deliver loans through the Non-Delegated Channel by product type. Only FHA, VA, Conventional (Non-high balance FNMA and FHLMC) and Shellpoint products are eligible. USDA are not eligible for delivery to New Penn's Correspondent Channel.



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- Sellers may both broker to New Penn Wholesale and deliver to the Correspondent Channel, any product for which they are eligible and approved to deliver according to the Guide.
- Correspondent must make an election for which channel production will be delivered on the Preferred Product Delivery section of the New Penn *Application, Addendum and Certifications* form. This election may be updated through a change notification to be submitted to New Penn Client Administration Department for review. Preferred product delivery cannot change for 120 days from initial approval or a previous change request.
- Maintain a minimum of \$300,000 of Errors and Omissions and Fidelity bond coverage
- Maintain an acceptable Quality Control Plan. The Correspondent is expected to originate loans of investment grade quality and maintain an acceptable quality control procedure.
- Maintain an acceptable Compliance Monitoring Plan.
- Be clear of any exclusionary lists such as Office of Foreign Assets Control (OFAC), HUD Limited Denial of Participation (LPD), Excluded Parties List (GSA), etc.
- Originate loans directly through its retail operations, no third-party originations
- Have a traditional warehouse facility. Note that cash funding is only permitted for bank and credit union Correspondents.
- Provide minimum of 2 investor scorecards and references covering at least 75% of total volume reported for the last 12 month. (If no scorecards available, three investor references are required)
- All principal officers and/or partners must have an acceptable personal credit profile. For corporations, the entity must have a satisfactory corporate report. A letter of explanation for any past credit difficulties must be provided by the Correspondent and will be reviewed on a case-by-case basis. Any Financial Institution subject to oversight by the FDIC, NCUA, OTS, Federal Reserve or Comptroller of the Currency may have this requirement waived.
- An onsite inspection within 90 days of approval by NPF. If the inspection is not completed within the 90-day timeframe, the Correspondent will be suspended until it can be completed.

Notes: (a) A Correspondent who has been suspended, has an open judgment in excess of \$25,000, or is currently under investigation by any governmental agency, will not receive approval. (b) Past credit issues are reviewed on a case-by-case basis.

### Non-Delegated Underwriting Authority

All New Penn approved Correspondents will be considered non-delegated with regards to underwriting authority. The Correspondent must fully process the loan prior to submission to New



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Penn. All documentation necessary for underwriting must be included at the time of submission. New Penn requires the Correspondent to submit each single loan file for review, evaluation and underwriting decision. Upon fulfillment of all underwriting and any other audit that may be required, New Penn will issue the cleared to close status at which time the loan closing can be scheduled by the Correspondent.

An FHA Approved Mortgagee who will deliver loans for purchase to New Penn Financial may not have active DE Authority. Only FHA Approved Lenders who have not yet begun or completed their test cases or who have surrendered their DE Authority yet remain in good standing, may deliver non-delegated correspondent to New Penn. Should the Seller have an underwriter on staff with their DE designation, they must NOT be actively underwriting FHA loans.

## Documentation Requirements

New Penn has set up a streamlined approval process through a partnership with Comerence Compliance. Using the Comerence system, correspondents will submit the application and supporting documentation electronically to New Penn Financial through the Comerence portal. As part of this approval process, the following documents are required

Documentation	Requirements
Application	Completed application in Comerence including state license and employee license information, as well as a list of all branches with address locations
Agreement	Executed Correspondent Mortgage Loan Purchase Agreement for Sale and Purchase of Mortgages (Agreement), signed by an authorized signer
Financial Statements	<ul style="list-style-type: none"> <li>• Audited financial statements for previous 2 years</li> <li>• Current period's unaudited financials—Both the Balance Sheet and Income Statement/P&amp;L must be signed by a principal (dated within 6 months of application)</li> <li>• Should audited financials not be available, alternative documentation may be acceptable by exception only. This documentation may include but is not limited to three months' banks statements or most recent tax returns with signed, company prepared balance sheet and P&amp;L and current interim signed balance sheet and P&amp;L/Financial statement</li> <li>• For Banks and Credit Unions, New Penn shall obtain the financial documentation sufficient to establish net worth from FDIC.gov and NCUA.gov respectively</li> </ul>
Resumes	<ul style="list-style-type: none"> <li>• Mortgage Lenders must provide resumes for each of the following (as applicable): <ul style="list-style-type: none"> <li>- All owners / principals</li> </ul> </li> </ul>



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	<ul style="list-style-type: none"> <li>- CEO</li> <li>- CFO</li> <li>- Head of Secondary Marketing</li> <li>- Head of Operations</li> <li>- Head of Production</li> <li>- Head of Compliance</li> <li>- Head of Underwriting and/or Chief Credit Officer</li> <li>- Closing Manager</li> <li>- Funding Manager</li> <li>- Post-Closing Manager</li> <li>• Banks and Credit Unions must provide resumes from key contacts only</li> </ul>
Organizational Chart	Current organizational chart including names, titles, and reporting relationships
W-9 form	Completed and executed showing full legal name and firm's main address
Corporate Documentation	<ul style="list-style-type: none"> <li>• Corporate Resolution</li> <li>• Articles of Incorporation</li> <li>• Fictitious Name Statement (if applicable), executed by principal or authorized signer</li> </ul>
Wire Instructions & Authorization	<ul style="list-style-type: none"> <li>• NPF Wire Authorization Form signed by authorized signor</li> </ul>
Correspondent Contact Form	New Penn Form outlining key contacts *One Portal administrator must be identified within this form.
Surety Bond	If required by state law
E&O Policy & Fidelity Bond	Unexpired E&O policy and Fidelity Bond with a minimum of \$300,000 in coverage
Quality Control Documentation	<ul style="list-style-type: none"> <li>• Quality Control Policies and Procedures</li> <li>• Quality Control Audits- most recent two audits, including trending and executive summary</li> </ul>
ABA Documentation	If applicable: <ul style="list-style-type: none"> <li>• Disclosure of the ABA</li> <li>• Nature of the relationship between the entities</li> <li>• Sample ABA disclosure</li> </ul>
VA Approval Letter	In order to receive access to VA products and pricing one of the below must be provided <ul style="list-style-type: none"> <li>• Provide VA Approval Letter; or <ul style="list-style-type: none"> <li>○ Application for VA Agent Relationship Form</li> </ul> </li> <li>• VA Lender ID</li> </ul>
FHA Approval Letter & FHA Lender ID	Provide FHA Approval Letter and FHA Lender ID in order to access FHA products and pricing



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Lender References & Scorecards	Each applicant must provide at least two Investor or warehouse bank references and Investor scorecards covering at least 75% of total reported volume in the previous 12 months.
Power of Attorney	Signed Power of Attorney – complete, signed and notarized
Fraud Zero Tolerance Form	Executed Fraud Zero Tolerance Form
Compliance Management Plan	Current Compliance Monitoring Plan with two most current review/audit reports
Application Addendum & Cert	<ul style="list-style-type: none"> <li>• Complete and executed New Penn Application Addendum &amp; Certification</li> </ul>
Licenses	<ul style="list-style-type: none"> <li>• Copy of each state lender license or NMLS verification</li> <li>• If branches, copies of branch licenses</li> </ul>
Warehouse Line(s)	Information on warehouse line(s) including name of warehouse lender, line amount, date line was established, termination or renewal date.

### Correspondent Due Diligence

Comerence will perform the following due diligence on behalf of New Penn Financial:

- A Comerence analyst will verify that the application submission is complete, all documents are uploaded and is ready for review.
- Searches and verifications are performed on all of the Seller’s principals, designated brokers and company DBA’s, if provided in the application as follows:
  - Ownership Percent of Principals
  - Business NMLS ID verified.
  - All Non-NMLS state licenses.
  - Last seven (7) years State and Federal Civil Filings.
  - Last seven (7) years State and Federal Criminal Filings.
  - HUD Limited Denial Participation (LDP).
  - HUD Approval Verification, if applicable.
  - Office of Foreign Assets Control (OFAC).
  - Excluded Parties List System (EPLS).
  - Last seven (7) years Mortgage and Financial Sanctions.
  - Social Security Number (SSN) identity verification.
  - Secretary of State status is verified for all appropriate entity types, where publicly available.
  - DBA / Fictitious business names.
- Searches and verifications are performed on all banks and credit unions as follows:
  - FDIC Certificate Number.
  - NCUA Charter Number.
  - Business NMLS ID verified, if applicable.
  - Last seven (7) years State and Federal Civil Filings.
  - HUD Limited Denial Participation List (LDP).
  - HUD Approval Verification, if applicable.
  - Office of Foreign Assets Control (OFAC).



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- Last seven (7) years Mortgage and Financial Sanctions.
- Secretary of State status, where publicly available.
- All state licenses, if applicable.
- DBA / Fictitious business names.
- Monitoring will be performed for the following information:
  - Judgments and Tax Liens,
  - Bankruptcies,
  - UCC Liens.

### Warehouse Lenders – Requirements

Prior to New Penn purchasing a loan from a Correspondent, the Correspondent must have a warehouse bank or funding source established so that proceeds from loan purchase may be wired to this account. The Correspondent will be responsible for providing wiring instructions with each loan submitted to New Penn for purchase. Wiring instructions must be provided on company letterhead complete with the name and address of the company.

New Penn assumes no responsibility for funds wired to an incorrect account provided they have followed the Correspondent's wiring instructions submitted with the loan file.

Additional requirements:

- Once approved with New Penn, Correspondent must ensure warehouse lender is notified and approves NPF as the take-out investor before the Correspondent's application will be approved.
- Any additional warehouse lenders obtained by the Correspondent must also be approved through NPF's processes before delivering any loan funded on such line.
- At loan closing, the warehouse lender information must be verified via Bailee, Seller Release wire instructions or wire authorization and must match the data most recently provided by the Correspondent
- Minimum total line amount \$1 million

### Affiliation Disclosure

Affiliated business arrangements, as defined by federal or state laws, where there is common ownership and/or control among the Correspondent and the service provider, are permitted for consideration. The ABA must be disclosed at the time of Correspondent Approval and the following documentation must be provided:

- Disclosure of the ABA
- Nature of the relationship between the entities
- A sample ABA Disclosure

### Change Notifications

The Correspondent must notify New Penn in writing within 30 days if changes in the following occur:





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- Ownership
- Principal Management
- Financial condition dropping under minimum level of net worth
- Warehouse Banks added or removed
- Warehouse Lines modified
- Contact information
- DE Underwriter is employed by Correspondent and is actively underwriting FHA loans

## NPF Correspondent Application Process

New Penn Correspondent Administration will review all the information and documentation provided by the Correspondent, the Account Executive Correspondent Summary and the Comergence audit report. Comergence audit report alerts are required to be cleared/responded prior to approval. New Penn has the right to require additional documentation and/or information that it deems necessary.

Approvals will be documented on the “Correspondent Approval Checklist” and retained with the approval package. A decline will be communicated via e-mail as well as by mail and will be documented in the Correspondent’s file.

Upon approval, New Penn will execute and return a signed copy of the Master Agreement for Sale and Purchase of Mortgages via e-mail with the Welcome Letter, or mail if specified. The Account Executive will contact the Correspondent to schedule a welcome call and provide access to all resources and tools.

## Performance Monitoring

At its discretion, but not less than quarterly, NPF will review the Correspondent portfolio of delivered and purchased loans. If at any time, NPF determines that pipeline metrics suggest adverse selection of loan files based on performance, credit attributes or product type; or performance of loans sold to NPF is deemed unsatisfactory, it may bring forth the Correspondent approval for review and Correspondent may be subject to action up to and including termination.

New Penn utilizes a number of tools to complete ongoing diligence on approved Correspondents:

Tool	Description
Comergence	Provides ongoing live monitoring of any change in licensing status (NMLS), credit findings, civil suits, or sanctions. These alerts are provided to the New Penn Correspondent service team. Upon receipt of any alerts, they are reviewed and action taken if needed (if they cause an exception to the original approval standards).
Score Cards	New Penn collects, at both the individual Correspondent level, and individual loan level, a broad spectrum of data related to production, profitability, origination, and servicing. Scorecards detailing production and post-purchase requirement performance shall be shared with Correspondents at regular intervals, but no less than quarterly.





### Correspondent Recertification Process

All Correspondents are subject to annual recertification. Correspondents utilize the Comerence portal for the annual recertification process. Correspondents must furnish audited financial statements within 90 days of their fiscal year end in compliance with New Penn published minimum tangible net worth requirements. In circumstances where Correspondents have an active pipeline, New Penn management may approve additional time for the Correspondent to provide documents to ensure borrowers would not be negatively impacted. In these instances, the Correspondent is given a solid deadline to provide documentation. Correspondents will also provide annual evidence of Fidelity Bond and Errors and Omissions Insurance. New Penn will evaluate the Correspondent's financial condition within 60 days of receipt.

Financials are reviewed to confirm the Correspondent is compliant and in similar or better financial condition to the original approval.

Comerence will automatically update New Penn if required documents are not submitted on time. Correspondent's failure to submit such annual statements may automatically result in the suspension or termination by New Penn as an approved Correspondent.

Upon New Penn's request, Correspondent must furnish to New Penn any other periodic, special, or other reports or information as may be necessary, reasonable, or appropriate with respect to Correspondent. New Penn may also require such reports and financial information on an annual basis as to any and all guarantors of Correspondent, and failure to provide such information may also result in suspension or termination of Correspondent relationship.

If after review of all relevant information, New Penn determines, at its sole and absolute discretion that the Correspondent no longer qualifies for the New Penn Correspondent program, New Penn may terminate the Correspondent's participation in such program. Notwithstanding the foregoing, the Correspondent shall not be relieved of its liabilities and obligations with respect to transactions between New Penn and Correspondent prior to such termination.

The recertification consists of:

- Submission of recent financial statements (dated within last 3 months). Must be signed by a principal.
- Resubmission of updated application through Comerence.
- Internal review of Comerence scorecard on the company and all principals with 10%+ ownership. This includes all public information including bankruptcy filings, judgments & liens, foreclosures/NOD and criminal.
- Internal review of the TPO's FHA Compare Score (if applicable).
- Internal review of TPO's New Penn Broker Scorecard.



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Correspondents must permit New Penn and/or New Penn's agents and representatives to conduct periodic examinations of Correspondent's books and records upon twenty four hours' notice, including but not limited to, any books or records in Correspondent's possession relating to eligible loans.

Correspondent also agrees that New Penn is entitled, at reasonable times and upon reasonable notice to Correspondent, to audit Correspondent's organizational procedures and practices and to examine such records and polices to satisfy New Penn that Correspondent has the ability to originate and repurchase any loans as may be required by the terms of the Master Loan Purchase Agreement. These examinations will be conducted during normal business hours.

Correspondent authorizes New Penn to cooperate fully with any federal, state, or local authority conducting a formal or informal investigation, examination, or audit of Correspondent.