



PLAZA HOME MORTGAGE, INC.

Correspondent Lending Compliance Quick Reference

Closing Requirements

This section describes Plaza's policies for loan delivered for purchase through our Correspondent channel. Unless otherwise mentioned herein, Plaza's requirements are the same as the FNMA/FHLMC/GNMA secondary market standards, and loans must comply with all applicable federal and state regulatory requirements set by STATE, RESPA, HUD, VA, AIR, MDIA /TILA and all other mortgage lending regulations. If in doubt, contact your local closing department for assistance.

Regulatory and Disclosure Requirements

- GSE, HUD and Dodd-Frank Act Appraisal Independence Requirements (AIRs)
- Evidence of Net Tangible Benefit to borrower
- State-Specific High-Cost regulations

Home Ownership and Equity Protection Act (HOEPA) Interest Rate Set Date Borrower Interest Rate Set Date Is Required—Effective April 1, 2010

The Home Ownership and Equity Protection Act (HOEPA) requires specific interest rate data for higher-priced mortgage loans (HPML) to be reported to HMDA and the Agencies. To ensure regulatory compliance, Plaza Home Mortgage will require and review for documentation of the borrower interest rate set date. To comply with this requirement, include one of the following in the loan file labeled as "HPML Interest Rate Set Date."

- Rate lock agreement with the borrower that includes the borrower's last name, property address and last date the interest rate was set with the borrower prior to consummation.
- A screen-print of a populated FFIEC rate spread calculator from website at <http://www.ffiec.gov/ratespread/default.aspx> , or
- Completed Interest Rate Set Date form as outlined below , or

*Borrower Interest Rate Date
Form*

To ensure compliance with the (HOEPA) Higher Priced Mortgage (HPML) regulation, HMDA reporting requirements, and Agency delivery requirements, the last date the interest rate was set with the borrower prior to consummation is required.

To meet this requirement, complete the form and include in the closed loan file.

Borrower's Last Name: _____

Property Address: _____

Last date the interest rate was set with the borrower prior to consummation: ____/____/____

Reference, for more information regarding Higher Priced Mortgages:
The FFIEC Rate Spread Calculator may be found at: <http://www.ffiec.gov/ratespread/default.aspx>

Evidence of Truth-in-Lending (TIL) delivery/receipt

Signed Overnight Delivery & Courier Receipts Now Accepted as Proof of Receipt for TIL

Plaza Home Mortgage will accept signed overnight delivery and courier receipts as proof of receipt of the Truth-in-Lending document by the borrower.

Acceptable options are:

Fax: Initial and re-disclosed TILs delivered to the borrower(s) by fax will be considered "received" by the borrower(s) on the date they sign and date the TIL disclosure. Other methods of documenting receipt, such as time/date stamps in the fax header, or fax confirmation sheets, are not sufficient.

Overnight delivery: Initial and re-disclosed TILs shipped overnight to the borrower(s), will be considered “received” by the borrower(s):

- on the date they sign and date the TIL disclosure, *or*
- the date of overnight delivery and courier receipts

E-mail/E-Sign: Sellers who deliver the documents through their approved E-Sign Technology software may deliver the TIL in this manner; Plaza Home Mortgage will review the audit trail accompanying the E-Disclosure loan file to determine the date “received.”

Face-to-Face: Sellers may continue to deliver disclosures face-to-face. Plaza Home Mortgage will consider the TIL to be “received” by the borrower(s) on the date they sign and date the TIL disclosure.

Presumption of Receipt: Sellers may continue to utilize the presumption of receipt three (3) business days from the date of mailing. The Seller must document the mail date, and Plaza Home Mortgage will consider the TIL to be “received” by the borrower(s) three business days from that mail date. Some examples of documentation include, but are not limited to, a Certificate of Mailing and postal receipt.

Evidence of appraisal delivery/receipt

Plaza Home Mortgage requires all appraisals for loans submitted for sale to comply with AIRs as a condition of purchase. Clients who sell loans to Plaza Home Mortgage must adopt the appropriate structure, and written policies and procedures to implement all state, federal and GSE appraisal requirements and certify, represent and warrant that their appraisal process and appraisal reports for all loans are in full compliance with rules and regulations. This includes the approach to appraiser selection and engagement.

Correspondent Uses a Single Appraisal Management Company (AMC) for All Appraisal Orders

- AMC must be authorized by Lender to act on its behalf and the AMC is not acting on behalf of the seller for any third party originations.
- The AMC selects, retains and provides for payment of all compensation to the appraiser on Lender’s behalf.
- The appraiser’s client is the Lender (i.e. the appraiser selected and retained by the AMC identifies the Lender as the (Lender/Client) on the appraisal report).
- Substantive communications between any member of a Lender’s loan production staff or a broker/originator and an appraiser or AMC that relates to or would have an impact on value are not allowed under the AIRs.

Appraisal Delivery Requirements

To comply with the Equal Credit Opportunity Act (ECOA) and Regulation B, Plaza requires that borrowers are provided a copy of any appraisal report concerning the borrower's property promptly upon completion and in any event no less than three days prior to the closing of the loan. The closing of the loan is defined as the date the security instrument and note are executed. The borrower may waive this three day requirement. Refer to the Appraisal Delivery Waiver paragraph at the end of this Section for additional information.

Confirmation of Delivery of the Appraisal

Either one or both of the following is acceptable as evidence of compliance with the appraisal delivery requirements:

- Documentation in the loan file indicating the date and method of delivery of the appraisal to the borrower and supporting that the appraisal was received by the borrower at least three business days prior to closing unless a waiver is provided. Refer to Appraisal Delivery Waiver in this Section for additional information.
- An acknowledgement of receipt of the appraisal signed by all borrowers at or before closing. The acknowledgement must include the following:
 1. The names of the borrowers
 2. The subject property address
 3. A statement that the borrower received the appraisal at least three business days prior to closing. This can be accomplished with a generic statement that specifically states the appraisal was received three days prior to closing or the actual date it was received by the borrower, which must be a date at least three (3) business days prior to the loan closing.
 4. Must be signed and dated by all borrowers. POA signature is acceptable if other documents were executed in the manner and it is properly documented.
- Plaza Home Mortgage reviews loans prior to purchase to ensure compliance with AIRs. In connection with this review, Plaza Home Mortgage considers a variety of factors, including the following:
 1. Does the "Lender/Client" name on the appraisal match the lender of the loan?
 2. Does the loan file include documentation showing the date, method of delivery, and delivery date of the appraisal report to the borrower (if known)?

Notes:

Mail delivery is calculated using the following:

- o Include Monday through Saturday
- o Include both the day mailed and the day delivered
- o Exclude Sunday and legal holidays.

Examples:

- First Class Mail, E-mail and faxed deliveries – are deemed received the third day after mailing, including the date mailed. For example, a package mailed on Wednesday (day one) is deemed received on Friday (day three).
- Overnight Mail – is deemed received the day after the package is sent.
- Hand delivered– is deemed received on the delivery date.

- Does the date and the method of delivery in the loan file evidence that the borrower received a copy of the appraisal report, at least three business days prior to loan closing?

- Note: Sundays and legal holidays may not be included in the three business day calculation. However, all of the following may be included in the three business day calculation:
 - The appraisal delivery day
 - The loan closing (document execution) day
 - Saturday

Example 1 – Over an average week: The borrower receives the appraisal on Monday. Monday is counted as day one, Tuesday is day two, Wednesday is day three, and the loan may close (documents executed) on or after Wednesday.

Example 2 – Including a weekend: The borrower receives a copy of the appraisal on Friday. Friday is day one, Saturday is day two, Monday is day three, and the loan may close (documents executed) on or after Monday.

Example 3 – Including a legal holiday: The borrower receives a copy of the appraisal on Friday. Friday is day one, Saturday is day two, Monday is a legal holiday, Tuesday is day three, and the loan may close (documents executed) on or after Tuesday.

- Does the file contain evidence that all appraisals, including any review appraisal (if an additional appraisal or appraisal review was used by the Client to underwrite the loan), were received by the borrower at least three business days prior to loan closing? See examples above.

- If the borrower elected to waive the three-day requirement for receiving a copy of the appraisal, does the file contain documentation that confirms the borrower's waiver of this three-day requirement?

- Does the loan file contain the Lender Acknowledgment or other certification that the lender's appraisal process and the appraisal are compliant?

Appraisal Delivery Waiver

AIR allows the borrower to waive the three business day delivery requirement. Appraisal delivery waivers are only to be used in the event that the timing of the appraisal completion conflicts with meeting the required delivery time frame based on the scheduled closing date. Use of waivers is subject to the following conditions:

1. The practice of requirement a blanket waiver for the three business day delivery requirement on all loans is unacceptable.
2. The Appraisal Receipt Waiver must be executed by the borrower at least 3 business days prior to closing.
3. In all circumstances, the date and method of delivery of each appraisal to the borrower, even if delivered by hand at closing, must be documented in the delivered loan file.

Appraisal delivery waivers that do not meet the above criteria will result in the loan being ineligible for purchase by Plaza Home Mortgage.

Appraisal Form Samples

Plaza Home Mortgage requires that Clients adopt appropriate disclosures to ensure AIR awareness and compliance by all parties connected to the origination of loans and to the appraisal process. To assist clients with this Plaza Home Mortgage has developed the following forms to assist clients in their compliance.

- Appraisal Report Delivery Disclosure
- Appraisal Delivery Letter to Borrower
- Borrower Acknowledgement of Appraisal Delivery
- Lender Acknowledgement
- Appraisal Receipt Waiver

Date:
Borrower Name:
Loan No:
Case No:
Property Address:

SAMPLE
LENDER LETTERHEAD

Appraisal Report Delivery Disclosure

If we used an appraisal report in connection with your mortgage loan application, you are entitled to receive a copy of the appraisal report at least three business days prior to your loan closing.

While we try to provide you with the appraisal reports in a timely manner, there may be times when it is not feasible. In that case, if you wish to exercise your right to waive the three business day review, you must execute the waiver form at least three business days prior to loan closing. We will still provide you with a copy of the appraisal report no later than loan closing.

You will not be required to pay an additional amount to us to receive a copy of the appraisal report.

Any appraisal report used in connection with your loan application was prepared solely for our use in evaluating a request for an extension of credit. The appraisal should not be relied upon by any other person or entity. We make no express or implied representation or warranty of any kind, and we expressly disclaim any liability to any person or entity with respect to the property valuation.

SAMPLE
LENDER LETTERHEAD

Appraisal Delivery Letter to Borrower

[Lender Name]
[Lender Address]
[Borrower Name]
[Borrower Street Address]
[Borrower City, State, and Zip]
Date: [date]
Method of Delivery [1st Class Mail, Overnight Delivery, Email, Facsimile, etc.]

Dear Borrower:

In compliance with the Fannie Mae, Freddie Mac, HUD and Dodd-Frank Act Appraisal Independence Requirements (AIRs), enclosed is a copy of the appraisal report(s) or valuation that may be used in connection with your current loan application.

To comply with our lending policies, we may provide you with multiple appraisal reports for the following reasons: 1) our underwriting policies require more than one appraisal to evaluate your loan application; 2) our appraisal quality process produced a review appraisal report in addition to the originally ordered appraisal report; or 3) we received a request for reconsideration of value from you or on your behalf resulting in a new appraisal report or a revised value on your originally ordered appraisal report.

Please note that at this time we may not have fully determined the acceptability of the enclosed appraisal(s) or valuation for use in connection with your loan application.

The appraisal(s) or valuation used in connection with your loan application was or were prepared solely for our use in evaluating your loan application. The appraisal(s) or valuation should not be relied upon by any other person or entity. We make no express or implied representation or warranty of any kind, and we expressly disclaim any liability to any person or entity with respect to the appraisal(s) or valuation.

Please also be advised that an appraiser must follow certain professional appraisal standards and is not allowed to discuss the appraisal(s) or valuation with you or provide a copy directly to you.

If we used an appraisal report(s) or valuation in connection with your mortgage loan application you are entitled to receive a copy of the appraisal report(s) or valuation at least three business days prior to your loan closing.

While we try to provide you with the appraisal report(s) or valuation in a timely manner, there may be times when it is not feasible. In that case, if you wish to exercise your right to waive the three business day review, you must execute the waiver from at least three business days prior to loan closing. We will still provide you with a copy of the appraisal report(s) or valuation no later than loan closing.

You will not be required to pay an additional amount to us to receive a copy of the appraisal report.

SAMPLE

LENDER LETTERHEAD

Borrower Acknowledgement of Appraisal Delivery

Lender Name:
Lender Address:

Date:
Loan No:
Borrower Name:
Property Address:
City, State, Zip:

As earlier disclosed in the Appraisal Report Delivery Disclosure, I understand that I am entitled to receive a copy of any appraisal concerning the subject property at least three (3) business days prior to signing my loan documents (also called the loan closing) and that I may waive this three (3) business day requirement.

By signing below, I either (i) acknowledge receipt of any appraisal concerning the subject property at least three (3) business days prior to closing, or (ii) acknowledge that I have waived the three (3) business day advance receipt of any appraisal concerning the subject property and have agreed to receive a copy of any appraisal no later than at the time of the loan closing.

If there are multiple borrowers on this loan application, all borrowers are required to sign below.

Borrower name (Date)

Borrower name (Date)

Lender Acknowledgement

SAMPLE – PROVIDE ON LENDER LETTERHEAD

Borrower(s) Name:
Property Address:
City, State, Zip:

Lender acknowledges that it complies with all Fannie Mae, Freddie Mac, HUD and Dodd-Frank Appraiser Independence Requirements (“AIRs”) that are effective 4/1/11. The Lender has developed and implemented the structure, policies and procedures required in order to ensure that all residential mortgage loans are in compliance with the AIRs, and that all appraisals used for those mortgages, were obtained in a manner consistent with the AIR requirements. Specifically, in addition to the above acknowledgment, as to this Loan, Lender acknowledges adherence to the following statements:

- No mortgage broker that originates mortgage loans on behalf of Lender (“Mortgage Broker”) and no member of Lender’s sales or loan production staff, as well as any other member of Lender’s staff who is likewise prohibited under the AIRs, played any role in selecting, retaining, recommending, or influencing the selection of an appraiser.
- No Mortgage Broker and no member of Lender’s sales or loan production staff, as well as any other member of Lender’s staff who is likewise prohibited under the AIRs, had any substantive communications with an appraiser or a designated and authorized appraisal management company (“AMC”) of Lender relating to or having an impact on valuation, including ordering the appraisal, managing the appraisal assignment, or disputing any aspect of an appraisal.
- Lender has not provided a list of approved appraisers or AMCs to a Mortgage Broker or any member of Lender’s sales or loan production staff, including any member of Lender’s staff who is likewise prohibited under the AIRs. Lender has not allowed a Mortgage Broker to select a Lender designated or authorized AMC or an appraiser. However, a Lender may direct a Mortgage Broker to contact a single AMC, to initiate a request for an appraisal, provided that Lender has specifically authorized and designated the single AMC to act on its behalf and not on behalf of the Mortgage Broker.
- The appraiser was engaged directly by the Lender through its designated and authorized AMC.
- The Lender certifies that neither the appraiser nor the AMC have any financial or other interest in the property or credit transaction.
- No Mortgage Broker, borrower, property seller, or real estate agent compensated in any manner, the appraiser.
- Lender’s name appears on the appraisal as the Lender/Client.
- Lender has provided to the borrower a copy of any and all appraisals that were used to establish value for lending purposes in connection with the underwriting of the loan not less than three (3) business days prior to the loan closing, whether or not credit was granted or denied
 - Lender maintains in the loan file a copy of the dated appraisal report and cover letter, including the method of delivery and date of delivery.

This Acknowledgment by Lender as to the above-referenced Loan is a certification, representation and warranty of Lender and is incorporated into the Loan Purchase Agreement and Seller’s Guide, effective as of the date specified below.

Acknowledgment By:

Lender Name:

(Signature) Duly authorized Officer or
Manager of Lender

Name

Title

Date