



LoanStream Mortgage Correspondent Seller Guide

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Chapter 1: Introduction

This Seller Guide (the “Guide”) provides the important information for approved Correspondent Sellers with LoanStream Mortgage (LSM). We encourage you to become familiar with the information provided in this Guide. The Guide is neither all inclusive, nor is it intended to replace, modify or otherwise alter the terms of any other agreement between seller and LSM. Correspondent expressly understands and agrees that LSM reserves the right to amend, restate, supplement or otherwise modify the Guide at any time and from time to time. LSM shall make the Guide available to Correspondent at www.lsmortgage.com. The parties expressly understand and agree that the Guide is wholly incorporated into the Loan Purchase Agreement. Changes to the Guide shall become effective immediately upon publication thereof or on such later date as LSM may determine at its sole discretion. Use of the information contained within this Guide is restricted to the intended Seller and its employees.

Hours of Operation

LSM’s hours of operation are 8:00 am PST to 6:00 pm PST.

Key Contacts

LSM Mortgage		
General		
General Inquiries	800-760-1833	www.lsmortgage.com
General Client Email	clients@lsmortgage.com	
Rate Lock Desk	lockdesk@lsmortgage.com	
Loan Scenarios	ezqual@lsmortgage.com	
Submissions/Disclosures	submission_ls@lsmortgage.com	
Post-Closing	postclosing@lsmortgage.com	
Servicing/Payments	accounting@lsmortgage.com	

Holiday Schedule

LSM will observe the following holidays:

New Year’s Day	Martin Luther King Day
President’s Day	Memorial Day
Independence Day	Labor Day
Thanksgiving Day	Day After Thanksgiving
Christmas Day	

Correspondent Website

LSM Mortgage: <https://www.LSCorrespondent.com>

Chapter 2: Maintaining Eligibility and Additional Approvals

Semi - Annual Review and Certification

An approved Seller is required to complete an annual recertification process within 30 days of request from LSM. In addition to completing and submitting the re-certification, Sellers are required to provide the following documentation:

- Prior year audited financial statements and most recent unaudited quarterly statement including Balance Sheet and P & L with year-to-date information
- Financial Disclosure Questionnaire
- Current organization chart
- Regulatory audits
- Any other request included by LSM

Forth Party Originations Additional Requirements:

- 5mm Net Worth
- 12 Month History of Selling 4th Party Originations
- Investor Scorecards for the most recent 90 days relevant to 4th Party business
- QC Policy and Procedure and Last 12 months Management Findings and Trend Report

Doc Drawing:

- Document 12 months of Non-Agency Doc Drawing
- Provide Doc Provider Verification of Required Doc Sets
- Provide Sample Doc Set
- Provide Resume of Closing Manager

Ongoing Monitoring

Ongoing monitoring is performed via the following:

- Sellers are monitored for compliance changes including: criminal, federal and civil checks, liens, bankruptcy, judgments, foreclosures, FDIC enforcement actions and NMLS License status.
- Neighborhood Watch Report.
- Loans are subject to LSM and or third-party review for purchase eligibility. Sellers are required to maintain appropriate levels of loan quality including quality review findings and pull through ratios.
- Loan performance is monitored on a continuing basis. The delinquency, Early Pay-Off (EPO) and consumer complaint profile of the Seller's loan portfolio can impact the approval standing.
- The Seller will be monitored for ongoing satisfaction of contractual obligations, including but not limited to, early payment default claims, early payoff claims, and any breaches of the representations and warranties, which can impact the approval standing of the Seller.
- LSM may audit correspondent seller loan origination operations and examine the pipelines and records relating to any mortgage loan that sold to LSM.
- Correspondent sellers are required to respond to any significant material findings. Correspondent sellers need to respond with the results along with any supporting documentation and specification of the actions that were or are being taken to remedy the situation. The responses must be submitted to

LSM within the time frame set forth in the notice provided.

- In addition, correspondent seller is responsible for reporting fraud and material defects discovered as result of their Quality Control process to the following parties:
 - LoanStream Mortgage
 - Insurers
 - Guarantors
 - Governmental or
 - Regulatory as required by regulations or contractual agreements between correspondent sellers and the parties.
- Serious issues with mortgage loan quality and/or material findings trends, failure to report incidents of fraud or serious material defects LSM, or failure to respond to LSM findings can result in termination of the Correspondent Agreement with LSM. LSM at its own discretion or in fulfillment of Applicable Laws may report quality control findings to the appropriate Government Agency or investors or warehouse.
- If there are any material adverse findings or any significant changes to correspondent seller business discovered during the monitoring or recertification process. LSM. at its sole discretion:
 - Continue the relationship with no changes
 - Conditionally approve continuing the relationship and provide a timeframe for resolving any deficiencies
 - Notify the Correspondent of changes to the terms of the Correspondent Agreement
 - Suspend or terminate the Correspondent Agreement relationship
 - Request copies of the Correspondent's seller Quality Control Reports
 - Invoke applicable Remedies as provided for in this Guide and under the terms of the Agreement
 - Rescind authorities
 - Take other action at LSM's sole discretion.

Chapter 3: Programs Offered

LSM offers a variety of innovative products. The specific eligibility criteria and underwriting guidelines for each program are available on our website. For additional information you may also contact our Scenario Desk or your Account Executive. Our Scenario Desk will provide a detailed written response with submission requirements. Scenarios are reviewed within 24 hours.

<https://www.LSCorrespondent.com>

Chapter 4: Pricing

General Pricing Process

- Pricing is provided every Monday Morning at 8:00 A.M. PST via email to all registered Seller parties.
- Rate sheets are emailed to the correspondent seller on a daily basis. LSM currently offers “Best Efforts” lock commitments.
- 30, 45 and 60 Day lock periods are available. Float Downs are not available.
- Individual loan details are required at the time of the lock.
- Incomplete and/or inaccurate locks will not be processed.
- Locks are requested using the Rate Lock Request Form on www.lscorrespondent.com
- Locks will only be accepted for loans in *Conditional Approval* status.
- All locks are confirmed with an e-mail Lock Confirmation.

General Pricing Policy

- LSM reserves the right to change pricing at any time, at its sole discretion, without prior notice.
- Each rate sheet will be effective until 6pm PT.
- The lock desk adheres to LSM’s posted holiday schedule.
- Final audits are conducted to ensure loans are funded as expected. Correspondent sellers are notified of any pricing adjustments needed at time of loan purchase if pricing is not correct.
- Closed loans should reflect terms of original commitment.
- LSM will track the percentage of the locks that are not purchased. An above target fall-out may result in the loss of approval to sell loan to LSM and/or an adjustment to pricing on future locks.

Re-Lock Policy

- A loan that is not Purchased by its lock expiration date and is not extended is subject to worst case pricing and a 0.25% re-lock fee.
- Worst case pricing is calculated by comparing the base price from the original lock date to the current market base price and using the lower price.
- Loan may be relocked at the current market pricing when at least 30 days have passed from the current lock expiration date. This will be considered a new lock and is not subject to relock fees and/or requirements.
- Loan Level Rate Adjustments and Loan Level Price Adjustments (LLRAs/LLPAs) applied to the pricing when loan was relocked will be used to calculate the new pricing structure of the re-lock. If the LLRA's or LLPA's change worst case pricing will be applied.
- Loan received that have expired locks are considered an automatic request to re-lock. LSM will automatically re-lock the loan for 30 days using the Re-Lock policy.
- If a loan has been relocked once and requires a second relock, the file must be approved for purchase.
- Loans that have been relocked are not eligible for a lock extension. The file must be relocked again, subject to worse case pricing and an additional relock fee.
- All loans are due on or before the rate commitment expiration date. LSM is under NO obligation to fund loans delivered after the rate lock expiration date.
- When a Correspondent loan is delivered to LSM by the Delivery Expiration Date, LSM Secondary Marketing will add 7 calendar days to the original lock expiration date. This new date is the Purchase Expiration Date. LSM must purchase the loan by the Purchase Expiration Date or the loan may be extended at a cost. Refer to the Lock Extension Policy for details.

Rate Lock Extensions

- A loans must be delivered to LSM in purchasable condition prior to the expiration of the lock. If needed, it is responsibility of the Correspondent seller to request a lock extension prior to the expiration of the lock. A free 7 day extension will be granted to allow for purchase once the package has been received.
- Correspondent seller will be charged 0.02% per day beginning on the 7th day after the lock expiration period has ended. The daily charge will accrue until the loan is purchased. Refer to Calendar Days Requested Extension Fee table.
- The loan will be reviewed by LSM for purchase and, if needed, conditioned for additional information. If conditioned, the Correspondent seller will have until the lock expiration date
- Request for extensions must be made before 5:00 PM PST on or before the lock expiration date.
- Extension periods are calculated starting from the current lock expiration date.

Holiday or Weekend Lock Expiration

- As a courtesy, if a rate lock expires on a weekend or an OCMBC observed holiday, Correspondent seller may request to extend the rate lock during standard hours until 5:00 PM PT on the business day prior to the initial lock expiration date.

Calendar Days	Extension Fee
1-30	0.020 per day
*Maximum of 5 total extensions or 30 days' worth of extensions	

Intraday Price Change

- Due to the volatility that exists in the marketplace, our pricing is subject to change at any time and without notice, LSM reserves the right to determine the cutoff time for intra-day pricing changes.
- All changes, and other time-sensitive requests will be honored if they are received by the Lock Desk before the established rate change and are deemed complete. Pricing for loan changes or locks received after the price change has started will be subject to pricing as of the next available rate sheet.

Lock Modifications

- Locks changes can be made within the same product, amortization and term category. Loans changing product, amortization or term are subject to worse case pricing.

Duplicate Locks

- If the original lock has expired or is cancelled (submitted within 30 days from the expiration or cancellation date), the loan will be re-locked applying worst case pricing. If the original lock is expired or cancelled (submitted more than 30 days from the expiration or cancellation date), the loan will be re-locked applying current market pricing.

Change of Circumstance

Program Change

When requesting a program change on a locked loan, it may be subject to worse case pricing.

Program change request can be submitted by emailing to lockdesk@lsmortgage.com with the loan number, the program the loan is switching from the program the loan is switching to.

Example 1: The original lock date is worse case.

Loan is subject to the pricing from the original lock date and the original lock expiration date will apply.

Example 2: The current pricing is worse case.

The loan is subject to the current day's pricing. The lock expiration date will be based on the date of the program change. If the original lock was for 30 days, the new lock will be for 30 days.

Change of Property

- Upon Seller's request that a property address is changed on a locked loan, the loan will be relocked using the current market price. This situation will be treated like a brand-new lock and a brand-new loan with a new lock expiration date based on the date the address changed. The original lock will be cancelled and a new loan will be created for the new lock at current market.

Change of Borrower

- Change of borrower is acceptable as long as one of the original borrowers remains the same. If the original borrower(s) changes, it will be considered a new lock.

Pricing Seasoned Loans for Purchase

- Seasoned loans are defined as loan not delivered to LSM within 30 days of the note date or, loans not locked with LSM within 30 days of the note or, loans not purchased by LSM within 45 days of the note date.
- LSM will consider purchasing seasoned loans however, pricing is subject to approval by LSM and may be different than the currently posted pricing for non-seasoned loans.
- Pricing is subject to change for any seasoned loan requesting a lock to purchase. LSM reserves the right to adjust the pricing as needed or refuse pricing on a seasoned loan prior to purchase. Correspondent seller is responsible for knowing the age of the note in the loan process.

Withdraws and Cancellations

- A Seller may request to cancel or withdraw a loan. Once cancelled or withdrawn for any reason, the loan immediately ceases to be priced.
- In order to ensure LSM ability to comply with HMDA regulation, all loans underwritten by LSM, that result in a declination, may be cancelled, if the Loan remains in a declined status for more than 30 calendar days, regardless of lock expiration.
- Re-submissions after the cancellation date, will require a new registration and underwriting submission. **The new loan will be subject to worse case pricing review, if locked within 30 days after the cancellation has been processed (regardless of when the loan was actually declined).**

Price Adjusters

- Loan Level Pricing Adjustments (LLPA's) to price and/or rate are published on the rate sheet. Significant changes to LLPA's will be announced in the weekly rate sheet email.

Loan Program/Guideline Changes

- Programs are subject to change or cancellation at any time.

Chapter 5: Scenario Desk

LSM staffs a Scenario Desk to assist Sellers with questions about product suitability.

- The desk can be contacted during regular business hours of 8am-5pm PST.
- The scenario desk is not designed to be an underwriting or binding commitment process but rather an interactive knowledgeable resource for our Sellers. We encourage our sellers to use this service as it can be a great source of information to assist your employees in becoming familiar with our products.
- Sellers can reach the scenario desk by emailing questions to EZQual@LSMortgage.com
- Scenario Submission Form is available at www.lscorrespondent.com
- Delivery of the Scenario form and the 3.2 file will enable LSM to provide submission guidance.

Chapter 6: Disclosure, Underwriting and Pre-Purchase Loan Review

Submission Procedure

- Seller must upload 3.2 file and documents through the LSM portal at www.lsmortgage.com. LSM will review Seller's disclosures for compliance before accepting the submission.

Prior-to-Docs Underwriting Review

- LSM will review the supplied credit and collateral file and condition the loan according to published guidelines.
- Seller will deliver conditions to LSM in a timely manner such that posted SLA are satisfactory to meet the Seller's Requested Closing Date. Conditions should be delivered in a consolidated manner to expedite underwriting. Refer to www.lsmortgage.com for current Service Levels.
- LSM's Underwriter will contact Seller prior to underwriting the loan and provide their direct contact information to the Seller.

Pre-Close Review (PCR)

- All loans are subject to a third-party QC review.
- The PCR will be a thorough evaluation of credit and appraisal.
- The PCR is initiated once the loan is locked and during the 3-day CD wait period on files subject to TRID.
- For files not subject to TRID the Pre-Close Review will occur once all PTD conditions are satisfied and prior to the issuance of a CTC.
- 72 hours should be built into the Seller's origination timeframes to allow for the PCR to be completed.

Pre-Close CTC (Clear to Close)

- LSM will review the supplied PTD's, will perform final QC and will issue seller a Clear-to-Close once all Prior-to-Doc conditions are satisfied.
- Credit conditions must be cleared PTD. Credit conditions will only be moved Prior-to-Purchase with UW Manager approval.

Notice of Action Taken/Notice of Loan Disposition

- LSM will provide the NOAT/NOLD to the Seller. It is the Seller's responsibility to provide the notification to the borrower.
- LSM report HMDA as required by the Home Mortgage Disclosure Act.

Chapter 7: Requesting Closing Disclosures and Documents

Requesting Closing Disclosure

- LSM or Seller will generate the Closing Disclosure per Seller's Request
 - Decided at the time of Seller Approval
- Before the Closing Disclosure can be ordered, the following are required:
 - All Invoices
 - Escrow Fee Sheet / Estimated Settlement Statement
 - Hazard Insurance
 - Loan is Locked
 - Loan is Conditionally Approved
 - Doc Order Form
 - CD Request Form (contact info)
 - Copy of Insurance
 - Preliminary Title Report
 - Escrow Instructions
 - All Signed LE's and Corresponding COC's

Requesting Closing Documents

- LSM or Seller will draw closing documents in Seller's Name. Seller may gain approval from LSM allowing for the generation of their own documents. Refer to your LSM Client Approval for confirmation.
- Once Seller obtains Clear-to-Close status they may request Closing Documents.
- Seller must provide their MERS ID to LSM
- Refer to www.lscorrespondent.com for Closing Doc Request Form
- 3 working days prior to settlement the following must be in file:
 - Docs Request
 - Final CD
 - Hazard Insurance
 - Title binder
 - Survey
 - Termite report (If applicable)
 - Residential Use Permit/Cert of Occupancy Well/septic certification (If applicable)
 - Final inspection (If applicable)
 - PMI (If Applicable)

Chapter 8: Loan Purchase Process

Collateral Delivery

The following best practices will ensure collateral documents are received and reviewed timely. These practices are critical to the timely purchase of loans.

Properly address the Collateral Package based on Warehouse Line Used:

Bank of California Warehouse Line
Banc of California Warehouse Lending Division 3 MacArthur Place Santa Ana, CA 92707

NexBank Warehouse Line
C/O: Alisha McMillan 2515 McKinney Avenue, Ste. 1700 Dallas, TX 75201

Provide a summary with each delivered package:

- The summary should itemize all documents contained in the package so the contents can be reconciled when received. Separate each document type clearly with a divider page and description. Include Borrowers Name and Loan Number on each divider.

Retain Shipping/Tracking information:

- Tracking and Shipping must be maintained for all delivered packages. Include Tracking information with Legal Package delivery to LoanStream Mortgage.
- Do not send packages to Deutsche Bank that include documents for more than one investor - In some cases, Lenders and Warehouse Banks may have multiple investors that use Deutsche Bank as their collateral custodian. In those cases, separate packages for each investor should be sent to the custodian to avoid confusion.
- Send collateral packages concurrently to uploading loan file to allow ample time to process and match collateral to the delivered credit file.

Collateral and Legal Package Reviews will generally be complete within 72 hours. It is critical that the Collateral Package delivery to the custodian is complete on or before the delivery of the Legal package to LSM.

Pre-Purchase Review Completion

- Clear any findings identified in the Pre-Purchase Review. Contact Funding@LSMortgage.com with any questions.

Endorsed Note

- Tracking Numbers Should be Uploaded to the Portal
- The original note endorsed to LSM must be received prior to purchase:

Shipping address for endorsed Original Note

Purchaser will advise Seller where to deliver the Original Endorsed Note:

Recorded Mortgage/Deed of Trust and Final Title

- Tracking Numbers Should be Uploaded to the Portal

Shipping address for Recorded Mortgage/Deed of Trust and Final Title

LoanStream Mortgage
 ATTN: Trailing Docs Dept
 19000 MacArthur Blvd,
 Suite 200
 Irvine CA, 92612

Non-Delegated Fees

LSM charges the following fees for underwriting non-delegated loans:

Tier 1 (Correspondent Draws Docs/CD)		Tier 2 (LSM Draws Docs/CD)	
Admin Fee	\$895	Admin Fee	\$1095
Purchase Fee	\$350	Purchase Fee	\$400

Other Fees

Condo Fee	\$200
ARR (Appraisal Review) Fee	\$150

Assignment and Conveyance

LSM will generally fund loan purchases within two business days of receiving the signed A&C back from the seller.

The final proceeds on the A&C will be the sum of:

- Scheduled Balance of the loan multiplied by the agreed upon Purchase Price (positive)
- Per Diem Interest (positive or negative)
- Escrows collected at closing (negative)
- Any extension/re-lock fees
- LSM Fees

The A&C will also detail:

- The date of the servicing transfer
- The date the premium recapture expires
- The wire instructions for proceeds of the loan sale to be delivered to

Requirements for the Collection of Borrower Payments

- For loans purchased on or before the 14th day of the month, the loan will be purchased at the principle balance and the first payment should be forwarded.
- For loans purchased on or after the 15th day of the month, the loan will be purchased at a reduced balance and the Seller will receive the first payment due on the loan. The effective date of the first payment due to the new servicer will be the 2nd payment due on the loan.
- Payment Delivery by Overnight Delivery Service:

LoanStream Mortgage
ATTN: Accounting Dept/First Payments
19000 MacArthur Blvd., Suite 200
Irvine, CA 92612
(800) 760-1833

Chapter 9: Post Purchase Requirements

- MERS Transfer
- Servicing Transfer
- Collateral file delivery (Reverse Bailee Only)
- Trailing Documents

MERS Transfer

The transfer to LSM must be completed in MERS within 5 calendar days of LSM's purchase of the loan. Loans not transferred within 5 calendar days of purchase are subject to pricing penalties and/or repurchase.

- LSM (*MERS ID #1004455*) must show as both Investor and Servicer
- Although transfers are considered a "batch" please do not transfer multiple loans in one batch. Each batch should contain a single loan transfer to LSM.

Trailing Document Delivery

- Seller may incur penalties for Trailing Documents not received within 90 days of purchase
- Tracking Numbers Should be Uploaded to the Portal

LoanStream Mortgage
ATTN: Trailing Documents
19000 MacArthur Blvd., Suite 200
Irvine CA, 92612