



SecurityNational
Mortgage Company

CREDIT POLICY NEWSFLASH

03/14/14

Spotlight #17

Attention: SecurityNational Mortgage Company

Subject: SNMC Correspondent – FHA Loans

We are pleased to announce SNMC Correspondent (Fourth Party Origination) guidelines for FHA Loans. This program is offered for our Wholesale branches only. The FHA guidelines will be posted in the FHA Section of Credit Policy along with the SNMC Correspondent Application Package and the SNMC Correspondent Sellers Guide.

SNMC Correspondent – FHA

Overview

SNMC Correspondent is for brokers who originate and close in their name but SNMC underwrites to our investor guidelines. Correspondent must be an FHA approved lender. See the attached guidelines for information on correspondent approval with SNMC.

Product Code

F-F30-COR

Loan Type

- Eligible for FHA 203b loans only
- Fixed
- Purchase
- Rate and Term Refinance
- Cash Out Refinance
- FHA Streamlines not allowed

Loan Term

25 and 30 year terms only

Underwriting

Must meet FHA and SNMC guidelines, to include the following overlays. AUS approval is required for all loans. No manual underwrites are allowed. AUS manual downgrades are not allowed. Verification of income and assets is required as per FHA and SNMC guidelines.

Rebuttable Presumption (HPML) loans are allowed if we ensure the borrower's ability to repay the loan has been documented.

Down Payment Assistance programs are permitted as long as the source is a government agency or government entity (non-profits and trade unions are not permitted). Down Payment Assistance is not allowed on High Balance FHA loans.

Underwriters must check an investor specific exclusionary list for title companies/settlement agents and appraisers. Contact Corporate Underwriting for the list.

Underwriting (cont'd)

DTI Requirements

- Loans with credit scores below 680 are limited to a maximum DTI of 50%.
- Loans with credit scores at 680 or above, or loans with an LTV 5% below max, are limited to a maximum DTI of 55%.
- Compensating factors are required on loans with ratios between 50%-55% as per SNMC guidelines.
- Loans with a DTI above 55% are ineligible regardless of the Total Scorecard decision.

Maximum Financed Properties

A maximum of 4 financed properties for FHA borrowers with all lenders. The maximum of four financed properties includes the subject property along with any other financed mortgages, conventional or government.

Credit

- Minimum credit score is 640 for Conforming Balance.
- Minimum credit score is 640 for High Balance.
- Non-traditional credit is not allowed.
- Each borrower must have at least one credit score to be eligible.
- LOE's required for inquiries in the last 90 days.
- All mortgagees must have a mortgage history of 0 x 30 in the last 12 payments.
- Minimum credit score is 680 for Property Flips.

Income

- 4506T tax transcripts are required for the number of years used to qualify as per SNMC guidelines.

Property

Any repairs to property that impact safety and livability must be completed prior to delivery. See Section 3.7-A12 SNMC Branch Monitored Escrow.

Appraisal

Underwriters must check an investor specific exclusionary list for title companies/settlement agents and appraisers. Contact Corporate Underwriting for the list.

If an appraiser is on the exclusionary list, a validation appraisal from an appraiser not on the exclusionary list must be obtained that:

- supports a value equal to or greater than the initial appraisal,
- or the loan is not eligible for purchase, and
- borrower cannot pay for validation appraisal

Property (cont'd)

Ineligible Properties/Transactions

- Manufactured Homes
- \$100 Down Payment Option
- Co-Signer on Subject Mortgage
- Cooperatives
- Energy Efficient Mortgages
- Good Neighbor Next Door
- Hawaiian Homelands
- Hope for Homeowners Program
- HUD 184 Program – Native American Reservations
- Illinois Land Trust
- Life Estate
- Loans Subject to FHA Test Case Requirements
- Loans to Non-Profit Organization Borrowers
- Loans on Properties Outside of the U.S., or Properties Located in a Territory, Providence, or Commonwealth in which the U.S. has an interest
- Military Impact Area Loans
- Mortgage Credit Certificates
- Refinance Loans for Borrowers in a Negative Equity Position
- Section 8 Loans
- Temporary Buydowns
- Texas Home Equity/Cash Out Refinance or any 50(a)(6) Financing
- Transactions with Realtor/Broker acting as listing/selling agent as well as the mortgage broker (aka Dual Agent) are not eligible.
- Transactions utilizing a Consolidation, Extension, and Modification Agreement (“CEMA”) are not eligible.

Properties Listed For Sale

On cash out transactions, the listing must have expired or been withdrawn prior to the application date.

Property Flips

If the seller has been in title ≤ 90 days and meets FHA Flip Waiver requirements and the resale price is greater than 120% above the price paid by the seller when the property was acquired, a second appraisal to justify the increase in value and a property inspection reviewed by the borrower prior to final credit approval are required. Any repairs required by the home inspection must be completed prior to closing

The minimum credit score for property flips is 680.



Correspondent Lender

Application Package Checklist

- Completed Correspondent Lender Application
- Executed Correspondent Agreement
- List of Officers and Directors
- Resumes of Principles and Administrative Managers
- Name, address and phone number for all persons with 5% or greater ownership
- Copy of Errors and Omissions Policy and Fidelity Bond
- Audited Financial Statements
- Copy of most recent performance report for each investor (at least 2)
- Current licenses for all states of origination
- Current QC procedures and QC report
- List of all Branch/Origination Offices
- Copy of Wiring Instructions
- If HUD approved, copy of most recent Neighborhood Watch 2-year default/claim report
- W-9
- Process and Procedures for ordering appraisals
- *Compliant with FHA and Appraiser Independence Requirements (AIR)
- Loan Originator Compensation Plan

Return COMPLETED package to:

SecurityNational Mortgage Company
Attn: Pre-Purchase Department
5300 South 360 West, Suite 150
Murray, UT 84123

Thank you for your interest in SecurityNational Mortgage. Should you have any questions, comments or require additional information, please call or email Tiffany Noble, at (801) 287-8350 (tiffany.noble@securitynational.com)



SecurityNational Mortgage Company

Correspondent Lender Application

COMPANY INFORMATION

Company Name

Street Address

City, State, ZIP

Office Phone

Office Fax

E-mail Address

Tax Payer I.D. #

FHA #

VA#

Contact Person

Title

DBA/OTHER COMPANY NAMES

SNMC Branch

Corporate NMLS#

PRINCIPAL/MANAGING OFFICERS/SHAREHOLDERS

(Complete for each person owning 5% or more. Attach copies of current Real Estate/Lending Licenses and Resumes)

Name

Phone #

Address

% Ownership

Name

Phone #

Address

% Ownership

Name

Phone #

Address

% Ownership

BUSINESS REFERENCES

Name

Contact

Phone #

Name

Contact

Phone #

Name

Contact

Phone #

WAREHOUSE CREDIT INFORMATION

(Attach complete wire instructions for each)

Financial Institution

Credit Limit

Financial Institution

Credit Limit

MASTER MORTGAGE LOAN SALE AGREEMENT

This MASTER MORTGAGE LOAN SALE AGREEMENT (hereinafter "Agreement"), dated as of _____, 20____, is between _____, a _____ (hereinafter "Seller"), and SECURITYNATIONAL MORTGAGE COMPANY, a Utah corporation (hereinafter "Purchaser" or "SecurityNational"). (Seller also conducts business under the name of "_____").

WITNESSETH

WHEREAS, pursuant to the terms of this Agreement, Seller agrees to sell and Purchaser agrees to purchase, on a servicing-released basis, on various dates as provided herein (each a "Purchasing Date"), certain first lien residential mortgage loans secured by one-to-four family residential properties (each a "Mortgage Loan");

WHEREAS, Purchaser and Seller wish to memorialize in writing their agreements and the terms and conditions relating to the sale, delivery, and, servicing of the Mortgage Loans;

NOW, THEREFORE, in consideration of the mutual promises herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE I

DEFINITIONS

Whenever used herein, the following capitalized words and phrases, unless the context otherwise requires, shall have the following meanings:

Agreement: This Master Mortgage Loan Sale Agreement, including all exhibits and attachments hereto, and all amendments hereof and supplements hereto.

ALTA: The American Land Title Association or any successor.

Appraised Value: With respect to any Mortgage Loan, the value of the related Mortgaged Property based upon the appraisal made for the originator at the time of the origination of such Mortgage Loan or the sale price of such Mortgaged Property if the proceeds of such Mortgage Loan were used to purchase such Mortgaged Property, whichever is less.

Assignment of Mortgage: An individual assignment of a Mortgage, notice of transfer, or equivalent instrument, in recordable form, sufficient under the laws of the jurisdiction wherein the related Mortgaged Property is located to reflect of record the sale of the Mortgage Loan to the assignee named therein.

Business Day: Any day other than (i) a Saturday or Sunday or (ii) a day on which banking or savings and loan institutions in the states in which the parties conduct business or the State of New York are authorized or obligated by law or executive order to be closed.

Confirmation: Written notice provided by Purchaser to Seller of a pending purchase of a Mortgage Loan or Mortgage Loans submitted by Seller.

Due Date: With respect to any Mortgage Loan, the day of the month on which Monthly Payments on such Mortgage Loan are due, exclusive of any days of grace.

Fannie Mae: Fannie Mae (also known as the Federal National Mortgage Association) or any successor.

Freddie Mac: Freddie Mac (also known as the Federal Home Loan Mortgage Corporation) or any successor.

HUD: The United States Department of Housing and Urban Development or any successor thereto.

MERS: Mortgage Electronic Registration Systems, Inc., a subsidiary of MERSCORP, Inc.

MERS System: The electronic mortgage registration system maintained by MERS.

MIN: The Mortgage Identification Number of Mortgage Loans registered with MERS on the MERS System.

MOM Loan: A Mortgage Loan with respect to which MERS is acting as the mortgagee of record solely as nominee for the originator of such Mortgage Loan and its successors and assigns.

Monthly Payment: The scheduled monthly payment of principal and interest on a Mortgage Loan which is payable by a Mortgagor under the related Mortgage Note on each Due Date.

Mortgage: With respect to each Mortgage Loan the mortgage, mortgage deed, deed of trust, or other instrument which secures the Mortgage Note and creates a first lien on or first priority ownership interest in a fee simple estate in the real property securing the Mortgage Note, including any riders, addenda, assumption agreements, or modifications relating thereto.

Mortgage File: With respect to any Mortgage Loan, the file pertaining to such Mortgage Loan that contains the Mortgage Loan Documents pertaining to such Mortgage Loan which are specified in Exhibit A attached hereto, and any additional mortgage documents pertaining to such Mortgage Loan required by this Agreement to be included in such Mortgage File.

Mortgage Interest Rate: As to each Mortgage Loan, the annual rate at which interest accrues on such Mortgage Loan, without reference to any default by the borrower.

Mortgage Loan: An individual mortgage loan that is subject to the terms of this Agreement, including the Servicing Rights thereto.

Mortgage Loan Documents: As to each Mortgage Loan, the documents set forth on Exhibit A of this Agreement.

Mortgage Note: The note or other evidence of the indebtedness of a Mortgagor secured by a Mortgage, including any riders or addenda thereto.

Mortgaged Property: With respect to each Mortgage Loan, the Mortgagor's real property securing repayment of the related Mortgage Note, consisting of real property improved by a Residential Dwelling.

Mortgagor: The obligor on a Mortgage Note.

Par: 100% of the unpaid principal balance of a Mortgage Loan.

Person: Any individual, corporation, partnership, joint venture, limited liability company, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

Primary Mortgage Insurance Policy: With respect to any Mortgage Loan, the policy of primary mortgage guaranty insurance (including all endorsements thereto) issued with respect to such Mortgage Loan, if any, or any replacement policy.

Primary Mortgage Insurer: The named insurer under any Primary Mortgage Insurance Policy.

Purchasing Date: The date, as set forth in the Confirmation, on which Purchaser shall purchase the corresponding Mortgage Loan(s).

Purchase Price Percentage: The percentage of par used to calculate the purchase price for each Mortgage Loan as described in Section 2.3(e).

Repurchase Price: The price at which Seller shall repurchase any Mortgage Loan, which shall be a price equal to the sum of (i) the product of the Stated Principal Balance of such Mortgage Loan times the Purchase Price Percentage, plus (ii) accrued but unpaid interest on the Stated Principal Balance of such Mortgage Loan at the Mortgage Interest Rate through and including the last day of the month in which such repurchase occurs, plus (iii) any costs and damages incurred in connection with any agreement between Purchaser and a secondary market investor related to the Mortgage Loan subject to repurchase.

SecurityNational Program: The policies and procedures that Purchaser may promulgate, amend, and modify from time to time, in its sole and absolute discretion, pertaining to its purchase of those types of mortgage loan products that Purchaser may determine to be eligible for Seller to sell to Purchaser, including but not limited to those policies and procedures set forth in Purchaser's Correspondent Selling Guide.

Servicing File: All documents in the possession of Seller or its agents relating to the origination and servicing of the related Mortgage Loan, including but not limited to the hazard insurance policy (with renewals noted on computer records), and, if required by law, the flood insurance policy, any disclosure statement required to be maintained, tax receipts, insurance premium receipts, ledger sheets, payment records, insurance claim files and correspondence, correspondence, current and historical computerized data files, and all other papers and records developed or originated by Seller or others and maintained by Seller, required to document the Mortgage Loan or to service the Mortgage Loan.

Servicing Rights: With respect to each Mortgage Loan, any and all of the following: (a) all rights to service the Mortgage Loan; (b) all rights to receive servicing fees, additional servicing compensation (including without limitation any late fees, assumption fees, penalties or similar payments with respect to the Mortgage Loan, and income on escrow accounts or other receipts on or with respect to the Mortgage Loan), reimbursements or indemnification for servicing the Mortgage Loan, and any payments received in respect of the foregoing and proceeds thereof; (c) the right to collect, hold and disburse escrow payments or other similar payments with respect to the Mortgage Loans and any amounts actually collected with respect thereto and to receive interest income on such amounts to the extent permitted by applicable law; (d) all accounts and other rights to payment related to any of the property described in this paragraph; (e) possession and use of any and all Servicing Files pertaining to the Mortgage Loans or pertaining to the past, present or prospective servicing of the Mortgage Loans; (f) all

rights and benefits relating to the direct solicitation of the related Mortgagors for refinance or modification of the Mortgage Loans and attendant right, title and interest in and to the list of such Mortgagors and data relating to their respective Mortgage Loans; (g) all rights, powers and privileges incident to any of the foregoing; and (h) all agreements or documents creating, defining or evidencing any of the foregoing rights to the extent they relate to such rights.

Servicing Transfer Date: The effective transfer of servicing date, as defined in Sections 2.5(a) and (b) herein.

Stated Principal Balance: As to each Mortgage Loan as of any date of determination, (i) the Unpaid Principal Balance of the related Mortgage Loan, minus (ii) all amounts previously distributed to the Purchaser with respect to the related Mortgage Loan which represent payments or recoveries of principal.

Unpaid Principal Balance: As to each Mortgage Loan, the outstanding principal balance of such Mortgage Loan as of the Servicing Transfer Date, after application of all Monthly Payments due on or before Servicing Transfer Date, whether or not received.

ARTICLE II

PURCHASE AND SALE OF THE MORTGAGE LOANS

Section 2.1 Purchase and Sale of the Mortgage Loans

(a) On the Purchasing Date, upon satisfaction of the conditions set forth herein, Seller agrees to sell, and Purchaser agrees to purchase, all rights, title and interests in the Mortgage Loans that are eligible for purchasing one (1) Business Day prior to the Purchasing Date, including, without limitation, all Servicing Rights with respect thereto. The obligation of each of Seller and Purchaser is subject to the fulfillment, on or prior to the Purchasing Date, of the condition that each of the obligations of the other party required to be performed on or prior to the Purchasing Date pursuant to the terms of this Agreement shall have been duly performed. Simultaneously with the payment of the purchase price, the Seller does hereby sell, transfer, assign, set over, and convey to Purchaser, without recourse except as provided for in this Agreement, all rights, title and interests of the Seller in and to the Mortgage Loan(s) and the Servicing Rights thereon, together with the related Mortgage Files and all rights and obligations arising under the documents contained therein.

(b) Purchaser's "Correspondent Selling Guide", as amended or modified from time to time by Purchaser, (hereinafter "Guide") is incorporated herein by reference and shall be deemed to be an inseparable part of this Agreement. All Mortgage Loans purchased pursuant to this Agreement shall be subject to the terms of the Guide and this Agreement. In the event of any inconsistency between the provisions of the Guide and the provisions of this Agreement, the provisions of the Guide shall prevail over and supersede the inconsistent provisions of this Agreement. Purchaser reserves the right to amend or modify the Guide from time to time (including without limitation, adding new provisions of the same or a different nature as the existing provisions of the Guide, or deleting provisions of the Guide) in its sole discretion. Purchaser may, at its sole option, provide the Guide, notice of any amendments or modifications to the Guide, and/or memoranda, bulletins, or other information related to the Guide, in paper form or by posting the same on an Internet web site designated from time to time by the Purchaser.

(c) With respect to each Mortgage Loan, Seller hereby constitutes and appoints Purchaser its true and lawful Attorney-In-Fact, through any of its duly appointed officers, to execute and/or acknowledge in writing, or by facsimile, or otherwise, all documentation reasonably necessary and appropriate for any one or more of the following purposes: (a) the substitution of any trustee or mortgagee in a Mortgage, (b) the assignment of any Mortgage to Purchaser and the recordation of any such Mortgage or assignment (c) the endorsement of any checks, drafts, or other payment instruments made payable to Seller with respect to any Mortgage Loan, (d) the modification, amendment, or correction of any Mortgage Note, Mortgage, closing document, or post-closing document relating to any Mortgage Loan, and (e) the preparation, execution and/or delivery of such other documentation in the name of Seller as Purchaser shall determine to be reasonably necessary and appropriate to carry out the transactions contemplated by this Agreement and/or the subsequent sale of any Mortgage Loan by Purchaser. Seller gives and grants to Purchaser full power and authority to do and perform each and all of the foregoing acts, as fully and effectively as Seller might or could do so on its own behalf. The power of attorney contained in this section is coupled with an interest, is irrevocable, and shall survive any termination of this Agreement. Upon the request of the Purchaser, Seller shall execute and acknowledge such additional powers of attorney as may be reasonable necessary to enable Purchaser, as Attorney-In-Fact, to perform any of the actions described in this section.

(d) From and after the Purchasing Date all monies (except only the purchase price paid by Purchaser and an Intervening Payment retained by Seller pursuant to Section 2.2) received by Seller in connection with a Mortgage Loan, including without limitation all payments, collections, recoveries, condemnation proceeds, and insurance proceeds, shall be immediately delivered by Seller to Purchaser, and until so delivered shall be held in trust by Seller for the benefit of Purchaser.

(e) Nothing in this Agreement shall be construed to create a joint venture between Seller and Purchaser. In addition, nothing in this Agreement shall be construed to cause Seller to become or to be treated as a partner, agent, representative, or employee of Purchaser.

Section 2.2 Purchase Price for Mortgage Loans

On each Purchasing Date, Purchaser shall pay to Seller for the related Mortgage Loan(s) an amount equal to (i) the Unpaid Principal Balance of the Mortgage Loan(s) multiplied by the Purchase Price Percentage (the "Purchase Price"). In the event the Servicing Transfer Date for a particular Mortgage Loan is determined by Section 2.5(a), Purchaser shall also pay to Seller the unpaid accrued interest (at the

Mortgage Interest Rate) for the period of time which begins on the first day of the month during which the Purchase Date occurs and ends on the Purchase Date. In the event the Servicing Transfer Date for a particular Mortgage Loan is determined by Section 2.5(b), the purchase price shall be reduced by the amount of interest that will accrue (at the Mortgage Interest Rate) for the period of time which begins on the Purchase Date and ends on the first day of the first month following the Purchase Date. In the event the Servicing Transfer Date for a particular Mortgage Loan is determined by Section 2.5(b), Seller shall be entitled to retain the principal and interest portion of the regular payment which becomes due on the 1st day of the first month following the Purchase Date (the "Intervening Payment").

Section 2.3 Pricing; Delivery of Documents and Funding of Mortgage Loans

(a) The Seller may, from time to time, offer for sale a Mortgage Loan pursuant to the SecurityNational rate sheet. Purchaser shall generate a rate-lock quote based on the parameters requested by the Seller. The Seller acknowledges that any rate-lock quote issued by Purchaser is conditioned upon the satisfactory loan due diligence described herein and as further set forth in the SecurityNational Program documents.

(b) In accordance with the requirements of the SecurityNational Program, Seller will, prior to the respective Purchasing Date, deliver Mortgage Loans to Purchaser or Purchaser's designee by delivering for each Mortgage Loan: (1) all documents listed on Exhibit A hereto, and (2) any other documents set forth by the Purchaser in its sole discretion.

(c) The Purchaser or the Purchaser's designee may, in their sole discretion, perform due diligence reviews on the Mortgage File relating to a Mortgage Loan. If, at any time, Purchaser identifies any Mortgage Loan that does not conform in any respect to the terms set forth by the Purchaser, such Mortgage Loan may, at the Purchaser's option, be rejected for purchase. The Purchaser may, at its option, purchase a Mortgage Loan without conducting any partial or complete examination. Any reviews or examinations conducted by Purchaser shall be for the benefit of Purchaser only. The fact that the Purchaser has conducted or has not conducted any partial or complete examination of any Mortgage File shall not affect the Purchaser's (or any of its successors') rights to demand a repurchase by Seller, or any other relief or remedy provided for in this Agreement.

(d) The acceptance, purchase, or funding of a Mortgage Loan which does not comply with any requirement of the SecurityNational Program shall not constitute a waiver by Purchaser of any requirement.

(e) The purchase of each Mortgage Loan shall occur on the related Purchasing Date for a purchase price based on the percentage of par set forth in the final rate-lock quote (each such percentage of par with respect to the relate Mortgage Loan, the "Purchase Price Percentage").

Section 2.4 Expenses

Seller shall pay any fees and disbursements of its attorneys and the costs and expenses incurred in connection with the recording of the Assignments of Mortgage (and any other intervening Assignments of Mortgage), and any taxes, governmental assessments, insurance premiums, water, sewer, municipal charges, and similar expenses, which became due in respect of the Mortgaged Property on or prior to the Purchasing Date or which will become due within forty-five (45) days following the Purchasing Date. Additionally, all costs and expenses incurred in connection with the transfer and delivery of the Mortgage Loans and related Servicing Rights including, without limitation, any termination fees owed to Seller's document custodian, any costs relating to transfer of the Mortgage File or Servicing File and other Mortgage Loan records to Purchaser, the costs of delivering complete master file tape information and other electronically stored information to the Purchaser, the costs of notifying the Mortgagors, hazard, flood and mortgage insurance companies, and other third parties as required, Purchaser's costs for setting up "lifetime" tax service contracts, the costs of transferring "lifetime" flood certification contracts to the Purchaser, and the legal fees and expenses of its attorneys shall be paid by the Seller. In the event that the "lifetime" flood certification contracts are not transferable to, or acceptable to Purchaser, Seller will also reimburse Purchaser for any costs related to setting up such flood contracts.

Section 2.5 Servicing of the Mortgage Loans

Each Mortgage Loan shall be sold to Purchaser on the related Purchasing Date on a servicing released basis. Any Servicing Rights with respect to the servicing of the Mortgage Loans hereunder are assigned to Purchaser, and Purchaser assumes any obligations thereunder with respect to the Mortgage Loans.

Seller shall transfer servicing to Purchaser as follows:

(a) If the Purchasing Date with respect to such Mortgage Loan occurs during the period beginning on the first day of the calendar month and ending on the fourteenth (14th) day of the calendar month (or ending on the twelfth (12th) day of February, with respect to any Purchasing Date in February), the effective transfer of servicing date with respect to such Mortgage Loans shall be the first (1st) day of the first month following the Purchasing Date.

(b) If the Purchasing Date with respect to such Mortgage Loan occurs after the fourteenth (14th) day of the calendar month (or after the twelfth (12th) day of February, with respect to any Purchasing Date in February), the effective transfer of servicing date with respect to such Mortgage Loans shall be the first (1st) day of the second month following the Purchasing Date.

Section 2.6 Non-Solicitation by Seller

For a period of one calendar year from and after the respective Purchasing Date, the Seller shall not take any action or permit or cause any action to be taken by any of its agents, or by any independent contractors on the Seller's behalf, to personally, by telephone, mail, or otherwise, solicit the Mortgagor or obligor under any Mortgage Loan to refinance, in whole or in part, a Mortgage Loan, or for any other financial products or services, including but not limited to home equity or insurance products, without the prior written consent of the Purchaser. Notwithstanding the foregoing, it is understood and agreed that promotions undertaken by the Seller or any affiliate of the Seller which are directed to the general public at large or customers of the Seller generally, including, without limitation, mass mailing based on commercially acquired mailing lists, newspaper, radio, and television advertisements shall not constitute solicitation under this Section 2.6.

Section 2.7 Books and Records

Record title to each Mortgage Note and the Mortgage as of the Purchasing Date shall be in the name of the Seller or one or more designees of the Purchaser, as the Purchaser shall designate. Notwithstanding the foregoing, beneficial ownership of each Mortgage Note and the Mortgage shall be vested solely in the Purchaser. All rights arising out of the Mortgage Loans, including but not limited to all funds relating to a Mortgage Loan received by the Seller on or after the Purchasing Date, shall be vested in the Purchaser or its designee(s).

Section 2.8 Post Closing Delivery of Mortgage Loan Documents; Repurchase

Promptly following receipt thereof, but in no event later than 120 days after the respective Purchasing Date, Seller shall deliver to Purchaser the following documents with respect to each Mortgage Loan:

(i) For each Mortgage Loan in respect of which Seller previously tendered to Purchaser only a copy of the original Mortgage, the original of such Mortgage with evidence of recording thereon, however, if such originals are permanently retained by the applicable recording office then a copy of such document certified by the appropriate public recording office to be a true and complete copy of the original;

(ii) For each Mortgage Loan in respect of which Seller previously tendered to Purchaser only a copy of the policy of title insurance or a title insurance binder or commitment, the original policy of title insurance with respect to such Mortgage Loan;

(iii) For each Mortgage Loan in respect of which Seller previously tendered to Purchaser only a copy of any original intervening assignment of the Mortgage, the original of such intervening assignment of the Mortgage, with evidence of recording thereon, however, if such originals are permanently retained by the applicable recording office then a copy of such document certified by the appropriate public recording office to be a true and complete copy of the original; and

(iv) For each Mortgage Loan in respect of which Seller previously tendered to Purchaser only a copy of any applicable assumption and modification agreements, the original of such assumption and modification agreements, with evidence of recording thereon (if recordation is required by applicable law), however, if such originals are permanently retained by the applicable recording office then a copy of such document certified by the appropriate public recording office to be a true and complete copy of the original.

At Purchaser's option, Seller shall repurchase for the Repurchase Price any Mortgage Loan for which the Mortgage Loan Documents are not delivered within 120 days of the Purchasing Date as provided above, subject, however, to the provisions of this paragraph. In the event that the documents described in (b)(i) through (b)(v) are not received by Purchaser within 120 days of the Purchasing Date, the Seller shall provide to Purchaser a written explanation as to the status of each outstanding document and may request an extension for delivery. Such extension shall not be unreasonably withheld, and there shall be no limitations on extensions in the event that a document has not been delivered due to a delay in a recording office. However, in no event shall such extension extend beyond 360 days.

Notwithstanding the foregoing, the parties agree that some or all of the Mortgage Loans subject to this Agreement may be registered on the MERS System, either through the recordation of a Mortgage showing MERS as nominee for the originating lender or by the recordation of an Assignment of Mortgage showing MERS as assignee. The Seller and the Purchaser hereby acknowledge that MERS will have no beneficial interest in any such Mortgage Loan and that the registration of such a Mortgage Loan with MERS will not in any way affect the rights, title, interests, obligations, or responsibilities of the parties under this Agreement, except as expressly provided in this Section 2.8. Subject to the Purchaser's consent, the Seller and the Purchaser agree to cooperate in all ways necessary to effectuate the use of the MERS System for the purpose of facilitating the transfer of such Mortgage Loans, including but not limited to the use of MOM Documents for all loans, and notwithstanding any other provisions of this Agreement to the contrary, agree to accept such documentation and evidence of transfer provided by MERS under its operating documents to accomplish the transfer of ownership in such Mortgage Loans. For any Mortgage Loan registered on the MERS System, (A) Purchaser may, in its discretion, waive the requirement that Seller deliver a written Assignment of Mortgage as described in Exhibit A; (B) the Seller shall initiate with MERS electronic transmissions of MERS identification numbers and such other information as required by MERS, and such electronic transmissions shall identify the Purchaser as the owner of such Mortgage Loan; and (C) the Seller shall pay any fees charged by MERS in connection with the electronic transfer of evidence of ownership to the Purchaser.

ARTICLE III

REPRESENTATIONS, WARRANTIES AND COVENANTS OF SELLER CONCERNING MORTGAGE LOANS; REPURCHASE OF MORTGAGE LOANS

Section 3.1 Individual Mortgage Loans

Seller hereby represents and warrants to and agrees with Purchaser that, as to each Mortgage Loan, as of its respective Purchasing Date:

(a) All information with respect to such Mortgage Loan is complete, true and correct in all material respects.

(b) The Mortgage and the Mortgage Note have not been assigned or pledged, and, immediately prior to the transfer thereof to the Purchaser, the Seller had good and marketable title thereto, and the Seller is the sole owner and holder of such Mortgage Loan free and clear of any and all liens, claims, encumbrances, participation interests, equities, pledges, charges, or security interests of any nature and has full right and authority, subject to no interest or participation of, or agreement with, any other party, to sell and assign such Mortgage Loan pursuant to this Agreement. Upon the transfer thereof to the Purchaser, the Seller will have taken all actions necessary on its part to be taken so that the Purchaser will have good indefeasible title to, and will be sole owner of, the Mortgage and the Mortgage Note, free and clear of any and all liens, claims, encumbrances, participation interests, equities, pledges, charges, or security interests of any nature, subject to bankruptcy, insolvency, moratorium, reorganization and similar laws relating to or limiting the enforcement of creditor's rights generally.

(c) The Mortgage is a valid, subsisting and enforceable first lien on the Mortgaged Property including all buildings, fixtures, installations and improvements to the Mortgaged Property, and the Mortgaged Property is free and clear of all encumbrances and liens having parity with or priority over the first lien of the Mortgage except for (i) the lien of current real property taxes and assessments not yet due and payable, (ii) covenants, conditions and restrictions, rights of way, easements, mineral right reservations and other matters of public record as of the date of recording of such Mortgage, such exceptions generally being acceptable under prudent mortgage lending standards and specifically reflected in the appraisal made in connection with the origination of such Mortgage Loan, and (iii) other matters to which like properties are commonly subject that do not materially interfere with the value, use, enjoyment or marketability of the Mortgaged Property.

(d) The terms of the Mortgage and the Mortgage Note have not been impaired, waived, altered, or modified in any respect, except by a written instrument which has been recorded, if necessary, to protect the interest of the Purchaser and which has been delivered to the Purchaser. The substance of any such alteration or modification has been approved, to the extent necessary, by the Primary Mortgage Insurer, if any, and the insurer under the applicable mortgage title insurance policy.

(e) No instrument of release, waiver, alteration, or modification has been executed in connection with such Mortgage Loan or Mortgaged Property, and no Mortgagor has been released, in whole or in part, except in connection with an assumption agreement which has been approved by the Primary Mortgage Insurer, if any, and which is part of the Mortgage File and has been delivered to the Purchaser.

(f) There is no default, breach, violation, or event of acceleration existing under the Mortgage or the Mortgage Note and no event which, with the passage of time or with notice and the expiration of any grace or cure period, would constitute such a default, breach, violation, or event of acceleration, and neither the Seller nor any prior seller or servicer, has waived any such default, breach, violation, or event of acceleration. All taxes, governmental assessments (including assessments payable in future installments), water, sewer and municipal charges, insurance premiums, leasehold payments, or ground rents which previously became due and owing in respect of or affecting the related Mortgaged Property have been paid, or an escrow of funds has been established in an amount sufficient to pay for every such item which remains unpaid and which has been assessed but is not yet due and payable. The Seller has not advanced funds, or induced, solicited, or knowingly received any advance of funds by a party other than the Mortgagor, directly or indirectly, for the payment of any amount required by the Mortgage or the Mortgage Note.

(g) The Mortgaged Property is free of material damage and in good repair, and there is no proceeding pending or threatened for the total or partial condemnation of the Mortgaged Property, nor has any notice of any such pending or threatened proceeding been received or is such a proceeding currently occurring, so as to adversely impair the value or marketability of the Mortgaged Property.

(h) There are no mechanics' or similar liens or claims which have been filed for work, labor, or material (and no rights are outstanding that under law could give rise to such lien) which are, or may be, liens prior or equal to, or coordinate with, the lien of the related Mortgage.

(i) All of the improvements which were included for the purpose of determining the Appraised Value of the Mortgaged Property were completed at the time that such Mortgage Loan was originated and lie wholly within the boundaries and building restriction lines of such Mortgaged Property and all improvements on the property comply with all applicable zoning and subdivision laws and ordinances. Except for de minimis encroachments permitted by the Fannie Mae Guides (MBS Special Servicing Option) or the Freddie Mac Guide, no improvements on adjoining properties encroach upon the Mortgaged Property.

(j) All parties that have had any interest in the Mortgage, whether as mortgagee, assignee, pledgee, or otherwise, are (or, during the period in which they held and disposed of such interest, were) (i) in compliance with any and all applicable "doing business" and licensing requirements of the laws of the state wherein the Mortgaged Property is located and (ii)(A) organized under the laws of such state, (B) qualified to do business in such state, (C) federal savings and loan associations or national banks having principal offices in such state, (D) not doing business in such state, or (E) not required to qualify to do business in such state.

(k) No Mortgagor was required to purchase any credit life, disability, accident or health insurance product as a condition of obtaining the extension of credit. No Mortgagor obtained a prepaid single premium credit life, disability, accident or health insurance policy in connection with the origination of the Mortgage Loan; No proceeds of the Mortgage Loan were used by the related Mortgagor to purchase or finance the purchase of any single premium credit life insurance policies as part of the origination of, or as a condition to closing, such Mortgage Loan.

(l) On or prior to the Purchasing Date, the Seller has, in accordance with Section 2.3, delivered to the Purchaser originals of each of the documents with respect to such Mortgage Loan specified in Section 2.3 (or the documents specified therein permitted to be delivered in lieu thereof) and the other documents in the Mortgage File. There are no custodial agreements in effect adversely affecting the right or ability of the Seller to make the deliveries of such documents. Each of the documents with respect to such Mortgage Loan specified in Section 2.3, in Exhibit A hereto, or in the Mortgage File is genuine, true, correct, and complete and has not been altered or modified in any way except as noted in the Mortgage File.

(m) The Mortgage Note and the Mortgage are genuine, and each is the legal, valid and binding obligation of the maker thereof and each party assuming liability therefore, enforceable in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting the enforcement of creditors' rights generally and except that the equitable remedy of specific performance and other equitable remedies are subject to the discretion of the courts. All parties to the Mortgage Note and the Mortgage had legal capacity to execute the Mortgage Note and the Mortgage and convey the estate therein purported to be conveyed, and the Mortgage Note and the Mortgage have been duly and properly executed by such parties or pursuant to a valid power-of-attorney. The Mortgagor is a natural person who is a party to the Mortgage Note and the Mortgage in an individual capacity or in the capacity of trustee in connection with an inter vivos trust meeting the requirements of Fannie Mae. With respect to each inter vivos trust, holding title to the Mortgaged Property in such trust will not diminish any rights as a creditor including the right to full title to the Mortgage Property in the event foreclosure proceedings are initiated.

(n) The transfer of the Mortgage Note and the Mortgage as and in the manner contemplated by this Agreement is sufficient fully to transfer to the Purchaser all right, title and interest of the Seller thereto as note Purchaser and mortgagee. The Mortgage has been duly assigned (except with respect to any Mortgage Loan assigned to MERS) and the Mortgage Note has been duly endorsed. With respect to each Mortgage Loan that is not assigned to MERS, the Assignment of Mortgage delivered to the Purchaser is in recordable form and is acceptable for recording under the laws of the applicable jurisdiction. At origination of each Mortgage Loan, any and all requirements of any federal, state, or local law including, without limitation, usury, truth-in-lending, real estate settlement procedures, consumer credit protection, equal credit opportunity, predatory and abusive lending laws, or disclosure laws applicable to such Mortgage Loan had been complied with, and the Seller shall maintain, in its possession, available for the Purchaser's inspection, and shall deliver to the Purchaser or its designee upon demand, evidence of compliance with all such requirements. The consummation of the transactions contemplated by this Agreement will not cause the violation of any such laws.

(o) The proceeds of such Mortgage Loan have been fully disbursed, there is no requirement for, and the Seller shall not make any, future advances thereunder, and any and all requirements as to completion of any on-site or off-site improvement and as to disbursements of any escrow therefore have been complied with. The lien of the Mortgage securing the consolidated principal amount is expressly insured as having first lien priority by a title insurance policy, an endorsement to the policy insuring the Mortgagee's consolidated interest or by other title evidence acceptable to Purchaser. There is no obligation on the part of the Seller or any other party to make payments in addition to those made by the Mortgagor. The Unpaid Principal Balance as of the Purchasing Date does not exceed the original principal amount of such Mortgage Loan. All costs, fees and expenses incurred in making, or closing or recording such Mortgage Loan have been paid and the Mortgagor is not entitled to any refund of any amounts paid or due to the Mortgagee pursuant to the Mortgage Note or Mortgage.

(p) Such Mortgage Loan is covered by an ALTA mortgage title insurance policy or such other generally used and acceptable form of policy, or insurance acceptable to Fannie Mae or Freddie Mac (with environmental lien endorsement and condominium endorsement, to the extent applicable), issued by and the valid and binding obligation of a title insurer acceptable to Fannie Mae or Freddie Mac and qualified to do business in the jurisdiction where the Mortgaged Property is located, insuring the Seller, and its successors and assigns, as to the first priority lien of the Mortgage in the original principal amount of such Mortgage Loan, such mortgage title insurance policy is in full force and effect. Additionally, such lender's title insurance policy affirmatively insures ingress and egress to and from the Mortgaged Property, and against encroachments by or upon the Mortgaged Property or any interest therein. The Seller is the sole insured of such lender's title insurance policy, and such lender's title insurance policy is in full force and effect and will be in full force and effect upon the consummation of the transactions contemplated by this Agreement. No claims have been made under such lender's title insurance policy, and no prior holder of the related Mortgage, including the Seller, has done, by act or omission, anything which would impair the coverage of such lender's title insurance policy.

(q) All improvements upon the Mortgaged Property are insured against loss by fire, hazards of extended coverage and such other hazards as are customary in the area where the Mortgaged Property is located, by insurance policies conforming to the requirements of the SecurityNational Program, by an insurer acceptable to Fannie Mae or Freddie Mac. If the Mortgaged Property is located in an area identified in the Federal Register by the Federal Emergency Management Agency as having special flood hazards (and such flood insurance has been made available), such Mortgaged Property is covered by a flood insurance policy meeting the requirements of current guidelines of the Federal Insurance Administration which policy conforms to the requirements of Fannie Mae and Freddie Mac. Each individual

insurance policy has been validly issued and is in full force and effect. The Seller has caused to be performed any and all acts required to preserve the rights and interests of the Purchaser in all insurance policies required by this Agreement, including, without limitation, notification of insurers, and assignment of policies or interests therein. Each individual insurance policy contains a standard mortgagee clause naming the Seller, and its successors and assigns, as mortgagee and loss payee. All premiums thereon have been paid. The Mortgage obligates the Mortgagor to maintain all such insurance at the Mortgagor's cost and expense, and upon the Mortgagor's failure to do so, authorizes the Purchaser of the Mortgage to obtain and maintain such insurance at the Mortgagor's cost and expense and to seek reimbursement therefore from the Mortgagor, and no action, inaction or event has occurred, and no state of facts exists that has, or will result in, the exclusion from, or denial of, or defense to the coverage of any such insurance policy or the validity, binding effect and enforceability thereof.

(r) There is no valid offset, defense, counterclaim or right of rescission as to any Mortgage Note or Mortgage, including the obligation of the Mortgagor to pay the unpaid principal of or interest on such Mortgage Note nor will the operation of any of the terms of the Mortgage Note or the exercise of any right thereunder render the Mortgage unenforceable, in-whole or in-part, or subject to any off-set, defense, counterclaim or right of rescission.

(s) Each Mortgage Loan was originated by the Seller. Such Mortgage Loan has not been sold by the Seller to any Person other than the Purchaser.

(t) Principal payments on such Mortgage Loan commenced no more than sixty days after funds were disbursed in connection with such Mortgage Loan. The Mortgage Note requires a Monthly Payment which is sufficient to fully amortize the original principal balance over the remaining term thereof and to pay interest at the Mortgage Interest Rate. Such Mortgage Loan does not contain terms or provisions which would result in negative amortization.

(u) The Mortgage contains customary and enforceable provisions which render the rights and remedies of the Purchaser thereof adequate for the realization against the Mortgaged Property of the benefits of the security, including (i) in the case of a Mortgage designated as a deed of trust, by trustee's sale, and (ii) otherwise by judicial foreclosure. Following origination of the Mortgage Loan, the Mortgaged Property has not been subject to any bankruptcy proceeding or foreclosure proceeding and the Mortgagor has not filed for protection under applicable bankruptcy laws. There is no homestead, dower, curtesy, or other exemption or right available to the Mortgagor or any other person which would interfere with the right to sell the Mortgaged Property at a trustee's sale or the right to foreclose the Mortgage. The Mortgage contains customary and enforceable provisions for the acceleration of the payment of the unpaid principal balance of such Mortgage Loan in the event all or any part of the related Mortgaged Property is sold or otherwise transferred without the prior consent of the Purchaser thereunder.

(v) If the Mortgage constitutes a deed of trust, a trustee, duly qualified under applicable law to serve as such, has been properly designated and currently so serves and is named in such Mortgage, and no fees or expenses are or will become payable by the Purchaser to the trustee under the deed of trust, except in connection with a trustee's sale after default by the Mortgagor.

(w) The Mortgaged Property consists of a single parcel of real property separately assessed for tax purposes, upon which is erected a detached or an attached one-to-four family residence, or an individual condominium unit, or an individual unit in a planned unit development. Such residence, dwelling, or unit is not (i) a property constituting part of a syndication, (ii) a time share unit, (iii) a mobile home or (iv) a recreational vehicle. No portion of any Mortgaged Property is being used for commercial purposes. Any condominium unit or planned unit development is acceptable to Fannie Mae or Freddie Mac or is otherwise "warrantable" with respect thereto.

(x) If the Mortgage Loan is subject to a Primary Mortgage Insurance Policy, the Mortgagor is obligated under the Mortgage to maintain such insurance and pay all premiums and charges in connection therewith and the Mortgage Interest Rate for such Mortgage Loan is net of any such insurance premium. Any such Primary Mortgage Insurance Policy is issued by a Mortgage Insurer licensed to do business in the state in which the Mortgaged Property is located and acceptable to Fannie Mae or Freddie Mac as of the Purchasing Date. Such Primary Mortgage Insurance Policy insures the named insured and its successors and assigns and provides coverage at least until the Mortgage Loan meets the requirements of Fannie Mae for the termination of such coverage. All provisions of such Primary Mortgage Insurance Policy have been and are being complied with; such policy is valid and in full force and effect and all premiums due thereunder have been paid.

(y) No action has been taken or omitted, and no event has occurred and no state of facts exists or has existed on or prior to the Purchasing Date (whether or not known to the Seller on or prior to such date) which has resulted or will result in an exclusion from, denial of, or defense to coverage under the Primary Mortgage Insurance Policy with respect to such Mortgage Loan, including, without limitation, any exclusions, denials, or defenses which would limit or reduce the availability of the timely payment of the full amount of the loss otherwise due thereunder to the insured, whether arising out of actions, representations, errors, omissions, negligence, or fraud of the Seller, the related Mortgagor, or any party involved in the application for such coverage, including the appraisal, plans and specifications and other exhibits or documents submitted therewith to the insurer under such insurance policy, or for any other reason under such coverage, but not including the failure of such insurer to pay by reason of such insurer's breach of such insurance policy or such insurer's financial inability to pay.

(z) There exist no deficiencies with respect to escrow deposits and payments, if such are required, for which customary arrangements for repayment thereof have not been made or which the Seller expects not to be cured, and no escrow deposits or payments of other charges or payments due the Seller have been capitalized under the Mortgage or the Mortgage Note.

(aa) No statement, representation, report, or document constituting a part of the Mortgage File contains any untrue statement of fact or omits to state a fact necessary to make the statements and representations contained therein not misleading.

(bb) The Mortgagor has received all disclosure materials, if any, required by applicable law with respect to the making of each Mortgage Loan and the Mortgagor has executed one or more statements acknowledging such receipt.

(cc) The appraisal report with respect to the Mortgaged Property contained in the Mortgage File was signed prior to the approval of the application for such Mortgage Loan by a qualified appraiser, duly appointed by the originator of such Mortgage Loan, who had no interest, direct or indirect, in the Mortgaged Property or in any loan made on the security thereof, and whose compensation is not affected by the approval or disapproval of such application, and which meets the requirements of all statutes, rules, and regulations, including but not limited to the Fannie Mae Guides (MBS Special Servicing Option), the Freddie Mac Guide. Each appraisal was made in accordance with the relevant provisions of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 and is on a form acceptable to Fannie Mae or Freddie Mac.

(dd) None of the Mortgage Loans are (a) subject to, covered by, or in violation of the Home Ownership and Equity Protection Act of 1994 ("HOEPA"), or (b) classified as "high cost," "threshold," or "predatory" loans under any other applicable state, federal or local law, including any predatory or abusive lending laws, or (c) is in violation of any state law or ordinance comparable to HOEPA.

(ee) The Mortgage Note is not and has not been secured by any collateral except the lien of the corresponding Mortgage.

(ff) No Mortgage Loan contains provisions pursuant to which Monthly Payments are (a) paid or partially paid with funds deposited in any separate account established by the Seller, the Mortgagor, or anyone on behalf of the Mortgagor, (b) paid by any source other than the Mortgagor or (c) except any Mortgage Loan identified by Seller as a Buydown Loan, contains any other similar provisions which may constitute a "buydown" provision. The Mortgage Loan is not a graduated payment Mortgage Loan and the Mortgage Loan does not have a shared appreciation or other contingent interest feature.

(gg) The Seller has no knowledge of any circumstances or condition with respect to the Mortgaged Property, the Mortgagor, the Mortgagor's credit standing or the Mortgage that can reasonably be expected to cause the Mortgage Loan to be an unacceptable investment, cause the Mortgage Loan to become delinquent, or adversely affect the value of the Mortgage Loan.

(hh) Interest on each Mortgage Loan is calculated on the basis of a 360-day year consisting of twelve 30-day months.

(ii) The Mortgaged Property is in compliance with all applicable environmental laws pertaining to environmental hazards including, without limitation, asbestos, and neither the Seller nor, to the Seller's knowledge, the related Mortgagor, has received any notice of any violation or potential violation of such law.

(jj) No misrepresentation, fraud or similar occurrence with respect to a Mortgage Loan has taken place on the part of any Person, including without limitation the Seller, any prior originator or servicer, the Mortgagor(s), any appraiser, any builder or developer, or any other party involved in the origination of the Mortgage Loan or in the application for any insurance in relation to such Mortgage Loan;

(kk) Except as identified by Seller the Mortgage Loan is not subject to a prepayment penalty. Any such prepayment penalty is enforceable and was originated in compliance with all applicable federal, state, and local laws.

(ll) The Mortgaged Property is lawfully occupied under applicable law, and all inspections, licenses and certificates required to be made or issued with respect to all occupied portions of the Mortgaged Property and, with respect to the use and occupancy of the same, including but not limited to certificates of occupancy and fire underwriting certificates, have been made or obtained from the appropriate authorities.

(mm) No predatory or deceptive lending practices, including but not limited to, the extension of credit to the applicable Mortgagor without regard for said Mortgagor's ability to repay the Mortgage Loan and the extension of credit to said Mortgagor which has no apparent benefit to said Mortgagor, were employed by the originator of the Mortgage Loan in connection with the origination of the Mortgage Loan. Each Mortgage Loan is in compliance with the anti-predatory lending eligibility for purchase requirements of the Fannie Mae Guides.

(nn) No Mortgagor was encouraged or required to select a Mortgage Loan product offered by the Mortgage Loan's originator which is a higher cost product designed for less creditworthy borrowers, unless at the time of the Mortgage Loan's origination, such Mortgagor did not qualify taking into account credit history and debt to income ratios for a lower cost credit product then offered by the Mortgage Loan's originator or any affiliate of the Mortgage Loan's originator. All fees and charges (including finance charges) and whether or not financed, assessed, collected or to be collected in connection with the origination and servicing of each Loan have been disclosed in writing to the Mortgagor in accordance with applicable state and federal law and regulation.

(oo) All points and fees related to each Mortgage Loan were disclosed in writing to the Mortgagor in accordance with applicable state and federal law regulation. No Mortgagor was charged "points and fees" (whether or not financed) in an amount greater than 4% of the principal amount of such Mortgage Loan.

(pp) The Mortgagor has not notified Seller, and Seller has no knowledge, of any relief requested or allowed to the Mortgagor under the Soldiers' and Sailors' Civil Relief Act of 1940.

Section 3.2 Representations of Seller as of the Purchasing Date

Seller hereby represents and warrants to Purchaser as of each Purchasing Date:

(a) Seller is a corporation duly organized, validly existing, and in good standing under the laws of the state of its formation. Seller and its employees have all licenses necessary to originate the Mortgage Loans and to carry on its business as now being conducted. In the states where the Mortgaged Properties are located, Seller is properly licensed, qualified, and in good standing to conduct its business and to ensure the enforceability of each Mortgage Loan. Seller has the corporate power and authority to hold each Mortgage Loan, to sell each Mortgage Loan, to enter into, execute, and deliver this Agreement and all documents and instruments executed and delivered pursuant hereto and to perform its obligations in accordance therewith. The execution, delivery, and performance of this Agreement by Seller and the consummation of the transactions contemplated hereby have been duly and validly authorized. This Agreement evidences the valid, binding and enforceable obligations of Seller, and all requisite corporate actions have been taken by Seller to make this Agreement valid and binding upon Seller in accordance with its terms.

(b) No consent, approval, authorization, or order of any court or governmental agency or body relating to the transactions contemplated by this Agreement and the transfer of legal title to the Mortgage Loans to Purchaser, is required as to Seller or, if required, such consent, approval, authorization, or order has been or will, prior to the Purchasing Date, be obtained except for any recordings of Assignments of Mortgages to or for the benefit of Purchaser pursuant to this Agreement. No licenses or approvals obtained by Seller have been suspended or revoked by any court, administrative agency, arbitrator or governmental body and no proceedings are pending which might result in such suspension or revocation.

(c) There is no action, suit, proceeding or investigation pending or threatened against Seller which, either in any one instance or in the aggregate would be reasonably likely to result in any material impairment of the right or ability of Seller to carry on its business substantially as now conducted, or which would create any material liability for Seller, or which would draw into question the validity of this Agreement, or the Mortgage Loans, or of any action taken or to be taken in connection with the obligations of Seller contemplated herein or therein, including but not limited to the sale of the Mortgage Loans, or which would be likely to impair materially the ability of Seller to perform its obligations hereunder or thereunder.

(d) No event has occurred, including but not limited to a change in insurance coverage, which would make the Seller unable to comply with HUD eligibility requirements or which would require notification to HUD.

(e) Seller does not believe, nor does it have any reason or cause to believe, that it cannot perform each and every covenant contained in this Agreement. Seller is solvent, and the sale of the Mortgage Loans will not cause Seller to become insolvent. The sale of the Mortgage Loans is not undertaken with the intent to hinder, delay or defraud any of Seller's creditors.

(f) Seller is not in default with respect to any order, judgment, writ, injunction or decree of any court or any order, demand or regulation of any federal, state, municipal or governmental agency, which default might have consequences that would materially and adversely affect the condition (financial or otherwise) or operations of Seller or its properties or might have consequences that would affect its performance hereunder.

(g) The origination, servicing and collection practices used by the Seller and any prior originator or servicer with respect to such Mortgage Loan have been in all material respects legal, proper, prudent and customary in the mortgage origination and servicing business.

(h) The consideration received by the Seller upon the sale of the Mortgage Loans constitutes fair consideration and reasonably equivalent value for such Mortgage Loan.

Section 3.3 Repurchase and Substitution; Remedies

(a) It is understood and agreed that the representations and warranties set forth in Sections 3.1 and 3.2 shall survive the sale of the Mortgage Loans to Purchaser and shall inure to the benefit of Purchaser, notwithstanding any restrictive or qualified endorsement on any Mortgage Note or Assignment of Mortgage or the examination of any Mortgage File.

(b) Upon discovery by Seller of a breach of any of Seller's representations or warranties set forth in Sections 3.1 or 3.2 that may adversely affect the marketability of any Mortgage Loan, the value of any Mortgage Loan, or the interests of Purchaser in any Mortgage Loan(s), Seller shall give prompt written notice to Purchaser.

(c) In the event of a breach by Seller of any of Seller's representations or warranties set forth in Sections 3.1 or 3.2, Seller shall promptly cure in all material respects any such breach or defect within 30 days of the earlier of either discovery by or notice to Seller of such breach or defect, and, if such breach or defect cannot be or is not cured within such 30-day period, Seller shall, at the option of Purchaser, repurchase the affected Mortgage Loan and related Servicing Rights. Any such repurchase shall be made at the Repurchase Price.

(d) In the event any principal prepayment-in-full is made by a Mortgagor on or prior to the regular due date for a Mortgage Loan's sixth Monthly Payment or in the event a Mortgage Loan becomes a Delinquent Loan (as defined below), the Seller shall remit to the

Purchaser an amount equal to the excess of the Purchase Price over par. Such remittance shall be made by the Seller to Purchaser no later than the ten (10) calendar days following notice to Seller.

(e) At the option of Purchaser, Seller shall repurchase from Purchaser any Mortgage Loan sold to Purchaser for which one or more of the first six (6) scheduled Monthly Payments due to the Purchaser becomes delinquent (each, a "Delinquent Loan"). Any such repurchase shall be made at the Repurchase Price. In lieu of repurchase of a Delinquent Loan by Seller, Purchaser and Seller may mutually agree upon terms with regard to the indemnification of Purchaser by Seller for any and all costs, expenses, losses, etc. relating to the Delinquent Loan.

(f) In addition to the other obligations of Seller set forth in this Section 3.3, Seller shall indemnify and hold harmless Purchaser against any and all losses, liabilities, claims, costs and expenses (including attorney's fees and costs) resulting from any claim, demand, defense, or assertion based on or grounded upon, or resulting from a breach of any of Seller's representations or warranties or from a Mortgage Loan becoming a Delinquent Loan. It is understood and agreed that the obligations of Seller set forth in this Section 3.3 do not constitute the sole remedies available to Purchaser. All remedies set forth in this Agreement shall be cumulative; that is, in addition to all other remedies provided for herein or in law or in equity, and none shall in any way be construed to limit any other right, protection and remedy afforded to Purchaser.

(g) Any cause of action against Seller relating to or arising out of the breach of any representation and warranty made in Sections 3.1 or 3.2, shall accrue as to any Mortgage Loan upon (i) discovery of such breach or condition by Purchaser or notice thereof by Seller to Purchaser, and (ii) failure by Seller to pay, after demand upon Seller, all amounts owed by Seller in respect of such Mortgage Loan.

(h) Seller shall be responsible to pay for all of Purchaser's costs and expenses, including reasonable attorney's fees, incurred in any act, action, or proceeding to interpret or enforce this Agreement.

(i) Amounts owed by Seller to Purchaser under this Agreement may, at Purchaser's option and in its sole discretion, be offset by Purchaser against any payments then or thereafter owed by Purchaser to Seller.

(j) Purchaser may, in its sole and good faith discretion, settle, compromise, or accept any repurchase or indemnification demand or any purchase rejection made upon it by a secondary market investor or warehouse lender or purchaser, without notice to Seller, and no such action by Purchaser shall release Seller from any liability or give rise to any defense on behalf of Seller. Seller hereby waives any and all claims and defenses against Purchaser by reason of Purchaser taking any such action.

ARTICLE IV

MISCELLANEOUS

Section 4.1 MARI And MIDEX Release

Seller understands that Purchaser performs quality control reviews of the Mortgage Loans that Seller submits to Purchaser for purchase. Seller hereby consents to the release of information about any loan application that is believed to contain misrepresentations and/or irregularities. Seller agrees and gives its consent that it and its employees may be named as the originating entity or loan officers on such loans, whether or not Seller or its employees are implicated in the misrepresentations and/or irregularities. Seller hereby releases and agrees to hold harmless Purchaser, Mortgage Asset Research Institute, Inc. ("MARI"), all Mortgage Industry Data Exchange ("MIDEX") subscribers, and any trade associations that endorse the MIDEX system from any and all liability for damages, losses, costs, and expenses that may arise from the reporting or use of any information submitted by Purchaser or any other MIDEX subscriber to MARI, recorded in the MIDEX system, and used in any way by Purchaser or any other MIDEX subscriber.

Section 4.2 Indemnity

Seller shall indemnify and hold harmless Purchaser and Purchaser's agents, employees, and subcontractors, against any and all losses, liabilities, claims, costs, or expenses (including attorney's fees and costs) incurred by Purchaser and/or its agents, employees and subcontractors arising out of Seller's servicing of the Mortgage Loans. Upon discovery by Seller of any fact which might result in the assertion of any right to indemnification hereunder, Seller shall give prompt written notice to Purchaser.

Section 4.3 Further Assurances

At any time, and from time to time hereafter, upon the reasonable request of Purchaser, and without payment of further consideration to Seller except for any reasonable out-of-pocket expenses, Seller shall do, execute, acknowledge and deliver, and shall cause to be done, executed, acknowledged and delivered, all such further acts, deeds, assignments, transfers, conveyances, powers of attorney and assurances as may be required in order to better assign, transfer, grant, convey, assure and confirm to Purchaser, or to collect and reduce to possession, any or all of the Mortgage Loans as provided for herein. Seller shall keep this Agreement in its official records. From time to time the seller may be required to provide Purchaser additional documentation, as deemed necessary by the Purchaser.

Section 4.4 Successors And Assigns

This Agreement shall bind and inure to the benefit of and be enforceable by the parties hereto and their respective successors and assignees of any of them. Seller shall not assign this Agreement or any of its rights hereunder, nor delegate any material duty hereunder without the prior written consent of Purchaser, which such consent may be withheld in Purchaser's sole and absolute discretion. The Purchaser may assign this Agreement to any Person to whom any Mortgage Loan is transferred whether pursuant to a sale or financing, or to any Person to

whom the Servicing Rights or master servicing of any Mortgage Loan is sold or transferred. Upon any such assignment by Purchaser, the person to whom such assignment is made shall succeed to all rights and powers of the Purchaser under this Agreement to the extent of the related Mortgage Loan or Mortgage Loans. Upon any such assignment by Purchaser, this Agreement, to the extent of the related Mortgage Loan or Mortgage Loans, shall be deemed to be a separate and distinct Agreement between the Seller and such Assignee. In the event that this Agreement is assigned to any Person to whom the Servicing Rights or master servicing of any Mortgage Loan is sold or transferred, the rights and benefits under this Agreement which inure to the Purchaser shall inure to the benefit of both the Person to whom such Mortgage Loan is transferred and the Person to whom the Servicing Rights or master servicing of the Mortgage Loan has been transferred.

Section 4.5 Survival; Entire Agreement; Severability

All representations, warranties and agreements contained in this Agreement shall remain in full force and effect and shall survive delivery of the Mortgage Loans to Purchaser. This Agreement, between Purchaser and Seller contain the entire agreement and understanding between the parties with respect to the subject matter hereof, and supersede all prior and contemporaneous agreements and understandings, express or implied, oral or written, of any nature whatsoever with respect to the subject matter hereof. If any provision of this Agreement shall be prohibited or invalid under applicable law, the Agreement shall be ineffective only to such extent, without invalidating the remainder of this Agreement.

Section 4.6 Amendment; Waivers

Any change, waiver, discharge or termination may only be effected in writing, signed by the party against which enforcement of such change, waiver, discharge or termination is sought. A waiver of any term, condition or obligation under this Agreement by any party shall not be construed as a waiver by such party of any other term, condition or obligation under this Agreement, nor shall a waiver of any term, condition or obligation constitute a waiver of a subsequent breach of the same term, condition or obligation or of any right consequent thereon.

Section 4.7 Counterparts; Headings

This Agreement may be executed in counterparts, each of which will be an original, but which together shall constitute one and the same agreement. The originally executed agreement may be delivered by facsimile with the original executed document to follow. Headings are for reference only, and will not affect the interpretation or meaning of any provision of this Agreement.

Section 4.8 Notices

All notices or other communications which are required or permitted hereunder shall be in writing and shall be sufficient if delivered personally or sent by registered or certified mail, postage prepaid, or by overnight courier, telex or telecopy addressed as follows:

If to Seller:

Seller: _____.

Address: _____.

Attn: _____

Phone: _____

Facsimile: _____

E-mail: _____

If to Guarantors:

Guarantor: _____

Address: _____

Phone: _____

Facsimile: _____

E-mail: _____

If to Purchaser:

SecurityNational Mortgage Co.
5300 South 360 West, #150
Salt Lake City, Utah 84123
Attn: Steve Johnson
Phone: 801/287-8301
Facsimile: 877/566-4618

Any party may change the address to which notice or other communication to it are to be delivered or mailed by written notice to the other party hereto. Any notice or communication hereunder shall be deemed to have been delivered on the date received at the premises of the addressee (as evidenced, in the case of registered or certified mail or overnight courier, by the date noted on the return receipt).

Section 4.9 Governing Law; Venue

THIS AGREEMENT SHALL BE DEEMED TO HAVE BEEN MADE AND PERFORMED IN THE STATE OF UTAH AND SHALL BE INTERPRETED AND GOVERNED IN ACCORDANCE WITH THE LAWS OF SUCH STATE, WITHOUT REGARD TO CONFLICT OF LAWS PRINCIPLES OF SUCH STATE. All legal actions between or among the parties regarding this Agreement, including, without limitation, legal actions to enforce this Agreement or because of a dispute, breach, or default of this Agreement, shall be brought in the federal or state courts located in Salt Lake County, Utah, which courts shall have sole and exclusive in personam, subject matter, and other jurisdiction in connection with such legal actions and the parties acknowledge and agree that venue in such courts shall be convenient and appropriate for all purposes.

Section 4.10 Waiver of Jury Trial

EACH OF THE PARTIES HERETO WAIVES ITS RESPECTIVE RIGHTS TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON, ARISING OUT OF, OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED THEREBY, AND IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY ANY PARTY AGAINST THE OTHER PARTY, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS, OR OTHERWISE. EACH OF THE PARTIES AGREES THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION 4.10 AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS AGREEMENT OR ANY PROVISION THEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT.

Section 4.11 Attorney's Fees

If either party brings any suit or other proceeding regarding the subject matter or enforcement of this Agreement, in addition to such other relief as may be awarded, the prevailing party (as determined by the court, agency or other authority before which such suit or proceeding is commenced) shall be entitled to recover all expenses and costs incurred, including reasonable attorneys' fees, expenses, and costs.

Section 4.12 Guarantors

As an inducement to Purchaser to enter into this Agreement, the below-signed Guarantors absolutely and unconditionally guarantee to Purchaser that Seller shall promptly and fully perform, pay and discharge, all liabilities, obligations, terms, representations, warranties, and indebtedness of Seller arising under this Agreement, whether now existing or hereafter created or arising. If Seller fails to pay any liability, obligation, or indebtedness promptly as the same becomes due, each Guarantor agrees to pay the liability, obligation, or indebtedness on demand. This guaranty is an absolute and unconditional guaranty of payment and performance and not merely of collection and is the primary obligation of the undersigned. Guarantors each agree to pay all collection costs, including reasonable attorney's fees and legal expenses incurred by Purchaser in enforcing this guaranty.

Each Guarantor expressly and absolutely, without affecting the liability of Guarantor hereunder, waives any right to require Purchaser to proceed against Seller or any other Guarantor by suit or otherwise, or to exercise, pursue or enforce any right or remedy Purchaser may have against Seller, any Guarantor, or any other person or entity, prior to proceeding against Guarantor. Each Guarantor hereby authorizes and consents to Purchaser at any time and from time to time, without notice or further consent of Guarantor, to do the following acts, and Guarantor agrees that the liability of Guarantor shall not be released or affected thereby: (i) Any complete or partial release or substitution of Seller or of any Guarantor; or (ii) Any renewal, extension, modification, replacement, acceleration, consolidation, adjustment, indulgence, forbearance, waiver or compromise of any liability of Seller or of any Guarantor.

Guarantors and Seller are jointly and severally liable for all obligations and liabilities arising under this Agreement and this guaranty.

IN WITNESS WHEREOF, the parties hereto have executed this Master Mortgage Loan Sale Agreement effective the day and year first above written.

(Seller)

SECURITYNATIONAL MORTGAGE COMPANY
(Purchaser)

By: _____

By: _____

Name: _____, its _____

Title: _____

By: _____

Name: _____, its _____

Guarantor: _____
(print name of entity)

By _____
(signer)

(print officer's name)

Its _____
(title of signing officer)

Guarantor: _____

Print Name: _____

Guarantor: _____

Print Name: _____



EXHIBIT A Document Required for Purchase

Credit Side

- Pre-Funding Verbal Verification of Employment
- Uniform Underwriting Transmittal Summary (1008)
- Final 1003
- Initial 1003
- Drivers License/ State ID/ Permanent Resident Alien Card
- Final AUS (signed by Underwriter)

Credit

- Credit Report and Supplements
- Credit Explanations
- Satisfactions of Judgments/Liens
- Bankruptcy Papers and Discharge
- Divorce Decree and related docs
- Verification of Mortgage/Rents VOM/VOR
- Payoff Demand Statements
- Misc. Credit docs

Income

- Underwriting Verification of Employment
- Employment Letters of Explanation
- Paystubs
- W-2's
- Tax Returns (signed)
- Tax Transcripts
- Profit and Loss Statements
- Proof of Alimony/Child Support
- Proof of Social Security
- Rent Leases
- Misc. Income docs

Assets

- Verification of Deposits
- Bank Statements
- Gift Documentation
- 401K/Stock/Investment Statements
- Settlement Statement for sale of current property (equity funds)
- Misc. Asset docs

Property

- Purchase Agreements/Amendments
- Earnest Money Deposit/Receipt
- MERS Findings
- Closing Protection Letter
- Title Company E&O Insurance
- Preliminary Title Report/Commitment
- Plat Map/Survey
- HOA Cert
- Termite Report and Clearance
- Appraisal Reviews
- AIR Notice/Cert of Delivery/Proof of Email Receipt
- Appraisal w/ photos and Appraiser's License
- Misc. Property docs
- Initial Disclosures

For FHA:

- 92900-LT
- Refinance Worksheet
- Case Number Assignment
- CAIVRS Auth. (if not on case no. assignment)
- LDP/GSA
- Refinance Authorization
- Final 92900-A (all four pages)
- Initial 92900-A pages 1&2
- Conditional Commitment (signed by Underwriter)
- Appraisal Logging

Closing Side

- Lock Confirmation
 - Note (Certified Copy Required)
 - Buy Down Agreement
 - Mortgage/Deed of Trust and all applicable Riders (Certified copy required)
 - Borrower's Power of Attorney
 - Quitclaim/Grant/Warranty Deeds
 - Subordination Agreement
 - PMI Cert
 - Flood Certificate
 - Flood Insurance
 - Evidence of Hazard Insurance
 - Final HUD1 (FINAL, signed by buyer and seller if applicable)
 - Estimated HUD1 (signed by buyer and seller if applicable – escrow states)
 - Wire Instructions (Escrow)
 - Closing/Escrow Instructions
 - Addendum to Lender Closing Instructions
 - Notice to Closing Agent
 - Receipt of Funds
 - Final Truth-In-Lending Disclosure Statement
 - Itemization of Amount Financed
 - First Payment Letter
 - Initial Escrow Account Disclosure Statement
 - Signed Escrow Waiver
 - Tax Information Sheet and Tax Certificate
 - W-9
 - 4506-T and 4506 (final)
 - Signature Affidavit and AKA statement
 - Errors and Omissions/Compliance Agreement
 - Notice of Right to Cancel
 - Flood Insurance Authorization
 - Mortgage Service Transfer Disclosure Statement
 - Credit Score Disclosure
 - PMI Disclosure
 - ARM Disclosure
 - Correction Agreement/Limited Power of Attorney (notarized)
 - FBI Mortgage Fraud Disclosure
 - Notice to Borrower (RESPA)
 - Borrower Contact Sheet
 - Impound Authorization Form
 - Form SSA-89
 - Hazard Insurance Authorization
 - Fair Lending Notice
 - Mortgage Privacy Pledge
 - Quality Control Release
 - Equal Credit Opportunity Act Disclosure
 - Occupancy Certification
 - Mortgage Disclosure
 - Borrower Acknowledgement of Appraisal Delivery
 - Borrower Acknowledgement of Settlement Fees
 - Mailing Address Verification Form
 - Patriot Act Disclosure
 - Any additional "State Specific" Disclosures as required
 - Any additional documents as determined by the product type
 - Any additional Prior to Fund Conditions per Clear to Close
 - Misc documents
- ### Collateral Package
- Original Note and any Addendums
 - Note endorsed to SNMC or Allonge attached
 - Certified copy of the Deed of Trust and all applicable Riders
 - Power of Attorney
 - Warranty Deed / Grant Deed / Quit Claim Deed
 - Certified copy of Assignment to the Deed of Trust
 - Certified copy of all Assumption and Modification Agreements

EXHIBIT B

FORM OF SELLER'S OFFICER'S CERTIFICATE

I hereby certify that I am the duly elected _____ of Seller, a _____ (state) _____ (form of entity) (the "Company"), and further certify, on behalf of the Company as follows:

1. Attached hereto as Attachment I are a true and correct copy of the Certificate of _____ and _____ of the Company as are in full force and effect on the date hereof. (form of creation) (bylaws, etc.)

2. No proceedings looking toward merger, liquidation, dissolution or bankruptcy of the Company are pending or contemplated.

3. Each person who, as an officer or attorney-in-fact of the Company, signed (a) the Master Mortgage Loan Sale Agreement (the "Agreement"), dated as of August 10, 2011, by and between the Company and SecurityNational Mortgage Company (the "Purchaser"); and (b) any other document delivered prior hereto or on the date hereof in connection with the sale and servicing of the Mortgage Loans in accordance with the Agreement was, at the respective times of such signing and delivery, and is as of the date hereof, duly elected or appointed, qualified and acting as such officer or attorney-in-fact, and the signatures of such persons appearing on such documents are their genuine signatures.

4. Attached hereto as Attachment II is a true and correct copy of the resolutions duly adopted by the _____ of the Company on _____, 20____, (the "Resolutions") (Board of Directors, etc.) with respect to the authorization and approval of the sale and servicing of the Mortgage Loans; said Resolutions have not been amended, modified, annulled or revoked and are in full force and effect on the date hereof.

5. Attached hereto as Attachment III is a Certificate of Good Standing of the Company dated _____, 20____. No event has occurred since _____, 20____, which has affected the good standing of the Company under the laws of the State of _____.

6. All of the representations and warranties of the Company contained in Section 3.1 and 3.2 of the Agreement were true and correct in all material respects as of the date of the Agreement and are true and correct in all material respects as of the date hereof.

7. The Company has performed all of its duties and has satisfied all the material conditions on its part to be performed or satisfied prior to the Purchasing Date pursuant to the Agreement.

All capitalized terms used herein and not otherwise defined shall have the meaning assigned to them in the Agreement.

IN WITNESS WHEREOF, I have hereunto signed my name.

Dated: _____

By: _____

(print Officer's name)

Seller's/Company's (print title)

I, Secretary of the Company, hereby certify that _____ is the duly elected, qualified and acting _____ of the Company and that the signature appearing above is his genuine signature.

IN WITNESS WHEREOF, I have hereunto signed my name.

Dated: _____

By: _____

(print Secretary's name)

Seller's/Company's Secretary

POWER OF ATTORNEY

SecurityNational Mortgage Company
5300 South 360 West, Suite 250
Salt Lake City, UT 84123
Attention: Stephen C. Johnson
Telephone: (801) 287-8301

Re: Master Mortgage Loan Sale Agreement, dated as of _____, 20____
(as amended from time to time, the "Agreement"), between _____
_____ (the "Seller") and SecurityNational Mortgage Company (the "Buyer")

Ladies and Gentlemen:

KNOW ALL MEN BY THESE PRESENTS, that Seller hereby irrevocably constitutes and appoints the Buyer, SecurityNational Mortgage Company, and any officer or director of the Buyer with full power of substitution, as its true and lawful attorney-in-fact with full power and authority, in the place and stead of Seller and in the name of Seller or in its own name, from time to time in the Buyer's discretion, to: (1) execute, witness, attest and deliver, on behalf of the Seller, (a) all mortgage documents reasonably necessary or appropriate to properly effect the transfer of the Mortgage Loans from the Seller to Buyer, (b) all release or satisfaction documents reasonably necessary or appropriate to properly effect the release or satisfaction of mortgages, deeds of trust or other similar security instruments with respect to the Mortgage Loans, and (c) all documents reasonably necessary to correct or otherwise remedy any errors or deficiencies contained in any documents contemplated by part (a) above; (2) take any action to carry out the transfer of servicing with respect to the Mortgage Loans from Seller to a successor servicer appointed by the Buyer in its sole discretion, in the name of Seller or its own name, or otherwise, and prepare and send or cause to be sent "good-bye" letters to all mortgagors under the Mortgage Loans, transferring the servicing of the Mortgage Loans to a successor servicer appointed by the Buyer in its sole discretion, and (3) preserve any rights of the Buyer under the Agreement and any other agreement related to the transactions contemplated thereby, and to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish such reservation of rights.

Seller hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and shall be irrevocable.

Any capitalized term used but not defined herein shall have the meaning assigned to such term in the Agreement.

TO INDUCE ANY THIRD PARTY TO ACT HEREUNDER, SELLER HEREBY AGREES THAT ANY THIRD PARTY RECEIVING A DULY EXECUTED COPY OR FACSIMILE OF THIS INSTRUMENT MAY ACT HEREUNDER, AND THAT REVOCATION OR TERMINATION HEREOF SHALL BE INEFFECTIVE AS TO SUCH THIRD PARTY UNLESS AND UNTIL ACTUAL NOTICE OR KNOWLEDGE OF SUCH REVOCATION OR TERMINATION HALL HAVE BEEN RECEIVED BY SUCH THIRD PARTY, AND SELLER ON ITS OWN BEHALF AND ON BEHALF OF SELLER'S ASSIGNS, HEREBY AGREES TO INDEMNIFY AND HOLD HARMLESS ANY SUCH THIRD PARTY FROM AND AGAINST ANY AND ALL CLAIMS THAT MAY ARISE AGAINST SUCH THIRD PARTY BY REASON OF SUCH THIRD PARTY HAVING RELIED ON THE PROVISIONS OF THIS INSTRUMENT.

IN WITNESS WHEREOF Seller has caused this Power of Attorney to be executed and Seller's seal to be affixed this _____ day of _____, 2011.

(Name of company)

By: _____

Name: _____

Title: _____

STATE OF _____)

_____)

COUNTY OF _____)

ss.:

On the _____ day of _____, 2011 before me, a Notary Public in and for said State, personally appeared _____, known to me to be the _____ of _____, the institution that executed the within instrument and also known to me to be the person who executed it on behalf of said corporation, and acknowledged to me that such corporation executed the within instrument.

IN WITNESS WHEREOF, I have hereunto set my hand affixed my office seal the day and year in this certificate first above written.

Notary Public

My Commission expires _____

**WRITTEN CONSENT IN LIEU OF A MEETING
OF THE BOARD OF _____ OF**

(Seller)

The undersigned, being all of the members of the Board of _____ of _____, a _____ (the “Seller”), do hereby consent to the adoption of the following resolutions taking or authorizing the actions specified therein:

WHEREAS, it is in the best interests of the Seller to sell from time to time to SecurityNational Mortgage Company (the “Buyer”) certain mortgage loans pursuant to the terms of the Master Mortgage Loan Sale Agreement;

NOW, THEREFORE, be it

RESOLVED, that the execution, delivery and performance by the Seller of the Master Mortgage Loan Sale Agreement (the “Loan Sale Agreement”) to be entered into by the Seller, Buyer and Guarantor are hereby authorized and approved and that the Chief Executive Officer, or President (collectively, the “Authorized Officers”) of the Seller be and each of them hereby is authorized and directed to execute and deliver the Loan Sale Agreement to the Buyer with such changes as the officer executing the same shall approve, his execution and delivery thereof to be conclusive evidence of such approval;

RESOLVED, that the Authorized Officers hereby are, and each hereby is, authorized to execute and deliver all such aforementioned agreements on behalf of the Seller and to do or cause to be done, in the name and on behalf of the Seller, any and all such acts and things, and to execute, deliver and file in the name and on behalf of the Seller, any and all such agreements, applications, certificates, instructions, receipts and other documents and instruments, as such Authorized Officer may deem necessary, advisable or appropriate in order to carry out the purposes of the foregoing resolutions;

RESOLVED, that all actions taken by any of the Authorized Officers before the date of this consent for the purpose of effecting any of the actions authorized by this consent be, and they hereby are, approved and ratified in all respects;

RESOLVED, that the proper officers, agents and counsel of the Seller are, and each of such officers, agents and counsel is, hereby authorized for and in the name and on behalf of the Seller to take all such further actions and to execute and deliver all such other agreements, instruments and documents, and to make all governmental filings, in the name and on behalf of the Seller and such officers are authorized to pay such fees, taxes and expenses, as advisable in order to fully carry out the intent and accomplish the purposes of the resolutions heretofore adopted hereby.

Dated as of: _____, 20__.

By: _____

Print Name: _____ its: _____

By: _____

Print Name: _____ its: _____

By: _____

Print Name: _____ its: _____

By: _____

Print Name: _____ its: _____

By: _____

Print Name: _____ its: _____

By: _____

Print Name: _____ its: _____

By: _____

Print Name: _____ its: _____

By: _____

Print Name: _____ its: _____

WRITTEN CONSENT IN LIEU OF A MEETING

OF THE BOARD OF _____ OF

(Guarantor)

The undersigned, being all of the members of the Board of _____ of _____, a _____ (the "Guarantor"), do hereby consent to the adoption of the following resolutions taking or authorizing the actions specified therein:

WHEREAS, it is in the best interests of the Guarantor to guaranty the payment and performance of the Seller's obligations pursuant to the Master Mortgage Loan Sale Agreement entered into by Guarantor, Seller, and SecurityNational Mortgage Company (Buyer);

NOW, THEREFORE, be it

RESOLVED, that the execution, delivery and performance by the Guarantor pursuant to the Master Mortgage Loan Sale Agreement (the "Loan Sale Agreement") to be entered into by the Seller, Buyer and Guarantor are hereby authorized and approved and that the Chief Executive Officer, or President (collectively, the "Authorized Officers") of the Guarantor be and each of them hereby is authorized and directed to execute and deliver the Loan Sale Agreement to the Buyer with such changes as the officer executing the same shall approve, his execution and delivery thereof to be conclusive evidence of such approval;

RESOLVED, that the Authorized Officers hereby are, and each hereby is, authorized to execute and deliver all such aforementioned agreements on behalf of the Guarantor and to do or cause to be done, in the name and on behalf of the Guarantor, any and all such acts and things, and to execute, deliver and file in the name and on behalf of the Guarantor, any and all such agreements, applications, certificates, instructions, receipts and other documents and instruments, as such Authorized Officer may deem necessary, advisable or appropriate in order to carry out the purposes of the foregoing resolutions;

RESOLVED, that all actions taken by any of the Authorized Officers before the date of this consent for the purpose of effecting any of the actions authorized by this consent be, and they hereby are, approved and ratified in all respects;

RESOLVED, that the proper officers, agents and counsel of the Guarantor are, and each of such officers, agents and counsel is, hereby authorized for and in the name and on behalf of the Guarantor to take all such further actions and to execute and deliver all such other agreements, instruments and documents, and to make all governmental filings, in the name and on behalf of the Guarantor and such officers are authorized to pay such fees, taxes and expenses, as advisable in order to fully carry out the intent and accomplish the purposes of the resolutions heretofore adopted hereby.

Dated as of: _____, 20____.

By: _____

Print Name: _____ its: _____

By: _____

Print Name: _____ its: _____

By: _____

Print Name: _____ its: _____

By: _____

Print Name: _____ its: _____

By: _____

Print Name: _____ its: _____

By: _____

Print Name: _____ its: _____

By: _____

Print Name: _____ its: _____

By: _____

Print Name: _____ its: _____

Request for Taxpayer Identification Number and Certification

**Give form to the
requester. Do not
send to the IRS.**

Print or type See Specific Instructions on page 2.	Name (as shown on your income tax return)	
	Business name, if different from above	
	Check appropriate box: <input type="checkbox"/> Individual/Sole proprietor <input type="checkbox"/> Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Limited liability company. Enter the tax classification (D=disregarded entity, C=corporation, P=partnership) ▶ <input type="checkbox"/> Exempt payee <input type="checkbox"/> Other (see instructions) ▶	
	Address (number, street, and apt. or suite no.)	Requester's name and address (optional)
	City, state, and ZIP code	
	List account number(s) here (optional)	

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on Line 1 to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Social security number
or
Employer identification number

Note. If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
3. I am a U.S. citizen or other U.S. person (defined below).

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. See the instructions on page 4.

Sign Here	Signature of U.S. person ▶	Date ▶
------------------	----------------------------	--------

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income.

Note. If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax on any foreign partners' share of income from such business. Further, in certain cases where a Form W-9 has not been received, a partnership is required to presume that a partner is a foreign person, and pay the withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid withholding on your share of partnership income.

The person who gives Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States is in the following cases:

- The U.S. owner of a disregarded entity and not the entity,

- The U.S. grantor or other owner of a grantor trust and not the trust, and
- The U.S. trust (other than a grantor trust) and not the beneficiaries of the trust.

Foreign person. If you are a foreign person, do not use Form W-9. Instead, use the appropriate Form W-8 (see Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities).

Nonresident alien who becomes a resident alien. Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a “saving clause.” Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the payee has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement to Form W-9 that specifies the following five items:

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
2. The treaty article addressing the income.
3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions.
4. The type and amount of income that qualifies for the exemption from tax.
5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

Example. Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if his or her stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first Protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese student who qualifies for this exception (under paragraph 2 of the first protocol) and is relying on this exception to claim an exemption from tax on his or her scholarship or fellowship income would attach to Form W-9 a statement that includes the information described above to support that exemption.

If you are a nonresident alien or a foreign entity not subject to backup withholding, give the requester the appropriate completed Form W-8.

What is backup withholding? Persons making certain payments to you must under certain conditions withhold and pay to the IRS 28% of such payments. This is called “backup withholding.” Payments that may be subject to backup withholding include interest, tax-exempt interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will not be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

Payments you receive will be subject to backup withholding if:

1. You do not furnish your TIN to the requester,
2. You do not certify your TIN when required (see the Part II instructions on page 3 for details),
3. The IRS tells the requester that you furnished an incorrect TIN,

4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or

5. You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See the instructions below and the separate Instructions for the Requester of Form W-9.

Also see *Special rules for partnerships* on page 1.

Penalties

Failure to furnish TIN. If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

Civil penalty for false information with respect to withholding. If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

Criminal penalty for falsifying information. Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

Misuse of TINs. If the requester discloses or uses TINs in violation of federal law, the requester may be subject to civil and criminal penalties.

Specific Instructions

Name

If you are an individual, you must generally enter the name shown on your income tax return. However, if you have changed your last name, for instance, due to marriage without informing the Social Security Administration of the name change, enter your first name, the last name shown on your social security card, and your new last name.

If the account is in joint names, list first, and then circle, the name of the person or entity whose number you entered in Part I of the form.

Sole proprietor. Enter your individual name as shown on your income tax return on the “Name” line. You may enter your business, trade, or “doing business as (DBA)” name on the “Business name” line.

Limited liability company (LLC). Check the “Limited liability company” box only and enter the appropriate code for the tax classification (“D” for disregarded entity, “C” for corporation, “P” for partnership) in the space provided.

For a single-member LLC (including a foreign LLC with a domestic owner) that is disregarded as an entity separate from its owner under Regulations section 301.7701-3, enter the owner’s name on the “Name” line. Enter the LLC’s name on the “Business name” line.

For an LLC classified as a partnership or a corporation, enter the LLC’s name on the “Name” line and any business, trade, or DBA name on the “Business name” line.

Other entities. Enter your business name as shown on required federal tax documents on the “Name” line. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on the “Business name” line.

Note. You are requested to check the appropriate box for your status (individual/sole proprietor, corporation, etc.).

Exempt Payee

If you are exempt from backup withholding, enter your name as described above and check the appropriate box for your status, then check the “Exempt payee” box in the line following the business name, sign and date the form.

Generally, individuals (including sole proprietors) are not exempt from backup withholding. Corporations are exempt from backup withholding for certain payments, such as interest and dividends.

Note. If you are exempt from backup withholding, you should still complete this form to avoid possible erroneous backup withholding.

The following payees are exempt from backup withholding:

1. An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2),
2. The United States or any of its agencies or instrumentalities,
3. A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities,
4. A foreign government or any of its political subdivisions, agencies, or instrumentalities, or
5. An international organization or any of its agencies or instrumentalities.

Other payees that may be exempt from backup withholding include:

6. A corporation,
7. A foreign central bank of issue,
8. A dealer in securities or commodities required to register in the United States, the District of Columbia, or a possession of the United States,
9. A futures commission merchant registered with the Commodity Futures Trading Commission,
10. A real estate investment trust,
11. An entity registered at all times during the tax year under the Investment Company Act of 1940,
12. A common trust fund operated by a bank under section 584(a),
13. A financial institution,
14. A middleman known in the investment community as a nominee or custodian, or
15. A trust exempt from tax under section 664 or described in section 4947.

The chart below shows types of payments that may be exempt from backup withholding. The chart applies to the exempt payees listed above, 1 through 15.

IF the payment is for . . .	THEN the payment is exempt for . . .
Interest and dividend payments	All exempt payees except for 9
Broker transactions	Exempt payees 1 through 13. Also, a person registered under the Investment Advisers Act of 1940 who regularly acts as a broker
Barter exchange transactions and patronage dividends	Exempt payees 1 through 5
Payments over \$600 required to be reported and direct sales over \$5,000 ¹	Generally, exempt payees 1 through 7

¹ See Form 1099-MISC, Miscellaneous Income, and its instructions.

² However, the following payments made to a corporation (including gross proceeds paid to an attorney under section 6045(f), even if the attorney is a corporation) and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments, attorneys' fees, and payments for services paid by a federal executive agency.

Part I. Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. If you are a resident alien and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see *How to get a TIN* below.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN. However, the IRS prefers that you use your SSN.

If you are a single-member LLC that is disregarded as an entity separate from its owner (see *Limited liability company (LLC)* on page 2), enter the owner's SSN (or EIN, if the owner has one). Do not enter the disregarded entity's EIN. If the LLC is classified as a corporation or partnership, enter the entity's EIN.

Note. See the chart on page 4 for further clarification of name and TIN combinations.

How to get a TIN. If you do not have a TIN, apply for one immediately. To apply for an SSN, get Form SS-5, Application for a Social Security Card, from your local Social Security Administration office or get this form online at www.ssa.gov. You may also get this form by calling 1-800-772-1213. Use Form W-7, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN, or Form SS-4, Application for Employer Identification Number, to apply for an EIN. You can apply for an EIN online by accessing the IRS website at www.irs.gov/businesses and clicking on Employer Identification Number (EIN) under Starting a Business. You can get Forms W-7 and SS-4 from the IRS by visiting www.irs.gov or by calling 1-800-TAX-FORM (1-800-829-3676).

If you are asked to complete Form W-9 but do not have a TIN, write "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, generally you will have 60 days to get a TIN and give it to the requester before you are subject to backup withholding on payments. The 60-day rule does not apply to other types of payments. You will be subject to backup withholding on all such payments until you provide your TIN to the requester.

Note. Entering "Applied For" means that you have already applied for a TIN or that you intend to apply for one soon.

Caution: A disregarded domestic entity that has a foreign owner must use the appropriate Form W-8.

Part II. Certification

To establish to the withholding agent that you are a U.S. person, or resident alien, sign Form W-9. You may be requested to sign by the withholding agent even if items 1, 4, and 5 below indicate otherwise.

For a joint account, only the person whose TIN is shown in Part I should sign (when required). Exempt payees, see *Exempt Payee* on page 2.

Signature requirements. Complete the certification as indicated in 1 through 5 below.

1. Interest, dividend, and barter exchange accounts opened before 1984 and broker accounts considered active during 1983. You must give your correct TIN, but you do not have to sign the certification.

2. Interest, dividend, broker, and barter exchange accounts opened after 1983 and broker accounts considered inactive during 1983. You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.

3. Real estate transactions. You must sign the certification. You may cross out item 2 of the certification.

4. Other payments. You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. "Other payments" include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services, payments to certain fishing boat crew members and fishermen, and gross proceeds paid to attorneys (including payments to corporations).

5. Mortgage interest paid by you, acquisition or abandonment of secured property, cancellation of debt, qualified tuition program payments (under section 529), IRA, Coverdell ESA, Archer MSA or HSA contributions or distributions, and pension distributions. You must give your correct TIN, but you do not have to sign the certification.

Secure Your Tax Records from Identity Theft

Identity theft occurs when someone uses your personal information such as your name, social security number (SSN), or other identifying information, without your permission, to commit fraud or other crimes. An identity thief may use your SSN to get a job or may file a tax return using your SSN to receive a refund.

To reduce your risk:

- Protect your SSN,
- Ensure your employer is protecting your SSN, and
- Be careful when choosing a tax preparer.

Call the IRS at 1-800-829-1040 if you think your identity has been used inappropriately for tax purposes.

Victims of identity theft who are experiencing economic harm or a system problem, or are seeking help in resolving tax problems that have not been resolved through normal channels, may be eligible for Taxpayer Advocate Service (TAS) assistance. You can reach TAS by calling the TAS toll-free case intake line at 1-877-777-4778 or TTY/TDD 1-800-829-4059.

Protect yourself from suspicious emails or phishing schemes.

Phishing is the creation and use of email and websites designed to mimic legitimate business emails and websites. The most common act is sending an email to a user falsely claiming to be an established legitimate enterprise in an attempt to scam the user into surrendering private information that will be used for identity theft.

The IRS does not initiate contacts with taxpayers via emails. Also, the IRS does not request personal detailed information through email or ask taxpayers for the PIN numbers, passwords, or similar secret access information for their credit card, bank, or other financial accounts.

If you receive an unsolicited email claiming to be from the IRS, forward this message to phishing@irs.gov. You may also report misuse of the IRS name, logo, or other IRS personal property to the Treasury Inspector General for Tax Administration at 1-800-366-4484. You can forward suspicious emails to the Federal Trade Commission at: spam@uce.gov or contact them at www.consumer.gov/idtheft or 1-877-IDTHEFT(438-4338).

Visit the IRS website at www.irs.gov to learn more about identity theft and how to reduce your risk.

What Name and Number To Give the Requester

For this type of account:	Give name and SSN of:
1. Individual	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account ¹
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor ²
4. a. The usual revocable savings trust (grantor is also trustee)	The grantor-trustee ¹
b. So-called trust account that is not a legal or valid trust under state law	The actual owner ¹
5. Sole proprietorship or disregarded entity owned by an individual	The owner ³
For this type of account:	Give name and EIN of:
6. Disregarded entity not owned by an individual	The owner
7. A valid trust, estate, or pension trust	Legal entity ⁴
8. Corporate or LLC electing corporate status on Form 8832	The corporation
9. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
10. Partnership or multi-member LLC	The partnership
11. A broker or registered nominee	The broker or nominee
12. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity

¹ List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.

² Circle the minor's name and furnish the minor's SSN.

³ You must show your individual name and you may also enter your business or "DBA" name on the second name line. You may use either your SSN or EIN (if you have one), but the IRS encourages you to use your SSN.

⁴ List first and circle the name of the trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.) Also see *Special rules for partnerships* on page 1.

Note. If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.

Privacy Act Notice

Section 6109 of the Internal Revenue Code requires you to provide your correct TIN to persons who must file information returns with the IRS to report interest, dividends, and certain other income paid to you, mortgage interest you paid, the acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA, or Archer MSA or HSA. The IRS uses the numbers for identification purposes and to help verify the accuracy of your tax return. The IRS may also provide this information to the Department of Justice for civil and criminal litigation, and to cities, states, the District of Columbia, and U.S. possessions to carry out their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

You must provide your TIN whether or not you are required to file a tax return. Payers must generally withhold 28% of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to a payer. Certain penalties may also apply.



**SecurityNational
Mortgage Company**

**CORRESPONDENT
LENDING
SELLERS GUIDE**



Table of Contents

1.0	Correspondent Lender Application Process	5
	1.01 Annual Recertification	7
2.0	Prior Notification of Certain Events	7
3.0	Privacy Policy	8
4.0	Compliance	9
5.0	Underwriting	9
	5.01 Credit File Submission	9
	5.02 Appraisal	9
	5.02.1 Appraisal Compliance Documentation	10
	5.02.2 Multiple Appraisals	10
	5.03 S.A.F.E. Act Requirements.....	10
6.0	Power of Attorney	10
	6.01 Signatures	11
	6.02 Military POA/Military Personnel	11
7.0	Lock Policy	12
	7.01 Extensions	12
	7.02 Expired Locks	12
	7.03 Other	12
	7.04 Suspenses.....	13



8.0	Closed Loan Delivery Procedures	13
8.01	Clear to Close	13
8.02	Delivery of Closed Loan	13
8.03	Collateral Package	14
9.0	Purchase Documentation	14
9.01	Note	14
9.02	Allonge	15
9.03	Bailee Letter/ Wire Instructions	16
9.04	Deed Of Trust	16
	9.04.1 Required Riders	17
9.05	MERS®	17
	9.05.1 MIN (Mortgage Identification Number)	17
9.06	Name Affidavit	18
9.07	Buydown Agreement	18
9.08	Truth in Lending	18
	9.08.1 Regulation Z Requirements of the TIL	18
	9.08.2 Disclosure of Escrow Payments	18
	9.08.3 ARM Change Dates	19
	9.08.4 Finance Charge Tolerance	19
	9.08.5 Other Violations	19



9.09	Right of Rescission	19
	9.09.1 Who must sign the NRTC?	19
	9.09.2 Disclosures	20
	9.09.3 Exempt Transactions	20
	9.09.4 Remedies	20
9.10	4506-T	21
9.11	Social Security Administration Form 89	21
9.12	Hazard Insurance	21
	9.12.1 Coverage Requirements	21
	9.12.2 Deductible Amount	22
	9.12.3 Determining the Amount of Required Coverage	22
	9.12.4 Hazard Coverage for Units in Project Developments	23
9.13	Flood Insurance	25
	9.13.1 Location of the Property/Separate Structure within the SFHA	25
	9.13.2 Acceptable Flood Insurance Policies	25
	9.13.3 Coverage Requirement	26
	9.13.4 Coverage Requirements Project Developments	26
	9.13.5 Maximum Allowable Deductible	27
9.14	Liability Insurance	28
9.15	Pre-Note Verbal VOE	28
9.16	HUD-1 Settlement Statement	29
	9.16.1 Escrow States	30
	9.16.2 Actual Closing Costs	30



9.16.3 Meet the down payment	30
9.17 Mortgage Insurance	30
9.17.1 Prior Approval	31
9.17.2 Eligible MI Companies	31
9.17.3 Required Documentation	31
9.18 Escrow Accounts	31
9.18.1 Initial Escrow Account Disclosure Statement	32
9.19 Tax Info Sheet	32
10.0 Pre-Purchase Review	32
11.0 SNMC Corporate Funding	32
12.0 First Mortgage Payment	33
13.0 Final Documents	33



1.0 Correspondent Lender Application Process

This Correspondent Sellers Guide sets forth the general information, policies, terms and conditions which are applicable to all loan purchase transactions between SecurityNational Mortgage Company (SNMC) and its approved Correspondent Lenders.

Brokers seeking to sell loans to SecurityNational Mortgage Company must complete an application package, provide certain financial and other information and otherwise meet and maintain the following requirements:

- The applicant must possess and maintain all required licenses necessary to conduct its activities in each jurisdiction in which any mortgaged property is located or otherwise be exempt from any such requirements.
- The applicant must have sufficient loan origination experience.
- The applicant must be an organization which is committed to, and engages in, responsible lending practices.
- The applicant must comply with all federal, state, and local laws and regulations.
- The applicant must maintain sufficient infrastructure, facilities, staff and capital to continue in the business responsibly of originating investment quality residential mortgage loans.
- The applicant must maintain errors and omissions insurance, a financial institution bond, or similar insurance in a form and with an insurance carrier(s) that is acceptable to SecurityNational Mortgage Company.
- The applicant must have a warehouse bank, funding facility or available short term credit line.

In connection with the approval process, prospective Correspondent Lenders are required to deliver to SecurityNational Mortgage Company the following information:

- Correspondent Lender Application
- Executed Correspondent Agreement
- List of Officers and Directors
- Resumes of Principals and Administrative Managers
- Name, address, and phone number for all persons with 5% or greater ownership
- Copy of Errors & Omissions Policy and Fidelity Bond
- Audited Financial Statements
- Corporate Resolution

Continued



- Investor business references (3)
- Current licenses for all states of origination
- Corporate NMLS number
- Current QC Procedures & QC Report
- List of all branch/origination offices
- Warehouse line/funding facility information
- Copy of wiring instructions
- Copy of most recent performance report from each current investor (2)
- If HUD approved, copy of most recent Neighborhood Watch 2-year Default/Claim Report
- W-9
- Limited Power of Attorney
- Process and procedures for ordering appraisals *Must be compliant with FHA and Appraiser Independence Requirements (AIR)
- In order to be approved to sell FHA loans to SecurityNational Mortgage Company, the prospective Correspondent Lender must be HUD approved as an unconditional , Direct-Endorsement Lender. Documentation from HUD will be required prior to approval.

Upon receipt of the completed Correspondent Lending Package, SecurityNational Mortgage Company will process the application and notify the Correspondent Lender of their status.

Many of the above requirements are subjective and SecurityNational Mortgage Company reserves the right, in its sole discretion, to determine whether a prospective Correspondent Lender meets these eligibility requirements. Further, the foregoing eligibility requirements are subject to change by SecurityNational Mortgage Company. Once approved, Correspondent Lenders are required to maintain the above eligibility requirements which may be changed from time-to-time by SecurityNational Mortgage Company. If a Correspondent Lender fails to maintain one or more of the eligibility requirements, SecurityNational Mortgage Company may, in its sole discretion and in addition to any other rights and remedies, suspend purchasing mortgage loans from the Correspondent Lender and/or terminate its business relationship with the Correspondent Lender.

After SecurityNational Mortgage Company pre-screens a prospective Correspondent Lender and they are found potentially eligible for approval, the Correspondent Lender will need to complete an application package. In order to be considered for approval as a Correspondent Lender, each applicant must provide all information requested including a properly executed Correspondent Agreement. Failure to provide all the information requested will delay the approval process.



1.01 Annual Recertification

In order to ensure the Correspondent Lender maintains its approval status, they are subject to recertification each year (or as often as deemed necessary by SecurityNational Mortgage Company). Annual recertification packages are delivered to Correspondent Lenders based on the month in which they were approved by SNMC. Annual recertification is a requirement for maintaining the approval status with SecurityNational Mortgage Company. At a minimum, the following information will be required in the annual recertification:

- Evidence of current Errors and Omissions Insurance
- Copies of current, valid mortgage licenses for the state(s) in which the Correspondent Lender is licensed to originate mortgage loans
- Organizational contacts
- Responsible Lending Certification
- Updated W-9 form

Upon receipt of an annual recertification package, the Correspondent Lender has thirty days in which to complete and return the package to SecurityNational Mortgage Company.

In addition to the annual recertification, additional information may be required periodically as an update to the Correspondent Lender's file. For example, the Correspondent Lender may be required to submit copies of its licenses as they are renewed. New licenses and license renewals should be emailed to: brokerapproval@securitynational.com or faxed to 800-783-1077; attention Broker Approval Department.

SecurityNational Mortgage Company reserves the right, in its sole discretion, to suspend, deactivate and/or terminate any Correspondent Lender and/or cancel any pending commitments with the Correspondent Lender if they fail to comply with any recertification or additional information requirements in this section.

2.0 Prior Notification of Certain Events

SecurityNational Mortgage Company requires prior written notice of all significant changes (including anticipated changes) to the Correspondent Lender and its business. Lenders should provide at least thirty days prior written notice in case of any of the following:

- Wind down, liquidate or dissolve its affairs
- Enter into any transaction of merger or consolidation
- Change in legal structure
- Change its direct or indirect ownership; including, without limitation, changes in the ownership of the Lender or its parent

Continued



- File for bankruptcy or any similar insolvency proceeding
- Changes in the Lender's corporate name
- Material changes in the Lender's financial condition
- Changes in the Lender's banking, investor or other material financial relationships
- Changes in the Lender's senior management
- Receipt of notice, or obtaining knowledge, that the Lender is subject to impending regulatory audit or investigation (other than routine audits)
- Regulatory action which imposes a fine, penalty, suspension, or revocation of a license
- A breach by the Lender of any material agreement to which it is a party
- Any other event which is material to the Lender, its management and/or its operations

If SecurityNational Mortgage Company determines that any of these events will have a material impact on a loan committed by the Correspondent Lender, SecurityNational Mortgage Company reserves the right to either cancel its relationship with the Correspondent Lender, cancel its commitment to purchase the loan(s) and/or require additional assurances from the Correspondent Lender that the obligations of the Correspondent Agreement will be fulfilled.

Failure by the Correspondent Lender to provide written notification to SecurityNational Mortgage Company of any events required above shall constitute a breach by the Correspondent Lender of the Correspondent Agreement and SecurityNational Mortgage Company may pursue action against the Correspondent Lender and if applicable, any surviving legal entity, and the owners and principles of the Correspondent Lender/surviving entity. Further, SecurityNational Mortgage Company reserves the right, in its sole discretion, to deactivate the Correspondent Lender and cancel any pending commitments with the Correspondent Lender.

3.0 Privacy Policy

SecurityNational Mortgage Company protects customer's information in accordance with State and Federal Privacy laws; including, but not limited to Title V of the Gramm-Leach-Bliley Act.

Correspondent Lender represents and warrants that they have complied with Federal Privacy laws as well as applicable State Privacy laws, including disclosure, record keeping, and information sharing requirements.



4.0 Compliance

Correspondent Lenders are responsible for making sure each loan file is in compliance with federal, state and local regulations governing mortgage loans which are set forth in (but not limited to) Truth in Lending, Real Estate Settlement Procedures, Consumer Credit Protection, Fair Credit Reporting, Privacy Protection, Equal Credit Opportunity, Housing and Economic Rights and any other applicable acts or laws. Correspondent Lenders shall keep in their possession and deliver to SecurityNational Mortgage Company upon demand evidence of compliance with all such requirements.

5.0 Underwriting

To ensure that a loan will be eligible for purchase by SecurityNational Mortgage Company, all loans must be submitted to SNMC for underwriting. To expedite the underwriting review, approved Correspondent Lenders should always submit a complete package. Once all underwriting conditions have been cleared by SNMC, the Correspondent Lender will receive approval to close the loan.

5.01 Credit File Submission

Loans should be uploaded to SNMC web site for underwriting using the Correspondent Lender's specific login information.

5.02 Appraisal

A completed appraisal report including Appraiser Independence documentation must be included with every loan file (unless the program selected doesn't require an appraisal) submitted to SecurityNational Mortgage Company for underwriting. The appraisal report must comply with the following:

- Appraisal must be done in the name of the Correspondent.
- Appraisal must be compliant with Appraiser Independence guidelines.
- The owner of record must match the Purchase Contract (if applicable). Owner of record must match vested owner on title.
- The appraisal report must be signed and dated by the appraiser.
- 1004MC must be included and complete.
- Additional appraisal reports or review appraisals may be required if requested by the SNMC underwriter or if the appraiser is appearing on the Freddie Mac exclusionary list.

Continued



5.02.1 Appraisal Compliance Documentation

- An appraisal Report Delivery Disclosure should be given to the borrower at time of application by the Loan Officer. This form should be dated, but does not require signature by the borrower.
- In the event that the appraisal will not be available for the borrower to review at least three business days prior to close, a Three-Day Appraisal Delivery Waiver must be given by the Correspondent Lender and signed by the borrower. This form must be signed and dated at least 3 business days prior to closing.
- Borrower Acknowledgment of Appraisal Delivery. This form must be signed and dated at closing by the borrower to acknowledge the Correspondent Lender's compliance with AIR. Borrower must acknowledge receipt of appraisal or waiver form at least three business days prior to signing the closing documents.

5.02.2 Multiple Appraisals

The borrower must be given a copy of any appraisal reports regardless of the value or if used in the underwriting decision at least 3 business days prior to closing.

5.02.3 S.A.F.E. Act Requirements

All loans submitted for underwriting must include evidence that the borrower was provided with the loan originator's license information at the time of application. This information should be included on page four of the initial 1003 and should reflect the company and originator NMLS ID. SNMC will verify through the NMLS web site that the originator and company were properly licensed at the time of application. Violation of the S.A.F.E. Act will result in the loan being declined and returned to the correspondent.

6.0 Power of Attorney

A POA may be used by a borrower who is not able to be present to sign loan documents. The Correspondent Lender must submit the POA to the SNMC underwriter for approval prior to drawing closing documents. The POA will be reviewed for the following:

- The POA is drawn in accordance with applicable state law and is acceptable to the recording agent in the local jurisdiction.
- The POA is properly signed and acknowledged.
- The POA is in effect (the expiration date, if any, has not passed).
- The POA clearly identifies the agent.
- The POA grants the agent authority to: enter into a real estate transaction, mortgage, sell, buy, deed, lien, refinance and any other task to be performed to the property, on behalf of the borrower.
- The POA cannot contain any blanks.

Continued



- The Principle must be the same person shown on the loan application.
- The agent's identity must be verified and documented in the loan file.
- The POA has been or will be recorded prior to the recording of the Deed of Trust/Mortgage and if applicable, the Warranty Deed or other acceptable Deed evidencing transfer of Ownership.
- The POA must reflect the subject property address and/or legal description.
- POA must be executed prior to any documents being performed as POA.
- **A Durable Power of Attorney must also contain the elements of the Specific POA listed above**

6.01 Signatures

- In all states, documents executed by the attorney-in-fact must include the principal's name, the agent's name, and the agent's capacity (attorney-in-fact) in the signature.
- The agent's capacity (attorney-in-fact) must be written out in its entirety; abbreviations such as AIF, POA, etc. are not acceptable.
- Additionally, the documents should have the same information typed and written.
For example, a typed name by a signature line must follow the same format as the written signature: Jane Doe by John Smith, Attorney in Fact. The signature must be signed exactly as typed, must be above the typed name, and cannot carry over to another signature line.

6.02 Military POA, Military Personnel

SecurityNational Mortgage Company will accept a properly executed United States Military's standard Power of Attorney. A Military POA must be acknowledged before a Notary Public or an Officer in the Office of the Judge-Advocate General. The Acknowledging Officer's name and rank must be printed legibly beneath his/her signature.

The Correspondent Lender is responsible for ensuring that the borrower is alive and well, not disabled, missing in action (MIA), or incapacitated and there are no impairments to the POA prior to closing.

SNMC requires an "Alive and Well Certification" on all Military personnel using any POA for any loan program.



7.0 Lock Policy

SecurityNational Mortgage Company offers standard lock periods of 15, 30, and 45 days. To be eligible for the locked price, both the closing package and the collateral must be delivered to SNMC prior to the lock expiration.

7.01 Extensions

Locks may be extended one time beyond the initial lock period, provided the extension request is submitted to the SNMC branch prior to the lock expiring.

Extension options are as follows:

Fifteen day locks- may be extended for five days at a cost of .125.

Thirty and forty-five day locks -may be extended for five days at a cost of .125, 10 days for .250, or for fifteen days at a cost of .375.

7.02 Expired Locks

Expired locks may be relocked using the following criteria:

1. Locks that have been expired for less than 30 days will be relocked at the worse of the original lock price or the current market price.
2. For locks that have been expired for 30 days or more, a new lock may be obtained based on current market prices.

Loan product types which are unique to only a specific secondary market investor must be relocked / extended based on that specific investor's policy.

7.03 Other

Locked loans that are switching programs are subject to worse case pricing. The price of the new lock will be the lower of the current market price of the new product or the price of the new product from the original lock date.

Extended lock periods beyond 45 days are available on certain products. Prices and fees for extended locks may be obtained by calling the Secondary Marketing Department.

Continued



7.04 Suspenses

If a loan is delivered to SNMC in purchasable condition there will be no adjustment to the lock price. If the loan is suspended the correspondent will have a 3 business day grace period or until the lock expiration, whichever is later, to cure the suspense issue. If the issue has not been cured within the required time, the loan will be subject to a 2.5 basis point per day charge up to a maximum of 15 calendar days. If the suspense issue has not been cleared after 15 days, the loan will be subject to worse case pricing in addition to the .375 charge for the suspense time (2.5 basis points x 15 days).

8.0 Closed Loan Delivery Procedures

SecurityNational Mortgage Company will not purchase loans with incomplete closing packages.

8.01 Clear to Close

Correspondent Lender must receive SNMC's Clear to Close from the SNMC underwriter prior to drawing closing documents. All prior to funding conditions must be satisfied and reviewed by the Correspondent Lender before funding the loan.

Closing Documents must be drawn by the Correspondent Lender using an SNMC approved document company or closing attorneys where applicable by state. Documents must be drawn in the Correspondent Lender's name and funded through the Correspondent Lender's warehouse bank, funding facility or through the use of their own funds. The Title Company/Closing Agent should return the closed loan package to the Correspondent Lender.

8.02 Delivery of Closed Loan

Correspondent Lender should stack the loan file according to the stacking order found on SecurityNational Mortgage Company's Correspondent Loan Submission Form. Loan packages received in the recommended order will decrease the required review time and expedite processing.

The closed loan package should be uploaded through the Correspondent Lender's pipeline found on the SecurityNational Mortgage Company web site.

If the Correspondent Lender does not have access to upload the closed loan package, the file should be shipped to following address for review:

SecurityNational Mortgage Company
Attention: Pre-Purchase Department
5201 South Green Street, Suite 200
Murray, UT 84123

Continued



8.03 Collateral Package

Correspondent Lender is responsible for having all collateral packages delivered to SecurityNational Mortgage Company at the address below:

SecurityNational Mortgage Company
Attention: Note Custodian
5201 South Green Street, Suite 200
Murray, UT 84123

Collateral Packages should include the following:

- Original Note and any Addendums
 - Note endorsed to blank, or Allonge affixed
- Certified copy of the Deed of Trust/Mortgage and all applicable Riders
 - Warranty Deed, Grant Deed, Quit Claim Deed if applicable
 - Certified copy of the Assignment of the Deed of Trust/Mortgage endorsed to blank.
 - Certified copy of any and all intervening Assignments if applicable.
 - Power of Attorney if applicable
 - Certified copy of all assumption, modification, consolidation or extension agreements if applicable.

All collateral packages must be in an individual folder with the borrower last name and SecurityNational Mortgage loan number on the tab. A manifest with all collateral packages in the shipment and their contents is to be included as well. For a sample Note manifest, please email your request to CLconditions@SecurityNational.com.

9.0 Purchase Documentation

This section contains documentation requirements for most loans purchased by SecurityNational Mortgage Company. The requirements may not fulfill all requirements for all loans submitted to SecurityNational Mortgage Company for purchase. SecurityNational Mortgage Company reserves the right to require any additional documentation as deemed necessary to ensure the marketability of a loan. The Correspondent Lender is responsible for delivering purchase documentation as identified below.

9.01 Note

The Original Note must be sent to the Note Custodian and a certified true and correct copy of the Note must be placed in the file. The Note must include the following:

- Date that matches the date on the Deed of Trust/Mortgage

Continued



- Property Address that matches the property address on the Deed of Trust/Mortgage, appraisal and Preliminary Title report.
- Correct interest rate and loan amount
- Correct maturity date
- Correct Correspondent Lender name
- Correct payment amount and first payment date
- Correct Margin and first interest change date for adjustable rate loan.
- Borrower's names typed exactly as they appear on the preliminary title report
- Signature's of borrower(s) exactly as typed on the Note. Borrower's may oversign, but never undersign.
- Any changes made to the Note must be initialed by all borrowers.
- Note addendums (if applicable)

The Note endorsement should be completed as follows (no abbreviations):

**Pay to the order of
SecurityNational Mortgage Company, a Utah Corporation**

**Without recourse
(Correspondent Name)
(Authorized Signature)
(Name and Title)**

9.02 Allonge

If the endorsement on the Note is made on an attached Allonge, the Allonge must include the following information:

- Name of Borrower(s)
- Note Amount
- Note date
- Property Address
- SNMC Loan Number

Continued



- Pay to the order of: SecurityNational Mortgage Company, A Utah Corporation Without recourse
- Signature of Officer and Name and Title

9.03 Bailee Letter/ Wire Instructions

Correspondent Lenders using warehouse banks to fund their loan should provide a Bailee letter signed by the warehouse bank and attached to the Note. Bailee letters should include the following information:

- Borrower's name
- SNMC Loan Number
- Account name
- Account number
- Routing number
- Correspondent Contact Information

If the warehouse bank does not use a Bailee letter, written wire instructions from the warehouse bank must be included with the Note.

If wire instructions change please notify us in writing. Failure to notify SNMC of wire instruction changes may result in a delayed of purchase times.

Please note SNMC will not wire funds to title companies for Correspondent loans.

9.04 Deed of Trust/ Mortgage

A certified true and correct copy of the Deed of Trust/ Mortgage must be in the file and must include a copy of all completely executed applicable riders. Any corrections or changes must be initialed by all borrowers.

The Deed of Trust / Mortgage must be entirely filled in, signed by the notary, and include a legible notary stamp with the expiration date.

It is not acceptable to have the vested name on the Deed/Mortgage be different from the typed name on the signature page of the Deed/Mortgage and the Note.

The Deed of Trust/Mortgage must also include the following:

- Print date must match the print date on the Note

Continued



- Deed of Trust/Mortgage must be signed and dated by all borrower and/or non-purchasing spouses
- Legal description must match preliminary title report
- A valid MIN (Mortgage Identification Number) must be shown on the Security Instrument
- Notary Acknowledgement must be legible
- All applicable riders should be attached

9.04.1 Required Riders

All applicable Riders must be attached to and recorded with the original Deed of Trust. Copies provided must be certified true and correct. All information found on any required Rider must match the information found on the Deed of Trust/Mortgage. The Deed of Trust/Mortgage may require the following riders if applicable.

- PUD Rider
- Condo Rider
- Second Home Rider
- 1-4 Family Rider
- Renewal and Extension Rider (Texas no cash-out refinances only)
- Adjustable Rate Rider
- Other Riders as applicable
- ARM Rider*

*The first interest adjustment date must match the interest adjustment date SecurityNational Mortgage Company is currently purchasing. For more information contact your SNMC Branch AE or SecurityNational Mortgage Company's corporate office.

9.05 Mortgage Electronic Registration System (MERS®)

MERS is an electronic registry designed to track mortgage ownership and servicing rights. With the use of MERS as the Original Mortgagee (MOM) in the Deed of Trust or Mortgage it eliminates the need to prepare, record, track and the submission of mortgage loan assignment.

9.05.1 MIN (Mortgage Identification Number):

- SecurityNational Mortgage Company requires all loans are assigned a MIN number.
- The MIN is required on the Note and Security Instrument

Continued



If the Correspondent Lender is NOT a MERS member; SecurityNational Mortgage Company will supply the MIN# when the loan is locked. The MIN# will be on the lock confirmation. SecurityNational Mortgage Company will register the loan with MERS at the time the loan is purchased.

If the client is a MERS member; they will need to register the MIN with MERS and transfer the servicing to SecurityNational Mortgage Company within 15 days of SecurityNational Mortgage Company purchasing the loan.

9.06 Name Affidavit

Name Affidavit or AKA Statement is necessary to document all names a borrower may have used (i.e. maiden name, nickname or middle name).

Name Affidavit will need to include the following:

- Indicate the person is known by more than one name or variation (must include all signature /typed name variations)
- Notary Acknowledgement
- Signed and dated by the borrower

9.07 Buydown Agreements

- Buydown Agreements are currently not accepted by SecurityNational Mortgage Company.

9.08 Truth in Lending Act

The federal Truth in Lending Act (TILA) is implemented by Regulation Z and overseen by the Board of Governors of the Federal Reserve System. The purpose of Regulation Z is to promote the informed use of consumer credit by requiring disclosures about its terms and cost. The regulation also gives consumers the right to cancel certain transactions that involve a lien on a consumer's principal dwelling, imposes limitations on mortgages subject to the Home Ownership and Equity Protection Act (HOEPA), and prohibits certain practices in connection with credit secured by a consumer's principal dwelling.

9.08.1 Regulation Z Requirements of the TIL

SNMC will require that Correspondent Lenders issue Truth In Lending Disclosure to the borrower for initial disclosure packages, re-disclosure packages, and for any closing documents for all loans with applications.

9.08.2 Disclosure of Escrow Payments

SNMC recommends that our Correspondent Lenders use the new *Interest Rate and Payment Summary Table* to disclose the estimated escrow payment, if an escrow account will be established.

Continued



9.08.3 ARM Change Dates

If disclosing an ARM adjustment, the new regulation requires lenders to disclose the earliest date the rate may change, not the date the first payment is actually made by the borrower at that rate.

9.08.4 Finance Charge Tolerance

Finance charges are generally considered accurate if they are not understated in total by more than \$100 from the actual finance charges as shown on the HUD-1 Settlement Statement. Any under disclosed finance charge found after closing that is in excess of \$100 will be subject to refund by the Correspondent Lender.

9.08.5 Other Violations

All loans submitted for purchase must include an initial and final Truth in Lending and the following:

- Evidence to support that the initial TIL was given to the borrower at least 7 days prior to close
- Final TIL must be signed and dated
- The final TIL must not vary beyond .125% from the initial or most recently disclosed TIL. Any re-disclosure of the Truth in Lending due to an APR variance or more than .125% must be provided to the borrower at least 3 business days prior to closing.

Any loans not in compliance with the Truth in Lending Act will be subject to refund and/or repurchase demands as applicable.

9.09 Right of Rescission

When a lender secures a loan with a consumer's principal residence, the consumer has three business days (Monday thru Saturday excluding Sundays and Legal Holidays) to rescind the transaction after becoming obligated on the debt. If the consumer does exercise their right to rescind, the Correspondent Lender cannot charge any fees to the consumer, and any amounts previously collected (such as prepayment for the appraisal report) must be refunded to the consumer.

9.09.1 Who must sign the Notice of Right to Cancel?

Each person who has ownership interest in the property and who uses the property as a principal residence must be given two copies of the Notice of Right to Cancel (NRTC). Each person who receives a NRTC must sign and date that they received two copies of the NRTC. The NRTC must clearly disclose:

- The retention/acquisition of a security interest in the borrower's principal dwelling
- The borrower(s) right to rescind the transaction
- How the borrower(s) exercise the right to rescind, with a form for that purpose, designating the creditor's address

Continued



- The effects of the rescission
- The date the rescission expires

9.09.2 Disclosures

The Notice of Right to Cancel (NRTC) form must also include:

- The date of the transaction matching the notary date on the Security Instrument
- The expiration date – must be a specific date that is not less than or more than three full business after the latest of the three events described below:
 1. Consummation of the transaction (Notary Acknowledgement date on the Security Instrument)
 2. Delivery of all material disclosures (final TIL)
 3. Delivery to the consumer of the required rescission notice
- The date cannot be left blank and the following statement “or midnight of the third business day following the latest of the three events listed above” that follows the date does not nullify an incorrect or missing date. Funds may not be disbursed prior to the expiration date, even if the borrower was given more than the required three days.
- All changes to the NRTC form must be initialed by the borrowers.
- If the borrower completes the election not to cancel portion of the form, it cannot be dated and signed on the same day as the NRTC was received by the borrowers or at any time prior to the expiration of the three day rescission period.
- If multiple borrowers, and/or others with ownership interest, sign loan documents on different days but sign the **same Notice of Right to Cancel** form, the transaction date on the NRTC form must be the latest notary/signing date.
- If multiple borrowers, and/or others with ownership interest, sign loan documents on different days, and each borrower signs **their own Notice of Right to Cancel**, the transaction date on the NRTC forms may be the date that borrower signed (notarized) documents.

9.09.3 Exempt Transactions

Rescission applies to all closed-end refinances with the following exceptions:

- The refinance is not the borrower’s primary residence.
- Permanent financing loans used to pay off the initial construction loan (made by another lender) for the borrower’s principal residence.

9.09.4 Remedies

After the loan has funded, errors on the NRTC can only be remedied by providing a new correctly completed NRTC to the borrower and opening a new three day rescission period.

Continued



If a rescission notice is given in error on a loan that is exempt from rescission, the rescission period still must be observed.

If there is a change in the transaction after the loan documents are signed, a new NRTC, and new three-day rescission period must be provided to the borrower(s).

SecurityNational Mortgage Company does not allow waivers for the 3 day rescission period.

9.10 4506-T

SecurityNational Mortgage Company requires a completed, signed and dated IRS form 4506-T for all borrowers at application and closing. The form must include the borrower name, address, social security number, authorization to request transcripts for the most recent two years, tax form number completed on line 6 and box 6a selected. If the loan is a purchase transaction, the subject property address should be listed in box 3 and the borrower previous address should be listed in box 4 on the final 4506T.

9.11 Social Security Administration Form 89

All loan files must include a signed and dated form SSA-89 for each borrower. The form must include the borrower's name, date of birth, social security number and contact information found at the bottom of the form.

9.12 Hazard Insurance

Each borrower has the right to select his or her own insurance carrier to provide the hazard insurance for the security property, provided that the insurance policy and coverage meet FNMA/FHLMC requirements. The lender must ensure that the insurance carrier, policy and coverage meet FNMA/FHLMC requirements.

9.12.1 Coverage Requirements

Hazard insurance for property securing loans must protect against loss or damage from fire and other hazards covered by the standard extended coverage endorsement. The coverage must provide for claims to be settled on a replacement cost basis. Extended coverage must include, at a minimum, wind, civil commotion (including riots), smoke, hail, and damages caused by aircraft, vehicle, or explosion.

SNMC does not accept hazard insurance policies that limit or exclude from coverage (in whole or in part) windstorm, hurricane, hail damages, or any other perils that normally are included under an extended coverage endorsement.

SNMC Correspondent Lenders should advise borrowers that they may not obtain hazard insurance policies that include such limitations or exclusions, unless they are able to obtain a separate policy or endorsement from another commercial insurer that provides adequate coverage for the limited or excluded peril or from an insurance pool that the state has established to cover the limitations or exclusions.

Continued



SNMC requires coverage equal to the lesser of the following:

- The lesser of 100% of the insurable value of improvements as established by the property insurer; or
- The unpaid principle balance as long as it equals – 80% of the insurable value of improvements – required to compensate for damage or loss on a replacement cost basis. If it does not, then coverage that does provide the minimum required amount must be obtained.

9.12.2 Deductible Amount

The maximum allowable deductible for insurance covering a property (including common elements in a PUD, condo, or co-op project) securing a first mortgage loan is 5% of the face amount of the policy. When a policy provides for a separate wind-loss deductible (either in the policy itself or in a separate endorsement), that deductible must be no greater than 5% of the face amount of the policy.

9.12.3 Determining the Amount of Required Coverage

The following table describes how to calculate the amount of required hazard insurance coverage:

Step	Description
1	Compare the insurable value of the improvements as established by the property insurer to the unpaid principal balance of the mortgage loan.
1A	If the insurable value of the improvements is less than the unpaid principal balance, the insurable value is the amount of coverage required.
1B	If the unpaid principal balance of the mortgage loan is less than the insurable value of the improvements, go to Step 2.
2	Calculate 80% of the insurable value of the improvements.
2A	If the result of this calculation is equal to or less than the unpaid principal balance of the mortgage, the unpaid principal balance is the amount of coverage required.
2B	If the result of this calculation is greater than the unpaid principal balance of the mortgage, this calculated figure is the amount of coverage required.

Continued



Examples

Category	Property A	Property B	Property C
Insurable Value	\$90,000	\$100,000	\$100,000
Unpaid Balance	\$95,000	\$ 90,000	\$ 75,000
80% Insurable Value	—	\$ 80,000	\$ 80,000
Required Coverage	\$90,000	\$ 90,000	\$ 80,000
Calculation Method	Step 1A	Step 2A	Step 2B

9.12.4 Hazard Coverage for Units in Project Developments

Hazard insurance requirements (project's blanket policy) apply to PUD, condo, and co-op projects. The insurance policy must at least protect against fire and all other hazards that are normally covered by the standard extended coverage endorsement, and all other perils customarily covered for similar types of projects, including those covered by the standard "all risk" endorsement. If the policy does not include an "all risk" endorsement, SNMC will accept a policy that includes the "broad form" covered causes of loss. The following list provides the applicable requirements:

- PUD Requirements** — The homeowners' association must maintain a property insurance policy, with premiums being paid as a common expense. The policy must cover all of the common elements except for those that are normally excluded from coverage, such as land, foundation, excavations, etc. Fixtures and building service equipment that are considered part of the common elements, as well as common personal property and supplies, should be covered. Individual insurance policies are also required for each unit mortgage that SNMC purchases in a PUD project. If the project's legal documents allow for blanket insurance policies to cover both the individual units and the common elements, SNMC will accept the blanket policies in satisfaction of its insurance requirements for the units.
- Condo Requirements** — The lender must review the entire condo project insurance policy to ensure the homeowners' association maintains a master or blanket type of insurance policy, with premiums being paid as a common expense. The insurance requirements vary based on the type of homeowners' association master or blanket insurance policy as follows:

Continued



- “Single Entity” policy: The policy must cover all of the general and limited common elements that are normally included in coverage. These include fixtures, building service equipment, and common personal property and supplies belonging to the homeowners’ association. The policy also must cover fixtures, equipment, and replacement of
 - improvements and betterments that have been made inside the individual unit being financed. The amount of coverage must be sufficient to restore the condo unit to its condition prior to a loss claim event. If the unit interior improvements are not included under the terms of this policy type, the borrower is required to have an HO-6 policy with coverage, as determined by the insurer, which is sufficient to repair the condo unit to its condition prior to a loss claim event.
 - “All-In” (sometimes known as an “all-inclusive”) policy: The policy must cover all of the general and limited common elements that are normally included in coverage. These include fixtures, building service equipment, and common personal property and supplies belonging to the homeowners’ association. The policy also must cover fixtures, equipment, and replacement of improvements and betterments that have been made inside the individual unit being financed. If the unit interior improvements are not included under the terms of this policy type, the borrower is required to have an HO-6 policy with coverage, as determined by the insurer, which is sufficient to repair the condo unit to its condition prior to a loss claim event.
 - “Bare Walls” policy: This policy typically provides no coverage for the unit interior, which includes fixtures, equipment, and replacement of interior improvements and betterments. As a result, the borrower must obtain an individual HO-6 policy that provides coverage sufficient to repair the condo unit to its condition prior to a loss claim event, as determined by the insurer.
- **Amount of Coverage** – Insurance must cover 100% of the insurable replacement cost of the project improvements, including the individual units in a co-op or condo project. An insurance policy that includes either of the following endorsements ensures full insurable value replacement cost coverage:
 - a Guaranteed Replacement Cost Endorsement (under which the insurer agrees to replace the insurable property regardless of the cost) and, if the policy includes a coinsurance clause, an Agreed Amount Endorsement (which waives the requirement for coinsurance); or
 - a Replacement Cost Endorsement (under which the insurer agrees to pay up to 100% of the property’s insurable replacement cost, but no more) and, if the policy includes a coinsurance clause, an Agreed Amount Endorsement (which waives the requirement for coinsurance). If the annual premium is due within 60 days of funding, then the full annual premium must be prepaid at closing and itemized on the HUD-1.
 - **Maximum Deductible Amounts** - For policies covering the common elements in a PUD project and for policies covering condo or co-op projects, the maximum deductible amount must be no greater than 5% of the face amount of the policy.

For losses related to individual units in a co-op project or for individual PUD units that are covered by the blanket policy for the project, the maximum deductible amount related to the individual unit should be no greater than 5% of the replacement cost of the unit. If, however, the policy provides for a wind-loss deductible (either in the policy itself or in a separate endorsement), that deductible must be no greater than 5% of the face amount of the policy.

For blanket insurance policies that cover both the individual units and the common elements, the maximum deductible amount related to the individual unit should be no greater than 5% of the replacement cost of the unit.

Continued



- **Named Insured** – The table below provides the requirements regarding the name of the insured entity.

Coverage Type	Requirement for Named Insured
Condo projects	The policy must show the homeowners' association as the named insured. If the condo's legal documents permit it, the policy can specify an authorized representative of the homeowners' association, including its insurance trustee, as the named insured. The "loss payable" clause should show the homeowners' association or the insurance trustee as a trustee for each unit owner and the holder of each unit's mortgage loan.
PUD common areas	The policy must show the homeowners' association as the named insured.

9.13 Flood Insurance

The SNMC correspondent lender must determine whether or not each security structure on the security property is located in an SFHA by using the Standard Life of Loan Flood Hazard Determination form endorsed by FEMA. All flood zones beginning with the letter "A" or "V" are considered Special Flood Hazard Areas (SFHAs).

SNMC requires flood insurance for any property that has a building, dwelling, structure, or improvement situated in a Special Flood Hazard Area (SFHA) that

- Has federally mandated flood insurance purchase requirements, or
- Is located in the Coastal Barrier Resources System or Otherwise Protected Area. (See Properties Located in the Coastal Barrier Resources System or in an Otherwise Protected Area below for further detail.)

SNMC will not require flood insurance on a security structure if the borrower obtains a letter from FEMA stating that its maps have been amended so that the security structure is no longer in an SFHA.

9.13.1 Location of the Property or Separate Structures within the SFHA

- Flood insurance is required if any part of a security structure is located within an SFHA. If the principal structure on a property is not located within an SFHA, flood insurance is not required on the principal structure even if another detached structure on the property is located within the SFHA. However, if the detached structure is attached to the land and serves as part of the security for the mortgage, flood insurance is required for the detached structure.

9.13.2 Acceptable Flood Insurance Policies

- Flood insurance should be in the form of the standard policy issued under the NFIP or by a private insurer. The terms and conditions of the flood insurance coverage must be at least equivalent to the terms and conditions of coverage provided under the standard policy of the NFIP for the appropriate property type. The Policy Declaration page of a policy is acceptable evidence of coverage.
- The amount of flood insurance provided by the NFIP or by a private insurer must meet SNMC's minimum coverage requirements for the appropriate property type.

Continued



9.13.3 Coverage Requirements

The minimum amount of flood insurance required for most first mortgages secured by one to four unit properties, individual PUD units, and certain individual condo units (such as those in detached condos, townhouses, or rowhouses) is the lowest of:

- 100% of the replacement cost of the insurable value of the improvements;
- the maximum insurance available from the NFIP, which is currently \$250,000 per dwelling; or
- the unpaid principal balance of the mortgage.

Additional requirements for units in attached condo projects, co-op projects, and PUDs are detailed in Requirements for Project Developments below.

9.13.4 Coverage Requirements Project Developments

If a first mortgage is secured by a unit in an attached condo, co-op, or PUD project and any part of the improvements are in an SFHA, the lender must verify that the homeowners' association or co-op corporation maintains a master or blanket policy of flood insurance and provides for premiums to be paid as a common expense.

Project Type	Coverage Requirements
Condo	<p>Individual condo units:</p> <p>Stand-alone flood insurance dwelling policies for an attached individual condo unit are not acceptable. A master condo flood insurance policy must be maintained by the homeowners' association, subject to the coverage requirements below. (For detached units, refer to the requirements described in Coverage for First Mortgages above.)</p> <p>Condo projects:</p> <p>The homeowners' association must obtain a Residential Condominium Building Association Policy or equivalent private flood insurance coverage for each building that is located in an SFHA. The policy must cover all of the common elements and property (including machinery and equipment that are part of the building), as well as each of the individual units in the building.</p> <p>The master flood insurance policy must be at least equal to the lower of</p> <ul style="list-style-type: none"> • 80% of the replacement cost, or • the maximum insurance available from NFIP per unit (which is currently \$250,000). <p>If the condo project master policy meets the minimum coverage</p>



	<p>requirements above but does not meet the one- to four-unit coverage requirements (described in Coverage Requirements), a supplemental policy may be maintained by the unit owner for the difference.</p> <p>The contents coverage should equal 100% of the insurable value of all contents (including machinery and equipment that are not part of the building), owned in common by association members.</p> <p>If the condo project has no master flood insurance policy or if the master flood insurance policy does not meet the requirements above, mortgages securing units in that project are not eligible for delivery to SNMC.</p> <p>Note: DU Refi Plus and Refi Plus loans secured by units in a condo project are not required to meet the flood insurance requirements for master flood insurance policies stated in this section. Rather, if no master policy is in place, a standalone dwelling policy may be maintained by the unit owner to meet the full one- to four-unit requirements. If the master policy is deficient (by any amount), a supplemental policy may be maintained by the unit owner for the difference between the master policy and the one- to four unit requirements.</p>
<p>PUD</p>	<p>Individual PUD units:</p> <p>SNMC requires the same flood insurance for individual PUD units that is required for other one- to four-unit properties (described in Coverage Requirements above). A stand-alone dwelling policy may be maintained to meet these requirements.</p> <p>PUD projects:</p> <p>If a master policy is maintained, it must cover any common element buildings and any other common property located in an SFHA. The unit allocation from the master policy must meet the one- to four-unit coverage requirements (described in Coverage for First Mortgages above).</p>

9.13.5 Maximum Allowable Deductibles

Deductibles for master project and individual dwelling flood insurance policies must meet NFIP requirements for the type of improvements insured unless state law requires a higher maximum deductible amount. This requirement applies to both NFIP and private policies.



9.14 Liability Insurance

- SNMC's project liability insurance requirements for PUD, condo, and co-op projects are as follows:
- The SNMC Correspondent Lender must verify liability insurance coverage as part of its review of a project. However, the lender does not need to verify liability insurance coverage for Type E PUD projects or PUD and condo projects processed under the Limited Project Review procedures.
- The homeowners' association must maintain a commercial general liability insurance policy for the entire project, including all common areas and elements, public ways, and any other areas that are under its supervision. The insurance must also cover commercial spaces that are owned by the homeowners' association, even if they are leased to others. The commercial general liability insurance policy must provide coverage for bodily injury and property damage that result from the operation, maintenance, or use of the project's common areas and elements.
- The amount of coverage must be at least \$1 million for bodily injury and property damage for any single occurrence. For co-op projects that consist of elevator buildings, the minimum coverage is \$3 million. Higher amounts of coverage may be required if similar amounts are usually required by mortgage investors in other projects in the area.
- If the policy does not include "severability of interest" in its terms, SNMC requires a specific endorsement to preclude the insurer's denial of a unit owner's claim because of negligent acts of the homeowners' association or of other unit owners.
- The policy should provide for at least ten days' written notice to the homeowners' association (or co-op corporation) before the insurer can cancel or substantially modify it. For condo and co-op projects, similar notice also must be given to each holder of a first mortgage or share loan on an individual unit in the project.

9.15 Pre-Note Verbal VOE

A pre-Note verbal verification of employment is required for each hourly, salary or commissioned borrower including second jobs. The verbal VOE must be dated within 3 business days prior to the Note date, and **cannot be dated on or after the Note date**.

The phone number and address, if possible, for the borrower's employer must be independently obtained using the phone book, Internet, directory assistance or by contacting the applicable licensing bureau. If the employer's phone number cannot be verified through a third-party source then the file must be returned to the Underwriter.

Verbal VOE's should be completed by the employer's Human Resource, Personnel or supervisor and must contain the following information:

- Name and title of the person who confirmed the employment
- The date of the verification

Continued



- Source used to obtain the phone number
- Borrower's current employment status and start date
- Borrower's job title
- Date of hire /dates of employment
- Probability of continued employment
- Must be signed and dated by the person (name/title) who executed the verbal VOE

Note: The telephone number used to complete the verbal verification form must be independently obtained through a 3rd party source (411.com, switchboard.com, etc.). If unable to verify phone number through a 3rd party source, underwriter must reconcile loan approval.

If the verbal verification is obtained from a third party vendor (The Work Number), the verified date day timeframe is measured from the date of our request to the vendor, not the date the information was updated in the vendor's database. However, the information must have been updated within the past 35 days. When this verification source is used, the printout is required in lieu of the SNMC Verbal VOE. If borrower is in the military, a military Leave and Earnings Statement (LES) dated within 30 days of closing is acceptable in lieu of the verbal or written VOE.

Verbal VOE for self employed and retired borrowers will be completed during the underwriting process. For a sample VVOE, please email your request to CLconditions@SecurityNational.com.

9.16 HUD-1 Settlement Statement

A Final HUD-1 executed by the borrower is required for all loans with the exception of loans secured by properties located in escrow states (see below). For all purchase transactions an executed final HUD-1 for **BOTH** the Buyer and the Seller is required.

The HUD-1 must contain the following information:

- Loan program type
- Names of all borrowers matching the name found on the Note, Deed of Trust/Mortgage and application.
- Names of property seller as found on preliminary title report.
- Property address that matches the address found on the Note, Deed of Trust/Mortgage, appraisal and preliminary title report.
- Name and address of closing agent
- The Seller-paid fees must be itemized, and the HUD-1 must be signed by the Seller.
- Separate HUD-1 forms for the Buyer and the Seller are acceptable.

Continued



- The signed HUD-1, and the HUD-1 marked final, can be separate HUD-1's as long as the fees on each are the same.
- Purchase price must match the Purchase Contract
- Real Estate Commission must be within tolerance
- Settlement and disbursement date
- Title Insurance paid
- HUD-1 page 3 completed correctly as compared to Final GFE
- All fees charged are within tolerance; if the loan fees exceed tolerance a cure will be required.
- Must be stamped certified by the settlement agent.

If a tolerance cure is required after closing, it must be listed in the 200 section on page 1 of the HUD as POC lender. We require a copy of the check given to the borrower and Letter of Explanation with amended HUD if this is not cured prior to closing.

9.16.1 Escrow States

An estimated HUD-1 and escrow instructions that evidence the final costs and fees for the transaction will be acceptable. The escrow officer may sign the final HUD-1 (or HUD-1 A, if applicable). The original or certified copy of the final signed document(s) must be included in the file.

9.16.2 Actual Closing Costs

The aggregate of the seller credit, combined with all other credits, cannot exceed the actual closing costs.

- The seller credit and other credits such as broker, lender, or cure credits do not exceed the actual closing costs.
- Points and fees cannot be over 5% of the loan

9.16.3 Meeting the Down Payment

Down payment funds must match underwriter's requirements as conditioned for on Clear to Close.

9.17 Mortgage Insurance

Mortgage Insurance is required on all conventional mortgage loans if the LTV is greater than 80%. Please contact your SecurityNational Account Executive for additional information regarding the MI options allowed by SecurityNational.

SecurityNational does not allow reduced MI.

Continued



9.17.1 Prior Approval

All loans requiring Mortgage Insurance must be pre-underwritten and approved by the Mortgage Insurance Company and written approval from the MI Company must be included in the loan file.

9.17.2 Eligible MI Companies

Radian
[.rmic.com](http://rmic.com)

RMIC
[.radian.biz](http://radian.biz)

PMI
[.PMI-US.com](http://PMI-US.com)

UGI
[.ugcorp.com](http://ugcorp.com)

9.17.3 Required Documentation

The following documentation must be included on all Conventional Loans requiring Mortgage Insurance:

- Home Owner Protection Act Disclosure
 - The borrower must be provided with a Mortgage Insurance Disclosure which describes the reason mortgage insurance is required, the guideline for cancellation, and the contact references for cancelling the insurance.
- Mortgage Insurance Certificate
 - Must reflect the correct coverage amount, loan amount, doc type, address and borrower paid MI option **as determined by the SNMC underwriter**.
 - MI premiums are impounded and paid on a monthly basis. MI cert should reflect an amount due of Zip, ZOMP or defer to indicate that the payments begin with the first mortgage payment. No amount is collected up front.

The Correspondent Lender will be held liable if the Mortgage Insurance was ordered incorrectly.

9.18 Escrow Accounts

SecurityNational Mortgage Company requires that escrow accounts for taxes and insurance be set up on all loans, except loans with LTVs less than or equal to 80% (90% for California). In order to waive escrows, the SecurityNational Mortgage Company lock must reflect the escrow waiver.

If borrower is eligible to and elects to waive escrows, SecurityNational Mortgage Company requires an executed standard Escrow Waiver form be signed at closing.

Escrow accounts are not required for HOA dues.

Continued



9.18.1 Initial Escrow Account Disclosure Statement

IEAD must be provided to the borrower and must reflect the escrow amounts collected at closing and the anticipated amount to be disbursed on the borrower's behalf for the next 12 months. *Unless the borrower is eligible to and chooses to waive escrows.

Monthly impound amounts must match the First Payment Letter and final HUD-1.

The starting balance on the disclosure should match the total deposits for escrows on the HUD-1, minus the aggregate adjustment.

9.19 Tax Information Sheet

SecurityNational Mortgage Company requires a Tax Information Sheet on all loans. All property tax information on the Tax Information Sheet must be completed and signed. If property taxes are due and payable, proof of payment must be included in the file if it is not already evidenced on the HUD-1.

If property taxes are due within 60 days of closing they should be collected and paid at closing.

10.0 Pre-Purchase Review

Loans are purchased by SecurityNational Mortgage Company for resale to our investors, therefore any loan which lacks the necessary documentation for resale or does not appear to comply with the loan program requirements will be suspended until the open issues are satisfactorily addressed or additional documentation is obtained. The pre-purchase review of the loan and collateral package will be completed within 48 hours of file receipt. The SecurityNational Mortgage Company Pre-Purchase department will notify the SNMC branch and the Correspondent Lender of any outstanding conditions at that time. Once all outstanding suspense issues have been resolved, the Pre-purchase Department will deliver the file to the SNMC Funding Department.

11.0 SNMC Corporate Funding

The SNMC Corporate Funding Department will finalize the funding sheet (purchase commitment). The correspondent package will be delivered to the Accounting Department along with the request for the purchase wire. Purchase commitment will be processed by 2:00 pm MST, any conditions received after 2:00 pm will be processed the following business day. Once the wire has been ordered, we will forward the purchase advice to the Correspondent Lender.

Continued



12.0 First Mortgage Payment

If the Correspondent Lender receives the borrower's first mortgage payment it should be forwarded to the following address. Please include the SecurityNational Mortgage Company loan number along with the borrower's information.

SecurityNational Mortgage Company
Attention: Customer Service
5201 South Green Street, Suite 200
Murray, UT 84123

13.0 Final Documents

SecurityNational Mortgage Company requires the Correspondent Lender send all Final Docs within 90 days of purchase date. All Final Documents should be mailed to the address listed below to ensure receipt for processing, including final recorded security documents (Security Instrument, Final Title Policy and Assignments of Mortgage).

SecurityNational Mortgage Company
Attention: Final Docs
5201 South Green Street, Suite 200
Murray, UT 84123