



INTRODUCTION

The Correspondent Lending Division of Wintrust Mortgage Corporation (WMC) purchases closed loans from approved Correspondent Sellers throughout the United States.

The Partner Guide sets forth the detailed terms and conditions governing a Correspondent Seller's participation in WMC's Correspondent Lending Program.

The Partner Guide is available on our website at www.wintrustmortgage.net.

For additional information on how to access/use our website, contact correspondent@wintrustmortgage.com or call 800-999-2649 and ask for anyone on the Correspondent team.

The Partner guide is updated as needed and changes will be highlighted in yellow with the most recent date of the change located on the bottom of the page. In addition, a bulletin notifying our customers of the change will be sent to those individuals who have been selected by your company to receive manual updates/bulletins. It is the responsibility of the Correspondent to monitor changes and apply those changes as necessary.



TABLE OF CONTENTS

Section I	Registration / Pricing Policy
Section II	Eligible Borrowers
Section III	Occupancy Types
Section IV	Transactions
Section V	Financing
Section VI	Property
Section VII	Loan Amounts and Ratios
Section VIII	Underwriting
Section IX	Closing and Delivery
Section X	Documentation Requirements
Section XI	Loan Purchase Fees
Section XII	Post-Closing



REGISTRATION / PRICING POLICY

Interest rates and purchase prices are quoted on WMC's Daily Indicator Sheet. Purchase prices are quoted gross; and include the servicing release premiums (SRP). All prices are quoted as a percentage of PAR. Individual loan price quotes can be obtained in our online pricing system located on our website at www.wintrustmortgage.net.

Interest rate and price quotes, although subject to change without notice, usually remain in effect from 10:00 a.m. CST until 6:30 p.m. CST. Some products may expire prior to 6:30 p.m. CST. WMC is currently not offering overnight price protection on its programs. Programs will reflect "expired" on our pricing engine and the system will not permit you to lock until pricing is made available either after a price change or the following morning.

Correspondents are encouraged to contact our Secondary Marketing Department at Secondary@wintrustmortgage.com or by calling 800-999-2649 any time there is a question about the rate/price information.

WMC's Daily Indicator sheet will be posted on WMC's website. In addition, the Daily Indicator sheet is available upon request via email.

The Registration of or lock of a loan is performed by the Correspondent by accessing our website. Registrations are only required of WMC's Hybrid Correspondents and must be done concurrently to the submission of the loan file to underwriting; registration procedures are identified in the underwriting section of this guide. Delegated Correspondents only need to lock their loans prior to loan delivery. Only users authorized by your company to lock loans will be assigned an id/password.

To lock a loan, follow these procedures as follows:

- ◆ Go to www.wintrustmortgage.net
- ◆ Click on Correspondent Link
- ◆ Click on Blue Connect
- ◆ Login using your company Source Code assigned at time of approval
- ◆ Click on Rate Lock Link
- ◆ Enter your “personal” ID/Password assigned at time of approval
- ◆ Enter your loan parameters and submit for a product/price.
- ◆ Select the program guidelines to the left of the loan/pricing result you want and view guidelines before locking in the program/price. Print the guidelines and maintain in your file for reference while originating, processing, and closing your loan.
- ◆ Choose the program you wish to lock.
- ◆ View the rate/price screen and select the rate/price.
- ◆ Review all loan parameters in lock screen and complete any remaining fields.
- ◆ Submit for lock

Your lock request will be forwarded to our Secondary Marketing Department for review and approval. Once your lock has been accepted, you will receive an email notification of such. You may print your lock confirmation by viewing your pipeline in the Tools section of our website. It is the Correspondent’s responsibility to view all lock confirmations for accuracy and notify Secondary Marketing the same day the lock was requested if any data is incorrect.

All loans must be delivered as they are locked. If parameters change throughout the process of the loan file, it is the Correspondent’s responsibility to complete the Reforelock/Change form located on our website and fax to Secondary Marketing. The lock must match the final loan approval issued by your company before the loan is purchased.



WMC is currently only offering “Best-Efforts” delivery of loan files. “Best-Efforts” deliveries are loans that are price protected with a locked interest rate and price. These must be delivered within a specified period of time (the lock period). The Correspondent is expected to use its “best efforts” to disburse a rate-locked loan on or before the last day of the lock period (lock expiration date).

If the Correspondent closes a rate locked loan, whether in or out of the delivery period, delivery to WMC is Mandatory. The expiration date of the lock period is not an incentive for the Correspondent to avoid its obligation to WMC or benefit from market conditions. It is expected that both the Correspondent and WMC will honor its rate-locked registrations, regardless of any market movements.

All references to number of days and price delivery periods refer to calendar days. If the delivery period expiration date falls on either a weekend or a holiday, the price will be honored until 6:00 p.m. CST, the next business day.

A pricing policy cannot encompass all of the circumstances or opportunities that can be encountered in the loan origination process. WMC will consider these special cases on an individual basis.

WMC offers standard 15, 30, 45, & 60 day delivery periods with no fee to the Correspondent. Other lock periods may be available on specific loan products through our web based pricing engine. If a longer term lock period is required, please contact Secondary Marketing and obtain the amount of the upfront long-term lock fee. Currently our web-based pricing engine cannot quote any upfront or long term lock fees.

Change in Property will be considered a new application and is subject to current market pricing. Change of borrower(s) is acceptable as long as one of the original borrowers remains the same and that borrower was listed on the initial lock request. If the original borrower(s) change, it will be considered a new registration and is subject to current market pricing.



PARTNER GUIDE

All changes, extension requests, and relocks must be requested through our Secondary Marketing Department. Complete the Relock/Change form located on our website and fax to Secondary Marketing by 3:30 p.m. CST. To obtain the extension or relock price, please contact Secondary Marketing at Secondary@wintrustmortgage.com or by calling at 800-999-2649.

Secondary Marketing must be contacted on all extension and relock requests. Only one extension is guaranteed per loan. Additional extensions may be available on a case by case basis. Relocks are considered on a case by case basis. The pricing on a relock is typically worse case plus a relock fee, depending on how many days are needed beyond the original lock expiration date. We strongly encourage you to lock your loans in on the appropriate lock period, so as to avoid incurring an extension fee. The 15 day lock period should only be chosen for loans that have been issued a clear-to-close.

Escrow Waivers must be requested when locking in the loan. Any price adjustment for the escrow waiver request will be identified in the pricing result. Escrow accounts must be established for all FHA and VA loans. The borrower(s) must provide, at closing, an executed statement that acknowledges the borrower (1) accepts all future responsibility for the timely payment of real estate taxes and hazard/flood insurance premiums, and (2) will provide, in the future, tax receipts and copies of insurance policies to the Note holder as evidence of payment.

Once a loan is locked, it becomes part of WMC's pipeline. As soon as the Correspondent determines that the loan will not close and therefore not be delivered to WMC, the Correspondent must notify WMC by emailing Correspondent@wintrustmortgage.com. Please provide the loan number, borrower(s) name(s), and reason for cancellation in the email.



PARTNER GUIDE

Correspondents are advised to register/lock only those loans that are expected to close. Cancellation ratios will be monitored and excessive cancellations may result in termination of the Correspondent relationship. Correspondents must maintain at least a 70% delivery ratio to remain in active status.

Correspondents may view their pipeline on WMC's website under Tools after logging into Blue Connect.

ELIGIBLE BORROWERS

WMC purchases mortgages made to natural persons only. If the borrowers are another type of legal entity (such as a corporation, s-corporation, non-revocable inter vivos trust, life estate, land trust, general partnership, or real estate syndication), the mortgage is ineligible for sale to WMC. Additionally, loans where a custodian, agent, conservator, or guardian is signing on behalf of the borrower, non-borrower spouse, or a vested owner are not allowed.

The originating lender for the loan must have conducted all origination and underwriting procedures without regard to the Borrower's race, color, religion, national origin, age, sex, marital status, or status in any other class of persons protected under state or local laws applicable to the jurisdiction of the mortgaged property.

Any person signing an application for a loan is a Borrower. All Borrowers must sign the Note.

Borrower must be an individual. Title must be in Borrower's name at time of application for refinance transactions and at time of closing for all transactions. Borrowers must meet credit and program eligibility requirements.

U.S. Citizen – the borrower must have a valid social security number and be a citizen of the United States or of a U.S. Possession or Territory.

Permanent Resident Alien – a permanent resident alien is a non-U.S. citizen who is legally able to maintain permanent residency in the United States and holds a permanent resident card. Correspondent must verify borrower has all of the following:

- ◆ A valid and current permanent resident card “green card” (form I-551) see www.uscis.gov for more information.

Non-Permanent Resident Alien – a non-permanent resident alien is a non-U.S. Citizen who enters the United States for specific periods (typically up to six years) under the terms of a Visa. A non-permanent resident status may or may not permit employment. Non-permanent resident aliens who are permitted employment and meet the guidelines below, are only eligible for a primary residence or second home if the product guidelines permit. Correspondent must verify borrower has all of the following:

- ◆ A valid social security number
- ◆ Documentation to support that the Borrower is eligible to work in the U.S. as evidenced by an unexpired Employment Authorization Document (EAD) issued by United States Citizenship and Immigrations Services (USCIS). For further information, see www.uscis.gov
 - If the authorization for temporary residency status will expire within one year and a prior history of residency status renewals exists, continuation may be assumed. If there are no prior renewals, the likelihood of renewal must be determined, based on information from USCIS.
 - Borrowers sponsored by a specific employer do not need an EAD. A valid passport, a letter from the employer/sponsor and an I-94 or I-797 form proving they may work in the U.S. are acceptable in lieu of the EAD.
 - A Social Security card may not be used as evidence of eligibility of employment; the USCIS EAD must be used.

An individual classified under Diplomatic Immunity, Temporary Protected Status, Deferred Enforced Departure or Humanitarian Parole is not eligible.

Foreign National borrowers are not permitted.

All borrowers must have reached an age at which the mortgage Note can be legally enforced in the jurisdiction where the property is located. There is no maximum age limit for borrowers.

First-time Homebuyer – a First-time homebuyer is a borrower who will purchase and reside in the subject property,

And

Has had no ownership interest (sole or joint) in a residential property during the three-year period preceding the date of purchase of the subject property.

Non-Purchasing Spouse – to perfect a lien under governing state law when a married applicant purchases a property without involving a spouse, WMC requires spouse to sign the security instrument, and any other applicable documentation, to confirm relinquishing all rights to the property.

Non-occupant Co-borrower – a non-occupant co-borrower is a credit applicant that has an ownership interest in the property securing the mortgage and who signs the Note but does not occupy the subject property. Please refer to the specific product write-up for all requirements of non-occupant co-borrower loans.

Arm's Length Transactions – An arm's length transaction is a transaction in which the parties involved are entirely independent of each other and have no reason for collusion.

Non-Arm's Length Transactions – if a direct relationship exists between any of the parties to a transaction including the borrower, client, employer, lender, broker, appraiser, seller, or builder the transaction will be considered non-arms length. These transactions are not intended to bail out a family member or current owner from an existing delinquent mortgage. When individuals wish to purchase or refinance property currently or recently owned by an individual with whom they have an established relationship, the following requirements apply:

- Purchases – Title commitment may not evidence foreclosure proceedings or notice of default
- Refinances – If the borrower has been on title less than six months from date of application, payoff demand from the purchase transaction must reflect the mortgage was current at the time the borrower purchased the property.

In purchase transactions where the seller is a corporation, partnership, or any other business entity, Correspondent must ensure the borrower is not an owner of the business entity selling the subject property. In addition, the borrower must have a minimum of 5% of his/her own funds in the transaction.

Purchasing from a Builder – if borrowers are purchasing a property from a builder who is purchasing the borrowers' existing residence, it is considered a non-arm's length transaction and is not permitted by .

Borrower Is an Interested Party – this type of transaction is not allowed if the builder, property seller, and/or any party currently on title on the subject property is any of the following:

- A company owned by the borrower
- A borrower who is related to the builder, property seller, or any party currently on title as a registered agent, sales agent, partner, or employee.

Multiple Mortgages to the Same Borrower – For conforming loans, there is no limit on the number of properties owned by the borrower if the subject property loan is a primary residence. For a second home or an investment property, the borrower may own up to a total of four financed properties (regardless of lender) including subject property. will purchase a maximum of four loans per borrower.

Living or Land Trusts – are permitted provided the product guidelines permit. It is the Correspondents responsibility to meet all agency guidelines.

Leasehold Estates – are not permitted by WMC.

OCCUPANCY TYPES**A. Primary Residence**

A primary residence is that property physically occupied by the borrower as his/her principal residence. Residency is defined by the following criteria:

- Borrower occupies the property as his/her principal residence
- Borrower occupies the property for the major part of the year
- Property location is convenient to the borrower's principal place of employment
- Property address is of record for one or more of the following: federal income tax reporting, voter registration, driver's license, occupational licensing, etc.

If a loan is granted as a primary residence transaction, it is imperative that the borrower occupies the property within 60 days of closing. The loan documents must provide that the loan may be declared in default if the borrower makes misrepresentations for any provision of the application, including occupancy.

B. Second Home

A second home is a one-unit property a borrower occupies in addition to his/her primary residence. The following eligibility criteria must be applied:

- Property must be suitable for year-round occupancy
- Property must be in such a location as to function reasonably as a second home. Typically, the property is located a reasonable distance from the borrower's primary residence
- Borrower must have exclusive control over the property
- Property must not be subject to any kind of timesharing agreement, rental pools, or agreements that require the borrower to rent, share the property, or give management firm control over occupancy
- Rental income generally cannot be used to qualify the borrower.

C. Investment Property

An investment property is owned but not occupied by the borrower. This is true regardless of revenue generation. The property must be suitable for year round rental and occupancy.

The borrower on a loan for an investment property may not be affiliated in any way with the builder, developer, or seller of the mortgaged premises.

TRANSACTIONS

A. Purchase

A purchase mortgage loan involves the purchase of a mortgaged premises, as defined by a sale and purchase agreement executed by the borrower and seller, which represents a first and/or second lien on the property. WMC requires that the seller is the owner of record.

In purchase transactions where the seller is a corporation, partnership, or any other business entity, Correspondent must ensure the borrower is not an owner of the business entity selling the mortgaged premises.

Loans where the purchase agreement has been assigned are not eligible.

A transaction where the property was previously sold within the last 12 months requires scrutiny to ensure the transaction is legitimate. Some characteristics of fraudulent transactions include but are not limited to foreclosure bailouts, distressed sales, and inflated values due to stated improvements that are not supported.

Purchase transactions do not allow for cash back to the borrower at closing. If the borrower receives a refund of the original cash deposit at closing, evidence of payment of the deposit is required (e.g., cancelled check).

Unless restricted by loan program, the borrower may receive cash back for prorated taxes at closing.

Within limitations imposed by applicable state laws, closing costs may not be financed as part of a purchase transaction (with the exception of mortgage insurance).

Purchase Mortgages for Properties Recently Transferred:

- A property that is sold within 90 days after acquisition by the seller is not eligible
- A property that is sold within 91-180 days after acquisition by the seller is eligible with the following restrictions:
 - If the sales price of the property is more than the seller's Purchase Price, the appraisal must include an acceptable explanation and documentation to support the difference, including a description of any improvements that were made

- If the increase in value is due to remodeling or renovation of the property, the appraiser must provide contracts, receipts, and acceptable photos of all improvements to support the increase in value

B. Rate/Term Refinance

A rate/term refinance transaction represents a loan that is used to payoff an existing loan and lien with a new loan. This new loan secures the mortgaged premises in order to acquire a different interest rate or loan term. Cash removal, other than from incidental sources related to the transaction, is prohibited.

A rate/term refinance transaction is a loan where proceeds are distributed for one or more of the following purposes:

- ◆ Payoff of the outstanding principal balance of an existing first loan and lien plus any required per diem interest
- ◆ Reasonable and customary loan cost or fees (including prepaid items) within limitations imposed by applicable laws
- ◆ Incidental cash back not to exceed the greater of \$2,000 or 1% of loan amount
- ◆ Buy-out of a co-owner
- ◆ A refinance transaction that results in a buy-out of the other party's interest in his or her primary residence is considered a rate/term refinance (e.g., divorce settlement or a buy-out of a sibling). Refinance to buy-out a co-owner or ex-spouse is permitted provided agency guidelines are followed for conforming loans and the product guidelines followed for non-conforming loans.

Continuity of Obligation

If there is a current outstanding lien that will be satisfied through the rate/term refinance transaction, there must be at least one borrower obligated on the new loan who was also obligated on the outstanding loan being refinanced.

C. Cash-out Refinance

A cash-out refinance is a loan used to remove equity from a property. Funds received from cash-out refinance transactions may be used for purposes such as:

- ◆ Reasonable and customary closing cost or fees (including prepaid items) within limitations imposed by applicable laws
- ◆ Debt consolidation
- ◆ Cash back over and above the incidental amount allowed for a rate/term refinance
- ◆ Payoff a non-seasoned closed-end subordinate mortgage
- ◆ Payoff lines of credit with cash advances in excess of those allowed for rate/term refinances
- ◆ Payoff of federal and state income tax liens and delinquent property tax liens
- ◆ Buyout of a co-owner who does not meet the rate/term refinance requirements
- ◆ If the property has been listed for sale within 6 months of the application date, a cash-out refinance is eligible with a maximum LTV of 70%. Please refer to the product guidelines to determine how long the property must be off the market to be eligible for purchase.

Restructured loans / short payoffs are not eligible for financing as a cash-out refinance.

FINANCING

For any loan, the amount that may be financed is determined by factors specific to that loan, including, but not limited to the type of financing, loan-to-value (LTV) ratio, loan amount, property type, and income determination.

Determining Value – First Mortgage Transaction Value

Purchase – value in a purchase transaction is generally defined as the lesser of the purchase price or appraised value of the mortgage premises.

Rate/term Refinance – value in rate/term refinance transactions is generally defined as the appraised value of the mortgaged premises.

Cash-out Refinance – value in cash-out refinance transactions is generally defined as the appraised value of the mortgaged premises on conforming loans. Product guidelines should be referenced for other program types.

Conversion of Construction Financing to Permanent Mortgage –

Determine LTV/CLTV's according to the transaction type and ownership seasoning as outlined in the specific product guidelines.

Contract for Deed/Land Contracts – Determine LTV/CLTV's according to the type of contract and ownership seasoning established in the specific product guidelines.

Lease with Option to Purchase – The value is determined by the lesser of the purchase price or the appraised value of the mortgaged premises.

Secondary Financing or Subordinate Financing – will permit subordinate or secondary financing as outlined in the specific product guidelines. The second mortgage must be clearly subordinate to the Correspondent funding first mortgage and be recorded as such. Ineligible Secondary Financing includes:

- ◆ Subordinate mortgages subject to an interest rate buydown plan
- ◆ Subordinate mortgages that allow negative amortization
- ◆ Subordinate mortgages that have wraparound terms
- ◆ Secondary financing held by the property seller
- ◆ Tax and judgment liens
- ◆ Subordinate mortgages that have a prepayment penalty

The terms of any secondary financing must be fully disclosed and documented in the credit package and must comply with the following:

- ◆ Mortgage cannot have a maturity date or a call option date of less than five years, unless it is fully amortizing
- ◆ Monthly payments must be included in housing and debt ratio analysis
- ◆ Scheduled payments must be due on a regular basis
- ◆ Requires interest at a market rate

Seller Concessions/Contribution Limitations

Any costs that are normally the responsibility of the borrower that are paid by another individual are considered contributions.

Contributors may include direct participants such as the builder, seller, developer, or real estate agent. Contributions from someone with whom the borrower has an established relationship are not considered financing contributions. These funds are considered gifts and are treated as such.

Certain amounts of financing contributions are allowed as outlined in the product guidelines.

Sales Concessions require a downward adjustment to the property's sales price by the amount of the sales concession. Sales concessions include but are not limited to furniture, moving costs, prepayment of HOA fees, prepayment of the homebuyers mortgage payment, vacations, automobiles, other items considered to be "giveaways," assignment of rent payments, etc.

Excessive Marketing Fees

Total real estate commissions and marketing fee pay outs (in cash or in kind) that exceed 8% of the sales price are considered excessive and are not permitted on any loan purchased by WMC.

Escrow for Repairs

Correspondent may establish an escrow account with the closing agent for repairs provided only if weather related. The maximum repair escrow is 10% of the lesser of the sales price or appraised value.

The amount from builder/seller will require 150% escrow. A fully executed Escrow Agreement is required reflecting Title/Closing agent to hold escrow funds. The Title/Closing agent must collect the final inspection fee and order the inspection when the repairs are complete. The final inspection must be forwarded to WMC.

Temporary Buydowns

A temporary buydown is money advanced by an individual (i.e., builder, seller, or lender) to reduce the monthly payment on a home mortgage. The buydown plan may be in effect for an initial period of years as specified in the buydown agreement. Acceptable types of temporary buydowns are outlined in the product guidelines.

Texas Equity Loans

WMC does not purchase Texas Equity loans. WMC does not permit any cash out transactions in the State of Texas.

PROPERTY

WMC will purchase conforming and non-conforming loans for residential properties when the dwelling is described for the use of one-to-four families. The dwelling may be located:

- ◆ On an individual lot
- ◆ In a condominium
- ◆ Within a PUD project

Eligible Property Types

- ◆ Single family residence (one unit, attached or detached including townhomes and row homes)
- ◆ Modular homes, Pre-cut Home, Panelized Home
- ◆ Multi-family (2-4 units)
- ◆ Condominium (refer to Condominium guidelines on website)
- ◆ Planned Unit Development (PUD), (refer to PUD guidelines on website)

Ineligible Property Types

- ◆ Assisted Living Projects
- ◆ Timeshare
- ◆ Condotels and Hotel Condominiums
- ◆ Manufactured Homes
- ◆ Cooperative
- ◆ Houseboats
- ◆ Geodesic domes
- ◆ Mobile homes
- ◆ Working farms, ranches, orchards, and/or commercial operations
- ◆ Unimproved Land

- ◆ Multi-dwelling Condominiums or PUDs
- ◆ Condominiums with pending litigation
- ◆ Properties with deed restrictions that limit transferability of title, or contain a “first right of refusal” provision
- ◆ Residences lacking kitchen and full bathroom facilities
- ◆ Mixed Used Property (unless it meets agency guidelines)
- ◆ Common interest apartments
- ◆ Non-Warrantable Condominiums
- ◆ Investment Securities
- ◆ Multi-family dwelling containing more than four units
- ◆ Properties sold at Auction by builder, developer, or construction lender
- ◆ PUD Hotel

Contact the Correspondent Lending Department for any additional property types that are not listed above.

Location of Property

WMC will purchase loans in urban, suburban, and rural areas in all states with the exception of California, Florida, Michigan, Nevada, Hawaii, Alaska, & Arizona. Correspondent lenders must hold a license for each state they lend within.

All properties, especially rural properties, must be readily accessible by all-weather roads that meet local standards and must have adequate utilities available and in service.

Declining Market Policy

If appraiser notes that property is in a “declining or soft market” a reduction in LTV/CLTV/HCLTV will not be required on agency (FNMA/FHLMC) products however the following additional guidelines must be followed:

- ◆ A full URAR appraisal is required
- ◆ Appraiser to provide two (2) additional comparables of recent listings
- ◆ Comparables may not be older than six (6) months and two (2) within the last 90 days
- ◆ Comparables must be located within the neighborhood boundaries
- ◆ Days-on-market for subject and comparable sales must be provided. The average days-on-market for the comparable sales must not exceed the “Marketing Time” box marked by the appraiser
- ◆ If the appraiser is unable to meet any of the above requirements, the appraiser must provide a detailed explanation as to why the requirements were not met; if it resulted in making an adjustment to the property value; and an automatic “Field Review” must be obtained

Refer to the Declining Market Policy on our website under the product guidelines link for additional requirements. All conforming and non-conforming conventional loans must also adhere to the following procedure:

- ◆ If the subject property is located in a county on the declining market matrix, the maximum LTV/CLTV/HCLTV for the product, program, and/or documentation process chosen must be reduced by at least 5% regardless of AUS findings. High reductions may be listed on the declining market matrix.

Government loans are not subject to WMC’s declining market policy.

Geographic Restrictions

The following additional restrictions apply to all loans:

- ◆ California loans – ineligible for purchase
- ◆ Florida – ineligible for purchase
- ◆ Arizona – ineligible for purchase
- ◆ Michigan – ineligible for purchase
- ◆ Hawaii – ineligible for purchase
- ◆ Alaska – ineligible for purchase
- ◆ Maryland – DU/LP verification of income or asset relief is not permitted
- ◆ Minnesota – DU/LP verification of income or asset relief is not permitted
- ◆ Nevada – ineligible for purchase
- ◆ Pennsylvania – properties in Monroe County are ineligible
- ◆ Texas – No cash-out refinance transactions permitted

Property Impacted by Disaster

Correspondents must ensure that all loans sold to WMC are secured by properties that have not been negatively impacted by a disaster and/or declared disaster areas by county, state or federal agencies.

Correspondents represent and warrant that the properties securing all loans submitted to WMC for purchase are in good condition, and have not been negatively impacted by any disaster as of the date WMC funds the loan. Correspondents also represent and warrant that the borrower's place of employment has not been negatively impacted by these events.

If WMC discovers a property was affected by a disaster that occurred prior to WMC's purchase date, the Correspondent is obligated to repurchase the loan.

Correspondents agree to notify WMC immediately upon discovering that a property has been negatively affected by a disaster. WMC requires an appraiser's certification of the damage to determine if the loan is eligible for purchase.

If the appraisal was completed before the disaster, a 442 with photos will work fine. If the appraisal was completed after the disaster, nothing further would be needed from the appraiser. The appraiser should indicate that the property was unaffected by the recent event.

Appraiser Requirements

All files must include a copy of the appraiser's current license.

All files must include a copy of the current E&O insurance for the appraiser.

LOAN AMOUNTS AND RATIOS

WMC will purchase conventional and government fixed-rate and adjustable-rate first mortgages that meet the quality standards that the agencies apply to these types of mortgages. These requirements include conformance with maximum and minimum loan amounts and loan-to-value (LTV) ratios.

For information regarding eligible loan amounts and LTV ratios for a specific loan program, refer to the appropriate program guidelines.

Excessive Points and Fees

Conforming loans delivered to WMC for purchase must adhere to the maximum 5 percent points and fees requirement established by FNMA and FHLMC for loan origination costs including origination, broker, underwriter, and finder fees.

Maximum Conforming Loan Limits

Correspondents are responsible for ensuring the loan does not exceed the applicable loan limit maximum for the specific area in which the property is located. To determine the maximum loan amount by area, refer to the HUD website at:

<https://entp.hud.gov/idapp/html/hicostlook.cfm>

Maximum Non-Conforming Loan Limits

Minimum and maximum loan limits for non-conforming are outlined in the specific product guidelines.

UNDERWRITING

WMC is committed to purchasing loans of good investment quality through its Correspondent program. Correspondents have several options to utilize in obtaining their loan approval:

Delegated Underwriting for Conforming loans, if approved

Contract Underwriting with an approved MI Contract Underwriting Company

WMC Underwriting (only for specific loan programs and Hybrid Correspondents)

Fannie Mae Desktop Underwriter

Freddie Mac Loan Prospector

Correspondents are required to underwrite each loan that is submitted to WMC for purchase, regardless of whether it is underwritten by WMC or by a Contract Underwriter. WMC requires the Correspondent's underwriter to sign and date the Transmittal Summary, and include written comments as to the creditworthiness of the borrowers, the reason for approval, any compensating factors, etc. Any variance from WMC's guidelines should be explained. Correspondents should provide the name, phone and fax number of the person that the WMC underwriter should contact regarding their credit decision. This information should be indicated on the Transmittal Summary.

Delegated Underwriting

Correspondents who are approved for Delegated Underwriting authority with WMC may underwrite all FNMA/FHLMC Conforming Fixed Rate, Balloon, and ARM loans. Correspondents with Direct Endorsement Approval will underwrite all FHA loans. Correspondents with VA Approval will underwrite all VA loans.

Contract Underwriting

Correspondents who are not approved for Delegated Underwriting, will submit conforming and non-conforming loans up to \$650,000 to a WMC underwriting or an approved Contract Underwriter. Each product write-up will indicate which MI companies may be used for contract underwriting. The loan must be registered with WMC and a copy of the registration/lock placed in the file prior to submission to WMC or the MI Company. Correspondents utilizing Contract Underwriting services are billed directly by the mortgage insurance company for that service. Please contact the mortgage insurance company directly for information on underwriting fees. It is the responsibility of the Correspondent to order and deliver the MI Certificate (if applicable) in the loan file at time of delivery to WMC for purchase.

Hybrid Correspondent – Non Delegated

Hybrid Correspondents will submit loans to your designated WMC underwriting center in Oakbrook Terrace, IL, Schaumburg, IL, or Kansas City, KS. It is the responsibility of the Correspondent to submit a complete loan file, including AUS findings if applicable.

Fannie Mae Desktop Underwriter and Freddie Mac Loan Prospector

The Correspondent must run all Conforming loan types through FNMA Desktop Underwriter or FHLMC Loan Prospector. Since WMC offers numerous products, it is the Correspondent's responsibility to select the correct AU system outlined in the product write-up for each program. The processor/underwriter should review the lock confirmation to determine which product was chosen. All WMC's products are easily identified by a program name that must be cross-referenced in the Lending Manual on our web site to determine the correct AU system and how to process and underwrite the product correctly. All DU or LP findings must match the final loan approval/closed loan that is submitted to WMC for purchase (i.e., loan amount, LTV, property type, etc.)

WMC will purchase only loans with an Approve/Eligible or Accept/Accept Plus recommendation.

WMC will require that all FHLMC A- and FNMA EA loans be underwritten by an approved contract underwriter. This will apply to all Correspondent and Hybrid Correspondent loan files.

Fannie Mae Desktop Underwriter Sponsorship

Generally, WMC requests that Correspondent Lenders obtain Fannie Mae approval and set up their own Desktop Originator. If the Correspondent Lender is not set up with Fannie Mae directly, WMC has set up the following options:

1. WMC will sponsor the Correspondent Lender for DU and deduct a \$50.00 DU fee at time of loan purchase for this option. If a lender fails to deliver 70% of their loans based on the previous month's applications, WMC will require the lender to reimburse the DO costs incurred on files not delivered. If lender fails to remit check within the timeframe given, WMC will deduct the costs from their next loan funding.
2. The Correspondent Lender can visit our website and utilize the DO/LP options available through various MI companies under their "Direct Submit" program. By utilizing this process, you can upload your file from your own front-end processing system eliminating double entry. In addition, you will be billed from the MI Company directly and the fee is thereby reduced. It is highly recommended that all Correspondent lenders utilize this option.

Government Loans

For Correspondent Lenders with Direct Endorsement Approval or VA Automatic Lending Authority, traditional underwriting is acceptable to WMC. Effective May 1, 2004, all lenders utilizing Desktop Underwriter or Loan Prospector for their FHA loans, must underwrite utilizing FHA's TOTAL Scorecard procedures.



Non-Conforming Loans

WMC does not grant delegated underwriting authority for non-conforming products. All non-conforming (Jumbo) loans must be underwritten by an approved MI company as outlined in the product write-ups in the Correspondent Lending Manual on our website. All non-conforming loans require AUS approval. The Correspondent will only submit a **copy** of the credit package to the MI Company and will retain the original for delivery to WMC after closing.

Most MI companies will underwrite non-conforming loans up to \$650,000. There are a few that will only underwrite up to \$500,000. When this occurs, or the loan amount exceeds \$650,000, the original credit package should be submitted to your designated WMC Underwriting Center:

OAKBROOK TERRACE UNDERWRITING CENTER

Wintrust Mortgage Corporation

ATTN: Correspondent Underwriting

1 S. 660 Midwest Road, Suite 100

Oakbrook Terrace, IL 60181

CLOSING AND DELIVERY

The Correspondent must deliver the closed loan package to WMC in **purchasable** (purchased by the 10th day) form within 10 calendar days of the closing date in non-escrow states and within 5 (purchased by 5th day) calendar days of the funding/disbursement date in escrow states. All loans must be funded/disbursed by the Correspondent by the lock-in expiration date.

Files received prior to 12:00 p.m. CST will be marked as received on that day. Files received after 12:00 p.m. CST will be logged as received the following business day.



While 10 calendar days from closing is provided for delivery in non-escrow states and 5 calendar days from funding/disbursement for escrow states, WMC strongly urges Correspondents to deliver the closed loan package as quickly as possible so that the file can be reviewed and any discrepancies handled in a timely fashion to avoid re-pricing of the loan.

Note: It is critical to a quick and efficient purchase process that whole-closed loan packages are reviewed by the Correspondent prior to delivery to WMC for purchase to avoid any potential delays in purchase or return of an incomplete loan file. The quality of the closed loan submissions will be monitored by WMC. If it is determined that a Correspondent continues to deliver closed loans with outstanding documents, errors, etc., the Correspondent may be subject to inactivation.

All files are reviewed by WMC within 48 hours of receipt of the closed loan packaged. While WMC considers a complete package one that contains an "Original" Note, files will still be reviewed if the Note does not arrive the same day as the closed loan package. Correspondents must request the original Note be delivered to WMC as quickly as possible.

Correspondents should pay close attention to delivery deadlines when there is a holiday and/or weekend near your disbursement date.

WMC does not purchase "seasoned" loans.

File Delivery

All Collateral and Closed Loan Files are to be delivered to:

Wintrust Mortgage Corporation
ATTN: CORRESPONDENT INVESTOR DELIVERY
15660 Midwest Road, Suite 100
Oakbrook Terrace, IL 60181

Files must be delivered to WMC in a legal-sized manila folder, and all documents within the file folder must be "Acco" fastened securely.

Pre- and Post-Purchase Reviews

WMC will perform reviews on loans delivered for purchase. These reviews can be pre-purchase (done before a decision to purchase the loan is made) or post-purchase (done after the loan is purchased). The review selection is weighted to loans identified as having higher risk characteristics.

With respect to these reviews, WMC reserves the right to reject any loan for purchase or demand repurchase, as applicable, if WMC determines that the loan is not of investment quality or does not otherwise conform to our delivery guidelines.

If loan is pulled for a pre-purchase review, Correspondent will be sent a suspense notification indicating such.

WMC requires that all loans where tax returns were used require the Correspondent to process the 4506T prior to loan purchase. The documentation received from this re-verification process must be included in the file. Files submitted for purchase without this verification will be suspended until the documentation is received.

Suspense Notification

Documents that are missing and/or incorrect are identified during the Pre-Purchase Review process. WMC sends a suspense notification to advise the Correspondent of the outcome. Correspondents are notified via email and facsimile regarding the deficiency. Each suspense notification will identify the date in which the missing/corrected documents must be received to avoid a re-price. If the date listed on the suspense notification has passed or it is determined that the Correspondent will not be able to meet the delivery deadline, the Correspondent is responsible to contact Secondary Marketing to re-lock their loan.

It is the Correspondents responsibility to keep WMC notified of the “primary contact” that should receive all suspense notifications to include phone and fax number.



If the Correspondent has any questions, they can call the Auditor listed on the suspense notification. If a Correspondent does not receive a suspense report (or purchase advice) within 72 hours of delivering the closed loan, please email correspondent@wintrustmortgage.com for status.

Clearing Suspense Conditions

Before WMC clears the loan for purchase, all items listed on the suspense notification must be corrected, and/or missing documents must be received. If an original document, or a document with an original signature, is required (i.e., tax returns, etc.), a facsimile is not acceptable to clear the suspense conditions. WMC will not clear conditions in a "piece mail" format.

Purchase Incentive

WMC offers to ALL Correspondent Lenders, a Purchase Incentive on "Perfect" closed loan packages that are received within 4 calendar days of disbursement. If WMC can review and purchase the closed loan package (no missing or incorrect documents) WMC will deduct \$50.00 from the Administration Fee at time of funding.

DOCUMENTATION REQUIREMENTS**Note**

If a Fannie Mae or Freddie Mac Uniform Note is available for the applicable product type, Correspondent must use the most recent version Single-Family Fannie Mae or Freddie Mac Uniform Note. The Multistate Note can be used in most jurisdictions, unless the security property is located in a jurisdiction for which Fannie Mae and Freddie Mac have published a state-specific Note or has indicated that the lender must adapt the Note to include required state-specific language.

If a Fannie Mae or Freddie Mac Uniform Note is not available for the applicable product type, Correspondent must use a Note published by WMC.

White out may not be used to correct errors on the Note. All corrections (strike-outs, etc.) must be initialed by all borrower(s).

The borrower must sign the documents exactly as the name is typed. The name(s) must be consistent throughout the entire closing package.

The correct change dates, margins, rate increments and lifetime caps must be reflected if the loan is an adjustable rate mortgage.

The property address on the Note must be consistent throughout the file (Note, Mortgage, Rider, HUD-1, Appraisal, Flood Certification, AUS approval, etc.).

If the property is a Condominium, the unit number must be included as part of the property address on the Note as well as the other closing documents in the file.

The Note must reflect the loan terms as indicated on the lock-in confirmation. Any deviation may result in a re-price of the loan.



Note Endorsement

Allonges to the Note are generally NOT acceptable to WMC. The endorsement must appear on the note (front or back is acceptable). The endorsement must read:

**Pay to the order of Wintrust Mortgage Corporation, Without Recourse,
(enter your full, exact company name as it appears on the Note)**

**(Type officer's name and title below the signature line and the signor
must sign as typed – please do not use a “stamped” signature**

Security Instrument

Correspondents must use the most recent version Single Family Fannie Mae or Freddie Mac First Mortgage Security Instruments.

The original recorded document, recorder's certified copy, or a certified true copy is required. The recorded original is required as a follow-up document, if it is not present in the loan file.

If a Rider is attached to the Security Instrument, the correct Rider box must be checked on the Security Instrument.

The property address must be consistent with all other documents in file.

All borrowers must sign name as typed.

All pages of the Security Instrument must be included.

The Notary section must be complete.

Any strike outs/corrections must be initialed by all borrowers – White out is not permitted.

Corrections/Letter of Intent

The Letter of Intent is the primary means for corrections. This letter from the Correspondent is acceptable for corrections to be made on the Security Instrument and/or applicable riders. The Letter of Intent should include the following:

- ◆ A reference to the error to be corrected
- ◆ State that the borrower must initial the corrections made
- ◆ State that the corrected documents will be sent for re-recording

Note: Act of Corrections is acceptable in lieu of a Letter of Intent in Louisiana.

Riders to the Security Instrument

All Security Instruments must be amended by one or more of the following Uniform or Fannie Mae or Freddie Mac specific riders, as applicable. State specific Riders must be used if required by Fannie Mae.

- ◆ Multistate Planned Unit Development rider must be used for a mortgage that is secured by a unit in a Planned Unit Development (PUD).
- ◆ Multistate Condominium Rider must be used for a mortgage that is secured by a unit in a PUD or condominium project.
- ◆ Multistate 1-4 Family Rider must be used for a mortgage that is secured by a 1-4 family investment property or a 2-4 family primary residence.
- ◆ Multistate Second Home rider must be used for a mortgage that is secured by a second home.
- ◆ Multistate Adjustable Rate Rider if applicable (and an addendum to the rider, if applicable) must be used for an adjustable rate mortgage. There are a number of different versions of this rider, based on the applicable ARM plan or index. Please refer to the product guidelines for the program type.
- ◆ Multistate Balloon Rider must be used for a balloon mortgage for all Conforming loan programs. This rider grants the Borrower a conditional right to refinance or a conditional modification and extension of loan terms.



- ◆ Multistate Timely Payment Rewards Rider must be used for any DU/DO processed Timely Payment Rewards mortgage.
- ◆ VA Assumption Rider must be used for all VA loans.
- ◆ Revocable Trust Rider Security Instruments for mortgages with inter vivos trust Borrowers may be amended by a Revocable Trust Rider.

Disclosures

Correspondent must ensure that any description of the lender's program, and all other disclosures and material, furnished to Borrower comply with applicable state and federal laws and regulations.

Assignment/Transfer of Lien

WMC prefers its Correspondents to be set up with MERS either directly or by using WMC's MIN # to prepare MERS documents. Please contact Correspondent@wintrustmortgage.com for more information on being sponsored by WMC to prepare MERS documents.

Non-MERS Correspondents will be required to submit the **original assignment** with the closed loan package. The Correspondent should not submit the assignment for recording. WMC will submit the assignment once the file is purchased. The applicable county recording fee will be deducted from the wire amount.

A legal description is to be included in either the body of the assignment or attached (if attached, the assignment must indicate such).

Assignments are to read as follows:

Wintrust Mortgage Corporation
1S660 Midwest Road, Suite 100
Oakbrook Terrace, IL 60181

HUD-1 Settlement Statement

A final HUD-1 Settlement statement is required for all loans.

The final HUD-1 must be signed by all parties.

Interest Credit to the borrower can only be made up to the 5th day of the month.

All information on the HUD-1 must be consistent through the file to include the property address, borrowers names, sellers names, sales price on purchase transactions, etc.

Interest is calculated at 365 days

Aggregate adjustment must be reflected, if applicable.

Cash-out to the borrower must meet the guidelines set forth by FNMA, FHLMC, FHA, VA, specific program requirements, and state laws with regards to refinances.

If a refinance, the closing and disbursement dates are shown – to and from dates for daily interest is reflected.

Initial Escrow Account Disclosure Statement / Escrows / Impounds

Initial escrow account statements are required on all loans in which escrows / impounds are being held by the servicer.

The starting balance of the statement must be equal to the escrow balance collected on the HUD-1 settlement statement. All escrow balances minus the aggregate adjustment should equal the starting balance on the initial escrow statement disclosure.

A two month cushion should be used in the initial escrow statement unless state regulations specify differently.

This statement must be provided to the borrower at the time of settlement. Initial escrow statements must include the following information:

- ◆ Amount of the total monthly payment
- ◆ Portion of monthly payment that is being placed into their escrow account
- ◆ Itemize the estimated charges such as school taxes, insurance premiums, etc. that is expected to be paid during the next escrow computation year. Include the description of the item, due date, term and disbursement amount
- ◆ Running trial balance which reflects the estimated activity in the escrow account during the next 12 months
- ◆ For loans with monthly FHA/MIP insurance, the MIP amount is NOT included in the calculation of the target balance/cushion.
- ◆ The pay out dates must be correct

Power of Attorney

A Power of Attorney is an authority by which one person (principal) enables another (Attorney-in-Fact) to act for them. At least one of the borrowers must be present at the closing to execute documents.

The Power of Attorney must:

- ◆ Be specific to the transaction
- ◆ Be signed and dated by the party granting the power of attorney
- ◆ Be signed by an appropriate “witness” (if required by state law)
- ◆ Specifically identify the subject property address
- ◆ Be in effect on the date of the closing transaction
- ◆ Be notarized
- ◆ Not be an interested party in the transaction (i.e., real estate agent, seller, closing agent)

A copy of the Power of Attorney must be included in the closed loan package.

The proper signatures must be on the documents. The following signatures are acceptable:

- ◆ Borrower's name by the attorney-in-fact's name (Example: "Jane Smith by John Smith, Attorney-in-Fact")
- ◆ The attorney-in-fact's name (Example: "John Smith, Attorney-in-Fact")

Certification and Authorization

Each loan file submitted for purchase must contain a certification and authorization form signed by the borrowers. The form must comply with all applicable laws and include the following information:

- ◆ Authorization for the lender and its successors and assigns to order one or more credit reports
- ◆ Authorization for the lender and its successors and assigns to re-verify all information including, but not limited to, income, assets, employment, outstanding obligations after closing as part of a post-closing audit
- ◆ Authorization for the lender and its successors and assigns to inspect the property securing the loan for purposes of determining its market value and ensuring that it otherwise meets the lender's property requirements for the type of loan requested and in connection with any post-closing audit review
- ◆ Authorization for any third party who receives an original or copy of the Certification and Authorization to provide the Lender, or its agents, successors or assigns, as well as any investor or mortgage insurance carrier, any and all information and documentation requested.
- ◆ Certification that all information provided is current, accurate, true, and correct, that the borrowers have not made misrepresentations in the loan application or any other related document and that they have not omitted any pertinent or material information.



Tax Information Authorization Form (IRS Form 4506-T)

For ALL loans, Correspondent must obtain a signed and dated Tax Information Authorization form (IRS form 4506-T) authorizing Correspondent or its assigns to obtain income information at closing for all borrowers.

Name Affidavit

A Name affidavit will be required only in situations where the borrower did not sign their closing documents exactly as typed. The name affidavit cannot be used for the Note or Mortgage/Deed of Trust. If the borrower did not sign their name exactly as typed, a new Note and Mortgage/Deed of Trust along with Letter of Intent to Re-record will be required. The Name Affidavit can be used for other documents in the file.

Tax Certificate / Tax Authorization Form

A completed Tax Certificate must be in the file. A Tax Authorization Form is required in NJ, PA, NY, or IL.

Application

A signed and dated final application (1003 for Conventional, FHA, and VA loans, 92900 with addendums for FHA loans, and 1802 for VA loans) is required in every loan package delivered for purchase. It is imperative that the application reflects the final loan approval and all government monitoring information be complete.

Final Truth in Lending

All borrowers must sign the final truth-in-lending document. The final truth-in-lending will be reviewed to confirm payment schedule is correct according to product. Payment amount in payment schedule must include any monthly mortgage insurance or MIP. Demand assumption section must be completed. Form must indicate final and does not indicate any estimated figures.

Marital Rights – Non Owner Spouses

Some states have enacted marital rights laws (i.e., community property, dower/curtesy, or common law) that provide marital rights to certain property regardless of how ownership is documented. In these states, an individual who is not on the deed or title may have rights to real property owned by their spouse. In addition, various states have enacted homestead laws, which also provide rights to spouses. In common law states, either spouse can own property without the knowledge, approval or consent of the other, so a non-titled spouse would not be required to sign or receive any documents relating to the property. Non-titled spouses in community property and dower/curtesy states and states with homestead rights are required to sign the Security Instrument (Deed of Trust, Mortgage or Security Deed) to relinquish their rights to the lender during the term of the mortgage loan. This requirement allows the lender to foreclose in the event of default on the loan. In community property states, the non-titled spouse must receive and sign the notice of Right to Cancel and because receipt of material disclosures must precede receipt of the NORTC, must receive the final Truth in Lending disclosure. The TIL does not have to be signed, but the fact that the non-titled spouse received the TIL must be documented in some way. In dower/curtesy states and states with homestead rights, delivery of the NORTC and TIL to the non-titled spouse is not required.

Signature Requirements for Non-Borrowing spouses who are on Title

If a spouse is on title but not a borrower (not signing the Note), the spouse will have to sign the Mortgage, Notice of right to Cancel and acknowledge receipt of the TIL (signing the TIL will be proof of receipt of no other form of acknowledgement of receipt is in the file) on a refinance transaction. The Mortgage on a purchase transaction.

Right of Rescission

Right of rescission documents must be signed and dated by all borrowers and all parties on title. Right of rescission should be signed and dated the same day as TIL and Security Instrument was notarized.

If Rescission is not signed by all parties, if dates are missing or incomplete or if the borrowers did not receive a full 3 days – WMC will suspend for a new rescission period to be opened and disclosed to the borrower(s). The new rescission notice must have current dates.

Waivers of rescission period are not permitted.

State and Federal Disclosures

All disclosures must be in compliance with state, federal and local mortgage lending laws and regulations.

WMC will accept loans for funding/purchase in which borrowers received federal and state disclosures electronically according to the requirements outlined by the Electronic Signatures in Global and National Commerce (E-SIGN) Act of 2000. Because the Federal Housing Administration (FHA) currently prohibits the use of electronic signatures on all FHA loan documents, WMC will not accept electronically disclosed FHA loans for purchase.

Correspondents must complete an E-Delivery of Initial Disclosures Acknowledgement Form prior to delivering e-disclosed loans for funding/purchase.

W-9 Form

Required to be signed by all borrowers

Year End Reporting

Correspondents are required to provide the 1098 to the borrower for pre-paid interest collected at closing as reflected on the final HUD-1 and for points paid by the borrower to the Correspondent. WMC will only provide the 1098 for interest on payments received.

Hazard Insurance

At a minimum, the mortgaged premises must be protected against loss or damage from fire and other perils covered within the scope of the standard extended coverage endorsement. WMC will not accept hazard insurance policies that limit or exclude from coverage (in whole or in part) windstorm, hurricane, hail damage, or any other peril that is normally included under an extended coverage endorsement. The hazard insurance coverage must equal the lesser of the following:

- ◆ 100% of the insurable value of the improvements as established by the property insurer; or
- ◆ The unpaid principal balance of the first mortgage and the second mortgage loan amount, as long as it equals the minimum amount of 80% of the insurable value of the improvements required to compensate for damage or loss on a replacement cost basis.

Deductible – Unless state law requires a higher deductible, hazard and wind loss deductibles up to 5% of the face amount of the insurance policy are acceptable for all property types

Carrier – The policy must be underwritten by an insurer who is currently rated as one of the following:

- ◆ B/III, A/II, or better in Best's Insurance Reports
- ◆ A or better by DEMOTECH, Inc.
- ◆ BBB or better by Standard & Poor's

The insurer must also be licensed or authorized by law to conduct business in the jurisdiction where the mortgage premises is located.

A current hazard insurance policy or binder must be in every file.

The policy/binder must reference the property address and match the closed loan file

The borrower(s) must be listed as the insured.

The hazard insurance policy or insurance binder (if required by law) and a paid receipt will be accepted provided that the policy term is for twelve (12) months. If the property is a refinance, an existing policy may be used provided more than 90 days remain until the expiration date. If the policy will expire within the 90 days of the close date, the premium for renewal must be collected and paid at closing.

The premium must be shown on the declaration page. The annual premium divided by 12 must be equal to the monthly amount on the HUD-1.

A paid receipt is required on all purchase transactions. If the premium is paid at closing it must be reflected as such on the HUD-1.

The mortgagee clause of each insurance policy must be properly endorsed & necessary notices of transfer must be given to all borrowers.

Flood Insurance

A current flood insurance policy, or an application with a one year paid receipt is required on all loans if the property is located in zones "A" or "V" per the flood certification.

The effective date must be on or before the closing date.

If the property is a refinance, an existing policy may be used provided more than 90 days remain until the expiration date. If the policy will expire within 90 days of the close date, the premium for renewal must be collected and paid at closing.

The coverage amount must be reflected on the policy. Building coverage for one-to-four unit properties must be maintained in an amount equal to the least of the following:

- ◆ 100% of the replacement cost of the dwelling
- ◆ Maximum insurance available from the NFIP or
- ◆ Unpaid principal balance of the mortgage

If the insurance agent cannot issue flood insurance for at least the loan amount, a written statement from the insurance company that this is the maximum coverage they will allow on the property is acceptable.

When using the replacement cost option listed above, do not include other structures or replacement cost additions.

The Site Value must be used – appraised value is not acceptable.

Unless state law requires a higher deductible, flood insurance deductibles of up to the current NFIP policy maximums are acceptable (\$5,000 for 1-4 units and \$25,000 for condominium and PUD projects).

Private flood insurance is acceptable for loans in the Coastal Barrier Resources System (CBRS) or Otherwise Protected Area (OPA), as defined by the Coastal Barrier Resources Act. These are zones in flood hazard areas that are ineligible for Federal Flood Insurance. Deductible amounts for private flood insurance policies must be no greater than current NFIP maximums based on the property type.

The Policy/Binder must reflect the borrower(s) name and property address exactly as they are shown on all the closing documents.

The annual premium amount divided by 12 must be equal to the monthly amount collected on the HUD-1.

Condominium Insurance

Prior to the sale of a loan to WMC secured by a unit in a condominium, written evidence must be obtained to ensure that the scope and amount of insurance coverage meets or exceeds all local laws, ordinances and regulations covering condominiums, and that, in addition, the following minimum requirements for the insurance coverage are satisfied:

- ◆ A multi-peril type of policy covering the entire condominium project is required. This policy must provide at a minimum, fire and extended coverage and all other coverage in the kinds and amounts commonly required by the agencies for projects similar in construction, location, and use. Coverage must be on a replacement cost basis for at least 100% of the insurable value based on replacement cost.
- ◆ The name of the insured stated under each required policy must be similar in form and substance to the following:

Association of Owners of the (name of condominium)

For use and benefit of the individual owners

{designated by name, if required}.

Each policy must contain the standard mortgagee clause endorsed to provide that any proceeds will be paid to the Association of Owners of the (name of condominium) for the use and benefit of mortgagees as their interest may appear, or otherwise endorsed to fully protect the interest of WMC.

Condominiums require \$1 Million dollars liability insurance.

Fidelity Insurance

The Homeowners Association must have fidelity coverage against dishonest acts on the part of directors, managers, trustees, employees or volunteers responsible for handling funds belonging to or administered by the Homeowners Association. The fidelity bond or insurance must name the Homeowners Association as the insured. Condominium projects with 20 units or less are not required to have Fidelity Insurance.

- ◆ **New Construction Condos:** Coverage must equal the maximum amount of funds held by the HOA at any one time and total at least three months of assessments on the entire project plus reserves. An appropriate endorsement to the policy to cover any persons who serve without compensation must be added if the policy would not otherwise cover volunteers.
- ◆ **New Conversion Condos:** Coverage must equal the maximum amount of funds held by the HOA at any one time and total at least three months of assessments on the entire project plus reserves. An appropriate endorsement to the policy to cover any persons who serve without compensation must be added if the policy would not otherwise cover volunteers.
- ◆ **Existing Condos, Limited Review, and Small Projects:** Proof of fidelity insurance is not required.

Public Liability Insurance

The HOA must have a comprehensive policy of public liability insurance, covering all of the common elements, commercial spaces, and public ways in the condominium project. The insurance policy must contain a “severability of interest” endorsement, precluding the insurer from denying the claim of a condominium unit owner because of negligent acts of the HOA or other unit owners. Coverage must also include all other coverage’s in the kinds and amounts required by the agencies for projects similar in construction, location, and uses. Liability coverage must be for at least \$1 million per occurrence for personal injury and/or property damage.

PUD Insurance

In lieu of maintaining an individual hazard insurance policy on each PUD unit, the PUD Corporation, HOA, or trust may maintain blanket hazard insurance, providing, at a minimum, fire and extended coverage and all other coverage in the kinds and amounts commonly required by the agencies for developments similar in construction, location, and use.

The coverage must be in an amount equal to the full replacement value of all of the PUD units without deductions for depreciation or coinsurance, including the structural portions and fixtures owned by the PUD unit owners. Insurance premiums from any blanket insurance coverage must be a common expense of the PUD Corporation, HOA, or trust and must be included in the regular common assessments of the PUD unit owners. The coverage must name the PUD Corporation, HOA, or trust as the insured for the benefit of the PUD unit owners.

Common Property Coverage

The PUD Corporation, HOA, or trust must have fire and extended coverage for at least 100% of the replacement cost of the insurable PUD common property. The insurance must name the PUD Corporation, HOA, or trust as the insured for the benefit of the PUD unit owners. No mortgagee clause in favor of the PUD unit mortgagees is required by WMC on insurance covering common property.

Public Liability Insurance

The PUD Corporation, HOA, or trust must have a comprehensive policy of public liability insurance, covering all of the PUD's common property.

The insurance policy must contain a "severability of interest" clause or endorsement precluding the insurer from denying the claim of a PUD unit owner because of negligent acts of the PUD Corporation, HOA, trust, or other unit owners. Coverage must also include all other coverage's in the kinds and amounts commonly required by the agencies for projects similar in construction, location, and use. Liability coverage must be for at least \$1 Million per occurrence for personal injury and/or property damage. The \$1 Million liability coverage is not required for PUD projects under the following circumstances:

- ◆ The property must be a detached single-family residence
- ◆ The property must consist solely of single-family detached properties
- ◆ The project must contain limited amenities such as streets and greenbelts
- ◆ The monthly HOA fee must be minimal - \$50 per month or less

The policy must cover the entire project, including all common areas, public ways, and any other areas that are under its supervision.

Each policy must contain the standard mortgagee clause endorsed to provide that any proceeds will be paid to the (name of PUD Corporation, HOA or trust) for the use and benefit of mortgagees as their interest may appear or otherwise endorsed to fully protect the interest of .

When a mortgagee clause is not applicable, Correspondent must obtain a certificate of insurance. This certificate must contain the information required for certificates that is set forth under the Hazard Insurance requirements. The certificate must name the Correspondent as the certificate holder.

Mortgage Insurance

If primary mortgage insurance is required by the loan program, Correspondent must obtain a mortgage insurance commitment certificate from an approved contract underwriter acceptable by WMC. The private mortgage insurance coverage must transfer to Correspondent and its successors and assigns and must protect the interest of WMC.

An approved contract underwriter must have, at a minimum, a claims paying ability acceptable to Standard and Poor's Corporation for AA-Rated mortgage pass-through certificates and to Moody's Investors Service for an A-Rated mortgage pass-through certificate.

It is the Correspondents responsibility to monitor the ratings of these mortgage insurers. In the event the ratings are downgraded prior to the funding date, Correspondent must obtain mortgage insurance from another mortgage insurer who meets the guidelines.

An escrow/impound account must be established at closing for monthly payment of future premiums, unless a single premium was paid in full at closing or unless Correspondent obtained lender-paid mortgage insurance.

WMC accepts mortgage insurance premiums to be paid on a monthly or annual basis.

The name of insured and property address must match all closing documents in the file.

WMC's acceptable MI companies are Radian, RMIC, and PMI.

Flood Certification

Each loan delivered for purchase must include the FEMA Standard Flood Hazard Determination form for use in determining whether a building is located within an identified "Special Flood Hazard Area" (SFHA). WMC recommends that Correspondents order their flood certifications from First American Flood.

Title Insurance

Loans purchased by WMC must be covered by a mortgagee title insurance policy or other approved form of title evidence, which has been paid in full, is valid and binding, and remains in full force and effect. Title insurance must comply with the following requirements:

- ◆ The amount of coverage must be equal to the face value of the mortgage.
- ◆ All title commitments and/or policies must be issued by an approved American Land Title Association (ALTA) insurance company. Prior to any loan disbursement by the Correspondent, a marked-up title binder for an ALTA title policy, indicating Correspondent's proposed lien position is required. If proof of satisfaction/release is a condition for eliminating any liens on the title, copies of these documents must be retained with the title work.
- ◆ All judgments and liens must be paid off, subordinated, or insured over.

- ◆ Real estate taxes must reflect, “not yet due and payable.” On condominium and PUDs, taxes can only be assessable against the subject unit and its undivided interest in the common areas and not the project as a whole.
- ◆ On purchase transactions, the home-seller must be the owner of record.

The title insurance policy must be issued by a title insurer who is acceptable to Fannie Mae or Freddie Mac, and who is qualified to do business in the state where the Mortgage Premises is located.

The title insurance policy must be written on the current standard form required by ALTA or other form currently acceptable to FNMA or FHLMC.

The protection and benefits from the title insurance policy must insure the lender and the mortgagee of the loan, including all successors and assigns. Where MERS is the original mortgagee, the title insurance policy must insure the lender, including all successors and assigns, and additionally name MERS as an insured.

The effective date of the title insurance policy must be no earlier than the date on which the Security Instrument was recorded.

The title insurance policy must insure that the Security Instrument creates a valid first or second lien on the mortgaged premises.

The policy must list any lien for secondary financing and state that the lien is subordinate to the lien of the Security Instrument.

The acceptable minimum coverage must at least equal the current principal balance of the loan.

WMC highly encourages the use of “Short Form Policies”. Short form title policies provide the same amount of coverage as a standard policy but in a shorter format. A title commitment is also required.

The title commitment/binder cannot be older than 6 months (a date down should be performed at closing).

The title commitment/binder/policy must reflect the borrower(s) name and be consistent with all other closing documents in file.

The legal description in the title commitment/binder/policy must match the survey/plat.

Required Endorsements

Each title insurance policy must contain the following endorsements or provide equivalent affirmative coverage, if applicable to the loan: ALTA Endorsement form 8.0; Environmental Protection Lien Endorsement is required for all loans originated after 12/1/87. ALTA form 8.0 must be included with the 1987 ALTA form of title insurance policy. ALTA form 8.1 must be included with the 1970 ALTA form of title insurance policy.

- ◆ ALTA Endorsement form 4; Condominium Endorsement is required for all loans secured by a condominium unit.
- ◆ ALTA Endorsement form 5; PUD Endorsement is required for all loans secured by a PUD unit.
- ◆ ALTA Endorsement form 6.0 or 6.1; Variable Rate Mortgage Endorsement is required for all ARM loans.
- ◆ Balloon Payment Loan Endorsement is required for all loans secured with a balloon option.
- ◆ CLTA Endorsement form 100 and form 116; Comprehensive Endorsement and a Location Endorsement are required for all loans in areas where surveys are not customary.

Plat of Survey or Improvement Survey

A survey/plat is to be included in each loan file. In lieu of a survey, WMC will accept a Location Note endorsement. The survey cannot be older than 120 days and be prepared by a registered public surveyor with seal and certification affixed.

The survey must reflect a legal description that is the same as the title commitment/binder and consistent throughout the loan file.

All easements, encroachments and/or set back lines, must be 5 years old or greater – if less than 5 years, waiver is required from the proper authority and must be included in the loan file (city / county / municipality).



Servicing Information

All Assignments and Insurance information must reflect the following address:

Wintrust Mortgage Corporation
15660 Midwest Road, Suite 100
Oakbrook Terrace, IL 60181
Servicing Phone #800-999-2649

Mortgagee Clause:

Wintrust Mortgage Corporation, its successors and/or its assigns 15660 Midwest Road, Suite 100 Oakbrook Terrace, IL 60181

Additional Credit Documentation

It is imperative that the Correspondent deliver to WMC a complete loan file. The credit package must contain all of the documentation used to make the credit decision. The Correspondent is fully responsible to originate, process, underwrite, and close the transaction to the product guidelines, agency and all state/federal requirements.

The following is a list of common issues missing from credit packages but is not all inclusive of what is required – all underwriting and closing personnel must check all loan files in their entirety before shipping the closed loan to WMC.

- ◆ All conditions of loan approval must be included in file
- ◆ 1008 must match Note, Security Instrument, HUD-1, Appraisal, and Final Loan Approval
- ◆ All pages of AUS findings must be included. All AUS findings must be released to WMC as “FINAL”
- ◆ All pages of the credit report must be included in file
- ◆ If loan was underwritten by an MI company, the MI company approval must be included in file

- ◆ Initial and Final 1003's must be fully completed and comply with all state, federal, and HMDA requirements
- ◆ The Initial GFE and TIL must be dated within 3 business days of the initial application
- ◆ All conditions of the appraisal must be included in file
- ◆ All FHA and VA worksheets, notices, disclosures must be complete and in file
- ◆ A copy of the appraisers license and E&O insurance must be in file
- ◆ A Verbal VOE (regardless of AUS findings) must be performed within 5 days of the closing and included in file
- ◆ First payment letter must be included in file
- ◆ Wiring instructions must be included in file

LOAN PURCHASE FEES**Overview**

Once a loan passes WMC's document audit and WMC agrees to purchase the loan, WMC prepares the loan for purchase. This section outlines the various components of our disbursement process and how WMC arrives at the net amount to be paid to the Correspondent.

Amount Due Correspondent

The amount due to the Correspondent at purchase is based on the following formula:

Principal Balance of the Loan
(+/-) Interest Adjustment
(+/-) Base Price Premium/Discount Amount
(-) Escrow
(-) Fees
(-) Buydown funds

Delegated Correspondent Fees

WMC will assess the following fees (net funded at the time of purchase):

1st Mortgages

Administration Fee (all loans):	\$295.00
Tax Service Fee	\$ 89.00
DU Fee (for Lenders we Sponsor):	\$ 50.00
Assignment Fee	Actual Fee charged by the county
MERS (non MERS Lenders only)	\$ 3.50
Underwriting Fee	\$250.00*

*Fee only applies to loans for which underwriting is performed by WMC.



Hybrid Correspondent Fees

WMC will assess the following fees (net funded at the time of purchase):

1st Mortgages

Administration Fee (all loans):	\$450.00
Tax Service Fee	\$ 89.00
Assignment Fee	Actual Fee charged by the county

Additional Added-Value Services (available to Hybrid Correspondents)

Submission of the loan file to HUD or VA for insurance

Included in the Administrative Fee

Disbursing of Funds

On the day of purchase, the Correspondent receives via fax, a copy of the Purchase Advice for each loan purchased. In addition, an email will be automatically generated from WMC notifying Correspondent that the loan has funded.

Funds are wired to your Company via the Wire Transfer Instructions provided in the loan package on the next business day after all required documents are received and cleared for purchase.

POST-CLOSING**Insuring**

All FHA/VA/USDA loans must be submitted to the respective agencies for insuring within 30 days of the loan closing.

If an FHA loan is submitted or re-submitted (received an NOR) after 60 days, HUD requires the Lender to provide a “Late Letter” and a “Payment History” before an MIC will be issued. If a VA loan is submitted or re-submitted (received an LGC suspension) after 60 days, VA requires the Lender to provide a “Late Letter” before an LGC will be issued. If the Correspondent needs to obtain a pay history from WMC, a fee of \$25 will be charged.

WMC will monitor the submission of loans to FHA, VA, & USDA by the Correspondent. If a file has not been submitted within 30 days from the closing date, WMC will contact the Correspondent for status. If the Correspondent is unable to submit an FHA, VA, or USDA loan within the timeframes given above, the Correspondent must contact WMC’s Insuring Department and provide status and their expected delivery date of the file to FHA, VA, or USDA. All MIC’s, LGC’s, & LNG’s are due in our office within 60 days of the closing date – NO EXCEPTIONS.

WMC will not purchase any FHA loan that the MIP has not yet been remitted to HUD. Please remit your FHA MIP immediately after closing so that the purchase of your loan is not delayed.

WMC will not purchase any FHA, VA, or USDA loans that is greater than 30 days from the closing date that is not yet insured.

FHA Loans – All Correspondents are required to check FHA Connection regularly to identify those loans that have been submitted to FHA for insuring to see if HUD has insured the loan. If they have, the Correspondent must print the MIC at that time. This procedure should enable lenders to have the MIC in their possession within approximately one week after submission.

When WMC submits for insuring, WMC will monitor FHA Connection for the MIC. If a NOR is issued, WMC will look to the Correspondent for assistance.

In addition, Lenders must now go into FHA Connection – Servicing and transfer their cases to WMC via HUD Form 92080. This procedure **must** be done within 15 days from the date that WMC purchases your loan. WMC recommends that you do this on the same day you are printing your MIC from FHA Connection. WMC’s HUD ID number that you will need for the transfer is **#728560001**.

Correspondents that repeatedly fail to timely deliver FHA MIC’s, VA LGC’s, or USDA LNG’s will be subject to termination.

All MIC/LGC’s/LNG’s should be faxed to (630) 916-9611 or sent to:

Wintrust Mortgage Corporation
15660 Midwest Road, Suite 100
Oakbrook Terrace, IL 60181
ATTN: Insuring Department

All final documents pertaining to an individual loan must be delivered in one submission to WMC within 90 days from the funding/disbursement date.

Note: It is the responsibility of the Correspondent to follow up on final and trailing documents.

The WMC Final Documentation Transmittal Form located on our website must be used when submitting all final documents.

Final documents include, as applicable, the following items:

- Original, recorded Security Instrument, including all applicable Riders
- Original, recorded Assignment of Security Instrument
- Mortgagee Policy of Title Insurance



WMC reserves the right to require that you furnish any additional documents as may be deemed necessary from time to time.

WMC may, at its discretion, require repurchase of those loans not meeting the 90-days document delivery requirement.

A penalty of \$50.00 per document per month will be charged for any loan where the final documents have not been received within 180 days from closing date. In addition, WMC shall have the right to offset or deduct from a future loan funding, any outstanding fees due WMC if not paid to WMC by the given due date.

To assist the Correspondent in tracking final documents, WMC will provide a letter monthly, which will identify, on a dated basis and by loan number, missing final documents. The Correspondent is responsible for working the reports and keeping current with the delivery of documents. Correspondents that repeatedly fail to timely deliver final documents may be subject to termination.

All final documents should be sent to:

**Wintrust Mortgage Corporation
ATTN: Final Documents
15660 Midwest Road, Suite 100
Oakbrook Terrace, IL 60181**