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## NOTES

## 9 - Post-Purchase Requirements

### Overview

#### Description

The Correspondent's obligations to the borrower and to Mortgage Services III, LLC (MSI) does **not** stop at loan purchase/funding.

MSI has summarized the Correspondent's continuing obligations in this chapter.

The post-purchase obligations include, but are not limited to:

✓ Change of Servicer Notification	Notification, directly after loan purchase, that the loan has been sold and a new mortgagee clause and/or servicer is required.
✓ Final Trailing Documents	Timely delivery of final (trailing) documents
✓ Funding Errors/Corrections	Timely resolution of funding errors/corrections.
✓ Payment of Invoices	Timely payment of invoices
✓ Resolution of Post-Funding Audits, Investor Requests, including Repurchase Requests	Timely resolution of requests regarding a loan deficiency or a request for repurchase.

**Important:** The Correspondent's proper management of post-purchase obligations are critical to Good Standing with MSI.

#### Servicing Issues

MSI has also included a Servicing Issues section in this chapter to provide assistance to the Correspondent in answering certain servicing questions a borrower may have.

## Change of Servicer

### Description

The Correspondent must notify the following vendors, **immediately** upon purchase of the loan by MSI, that the loan has been sold and there is a new mortgagee clause and servicer address:

- ✓ Borrower – A goodbye letter, in full compliance with RESPA must be forwarded to the borrower providing new servicer information.
- ✓ Mortgage Insurance (regardless of the type of policy purchased).
- ✓ Hazard Insurance (including Flood and “other” insurances).
- ✓ FHA – The Mortgage Record Change (MRC) must be completed (as applicable for delegated government Correspondents.)
- ✓ USDA Lender Record Change (Form 1980-11)-send to USDA and copy to MSI; the copy must be included in the closed loan delivery file to be eligible for purchase.

### RESPA Goodbye Letter Information

The Correspondent must prepare and deliver a notification of loan sale and change of Servicer (Goodbye Letter) to the borrower at least 15-days prior to the first payment due MSI.

- ✓ The notification should not be provided to the borrower until **after** the loan has been purchased by MSI.
- ✓ The Goodbye letter must be in full compliance with RESPA and contain the MSI information provided in the matrix.
  - The Transfer Date is always the 1<sup>st</sup>, no other day of the month may be used.
- ✓ The Correspondent must provide the borrower with a short-year escrow account statement within 60 days of the servicing transfer.
  - This requirement applies with the Correspondent has collected escrow funds, even those without disbursement prior to the sale of the loan to MSI.

Payment Address	Mortgage Services III, LLC 502 N. Hershey Road Bloomington, IL 61704 Loan # _____
General Correspondence Address	Mortgage Services III, LLC <b>Attn: Customer Service</b> 502 N. Hershey Road Bloomington, IL 61704
Toll Free Number	<b>888.664.9108</b>
Business Hours	8:00 am to 5:00 pm Central Time

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## Change of Servicer, Continued

### Notice Information Matrix

The following matrix provides the correct mortgagee clause and notification address:

Mortgagee Clause	Mailing Address
Mortgage Services III, LLC, Its Successors and Assigns	502 N. Hershey Road Bloomington, IL 61704

**Important:** MSI does **not** accept the “transfer” of tax service. MSI collects a Tax Service Fee on each loan purchased which is included in our Administrative Fees.

### FHA Mortgage Record Change REV (4/20/12)

- ✓ The FHA Delegated Correspondent is solely responsible for making the Mortgage Record Change (MRC) –both “Holder” and “Servicer” to the end investor on the FHA Web Site in full compliance with FHA requirements.
- ✓ MSI will issue a Transfer Request to you upon the completion of the sale of the FHA loan to the end investor; **the MRC must be completed immediately upon the receipt of the Transfer Request.**
- ✓ MSI requires that the Seller transfer the “Holder” and “Servicer” of the mortgage in FHA Connections **within 1 business day of the receipt of the Transfer Request.**
  - The “Holder” and “Servicer” FHA number to use for the MRC will be included in the Transfer Request.
- ✓ The monthly MIP cannot be paid until the end investor is shown as the Holder and Servicer. Making this MRC is critical to good customer service for our borrower!
- ✓ The path to make these changes in the FHA Connection is:
  - \*Single Family FHA
  - \*Single Family Servicing
  - \*Mortgage Record Change
  - \*Servicer/Holder Transfer.

**Important Reminder:**

- ✓ HUD, as outlined in ML 2011-33 (<http://portal.hud.gov/hudportal/documents/huddoc?id=11-33ml.pdf>) is taking a “hard” stance on the issue of Mortgage Record Change (MRC).
- ✓ MSI will monitor each Seller’s performance and failure to comply may result in termination. MSI cannot ignore HUD’s scrutiny on compliance of the transfers.

## Loan Status and Pipeline Management

### Overview

#### Loan Status and Pipeline Management

MSI will generally e-mail notification to Correspondents regarding the status of a specific loan.

However, MSI does provide pipeline and individual loan tracking and management through our Web Site ([msicorr.com/ Online Tracking](http://msicorr.com/OnlineTracking)).

**Important:** MSI considers the Correspondent to be solely responsible for Final Trailing Documents (as an industry standard) and as such, they are not listed as outstanding conditions on our Web Site.

### Accessing Pipeline Management

To access your pipeline and/or individual loan status, use the following steps:

Step	Action
1	Go to the Web Site ( <a href="http://www.msicorr.com">www.msicorr.com</a> )
2	Choose <a href="#">Lenders Login Here</a>
3	Enter your password/ID into <a href="#">Account Login</a>
4	Choose your task and manage individual loans from there.

## Final Trailing Documents

### Overview

The following documents are considered Final (trailing) documents by MSI and the Correspondent is obligated to provide the final documents within the published policy.

Final (trailing) documents are:

- ✓ Recorded Security Instrument and all applicable riders/schedules and addenda
- ✓ Recorded Power of Attorney
- ✓ Final Title Policy
- ✓ Final Certification of Completion for repairs (Fannie Mae 442 or equivalent) for any approved Escrow Holdback
- ✓ FHA Mortgage Record Change
  - MRC-electronic transfer to the new servicer, per current FHA requirements
- ✓ FHA Mortgage Insurance Certificate (MIC)- no later than 45-days after loan closing/disbursement. **(Forward Electronically)**
- ✓ VA Loan Guarantee Certificate (LGC)- no later than 45-days days after loan closing/disbursement. **(Forward Electronically)**
- ✓ USDA Loan Note Guarantee (LNG) no later than 45-days after loan closing/disbursement. **(Forward Electronically)**

**REV** (11/16/09)

### **Electronic Delivery of the MIC/LGC/LNG**

Sellers are required to provide an electronic version of the applicable FHA Mortgage Insurance Certificate (MIC)/VA Loan Guarantee Certificate (LGC)/USDA Loan Note Guarantee (LNG) **via email** to MSI **immediately upon receipt** of the document (but never later than 45-days after loan closing.)

- ✓ It is not necessary to provide an original or hardcopy of the certificate via Final Trailing Docs delivery to MSI.
  - The Seller is required to retain the hardcopy "original" of the certificate. MSI or a subsequent investor retains the right to require evidence of receipt.
  - Email all electronic copies of the applicable MIC/LGC/LNG to [asonius@msiloans.biz](mailto:asonius@msiloans.biz).
  - Please reference the Borrower Name; MSI Loan Number and the Document Name (i.e. MIC, LGC or LNG) in the Subject line of the email.

**Note:** If you do not have the ability to email a copy of the MIC/LGC or LNG, please contact Amanda @ 515-661-5488 for assistance.

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## Final Trailing Documents, Continued

### Final Document Policy

MSI requires that all final (trailing) documents be delivered to MSI **no later than 120-calendar days** from the date of loan closing/disbursement.

#### Outstanding Final Document Fee

Because MSI has document custodial obligations for pool certification, we will, at our discretion, either:

- ✓ MSI reserves the right to charge a per-month late fee for each final trailing document that is outstanding beyond 180-days after loan closing, or
- ✓ Obtain the outstanding document and invoice a charge to the Correspondent.

#### Notes:

- ✓ MSI reserves the right to require that a Correspondent use a document procurement service.

### Final Document Process

Correspondents must follow the process outlined below to deliver Final (trailing) documents to MSI:

Step	Responsible Party	Action
1	Correspondent	Ensure that all applicable documents are returned to you upon recording or completion.
2	Correspondent	Using the Final (Trailing) Document Transmittal found on <a href="http://msicorr.com">msicorr.com</a> , forward the final document(s) via express mail to the appropriate MSI location.
3	MSI	<ul style="list-style-type: none"> <li>a. Confirms <b>receipt</b> of the document by signing the Final Doc Transmittal and returning it to the Correspondent via facsimile.</li> <li>b. Scans the document into "View Docs"</li> </ul>

**Important:** It is critical that the Correspondent properly manage final (trailing) documents via the Web Site.

Final documents are **not** considered received until MSI has acknowledged the receipt via the fax signed form. It is the Correspondent's responsibility to advise MSI if they sent a document that has not been acknowledged.

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## Final Document Standards

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**Overview** Unless otherwise addressed in the Pre-Purchase Delivery or the Product Suite chapters, the standards for the final (trailing) documents are outlined below.

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**Recorded Security Instrument** The original recorded security instrument must be forwarded to MSI.  
✓ The recording information for the jurisdiction must be evident on the original document.

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**Recorded Assignment of Mortgage** **MERS:**  
The recorded Assignment to MERS must be forwarded to MSI.  
**Intervening:**  
Any recorded Assignments of Mortgage between a third party originator and the Correspondent made prior to the assignment to MERS must be forwarded to MSI.

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**Security Instrument Addenda** The original recorded addenda (riders, allonge) for the security instrument

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## Final Document Standards, Continued

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### Final Title Policy

CLAR (8/18/11)

The appropriate form of Final Title Policy with the recording information for the present loan must be forwarded to MSI.

#### Title Requirements

- ✓ The final title must be the most current version of an American Land Title Association (ALTA) Loan policy, or **other form** of title insurance acceptable to Fannie Mae issued by a title insurer approved by Fannie Mae and qualified to do business in the jurisdiction where the property is located, insuring the appropriate priority of the lien of the mortgage in the original principal amount of such loan.
  - ✓ The final policy must include all applicable endorsements and not contain any exceptions that are not acceptable to MSI or Fannie Mae.
    - The title must be endorsed to Mortgage Services III, LLC, its successors and/or assigns.
  - ✓ **Title Insurance coverage must equal or exceed the Mortgage Loan amount.**
  - ✓ The final title policy must be complete, including all endorsement, schedules, attachments, plat maps, etc.
- 

### Final Certification of Completion

If the loan was subject to a Completion Escrow Holdback, the original (or certified true copy) of the final completion of the repairs must be forwarded to MSI.

- ✓ The final completion must be completed by the appraiser. The Fannie Mae 1004D/Freddie Mac 442, or equivalent document is acceptable.
  - Final color photos showing the subject property after completion of repairs is required.

**Note:** Based on the anticipated completion date for Escrow Holdbacks, the receipt of the final completion may be a final trailing doc condition.

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## Final Document Standards, Continued

**FHA Mortgage Insurance Certificate or VA Loan Guaranty Certificate or USDA Loan Note Guarantee**

**REV** (11/13/09)

MSI requires the Mortgage Insurance Certificate (MIC)/Loan Guaranty Certificate (LGC)/USDA Loan Note Guarantee (LNG) to be delivered to us **immediately upon your receipt**, but never later than 45-days after loan closing/disbursement.

✓ MSI requires that the MIC/LGC/LNG be forwarded electronically immediately upon receipt (but never later than 45-days after closing, unless it is required at time of purchase by the product guidelines.) See [Electronic Delivery of the MIC/LGC/LNG](#).

- ✓ The MIC, LGC and LNG must correspond with the Note and Security Instrument with respect to:
- Mortgagor names
  - Property address
  - Mortgage amount
  - Interest rate
  - Principal and Interest payment
  - First and last payment dates
  - There may be no white outs or erasures on the certificates.
  - The mortgagor's social security number must be correct with the W-9 and/or loan file documents.

**Important Notes:**

- ✓ MSI requires that FHA/VA/USDA loans be submitted for insurance/guarantee within 30-days of loan closing/disbursement to ensure final guarantee within 45-days of disbursement.
- ✓ We audit the submission of the FHA loan insuring package via the FHA web site
- ✓ We reserve the right to require status updates on either the submission of the insuring or guarantee package prior to the receipt of the MIC/LGC/LNG
- ✓ MSI will accept the hardcopy electronic versions of the MIC or LGC that are provided by the official FHA/VA web sites
- ✓ For VA loans, the guaranty must equal at least twenty-five percent (25%). Guaranty may be the sum of entitlement plus down payment/equity

**Important:**

- ✓ If corrections to the MIC or LGC are required, it is the Correspondent's obligation to work diligently to facilitate any needed corrections. **The MIC/LGC is not considered "delivered" until it is correct.**

## Funding Errors and Escrow Corrections

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### Overview

It is the Correspondent's responsibility to review the Purchase Advice (Funding Worksheet) as soon as possible to ensure that the net funding is correct.

- ✓ If an error in the net funding amount is discovered **after** purchase/funding, the Correspondent must notify MSI via email.
    - The error may be an escrow or non-escrow-related error.
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### Non-Escrow Related Errors

Funding errors that are a result of an error not involved with the escrow/impound account, including, but not limited to the following:

- ✓ Purchased at wrong price
  - ✓ Loan Level Price Adjustments (LLPA) calculated incorrectly
  - ✓ Incorrect Marketing Loss Charges
- 

### Requirements for Submitting Request

All requests for funding corrections must be received by MSI **no later than 120-days** after loan purchase/funding. Requests received after the 120-day deadline may not be considered.

To submit the request, the Correspondent must forward the following documents via facsimile to their original funder at MSI.

- ✓ **Email Request** – Subject Header should be: **Funding Error, Borrower's Name and MSI loan number**
- ✓ Additional documentation that supports the request should be attached to the email (Adobe format is preferred)
- ✓ For escrow reconciliation, the following documentation is required:
  - Copy of the final HUD-1 Settlement Statement
  - Loan History
  - Copy of Check (If tax or insurance was paid, or if check was sent to Borrower)

**Important:** Funding correction requests received without applicable supporting documentation will be denied, pending documentation.

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## Funding Errors and Escrow Corrections, Continued

### Borrower's Rights Regarding Escrow Corrections

If an escrow analysis has been completed on the loan(s) in question, Federal law prohibits any reimbursement from the escrow account. If the account has been analyzed the request for reimbursement must be denied.

- ✓ MSI strongly recommends that any reconciliation of the escrow occur **immediately** after purchase. The borrower is not prohibited from requesting an early analysis or an escrow deletion on their Loan.

### Escrow Correction From the Correspondent

If MSI is due escrow funds from the Correspondent, an invoice will be forwarded to the Correspondent. The invoice will include loan detail, and supporting documentation, when applicable.

**Reminder:** Failure to remit funds, when due, negatively impacts the Correspondent's Good Standing. MSI has the right to off-set and will reduce funds due the Correspondent by outstanding fees.

**Important:** The Correspondent is responsible to ensure that every effort is made to compute property taxes correctly, especially on newly constructed properties. MSI will require reimbursement from the Correspondent for any unpaid taxes or tax penalties incurred prior to the purchase of the loan. Some taxing jurisdictions may be up to 24 months in arrears.

### Process

The following steps outline the process and timing for Non-Escrow Funding Corrections:

Step	Responsible Party	Action
1	Correspondent	a. Requests Funding Correction <b>no later than</b> 120-days after loan purchase/funding. b. Submits, via e-mail the request <b>and</b> applicable documentation.
2	MSI	a. Acknowledges receipt of the request via email. b. Researches the request. c. Denies the request, or remits reimbursement to the Correspondent within one business week of receipt of the request.

## Payment of Invoices

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### Correspondent Responsibility

Timely payment of invoices issued by MSI Correspondent Lending is critical to the Correspondent's Good Standing.

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### Offset – Funding Deduction

In the event that the Correspondent fails to pay MSI any sums which are owed to MSI by the Correspondent MSI shall be permitted to Offset such sums from any amounts which are due or become due to the Correspondent. (See the [Agreement](#) and the [Seller Guide/Default](#) chapter for details.)

- ✓ MSI reserves the right to deduct the Offset amount from the Gross Premium (amounts identified as Yield Spread Premium) on any loan ready to fund. (A funding deduction.)
  - ✓ MSI may, **in its sole discretion**, make the determination when to Offset monies owed by the Correspondent. (E.g. when the outstanding fee amounts reach a threshold or when the outstanding invoices reach a defined deadline, etc.)
  - ✓ Failure to Offset under a certain set of circumstances does not waive MSI's right to Offset for outstanding fees and monies owed by the Correspondent.
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## Resolution of Investor Requests

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### **Correspondent Responsibility**

The Correspondent remains responsible to MSI for the loans sold to MSI. If a subsequent investor determines that a loan is deficient or is subject to repurchase, the Correspondent is obligated to MSI to:

- ✓ Provide requested information to resolve outstanding deficiencies in a timely manner
- ✓ Repurchase the loan if the reason for repurchase is an item for which the Correspondent has provided warranty, representation or covenant to MSI

### **MSI Responsibility**

MSI will use best business practice and a reasonable approach when addressing issues of problem loans with the investor.

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## Servicing Issues

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### Overview

Providing proper customer service to the borrower after loan closing is important to both the Correspondent and to MSI to generate return business.

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### Borrower Payments

#### Endorsement

All loan payments must be endorsed to:  
Mortgage Services III, LLC

#### Payment Statement

MSI issues a monthly statement to each borrower that details certain pertinent information about their account with MSI. Including but not limited to:

- ✓ Payment Address. The statement contains the proper “lock box” address to which the borrower should make payment.
  - Always use the payment address provided on the monthly statement. Using this address ensures that the borrower’s payment is credited in a timely manner to their account.
- ✓ Payment Amount
- ✓ Loan Balance
- ✓ Escrow information

**Note:** The statements are mailed with a “Welcome Letter” within 10 calendar days of the purchase of the loan by MSI.

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### Servicing Issues, Continued

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#### Borrower Payments, Continued

##### Payment Address

- Use this address for "Good Bye" letters

All loan payments to MSI paid by the borrower **prior** to the receipt of their monthly statement (payment without coupons) should be sent to:

Mortgage Services III, LLC

502 N. Hershey Road

Bloomington, IL 61704

Loan #: \_\_\_\_\_

##### Note:

The above address can be used for regular US Postal mail or for express mail.

**Important:** Once the borrower(s) has received the payment coupon/statement, they should use the payment mailing address provided for proper credit to their account.

##### Late Charges

MSI assesses the highest late charge permitted by law for payments received after the 15<sup>th</sup> of each month.

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## Servicing Issues, Continued

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### Customer Service

MSI provides the following toll-free customer service number:

**888.664.9108**

Hours of Operation 8:00 am – 5:00 pm Central Time Monday to Friday

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### Escrow Accounts

MSI services all loans in accordance with the aggregate accounting method.

- ✓ MSI uses the maximum cushion permitted by state law or the mortgage documents, which is normally 1/6 (2 months).
  - ✓ MSI does not collect a cushion for private mortgage insurance or for government mortgage insurance premiums which are paid monthly beginning with the first payment due.
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### Deletion of Private Mortgage Insurance

MSI and the subsequent investors that we use service loans with private mortgage insurance in full compliance with the Home Owner's Protection Act of 1998 (HPA) unless otherwise pre-empted by state law.

Borrower's seeking information regarding deletion of private mortgage insurance should contact the Customer Service area for full details.

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### Waiver of Escrows after Loan Purchase

MSI does not permit the waiver of escrow/impounds **after the purchase** of the loan.

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### 1098

#### Correspondent Responsibility

It is the Correspondent's responsibility to complete the annual 1098 statement in full compliance with current IRS requirements.

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