Reliant Bank
CORRESPONDENT LENDING

LET'S **GROW** TOGETHER

MORTGAGE SERVICES

CORRESPONDENT SELLER GUIDE

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Chapter 1 –Reliant Bank Mortgage Services Correspondent Channel

A. Contacts and Communication

Reliant Bank corporate headquarters is located at:

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Suite 300
Brentwood, TN 37027
xxx-xxx-xxxx

Reliant Bank Mortgage Services Correspondent Channel is located at:

105 Continental Place
Suite 300
Brentwood, TN 37027
xxx-xxx-xxxx

Primary Contacts:

Correspondent Lending Manager
Phone: xxx-xxx-xxx
Email: first.last@reliantbank.com

Client Services Manager
Phone: xxx-xxx-xxx
Email: first.last@reliantbank.com

B. Policies

B1 - Fair Lending

Reliant Bank, as a provider of Residential Mortgage loan products to the American public, recognizes that the strength and vitality of the Housing Market in America demands a process that is Transparent, Honest and Fair to all consumers. Reliant believes that every consumer deserves the opportunity to pursue success in the credit marketplace, and that an individual's qualification for credit in that marketplace is to be measured only in terms of his or her demonstrated and relevant creditworthiness. Reliant believes that every consumer who might seek to obtain a mortgage loan deserves to be treated with dignity and respect and is committed to affording each applicant a full and exhaustive examination of their applicable creditworthiness. Reliant believes that each individual's circumstances and needs are unique and it is necessary and appropriate to provide fair and equal consideration to every applicant and every application it may consider.
Toward that end, considering that all creditworthy consumers should enjoy fair and convenient access to credit products, Reliant requires that any Third Party Originators maintain and observe policies that encourage a consumer's pursuit of credit, and:

- Always base credit decisions on the creditworthiness of the applicant, as demonstrated by sound, accepted underwriting procedures;
- Never consider an applicant's Race, Color, Creed, National Origin, Sex, Age, Religion or other circumstances protected under the Equal Credit Opportunity Act as relevant measures of creditworthiness;

- Originate Mortgage Loans in compliance with all regulations applicable to the mortgage lending industry, including but not limited to the Fair Housing Act, the Equal Credit Opportunity Act; the Truth In Lending Act, the Real Estate Settlement Procedures Act, the USA Patriot Act, and the Fair and Accurate Credit Transactions Act.

B2 - Privacy of Consumer Information

Both Reliant Bank and the Correspondent shall not disclose any consumer information provided either by applicants or the other party to any affiliate third party except in accordance with any and all federal, state, and local statutes or regulations, and/or other legal authorities regarding the privacy of consumer information, including but not limited to the privacy provisions of the Gramm-Leach-Bliley Act of 1999, the Fair credit Reporting Act and any applicable similar state laws. Consumer information shall include any and all non-public personal or financial information relating to a specific person that was obtained from an applicant or from other sources during the loan application process. Both Reliant and the Correspondent shall provide the other with its current privacy policy and will update such policy by communicating changes to each other, as necessary, to ensure that such privacy policy is current and accurate. An appropriate information and data security program shall be enforced that includes adoption of a Red Flags policy designed to ensure the security, integrity, and confidentiality of all consumer information, protect against hazards to the security, integrity, and confidentiality of all consumer information, and to protect against unauthorized access to or use of consumer information. Both Reliant and the Correspondent shall maintain a written description of its information security program and will provide the other with a copy upon request.

B3 – Appraisal Independence

Under AIR/HVCC rules, a lender is prohibited from extending credit if it knows, before consummation, of a violation of the prohibition on coercion or a conflict of interest. Reliant Bank formally subscribes to all aspects of AIR/HVCC designed to confirm that the appraiser is allowed/encouraged to produce their report without any undue or inappropriate influence or pressure from the Lender or the borrower.

- Payment for Appraisal Services provided will be made in a timely fashion, and directly to the AMC, or other entity that has been selected to provide services.
- Reliant Bank will not request removal of an appraiser from an approved list, or the blocking of an appraiser from receiving assignments without notice, and only in accordance with policies noted in these guidelines regarding unsatisfactory, unprofessional or illegal conduct, or other substantive concerns.
- Reliant Bank will not obtain a second appraisal (including abridged versions of a full appraisal, AVM or other market value representation) for any loan application in process unless:
    - There is an explicit and bona fide reason to believe that the appraisal in question is flawed; or
    - It is in accordance with bona fide pre-established underwriting guidelines, or pre- or post-funding quality control procedures.
- In any instance where a second appraisal is required and obtained, Reliant Bank pledges to accept the lowest value provided, rather than simply acknowledge the higher value.

B4 – SAFE Act

Reliant Bank requires the Correspondent be in compliance, and will remain in compliance, with the SAFE Act, Regulations G and H, for all licensing and/or registration requirements applicable to the origination of loans to be purchased by Reliant.

B5 – Regulatory Compliance

Reliant Bank reviews each loan to ensure it has been originated and/or closed in compliance with all applicable federal, state and local regulations, rules and laws, including but not limited to the Real Estate Settlement Procedures Act (RESPA) and Regulation X, the Equal Credit Opportunity Act (ECOA) and Regulation B, the Fair Credit Reporting Act, the Privacy Act, the Federal Truth-in-Lending Act and Regulation Z, the Flood disaster protection Act, the Home Mortgage Disclosure Act (HMDA) and Regulation C, the Fair Debt Collection Practices Act, Tila Respa Integrated Disclosures (TRID) and any federal, state or local laws or regulations pertaining to predatory or high-cost or abusive lending, licensing, usury or sale of servicing laws, and all other applicable federal, state, or local laws and regulations, to the extent that the Correspondent is not exempt from observing the same, as in effect on the date of the Correspondent's origination of such loan.

The initial and final versions of the LE, any Change of Circumstances, and CD will be reviewed to verify they are in compliance with local, state and federal laws and regulations, and that all disclosures are within acceptable tolerances (especially in regards to APR).

B6 – Private Mortgage Insurance

Reliant Bank will accept Mortgage Insurance Certificates from any FNMA or FHLMC approved provider.

B7 – E-sign Policy

The Electronic Signatures in Global and National Commerce Act (E-SIGN) was implemented in 2001, in anticipation of a world where the execution of documents would more frequently take the form of non-wet or non-live signatures. In order for the use of Electronic Signatures to be acceptable to Reliant Bank, it is necessary that we have a protocol that guarantees the authenticity of the consumer's electronic signature, and ensures a direct, consistent method of receiving and authenticating signature.

Reliant Bank will consider purchasing closed loans from Correspondents who have managed the origination process in accordance with their own application practices, which might include alternative or disparate procedures for accepting a consumer's electronic signature. Reliant Bank recognizes a heightened level of risk associated with the electronic signature process, both from an identity verification consideration, as well as a compliance management perspective. Having given great attention to the selection of a prudent E Sign process, Reliant Bank understands that not all E Sign options provide the same level of security, and will exercise discretion in considering which third party E Sign procedures it will accept, and which it will not. Reliant Bank will grant E Sign authorization to such third parties only after having reviewed their policies for Electronic Signature and Disclosure, to ensure that said policies provide an acceptable level of security and prudent level of risk in consideration of Identity Verification and Compliance Management.

Chapter 2 – Correspondent Eligibility

The Eligibility section outlines the requirements for becoming a Reliant Bank Approved Correspondent and for maintaining the eligibility in good standing. A Correspondent must meet certain eligibility criteria, complete all required applications and provide all necessary documentation outlined in the current Reliant Bank application package, be approved by Reliant Bank and execute a Loan Purchase Agreement.

A. Application Submission Documents

The following documentation will be required for Correspondent Approval.

Item	Key Criteria
Correspondent Application	Completed and signed, including percentage of ownership of each principal.
Investor Relationships	A minimum of three institutions with two or more years of experience purchasing closed/funded loans from the prospective Correspondent is preferred. The Bank recognizes opportunities to work with Community Banks, Credit Unions and emerging Mortgage Bankers, for whom our attention to training and high touch customer service is valuable. As these institutions may have limited secondary market experience, exceptions to the required investor relationships will be considered and detailed in the recommendation for Correspondent approval.
Warehouse Facilities	In the case of Mortgage Bankers, proof of the existence of a current and active warehouse facility. All open warehouse facilities must be noted.
Business Financial Statements	Two full years of audited financials. An interim statement of less than ninety (90) days old must be signed and dated by a principal of the company.
Company Articles of Incorporation, Organization or Formation	If the firm is a corporation, a stamped/filed copy of the Articles of Incorporation. If the firm is a limited liability company, a stamped/files copy of the Membership Agreement. In the case of a Partnership, a copy of the filed/registered Partnership Agreement. In the case of Financial Institutions, a Resolution of Board of Directors. If the correspondent is operating under any assumed, fictitious or DBA name, a copy of the Fictitious Business Name filing is required.
Credit Consent	Credit consent form completed and signed by principal owners listed on application.
Licensure	Verification of licensure for each state in which the company originates loans must be accomplished through the Nationwide Mortgage Licensing System (NMLS). If applicable, confirmation of the state issued exemption authority in the states wherein licensure is not required. Exemptions in any state based on “de minimis” or minimal loan originations will not be accepted.
Agency Approval	Verification of any applicable agency approvals.

Resumes	Resumes or biographies of principal owners (5% or more ownership)/stockholders/operating officers and key managers (if delegated authority is requested).
Corporate Resolution	With an original seal (if applicable). It is important that the person authorized to represent the company on the corporate resolution is the same person who will be signing the Mortgage Loan Purchase Agreement (MLPA).
W-9 Form	Must be completed, signed and dated.
Errors & Omissions and Fidelity/Bankers Bond Insurance	Copy of declaration page listing coverage amounts, deductibles, insurance provider and agency. Coverage amount must meet agency guidelines with a minimum of $300,000 per occurrence.
History of the Company	A detailed history of the company is required.
Consumer Privacy Statement	Copy of the Correspondent's current consumer privacy statement.
Quality Control Policies and Procedures	Copy of the Correspondent's current Quality Control Policies and Procedures. Exceptions may be considered for FDIC regulated institutions that may use a third party quality control company, and may not have a bank specific mortgage quality control procedure, rather rely on the third party for same.
Quality Control Audits	Results of last two Quality Control Audits with Management responses.
AIR (Appraisal Independence Requirements) Policies and Procedures	Copy of policy regarding business relationships with appraisers and use of their reports.
Power of Attorney Form	Signed and notarized.
Anti-Money Laundering and Suspicious Activity Reporting Attestation form	Signed and dated.
Zero Tolerance Fraud Policy	Executed Zero Tolerance Fraud Policy.
Loan Purchase Agreement	Completed and executed in the full legal name of the correspondent; signed and dated by the authorized individual.

B. Correspondent Qualifications

Reliant Bank requires our Correspondent's to satisfy all of the following eligibility requirements outlined in this section to sell loans to Reliant :

- Correspondent must be properly licensed and/or authorized to lend in all states where the Correspondent will originate loans for sale to the Bank. All state licenses are verified via the Nationwide Mortgage Licensing System & Registry and/or telephone to state banking authorities. Correspondent's loan originators must have all applicable federal and/or state registrations or licenses that are necessary to originate loans in compliance with the SAFE Act and all other applicable law and secondary market requirements.

- Correspondent must have at least three years in business, with ten years of experience on the part of the principals and key management.
- Correspondent must have a strong reputation based on proven references and must maintain authorizations and approvals, including, without limitation, the authorizations and approvals of FHA, VA, Fannie Mae, Freddie Mac and GNMA (if applicable), as are reasonably necessary to perform its obligations under the Correspondent Mortgage Loan Purchase Agreement, in compliance with applicable law and secondary market requirements, and is not in violation of any of the requirements of any such licenses, authorizations and approvals.
- Correspondent must have a "good standing" rating with all governmental licensing and revenue collection agencies, including a public record clear of any significant civil or criminal judgments.
- Correspondent must have no unresolved complaints with the CFPB, BBB, State Regulatory or Licensing Authorities, Fannie Mae, Freddie Mac, HUD or VA. If an open complaint exists, due to Correspondent researching and/or attempting to resolve, the Bank will request details of same and take into consideration efforts being set forth.
- Correspondent must not be listed on any exclusionary lists (i.e. Excluded Parties List, HUD Limited Denial of Participation, Office of Foreign Assets Control, Freddie Mac, etc.; may not be listed on any public or non-public watch list or database (including, but not limited to FinCEN); and may not have any public or non-public adverse findings.

C. Net Worth Requirement

- A minimum Tangible Net Worth of $xxx,xxx, exclusive of related party receivables, is required to sell non-delegated first party (retail originated only) conforming and non-conforming loans to the Bank. This must be evidenced by Correspondent's most recent audited financial statements.
- A minimum Tangible Net Worth of $x,xxx,xxx, exclusive of related party receivables, is required to sell first party (retail originated only) FHA, VA or USDA loans to the Bank, or to request Delegated Underwriting Authority. This must be evidenced by Correspondent's most recent audited financial statements.
- A minimum Tier-1 capital (Bank) or net worth (Credit Union) ratio of 6% is required to sell first party (retail originated only) mortgage loans to the Bank. Total Risk Based Capital of 10% or greater is required.
- Exceptions will only be considered and recommended to the Correspondent Approval Committee with review and consideration of the applicant's overall financial condition, including but not limited to whether or not the applicant has access to alternate lines of credit, warehouse lines, or additional sources of capital.

D. Controlled Business Arrangement

Reliant Bank requires that Correspondents that maintain Controlled Business Arrangements with affiliate companies, including but not limited to, title or escrow companies, must provide full disclosure of the name and nature of said affiliated business. For purposes of this provision, the term "Affiliated" shall refer to any entity owned or controlled by the Correspondent or owned or controlled by any of Correspondent's owners, officers, directors or employees.

E. Insurance Standards

- Correspondents are required to maintain Errors and Omissions and Fidelity Insurance coverage that meet the current published Fannie Mae and Freddie Mac requirements.
- The Correspondent must provide proof and certify that it has the required Errors and Omissions and Fidelity Bond coverage and that none of its principal officers have been removed from coverage.
  - These policies must insure the Correspondent against losses resulting from dishonest or fraudulent acts committed by the Correspondent's personnel, as well as any temporary contract employees or outside firms that provide services for the Correspondent.
  - The Bank requires proof of coverage including the name and address of the insurance carrier, policy numbers, amount and type of coverage and the effective and expiration dates of the coverage.

F. MERS

The Bank requires that every loan sold to the Bank be closed on a MOM (MERS as Mortgagee) security instrument, showing MERS as nominee for the Correspondent, or an assignment to MERS be recorded upon the Bank purchasing a loan.

- Correspondent must comply with all MERS policies and procedures, including but not limited to, the proper and timely registration and transfer of the mortgage asset and associated servicing rights.
- Correspondent must provide to the Bank their MERS ORG/ID number.

G. Correspondent Authority

The Bank will extend selling privileges based on the financial strength, experience and qualifications of the company. Net worth of the company will be a primary qualifier for level of authority.

Net Worth Requirement	Conventional Delegated Maximum Authority	FHA/VA Delegated Authority
$250,000 - $999,999	Non-delegated	N/A
$1,000,000 plus	To Fannie/Freddie conforming loan limits	To current HUD guidelines

Note: Loan amounts over Fannie/Freddie conforming loan limits will always be non-delegated and require pre-approval from the Bank. Any bank portfolio product will always be non-delegated and require pre-approval from the bank.

Conventional

Correspondents that are not approved for conventional delegated underwriting must submit conventional loans to the Bank for underwriting approval.

FHA

FHA delegated Correspondents maintain HUD approval and employ a DE Underwriter. The Correspondent may underwrite and insure the FHA loan to be sold to the Bank.

VA

VA delegated Correspondents maintain VA approval and employ a VA-LAPP approved Underwriter. The Correspondent may underwrite and insure the VA loan to be sold to the Bank.

FHA Principal/Authorized Agent Relationship

The Bank will act as an Authorized Agent for our Correspondent clients if they meet eligibility requirements and are an existing FHA approved mortgagee.

Once a Correspondent is approved as an FHA Principal, the process will be:

- The Bank will set up the Principal/Authorized Agent relationship in FHA Connection. The Correspondent is the Principal and must be a current FHA approved mortgagee with forward loan unconditional DE approval with FHA. The Correspondent must maintain certified DE authority to retail eligibility as a Principal.
- The Correspondent will originate the FHA loan, establish the case number on FHA Connection, and order the appraisal either directly or through an AMC.
- The loan must be submitted to the Bank for a pre-approval underwrite. Once all conditions have been submitted to the Bank for review, and all conditions have been satisfactorily met, the loan will be cleared for closing.
- Correspondent will close the loan in its name and fund it with its own funds, and the Mortgage Insurance Certificate (MIC) will be issued in the name of the Correspondent.
- Once the UFMIP is paid to FHA and the MIC received by the Correspondent, the loan will be delivered to the Bank for purchase consideration.

The Bank will require any Principal's Quality Control Plan to include the following:

- Timeliness: loans must be reviewed within 90 days from the end of the month in which they closed.
- Frequency: For correspondents closing more than fifteen (15) FHA loans monthly, the quality control review should be done at least monthly and address one month of activity. For correspondents closing fifteen (15) or fewer FHA loans monthly, a quarterly review may be done.
- Sample Size and Loan Selection: each review must document how the sample size and selection for review was determined. FHA suggests 10% of the loans originated in a year be reviewed. The Quality Control Plan should detail how the mortgagee selected loans for review, both in regards to which branch locations, employees and specific FHA programs were involved in the originations, plus file characteristics used in determining the individual loans to review.
- Early Payment Defaults: Correspondents must review in addition to the selected loans all loans that are in default by sixty (60) days or more within the first six (6) payments.
- Documentation Review and Verification: Loans must be reviewed to confirm the information in the loan file by obtaining new credit reports, performing credit document re-verifications, having appraisal desk reviews completed and re-verifying the occupancy of the property.
- Condition Clearance and Closing: the loan should be reviewed to determine the pre-close conditions were met prior to closing, the seller was the owner of record for purchase transactions, the loan was closed and funded in accordance with the Correspondents closing instructions and the closing and legal documents were accurate and complete.

The Correspondent would only need to review any loan underwritten and approved by the Bank. Any significant findings as a result of the file review should be reported to the Bank.

VA Agency

The Bank will act as a Sponsoring Lender for a Correspondent (to be referred to herein as "Agent") on VA guaranteed loans. The Agent is responsible for originating, processing, and closing the loan, while the Bank as the Sponsor will perform the underwriting and approval of the loan prior to the loan closing. The processing of the loan would include gathering all loan and VA disclosures, pulling credit, obtaining income and asset verifications, and ordering an appraisal of the property where necessary.

If the Bank is acting as a sponsoring lender/agent for a Correspondent who is a non-supervised Lender, a request for recognition of the agency relationship with the Bank to the VA must be made. The Bank will assist the Correspondent with the request to the VA. The Correspondent must provide the following before the VA Lender ID request can be made:

- $100 check payable to the Department of Veterans Affairs
- Signed VA Equal Opportunity Lender Certification (can be obtained at http://www.vba.va.gov/pubs/forms/26-8812.pdf)
- Completed VA Agent Request letter (The Bank VA Sponsorship packet will be provided to the Correspondent)
- A list on company letterhead of all of the Correspondent's branch offices that will be involved in VA mortgage lending.
- A list on company letterhead of all officers, underwriters or other personnel authorized to sign documents related to VA guaranteed loan activities, with a signature for each of those persons.

If the Correspondent already has a VA Lender ID, the following must be provided to the Bank to proceed with being approved by VA to act as an agent on VA guaranteed loans:

- $100 check payable to the Department of Veterans Affairs
- Completed VA Agent Request letter with VA Lender ID populated (The Bank VA Sponsorship packet will be provided to the Correspondent)
- A list on company letterhead of all of the Correspondent's branch offices that will be involved in VA mortgage lending.
- A list on company letterhead of all officers, underwriters or other personnel authorized to sign documents related to VA guaranteed loan activities, with a signature for each of those persons.

Correspondents who do not already have a VA Lender ID will receive from their VA office of jurisdiction VA Poster 26-77-2 "Equal Opportunity Lender" training on VA loan processing, and the VA ID number to use for all VA Lending transactions and documents, once the VA has processed and approved the request.

The Bank will communicate with the Correspondent once the VA officially recognizes the Agent/Sponsor relationship, and the Correspondent/Agent can then begin to originate loan applications for VA guaranteed loans.

The Correspondent/Agent will submit loans for approval to the Bank. Once all conditions have been satisfied and cleared by a Bank Underwriter, the loan can be closed and funded in the Agent's name with VA Form 26-1820 (http://www.vba.va.gov/pub/forms/VBA-26-1820-ARE.pdf) completed as follows:

- Agent's VA ID number in item 2b
- Name and function of the agent in item 24j
- Agent's name followed by the words "Agent for Reliant Bank" and agent's address in 25a.

NOTE: Agent to complete items 25 and 26 on the form.

The VA Loan Summary Sheet, VA Form 26-0286 (http://www.vba.va.gov/pubs/forms/VBA-26-0286-ARE.pdf) should have the Lender VA ID Number populated with the Bank's VA ID number and the Agent VA ID Number populated with the Correspondent's/Agent's VA Lender ID number. VA will issue the Loan Guaranty certificate (LGC) in the Bank's name.

To maintain Agent status, the Correspondent must send a $100 check made payable to Department of Veteran's Affairs each year, by October 31st to renew the Agent relationship with VA.

Delegated Underwriting Authority

The Bank will offer conventional Delegated Underwriting Authority to qualified Correspondents. The following documentation must be submitted to the Bank to be considered for Delegated Underwriting Authority:

- A detailed itemization and explanation of any repurchase/indemnifications requested by investors or any agencies for the past twelve (12) months.
- Last two months' quality control report with Early Payment Default analysis.
- Lender report cards from primary investors, when available.
- Resumes of Underwriting Manager/Team Lead, as well as key underwriting personnel.

The following are requirements that must be fulfilled to obtain Delegated Underwriting Authority from the Bank:

- The Bank must review and approve the first ten (10) delegated underwritten conventional loans submitted by Correspondent, prior to the closing and funding of the loan.
- The Bank will perform quality control pre and/or post purchase reviews of all loans and has the right to request additional documentation to ensure compliance with the respective loan program.
- The loan may not exceed the Bank's maximum Delegated Authority loan amount, in effect, on the day the loan is purchased.
- Each conventional conforming loan must be submitted through Fannie Mae Desktop Originator (DU/DO) or Freddie Mac Loan Prospector (LP) and receive a minimum of an "accept" risk grade. All required documentation per the DU/DO/LP response must be contained in the loan file.
- All loans must be prudently underwritten and conform to the specific agency eligibility requirements, as published on the closing date of the loan.

H. Maintaining Eligibility

The Bank requires all Correspondents to maintain Good Standing to continue eligibility to deliver closed loans for purchase to the Bank. The Bank may, in its sole discretion, suspend, deactivate or terminate and/or cancel any pending interest rate locks or commitments for any Correspondent that fails to continuously remain in Good Standing.

The Bank will review and evaluate the performance of its approved Correspondents on a quarterly basis. The following are the requirements to maintain an approved Correspondent in Good Standing with the Bank:

- Correspondent must be in full compliance of the Correspondent Mortgage Loan Purchase Agreement, and the Bank Correspondent Seller's Guide, which is a contractual document by reference in the Correspondent Mortgage Loan Purchase Agreement.
- Correspondent must maintain the following standards:
  - **Pull through ratios**
    - **Pull through standards: 75% of locked loans.**
  - **Production standards**
    - The Bank takes pride in our Correspondent partnerships and requires our Correspondents to actively submit production to the Bank. If the Correspondent has not submitted mortgage loans to the bank within a 6 month time frame, the Correspondent will be placed in an inactive status. The Correspondent Account Executive shall meet with the Correspondent to identify opportunities for additional training and to determine if the relationship is a fit for the Correspondent Channel. If the Correspondent has not submitted mortgage loans to the bank within a 12-month period, the relationship shall be terminated pursuant to the Mortgage Loan Purchase Agreement.
  - **Quality/Trend Evaluations**
    - The Bank will monitor the Correspondent's production with regard to loan factors including:
      - **Credit Quality**
      - **Early Payment Default**
      - **FHA Compare Ratio**
      - **The Bank post purchase Quality Control reviews**
      - **Pull through ratios**
      - **Outstanding trailing documentation**

I. Notification of Change

Correspondent must notify The Bank of any changes to the information originally provided in the Correspondent approval process to include:

- Name change – will require a new Correspondent Mortgage Loan Purchase Agreement and Corporate Resolution.
- Address change.
- Any changes to management or key personnel or affiliates.
- Any insurance claims or modifications.
- Merger, acquisition, transfer of stock or assets to another entity (may require additional documentation if the currently approved Correspondent is not the surviving entity).

- Any change in charter from federal to state (or vice versa) if the Correspondent is a Savings and Loan Association or a Bank.
- Any regulatory action, terminated business relationships or management actions.
- Any material change in the financial condition of the Correspondent.
- Any changes in Warehouse Lending relationships or wire instructions.

After the initial approval, any changes to any provision in the Mortgage Loan Purchase Agreement, information concerning changes in the Correspondent's status, etc., will be proposed to and approved by the Bank Correspondent Approval Committee.

J. Annual Review and Recertification

The Bank will perform an annual review and recertification of the Correspondent on the anniversary date of the original approval. The Bank will require the Correspondent provide the following documentation:

- Most recent audited financials and interim financial statements signed and dated by the Principal.
- Current Errors and Omissions and Fidelity Bond.
- Licensing or registration information for its loan originators showing compliance with the Secure and Fair Enforcement Act ("SAFE") Act, as applicable.
- Most recent two months Quality Control Audit, with management response.
- Information regarding any loan(s) repurchased or indemnified by the Correspondent.

Any information needed to verify that the Correspondent is in an active, approved status with the Bank will be requested by the Bank Client Services Manager. Failure on the part of the Correspondent to provide requested information fully and in a timely manner may result in the Correspondent's approved status being suspended until such information is received and reviewed.

K. Loan Purchase Agreements

Upon approval of the Correspondent Application, the appropriate Mortgage Loan Purchase Agreement (MLPA) will be prepared for the Correspondent's signature by the Bank and the Correspondent. The standard Mortgage Loan Purchase Agreement contains a repurchase provision for payment default, as well as a recapture of premium provision for early payoff. The standard agreement also contains protection for the Bank with regard to fraudulent activities and documentation irregularities.

A fully executed copy of the MLPA will be returned to the Correspondent, in an electronic format.

Once approved, the relationship between the Correspondent and the Bank is that of an independent contractor relationship. The Correspondent is not an agent or representative of the Bank. Nothing in the relationship, MLPA or Correspondent Seller's Guide creates a partnership, joint venture or other business association between the Correspondent and the Bank.

Chapter 3 – Rate Lock Policy and Procedures

A. Rate Lock Policy

Reliant Bank (Reliant) offers approved Correspondents the ability to sell loans using the Best Efforts Delivery option. Loans are price protected on a single loan flow basis. Correspondents receive a Rate Lock Confirmation (commitment) for each loan locked.

- Commitments – A commitment is the legal agreement between the Correspondent to sell and Reliant to purchase a specific loan under a specified rate, term and price. The commitment provides price protection for the Correspondent. Delivery of the loan is mandatory only if the loan closes (disburses). If the loan does not disburse, there is no marketing obligation to Reliant .
- Commitment Expiration – Commitment expiration is established at the time of commitment. If the commitment expiration date falls on a non-business day (Saturday, Sunday or Holiday) where Reliant is closed for business, the commitment expires on the following business day. To avoid penalties, all loans (including original note) must be delivered to Reliant by the lock expiration date and must be cleared for purchase by Reliant within 7 calendar days of expiration.
  - Any loan not delivered to Reliant by the lock expiration date will be cancelled.
  - If a file is not received in a fundable condition it will be placed into a suspended status.
  - If the suspended items are not received by Reliant within 30 calendar days from the suspended date, the file will be returned at the expense of the Correspondent.
  - If a pair off fee exists, the loan will not be allowed to be relocked without payment of accumulated penalties.

B. Key Terms

This section provides key pricing terms used in doing business with Reliant Bank.

- Base Price – The single loan base price for a loan program at a specific rate is published in the Reliant pricing engine.
- Best Efforts – All rate lock confirmations (commitments) are Best Efforts. Delivery of a loan under this lock commitment is executed under your best effort.
- Loan Level Pricing Adjustment – Loan Level Price Adjustments are pricing adjustments deducted from or added to the published base price at time of loan purchase/funding.
- Marketing Loss Fees – Marketing Loss Fees are defined as fees applied to the loan pricing by Reliant Secondary Marketing including, but not limited to:
  - Extension Fees
  - Re-Price
- Premium Price – Premium Price is that portion of the original purchase price in excess of the par (100.00) price to the loan and is paid to the Correspondent at purchase.
- Worst Case Pricing – Compare the current market base price to the originally committed base price for the same lock period and apply the lower price to the loan.

C. Pricing

Reliant Bank will update its pricing engine and make available on our Correspondent website our pricing each business day no later than 10 am CST.

It is possible pricing could be delayed by conditions outside the control of Reliant .

- Rate Establishment Policy – During the time that Reliant Bank is establishing prices, the ability to commit (lock) a loan is not available.
- Immediate Price Changes – Reliant Bank reserves the right to change the daily pricing at any time, without notification, based on market conditions.
    - Reliant will update the Pricing Engine to reflect the new immediate pricing.
    - Lock requests received prior to any immediate price change will be honored at the price in effect prior to the change.
    - Lock requests received after the immediate price change will be honored at the new price

IMPORTANT: Pricing for commitments is suspended during the time that pricing is being established.

- Overnight Protection Policy – Reliant Bank does not provide overnight, weekend or holiday price protection. No Rate Locks may be received after 5 pm CST.

D. Registration and Commitments

- Registration and Lock Request – Loan registration and lock request is available via Reliant Bank's secure portal. Loans must be registered and have a Reliant loan number prior to being submitted to underwriting.
- Emergency Registration and Lock Request – Reliant prefers that all loan registration and lock requests are made via our secure portal, however, in an emergency if the secure portal is not available, the Correspondent may email a fully and legibly completed Lock Request Form, which can be found on our portal, to Corrpricing@reliantbank.com . Please NOTE: Emergency requests will be approved solely at the discretion of Reliant .
- Rate Lock Confirmation – Reliant Bank will provide Lock Confirmations within one business day of receipt.
    - Confirmations will be provided through our secure portal in the documents tab and may be printed for Correspondent's use.
    - It is the Correspondents sole responsibility to validate the confirmation and bring any errors to our attention within 24 hours of the issuance of the confirmation. Changes after that period are subject to our Lock Modification Policy.
- Lock Expiration Policy – All confirmed Commitments end at 5 pm CST on the lock expiration date noted on the Lock Confirmation.
- Extension Policy – Extensions must be requested prior to 5 pm CST on the lock expiration date.
    - Requests for extension received after the lock expiration date may be subject to Reliant relock policy (worse case pricing).
    - Maximum days the loan may be extended is the original lock term.
- Requesting an Extension – All rate extensions must be done through Secondary Marketing by emailing corrpricing@reliantbank.com.

- First extension: Correspondents may extend locks at a cost of 2 basis points (.0002) per calendar day for each additional day added to an active (non-expired) lock. Correspondents may extend locks for any number of days desired, not to exceed the original lock term.
- Second extension: If the first lock period does not provide sufficient time for delivery, a loan may be extended a second time, but at a higher cost. Second extensions will be allowed for a cost of 3 basis points (.0003) per calendar day. The term of the second extension may not be longer than the term of the original lock, but the sum of the first and second extensions may exceed the term of the original lock. For instance, a loan originally locked for 30 days may be extended for an additional 20 days via the first extension, and then extended a second time for another 15 days.

- Relock Policy – Relocks can be requested only after the loan commitment has expired. Relocks are always worst case pricing (original pricing verses current and be based on the pricing in effect at the time Reliant receives the Relock Request).
  - Relocks may not exceed the term of the original lock.
  - A loan may only be relocked once.
  - If a loan that has been relocked is not delivered, Reliant may invoice the Correspondent for a pair off fee. Failure to invoice for a pair off fee does not negate Reliant's right to charge a Correspondent in the future.

To Request a Relock:

All re-locks must be requested through the Reliant Bank's Secondary Marketing lock desk at corrpricing@reliantbank.com.

Expiration of the Re-lock Policy:

The re-lock policy applies to all loans for a 60-day period after lock expiration. Once the 60-day re-lock period has expired, the loan may be locked at current market.

- Cumulative Fees – All fees incurred on a loan remain cumulative. NOTE: If the loan has extension fees and then needs to be relocked; the extension fees are still applied.
- Changes/Modifications to Committed Loans – Changes to a committed (locked) loan may result in a change in price. It is the Correspondent's responsibility to notify Reliant Bank of any changes to the original lock confirmation. At the time of delivery, should changes to the locked loan be discovered, Reliant will revise the pricing. Additionally, if Reliant , subsequently discovers that changes to the original commitment occurred in the purchased loan, Reliant will invoice the Correspondent for the pricing differential.

To request a change/modification: email corrpricing@reliantbank.com

Change Type	Change to Pricing
LOAN PROGRAM	Worse case pricing

LOAN AMORTIZATION TERM	Worse case pricing
LOAN AMOUNT	Pricing will be adjusted according to the current Rate Sheet adjustments for the program
LTV/CLTV	Pricing adjusted accordingly based on original lock date
CHANGE IN BORROWER(S)	Removing a borrower, no change unless FICO score is impacted Adding a borrower, no change unless the new borrower affects the price adjuster New borrowers (no original remaining) cancels the lock
INTEREST RATE	Original lock date pricing is used as long as the program type and/or amortization is not changing
LOCK PERIOD	**NOT PERMITTED.** The lock period can only be changed if the request is made on the original lock day.
ADDRESS	Current market price is used. The loan is cancelled, and a new lock request is required.
ESCROW WAIVER	The price adjustment in effect on the original lock date.
PROPERTY TYPE	Pricing adjusted accordingly based on the original lock date.
FICO	Pricing adjusted accordingly based on the original lock date.

- Cancelled Locks – Cancelled locks or locked loans which are denied or withdrawn are subject to the 30-day Re-Lock policy.
- Denied Loans – The lock on a loan denial by Reliant Bank will have the lock remain in effect for two business days. Once the two business days have passed, if the decision has not been reversed the lock will be canceled. If after the two business days, the loan status has been reversed then the loan is subject to the Re-Lock Policy.
- Duplicate Lock Policy – Duplicate locks are defined by Reliant Bank to be a single loan (for the same subject property) which is given two different Reliant loan numbers. Any loan which is discovered to be a duplicate lock shall be subject to the following:
  - The first loan locked remains in the pipeline at the quoted price.
  - The other loan is canceled, and the Correspondent will be notified.

E. Delivery of Committed Loans

Committed loans must be delivered to Reliant Bank on or before the lock expiration date.

- Policy – Loans must be delivered under the terms of the lock confirmation form. Reliant will adjust pricing for reasons which include, but are not limited to the following:

  - Loans close (disburse) at a different rate or term.
  - Loans delivered for purchase after the expiration of the lock confirmation commitment date.
  - Loan amounts differ; by pricing category, from the original lock confirmation commitment (exceeds applicable over/under delivery tolerance of the committed amount).
  - Loan terms differ (ex. Committed at 30-years, closed at 15-years)
  - Loan type differs (ex. Committed for conventional fixed, closed as a conventional arm).
  - An ineligible property type is delivered.
- Loan does not meet acceptable parameters for the loan program.
- Seasoned Loans – Reliant Bank does not purchase seasoned loans. If note date is greater than 60 calendar days from the day of purchase, Reliant will not purchase the loan.
- Best Efforts Delivery Schedule – Loans must be delivered for purchase in purchasable condition on or before the Lock Confirmation Commitment date. Reliant must be in receipt of the entire delivery file (collateral, credit and original note) to review.

Loan Arrives	Reliant Bank will…..
AFTER LOCK CONFIRMATION COMMITMENT DATE	Relock at worse case pricing OR a 0.125% late delivery fee, whichever is worst pricing.
BEFORE LOCK CONFIRMATION COMMITMENT DATE	Review the closed loan Correspondent will have the remaining days of the lock confirmation commitment plus a 5 calendar day grace period to clear all outstanding purchase conditions prior to suspense fees being applied.

- Solicitation/Early Payoff – The correspondent will not solicit for refinance any mortgage loan that was purchased by Reliant Bank within the previous twelve months. If Correspondent sells Reliant a first mortgage loan at a premium price (price above par) and such loan prepays in full within 180 days after purchase by Reliant , Correspondent shall, upon demand and within 30 days after written notice to Correspondent by Reliant , refund to Reliant any servicing release premium and above par premium which Reliant paid to the Correspondent at funding.

F. Escrow Waivers

Reliant Bank strongly recommends the establishment of escrow accounts for each loan and certain products require escrows. The following rules apply for escrows/impounds:

- Escrow accounts are required for all FHA, USDA and Portfolio Affordable Housing loans.
- If the LTV is 80% or greater, escrow accounts are required on all VA and Conventional Loans, including HARP loans. This includes hazard insurance, wind/hail (if required), flood insurance (if required), and real estate taxes.
- To qualify for escrow waivers, a borrower may not be delinquent on: real estate taxes, hazard insurance, wind/hail insurance (if required) or flood insurance (if required).

- If the subject property is in a flood zone, the flood insurance must be escrowed if either real estate taxes or hazard insurance is being escrowed.
- When escrows are waived, the borrower will need to sign Escrow Waiver disclosures at closing.
- Waivers must be allowable by state law.
- Loan level price adjustments may apply for escrow waivers and may include an increase to the rate and/or decrease in net pricing, as noted on the rate sheet.

Chapter 4 – Appraisal

Reliant Bank is committed to supporting appraisal requirements that provide important protections to homebuyers, mortgage investors and the housing market. RELIANT requires all appraisals comply with Agency (FNMA, FHLMC, FHA, USDA, VA) guidelines, with the Appraiser Independence Requirements (AIR) issued by Federal Housing Finance Agency, and FHA's Appraiser Independence Guidelines. Appraisals must also meet the minimum standards established by FIRREA and USPAP and the provisions set forth by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. Reliant follows standard Fannie Mae appraisal guidelines.

A. Appraiser Independence Requirements

A1 - Fannie Mae Independence Requirements

Reliant Bank follows Fannie Mae's Appraiser Independence Requirements and requires every Conventional appraisal to be AIR compliant, which includes:

- Requiring the appraiser be, at a minimum, licensed or certified by the state in which the property to be appraised is located; and

A2 - FHA Appraiser Independence Guidelines

Reliant Bank follows FHA's Appraiser Independence guidelines. Reliant requires all FHA appraisals be in compliance with FHA requirements.

B. Appraiser Requirements

All appraisers must be licensed in the state in which the subject property is located. A copy of the appraiser's license is required with all appraisals.

Reliant Bank requires all appraisals be prepared by a licensed or certified appraiser who:

- Fully understands and complies with the Uniform Standards of Professional Appraisal Practices (USPAP), as published by the Appraisal Standards Board of the Appraisal Foundation.
- Is either an independent staff appraiser or independent fee appraiser as defined by Title XI of FIRREA (12 CFR Part 34).
- Is in good standing with the state licensing agency.
- Has no present or prospective direct or indirect financial or personal interest in the subject property, and has no personal bias or interest in the parties involved in the subject transaction.
- Was not assigned the appraisal subject to any required minimum or expected valuation of the subject property and is not compensated based upon the acceptability of the value derived in the appraisal.
- Demonstrates sufficient expertise and education in the appraisal of one-to-four (1-4) family residential properties similar to the subject property.
- Is currently an active appraiser.
- Unlicensed or uncertified appraisers that complete a portion or the entire appraisal report will require the licensed or certified appraiser for whom they are working to: 1) sign the appraisal

report; 2) inspect the subject property (interior and exterior); and 3) check the box on the appraisal report that indicates he/she has inspected the property.

C. Appraisal Requirements

Standard appraisal requirements establish the value based on a thorough evaluation of both the interior and exterior of the subject property. This includes a quantitative sales comparison analysis and requires the assignment of a dollar value to reflect the market's reaction to any features of a comparable sale that differs from those of the subject property. The appraiser must perform a visual interior and exterior inspection of the subject property, perform a neighborhood inspection, perform at minimum a visual inspection of all comparables from the street, and research, verify, and analyze data from reliable public and/or private sources.

All appraisals must be written, must contain the appraiser's license number and original signature (or acceptable digital signature), and a copy of the appraiser's license. All subject property photos must be legible. Interior photos are required on all transactions requiring a full appraisal. Comparable photos may be photos provided by a multiple listing service if they are clear and sufficiently detailed. The appraisal must be typed or computer-generated on an acceptable form without blanks, alterations, or omissions.

The subject property address and legal description must match the loan application, sales contract, settlement statement and title commitment. An appraisal without a complete and correct common address or full legal description is not acceptable.

D. Unacceptable Appraisal Practices

Reliant Bank will not extend financing on any transaction in which the property valuation is not supported, or the appraiser engaged in unacceptable appraisal practices.

Examples of unacceptable appraisal practices include, but are not limited to:

- Development of or reporting an opinion of market value that is not supportable by market data or is misleading;
- Development of a valuation conclusion based either partially or completely on the sex, race, color, religion, handicap, national origin, familial status, or other protected classes of either the prospective owners or occupants of the subject property or the present owners or occupants of the properties in the vicinity of the subject property;
- Development of a valuation conclusion based on factors that local, state, or federal law designate as discriminatory, and thus, prohibited;
- Misrepresentation of the physical characteristics of the subject property, improvements, or comparable sales;
- Failure to comment on negative factors with respect to the subject neighborhood, the subject property, or proximity of the subject property to adverse influences;
- Failure to adequately analyze and report any current contract of sale, option, offering, or listing of the subject property and the prior sales of the subject property and the comparable sales;
- Selection and use of inappropriate comparable sales;

- Failure to use comparable sales that are the most locationally and physically similar to the subject property;
- Creation of comparable sales by combining vacant land sales with the contract purchase price of a home that has been built or will be built on the land;
- Use of comparable sales in the valuation process when the appraiser has not personally inspected the exterior of the comparable property;
- Use of adjustments to comparable sales that do not reflect market reaction to the differences between the subject property and the comparable sales;
- Not supporting adjustments in the sales comparison approach;
- failure to make adjustments when they are clearly indicated;
- Use of data, particularly comparable sales data, provided by parties that have a financial interest in the sale or in the financing of the subject property without the appraiser's verification of the information from a disinterested source;
- Development of an appraisal or reporting an appraisal in a manner or direction that favors the cause of either the client or any related party, the amount of the opinion of value, the attainment of a specific result, or the occurrence of a subsequent event in order to receive compensation or employment for performing the appraisal or in anticipation of receiving future assignments; or
- Development of or reporting an appraisal in a manner that is inconsistent with the requirements of the USPAP in place as of the effective date of the appraisal.

E. Mandatory Reporting of Appraiser Misconduct

If there is a reasonable basis to believe that an appraiser has not complied with ethical or professional requirements for appraisers under applicable federal or state law, or the Uniform Standards of Professional Appraisal Practice (USPAP), and the resulting non-compliance has a material impact on value, Reliant Bank will report the appraiser to the appropriate state licensing agency for further investigation.

F. Acceptable Appraisal Forms

Acceptable appraisal forms generally follow Fannie Mae/Freddie Mac standards unless otherwise stated in the Underwriting guidelines. The appraisal report must be completed with all standard required addenda and exhibits. Fannie Mae forms have a mandatory effective date of November 1, 2005, and Freddie Mac forms have a mandatory effective date of January 1, 2006. The reports must be UAD compliant.

F1 - Single Family Residences

All single-family residential appraisals, including PUD units, must be completed on Fannie Mae Form 1004, with attachments. Site condo units may also be appraised on Form 1004 if the appraiser provides sufficient information in the appraisal to determine project eligibility and owner's association fees. Single-family investment properties always require a Single Family Comparable Rent Schedule (Fannie Mae Form 1007) and an Operating Income Statement (Fannie Mae Form 216), regardless of loan documentation type.

F2 - Multi-Family Residences

Two-to-four (2-4) unit income properties must be completed on Fannie Mae Form 1025, with attachments, and an Operating Income Statement (Fannie Mae Form 216), regardless of occupancy or documentation type.

F3 - Condominium Units

Attached condominium units require an Individual Condominium Unit Appraisal Report (Fannie Mae Form 1073), with attachments. Detached units (site condos) may be appraised on Form 1073 or Form 1004 (e.g. site condo units).

G. Required Appraisal Attachments

All appraisals require a Statement of Limiting Conditions and Appraiser's Certification (Fannie Mae Form 1004B) and the Market Conditions Addendum (1004MC), regardless of type.

The following attachments are required for all appraisals:

Exhibit	Description
Market Conditions Addendum (Form 1004MC)	Required for all one- to four-unit properties. Form 1004MC is intended to provide the lender with a clear and accurate understanding of the market trends and conditions prevalent in the subject neighborhood. The form provides the appraiser with a structured format to report the data and to more easily identify current market trends and conditions. There are several shaded areas in the form to recognize that all the requested data may not be available from the data sources used by the appraiser and therefore the information may not be provided. The lack of completion of these areas is acceptable as long as the appraiser provides an explanation as to why these sections of the form are not complete. However, if the data is available, the appraiser must include the data in the analysis.
Building sketch and calculations	An exterior building sketch that indicates dimensions and calculations that demonstrate how the estimate for gross living area is derived. If the floor plan is atypical or functionally obsolete, thus limiting the market appeal for the property in comparison to competitive properties in the neighborhood, Fannie Mae requires a floor plan sketch that includes the interior walls. For a unit in a condo or co-op project, the sketch of the unit must indicate interior perimeter unit dimensions rather than exterior building dimensions (dimensions and estimates for gross living area shown in the condo documents are acceptable).
Street map	Showing the location of the subject property and the comparables that the appraiser used.
Exterior photographs	Clear, descriptive photographs showing the front, back, and a street scene of the subject property and the front of each comparable. The subject and all comparables must be appropriately identified. Acceptable photographs include original images from photographs or electronic images, copies of photographs from a multiple listing service, or copies from the appraiser's files. Photographs of comparable rentals

	utilized in the *Small Income Residential Appraisal Report* (Form 1025) are not required.
Interior photographs	At a minimum, the report must include photographs of the following: - the kitchen; - all bathrooms; - main living area; - examples of physical deterioration, if present; and - examples of recent updates, such as restoration, remodeling, and renovation, if present. **Note**: Interior photographs on proposed or under construction properties may be taken by the appraiser at the time of the inspection for the Certification of Completion, and provided with the Form 1004D.
Appraisal Update and/or Completion Report (Form 1004D)	At a minimum, when completing the Appraisal Update portion of the report, a photograph of the front of the subject property must be included.
Single-Family Comparable Rent Schedule (Form 1007)	Required if the property is a one-unit investment property and the borrower is using rental income to qualify. Otherwise, Form 1007 is not required. (The lender may obtain this form for the purpose of reporting gross monthly rent at delivery. See A3-4-02, Data Quality and Integrity.)

H. Additional Appraisal Requirements

In addition to the appropriate appraisal form, the appraisal must include the following:

- The appraiser must review a copy of the sales contract on purchase transactions. The appraiser must acknowledge by checking the appropriate box on the appraisal that he has reviewed the sales contract and all addenda.
- Disclose any applicable information regarding the competency provision of the USPAP.
- Certify that the analysis is limited by the reported assumptions and conditions and is the appraiser's own personal, unbiased professional opinion.
- Be based upon the market value of the property.
- Analyze and report in reasonable detail the sales history for the past 36 months for the subject property and the last 12 months for all comparables properties used in the report.
- Analyze any current agreement of sale, option, or listings for the subject property within the previous 12 months.
- The appraisal must include at minimum three open-market sales (i.e., MLS Listings), no exceptions. This applies to all Reliant loan programs: conventional, FHA & VA and Non-Conforming Jumbo.
- Provide data on current revenues, expenses and vacancies for income producing properties.
- Analyze and report on appropriate discounts and deductions.
- Analyze and report the impact of financing concessions, rent or sales concessions, contributions (even if such items are common market practice), and discounts for proposed construction or partially leased properties.

- Analyze and report a reasonable marketing period and exposure time.
- Analyze and report on current market conditions and trends that affect the value of the property.
- Include a statement that the appraisal was not based upon a requested minimum valuation, specific valuation, or the approval of a loan.
- Include a legal description of the subject property.
- Identify and separately value any personal property, fixtures, or intangible items.
- Set forth all material assumptions and limiting conditions that affect the opinions, analysis, and conclusions expressed in the appraisal.
- The appraiser must address any property additions and provide detailed commentary regarding the quality, safety, and conformity to the neighborhood of the addition. Additionally, the appraiser should address if the addition affects the marketability of the property.

I. Age of the Appraisal

At the time of closing, the age of the appraisal must be in compliance for the specific loan program. Generally, the appraisal cannot be > 120 days from the Note date unless a recertification of value accompanies the original full appraisal, indicating that the estimated value has not declined and market conditions remain the same as described in the original appraisal. The recertification of value must be completed on Fannie Mae Form 1004D. If the update does not confirm the original value and market conditions, a new appraisal is required.

I1 - Acceptable Age of Appraisal for Loans Requiring a Second Appraisal

For loans requiring two appraisals, one of the two appraisals may be up to 90 days at the time of funding as long as an appraisal update has been completed. The second appraisal may not be older than 120 days of the Note date, with an appraisal update. After 120 days a new second appraisal will be required.

J. Final Inspections/Completion Report and Appraisal Update

Whenever an appraised value is subject to completion or repairs, a final inspection is required prior to final disbursement of loan funds. The final inspection should be performed by the original appraiser, and must be documented by a Completion Report (Fannie Mae Form 1004D).

The Completion Report must be accompanied by photos of the completed property (and, where applicable, the completed repairs), and must state that the improvements have been completed in accordance with the requirements and conditions stated in the original appraisal report. The appraiser must also concur with the original appraisal and research, verify, and analyze current market data in order to determine if the value has declined since the effective date of the original appraisal. If the Completion Report indicates that market conditions or the property value has declined since the original appraisal, a new appraisal is required.

K. Declining Markets

Reliant Bank defines a property in a declining market as follows:

- The appraiser comments the subject is in a declining market, values are declining in subject's area and/or the appraiser marks "declining" in the Property Values Section of the appraisal.
- Web resources used by underwriting indicate the subject is located in a declining market

Transactions with an LTV > 80% are subject to MI availability and, if applicable, the MI companies declining market guidelines.

L. Recently Remodeled or Renovated Properties

Inflated appraisals made for cash-out refinances and purchases of flipped properties are a serious concern in the mortgage industry. The following requirements apply to all properties for which value is given in the appraisal to remodeling, renovation, rehabilitation, or other property improvements or repairs made in the 12 months prior to the appraisal:

- If the work was performed by a third party, the appraiser must obtain a copy of the rehabilitation or remodeling contract showing an itemized list of repairs or improvements.
- If the property's seller or borrower performed his or her own repairs or remodeling, the appraiser must provide a list of repairs or improvements and an estimate of costs.
- Interior photos of all stated repairs or improvements must be obtained on all loans, even those where the appraisal has been completed "as is."
- Comparable adjustments must reflect the market's reaction to the improvements, not necessarily their cost. For example, in-ground swimming pools, electronic air filters, intercom systems, elaborately finished basements, carpets, luxury finishes or materials and other special features generally do not recapture value to the extent of their cost.
- If significant additions or conversions were made to the subject property, the appraiser must provide detailed commentary regarding the quality, utility, and conformity to the neighborhood of the improved property, and must indicate if permits were obtained (to show the addition or conversion was legal).

M. Other Property Characteristics

M1 – Accessory Apartments/Non-Permitted Addition/Granny or In-Law Units

Properties with non-permitted accessory units, also known as granny units or mother-in-law suites may be acceptable if all of the following are met:

- One or two-unit (1-2) property.
- Subject is typical, common and readily acceptable in the subject's market area.
- Appraisal demonstrates market acceptance of these accessory units.
- Rental income from the accessory unit may not be used to help the borrower qualify.
- Existence of the unit must not jeopardize any future hazard insurance claim.
- Properties must conform to all zoning laws and/or regulations. Legal non-conforming use may be acceptable provided its current use does not adversely affect its value and marketability.
- Accessory unit is substantially smaller than the primary unit.
- Unit must not violate applicable zoning laws and/or restrictions in such a way that the property could not be rebuilt in its current design.

M2 – Deed Restrictions

Reliant Bank will not extend financing on properties with deed restrictions that can potentially hinder Reliant's first mortgage position. Any deed restriction must be subordinate to Reliant's mortgage and cannot prevent the mortgagee to claim any hazard insurance settlement condemnation awards, prohibit mortgagee's legal right to remedy default under the mortgage terms, or restrict a notice of default or foreclosure to be sent to any third party. A copy of the deed restriction is required.

For condominium projects, the number of restricted units must be disclosed. The association may have the first right of refusal to purchase the unit but should not have the first right to lease, sale, or transfer a unit in connection with a mortgage foreclosure, acceptance of a deed in lieu of foreclosure, etc.

The condominium documents cannot restrict the unit owner's right to sell, transfer or convey the unit. Limitations/restrictions to unit owners for occupancy or specified age groups are permissible provided the limitations are legally valid and necessary to maintain the character of the project.

Properties with deed restrictions are limited to one-to-two (1-2) units, purchase or rate and term refinance only.

M3 – Deferred Maintenance

Property must have a Condition Rating of C4 or better, and a quality rating of Q5 or better to maintain acceptable property standards. Deferred maintenance may be permissible provided the neglected item(s) is not structural in nature or has a negative effect on marketability. Deferred item(s) may be left in "as is" condition if cosmetic in nature only and the cost to cure does not exceed 10% of the lesser value/cost.

M4 – Environmental Hazards

When the appraiser has knowledge of any hazardous condition, whether it exists in or on the subject property or on any site within the vicinity of the property, including but not limited to, the presence of hazardous wastes, toxic substances, asbestos-containing materials, urea-formaldehyde insulation, or radon gas, the appraiser must:

- Note the hazardous condition in the appraisal report;
- Comment on any influence the hazard has on the property's value and marketability, if it is measurable through an analysis of comparable market data as of the effective date of the appraisal, or indicate that the comparable market data reveals no buyer resistance to the hazard; and
- Make appropriate adjustments in the overall analysis of the property's value.

M5 – Excess Land/Acreage

Reliant Bank requires a property with significant land area to be appraised in its entirety. Reliant will lend on properties with a maximum lot size of 20 acres. The appraisal must show subject's lot is typical for the neighborhood by analyzing comparable sales which bracket subject's lot size. Land ratio should not exceed 30% without comparables to support subject's highest and best use as residential.

M6 – Legal Non-Conforming Use

Reliant Bank will extend financing on certain legal non-conforming properties provided the appraiser confirms through the local municipal building department that subject's improvements can be 100% rebuilt to their current use in the event of partial or full destruction.

An accessory unit is allowed provided: the subject property is one-to-two (1-2) units; and the illegal unit conforms to the subject neighborhood, is residential in nature, and meets the test of "common and customary for the market." The property must be appraised in conformity with its legal use (e.g. single family residence) and the borrower must qualify without any rental income from the illegal unit. Reliant also requires a statement from the appraiser that subject can be rebuilt to its current use in the event of partial or full destruction.

The appraiser must provide at least two (2) comparable sales of similar properties with an illegal accessory unit.

M7 – Leaseholds

When a mortgage is secured by a Leasehold Estate, or is subject to the payment of "ground rent," the borrower has the right to "use and occupy" for a stated term under certain conditions contained within the lease. Also, note that the leasehold agreement must last at least 5 years longer than the term of the loan. A copy of the agreement must be provided in the loan file.

For projects that contain fee simple and leasehold properties, Reliant's leasehold requirements must be met even if the subject property is fee simple.

The valuation of a property that is subject to a leasehold interest may require a complex analysis, so the appraiser must develop a thorough, clear, and detailed narrative to be included in the appraisal report that identifies:

- Terms of the lease
- Remaining term of the lease as of the effective date of the appraisal
- Any restrictions and conditions of the lease agreement or ground lease and discuss what effect, if any, they have on the value and marketability of the subject property.

In developing the sales comparison approach to value, the appraiser must use as comparable sales properties that have similar leasehold interests.

When there are sufficient numbers of closed comparable sales or properties with similar leasehold interests available, the appraiser should use them in the analysis of the market value of the leasehold estate for the subject property and report them in the sales comparison analysis grid on the applicable appraisal report form. However, if the market does not have enough adequate comparable sales available with similar leasehold interests, the appraiser may use sales of similar properties with different lease terms or, if necessary, sales of similar properties that are fee simple estate ownership may be used, as long as the appraiser explains why they had to be used. When using fee simple estate ownership comparable sales, the appraiser must make the appropriate adjustments for the difference in ownership and support these adjustments with documentation in the appraisal. At a minimum, the appraisal must contain at least two (2) sales that are similar leasehold estate interest comparable sales, which can be either closed, or pending sales.

M8 – Unique Properties

Unique properties must comply with local zoning requirements and meet respective agency guidelines for their eligibility. The Appraiser must provide comparables similar in design type and location.

Multiple dwelling PUDs on one lot to be encumbered by one lien are not eligible for financing.

M9 – Private Roads

Private roads providing access to the subject property may be eligible for financing provided the Title Company insures the accessibility to the property from a public street and any maintenance costs are included in the qualifying ratios. A copy of the road maintenance agreement may be required if significant upkeep of the road will be required (e.g. frequent snow removal, etc.). If the property is located within a state that has statutory provisions that define the responsibilities of property owners for the maintenance and repair of a private street, no separate agreement is required. Private roads must provide year-round access.

M10 – Site Utilities

For mortgage loans to be eligible for purchase or securitization, the utilities of the property must meet community standards. If public sewer and/or water facilities, those that are supplied and regulated by the local government, are not available, community or private well and septic facilities must be available and utilized by the subject property. The owners of the subject property must have the right to access those facilities, which must be viable on an ongoing basis. Private well or septic facilities must be located on the subject site, unless the subject property has the right to access off-site private facilities and there is an adequate, legally binding agreement for access and maintenance.

If there is market resistance to an area because of environmental hazards or any other conditions that affect well, septic, or public water facilities, the appraisal must address the effect of the hazards on the value and marketability of the subject property.

M11 – Repair Requirements

At its discretion, Underwriting may require any repairs considered necessary to ensure good and marketable property. Repairs may be ordered regardless of whether the property is appraised “as is” or “subject to repairs.”

M12 – Rural Properties

Reliant Bank will extend financing on rural properties with a maximum 20 acres. A rural property is defined as a property located in an area that is less than 25% built up or an area that is designated by the appraiser as rural. In addition, RELIANT categorizes a property as rural when the comparable sales are greater than five (5) miles and older than six (6) months. The land ratio of the subject should not exceed 30% without comparables to support the value and subject's highest and best use as residential. The following applies to all rural properties:

- The property must be residential in nature.
- The property must conform to existing zoning requirements.
- Lot size must be common and customary for the market and supported by comparable sales.
- The property must be accessible year-round by all-weather roads that meet local standards.
- The property must have adequate working utilities that are typical for the market.
- The property should not have many outbuildings.

Rural properties with multiple outbuildings may indicate a commercial use. Agriculture properties, income producing properties, farms, etc. are ineligible for financing.

M13 – Security Bars

Properties with security bars must comply with local fire codes and must have quick releases or safety releases on at least one window in each bedroom. In addition, bedrooms must have adequate egress to the exterior of the home – occupants must be able to get outside of the home if there is a fire.

M14 – Sewage Disposal System

Sewage disposal systems may require certification if the appraiser or purchase contract indicates the necessity. The report should be provided by a county, state, or governing body official or a qualified entity stating:

- The sewage disposal system complies with applicable local and/or state health standards, is in proper working order, and can be expected to function satisfactorily; or
- Local and/or state health standards do not apply for the sewage disposal system; however, it is found to be in proper working order and adequate for the property.
- For systems one-year-old or less, the certification may be no more than one year old on the date of closing. For systems more than one-year-old, the certification may be dated no more than 120 days prior to the Note date.

M15 – Survey

A survey is required where typical in the market area, or where the title commitment indicates an exception to survey matters.

In areas where surveys are not customary, the title insurance policy must insure against loss or damage by any violation, variation, encroachment or adverse circumstance which would have been disclosed by an accurate survey.

A copy of the survey must be obtained if the estimated CD shows a charge for the survey.

M16 – Termite Report and Clearance

A pest inspection report and clearance is required if the appraisal reports evidence of termites or other insect infestation, or the terms of the sales contract call for a pest inspection report, or if the Estimated/Final CD reflect a charge for a termite inspection. All Section I items must be cleared prior to closing. Any significant structural damage due to pest infestation must be corrected prior to closing.

M17 – Ineligible Properties

Reliant Bank will not extend financing on the following:

- Vacant land or land development properties;
- Properties that are not readily accessible by roads that meet local standards;
- Agricultural properties, such as farms or ranches;
- On-frame modular construction
- Units in condo or co-op hotels
- Boarding houses;
- Bed and breakfast properties; or
- Properties that are not suitable for year-round occupancy regardless of location.

N. Analysis of the Appraisal

N1 - Analysis

Reliant Bank utilizes approved Appraisal Review Companies to aid with the analysis of the collateral. Any appraisal red flags as identified by the Reliant red flags policy will determine if a desk review or field review is warranted.

All facets of the appraisal will be evaluated, including but not limited to the marketing time, housing trends, neighborhood characteristics, listing history, comparable selection, adjustments, across the board adjustments, recent sales and/or transfers of the subject property and comparables, condition, and photos.

N2 – Comparable Sales

Reliant Bank requires a minimum of three (3) comparable sales closed within six (6) months of the date of the appraisal and located within one (1) mile of the subject property; in essence, comparables must be located within subject's neighborhood and not require excessive adjustments.

Comparable sales located outside of subject's neighborhood must be fully addressed by the appraiser. If the appraiser selects comparables outside of subject's neighborhood in lieu of available closer comparables, the appraiser must explain in detail why the more distant comparables were selected.

Comparables that fall outside the above parameters may require an AVM.

N3 – Adjustments

Adjustment standards include:

- Line, net and gross adjustments should not exceed 10%, 15% and 25% of the selling price for each comparable sale or listing.
- If adjustments are made to the appraisal for effective age, the appraiser must provide an explanation for the adjustments and the condition of the property.
- Comparable sales are to be adjusted to the subject property with an exception for sales and financing concessions which are adjusted to the market at the time of sale.
- Time adjustments must reflect the difference in market conditions between the date of sale of the comparable and the effective date of the appraisal for the subject property.
- Adjustments outside of the above parameters may require an appraisal review.

At the underwriter’s discretion, an AVM may be obtained and utilized when a value is questionable. Underwriters will utilize the lower value reflected on the AVM for LTV and eligibility.

N4 – Appraisal Reviews for High Balance Conforming Loans

A One-Unit Residential Appraisal Field Review Report (Form 2000) or a Two- to Four-Unit Residential Appraisal Field Review Report (Form 2000A), is required if the property is valued at $1,000,000 or more and the LTV, CLTV, or HCLTV ratio is greater than 75%. A Field Review is required to ensure that the appraisal is an accurate representation of value. If the Field Review results in a different opinion of value than the appraisal, the lowest of the original appraised value, the Field Review value, or the sales price (for purchases) should be used to calculate the LTV ratios.

O. Condominiums and PUDs

O1 – General Requirements

Reliant Bank follows Fannie Mae guidelines regarding the eligibility of attached/detached condominiums, and attached/detached PUDs for conventional loans, for all conventional loans and USDA. For FHA loans, Reliant will only lend to projects on FHA’s Condo Approval List. VA will only accept FHA or VA approved condominiums. The requirements set forth in this section mirror Fannie Mae’s guidelines and do not apply to FHA or VA loans. See the respective FHA and VA handbooks for their condo eligibility requirements.

A condominium is a form of ownership characterized by holding title to a single unit together with a proportionate undivided ownership interest in the common elements. The common elements typically include land, roofs, floor, walls, lobbies, and community spaces and facilities. The common elements are generally maintained, but not owned, by a non-profit homeowner’s association.

Condominium projects are classified as either a new project or an established project.

Fannie Mae allows a limited amount of regular common expense assessments (typically known as HOA fees) to have priority over Fannie Mae's mortgage lien for mortgage loans secured by units in a condo or PUD project. This applies if the condo or PUD project is located in a jurisdiction that has enacted

- the Uniform Condominium Act,
- the Uniform Common Interest Ownership Act, or
- a similar statute that provides for unpaid assessments to have priority over first mortgage liens.

The table below describes the permitted priority of common expense assessments for purposes of determining the eligibility of a mortgage loan secured by a unit in a condo or PUD project.

If the condo or PUD project…	Then…
is located in a jurisdiction that enacted a law on or before January 14, 2014, that provides that regular common expense assessments will have priority over Fannie Mae's mortgage lien for a maximum amount greater than six months,	the maximum number of months of regular common expense assessments permitted under the applicable jurisdiction's law as of January 14, 2014, may have priority over Fannie Mae's mortgage lien, provided that if the applicable jurisdiction's law as of that date referenced an exception for Fannie Mae's requirements, then no more than six months of regular common expense assessments may have priority over Fannie Mae's mortgage lien.
is located in any other jurisdiction,	no more than six months of regular common expense assessments may have priority over Fannie Mae's mortgage lien, even if applicable law provides for a longer priority period.

The condo or PUD project legal documents must evidence compliance with the above priority of common expense assessment requirements.

O2 – New Projects

New projects are defined as follows:

- Less than 90% of the total units have been conveyed to the unit purchasers,
- The project is not fully complete (proposed construction, new construction or the proposed or incomplete conversion of an existing building to a condo.),
- The project is newly converted,
- The project is subject to additional phasing or annexation, and
- The developer is still in control of the homeowner's association.

New projects require the following:

- A Lender Full Review and a Condo Project Manager (CPM) approval, or
- An existing, valid FNMA PERS approval, and
- A 50% presale ratio.

NOTE: PERS is required for new and newly converted condo projects consisting of attached units located in Florida. No other type of project review will be accepted for new projects/conversions in this area.

Reliant Bank accepts delivery of FHA mortgage loans in FHA-approved condo projects that appear on the FHA-approved condo list. For conventional mortgage loans, the condo project must meet Fannie Mae's project eligibility requirements. FHA condo project approval alone is not acceptable for conventional mortgage loans.

Conventional loans require a Lender Full Review or a PERS approval.

All standard condo documentation and the Condominium Questionnaire, if applicable, are required.

New Condo conversions require the following:

- A Lender Full Review and a CPM approval or
- An existing, valid FNMA PERS approval, and
- A 50% presale ratio, and
- The project is 100% complete.

NOTE: Condominium projects and condo conversions located in the state of Florida and in the city of Las Vegas, Nevada require an existing PERS approval. No other type of project review will be accepted for new projects/conversions in these areas.

Newly converted non-gut rehab condo conversions of 2 – 4 unit projects no longer require a PERS approval. Projects with 5 units or more must still be submitted to FNMA for a PERS review. To be eligible projects, the following requirements must be met:

- All rehabilitation work must have been completed in a professional manner.
- A current reserve study prepared by a qualified, independent professional company must be accompanied by an engineer's report or functional equivalent that comments favorably on the structural integrity of the project and the remaining useful life of the major project components.
- Project budget must contain line items for:
  - Reserves that adequately support the costs identified in the reserve study, even if the study recommends budgeting reserves greater than 10% of the project's income
  - Funds to cover the total costs of any items identified in the reserve study or engineer's report that need to be replaced within 5 years from the date of the study must be deposited in the HOA's reserve account, in additional to the amount stated immediately above.
  - A utility contingency of at least 10% of the previous year's utility costs if the utilities are not separately metered.

FHA loans secured by a condominium require the condominium project to currently be FHA approved; "spot approvals" are not allowed. FHA project approvals are eligible on FHA loans only; conventional loans secured by a condominium may not use an FHA project approval.

Conventional loans require a Lender Full Review with an unexpired CPM approval or a PERS approval.

All standard condo documentation and the Condominium Questionnaire, if applicable, are required.

O3 – Established Projects

Established projects are defined as follows:

- Projects in which at least 90% of the units have been purchased and conveyed to the unit purchasers,
- The project is 100% complete,
- The project is not subject to additional phasing or annexation, and
- Control of the Homeowners Association has been turned over to the unit owners.

O4 – Ineligible Projects

Reliant Bank will not lend on the following types of projects:

- Projects that operate as Hotels or Motels
  - hotel or motel conversions (or conversions of other similar transient properties), unless the project is an established project, meets all requirements for gut rehabilitation projects, and all units are residential dwelling units;
  - projects that include registration services and offer rentals of units on a daily basis;
  - projects that restrict the owner's ability to occupy the unit; and
  - projects with mandatory rental pooling agreements that require unit owners to either rent their units or give a management firm control over the occupancy of the units.
- Projects that contain multi-dwelling Unit Condos or Co-ops
- Projects with property that is not Real Estate.
- Projects subject to split ownership arrangements
  - "common interest" apartments or community apartment projects that are projects or buildings owned by several owners as tenants-in-common or by an association in which individuals have an undivided interest in a residential apartment building and land, and have the right of exclusive occupancy of a specific apartment in the building;
  - projects that restrict the owner's ability to occupy the unit, even if the project is not being operated as a motel or hotel; and
  - projects with mandatory rental pooling agreements that require unit owners to either rent their units or give a management firm control over the occupancy of the units.
- Projects that operate as a continuing care community or facility.
- Projects with non-incidental business operations owned and operated by the homeowners' association where 10% or more of the budget is received from business arrangements related to the ownership and operation of amenities and services available to unit owners and the general public (i.e. restaurants, spa's, etc).
- Projects with property that is not real estate. Houseboats, boat slips, cabanas, timeshares, and other forms of property that are not real estate are not eligible for delivery.
- Projects where more than 25% of total space is used for non-residential purposes. This would include any rental apartments or hotels located within the project.
- Projects that permit individual residential unit owners to operate and run a small business from their residential unit.
- Projects in which the HOA or co-op corporation is named as a party to pending litigation, or for which the project sponsor or developer is named as a party to pending litigation that relates to the safety, structural soundness, habitability, or functional use of the project are ineligible.

O5 – Types of Project Review

Reliant Bank requires that all condominium projects meet the respective agency requirements. The project requirements depend on the project classification. There are five types of condo classifications/review for a condominium project - Limited Review, Condo Project Manager (CPM) Expedited Review, Lender Full Review, FHA-Approved Projects, and Fannie Mae Review.

Project Classification Codes and Definitions

The project code must be reflected on the final 1008.

Project Type Code	Description
E	Established PUD project.
F	New PUD project.
P	Limited Review — New Condo project.
Q	Limited Review – Established Condo project.
R	Full Review (with or without CPM) – New Condo project.
S	Full Review (with or without CPM) – Established Condo project
T	Fannie Mae Review—Condo project that received a Final Project Approval through PERS using the standard or streamlined process (including projects consisting of manufactured housing submitted under the standard process)
U	FHA-approved condo project (applicable to FHA loans only)
V	• DU Refi Plus and Refi Plus loans secured by a property in a condo project • Site condo loans delivered without a condo project review • Fannie Mae to Fannie Mae limited cash-out refinances without a condo project review
1	Full Review – Co-op project
2	Fannie Mae Review through PERS – Co-op project

NOTE: Project review documentation must have been completed within 180 days of the note date or new documentation must be provided.

O5-1 – Limited Review

To be eligible for a Limited Review, the unit securing the mortgage must be located in one of the following project types and meet the other criteria described below:

- an attached unit in an established condo project, or

- a detached unit in a new or established condo project (including those projects with a mixture of attached and detached units).

Different requirements exist in the state of Florida only.

NOTE: A Limited Review is only eligible on Conforming programs when the subject unit will be a Primary Residence or Second Home. A USDA loan would require a Lender Full Review.

The documentation required to perform a Limited Review is a completed Reliant Limited Review Condominium Questionnaire, a copy of the current master insurance policy with hazard and liability for the project.

For HARP loans, FNMA and FHLMC require only certain current information on the project be re-validated the ensure the project still meets eligibility requirements. A special HARP Condo Questionnaire is to be completed for DU Refi Plus and LP Relief Refi Open Access loans.

O5-2 Attached Units

Units eligible for Limited Review include:

- Units not in an eligible project
- Units not part of a project consisting of manufactured homes
- Unit is Detached and is 100% complete, and located in a New or Established project
- Unit is Attached and is located in an Established project
  - At least 90% of the total units in the project are conveyed to unit purchasers
  - The Project is 100% complete including all units and common areas
  - The project is not subject to additional phasing or annexation, and
  - Control of the homeowners' association has been turned over to the unit owners.
- Units that satisfy all insurance requirements, including project specific insurance requirements
- Unit is a single unit owner-occupied residence or second home
- Unit is a detached investment property
- The LTV/CLTV/HCLTV must be 90% or less for an attached unit.

Maximum LTV/CLTV for a limited review on an attached unit with DU Approve/Eligible is as follows:

Occupancy Type	DU Full Approval
Principal Residence	≤ 90%
Second Home	≤ 75%
Investment Property	Not allowed

NOTE: LTVs > 80% would also be subject to MI availability.

O5-3 Detached/Site Condominiums

Detached or Site condominiums are units that resemble a detached single-family dwelling. The project can either be established or newly constructed. A Limited Review on a detached/site condo is eligible if all of the following apply:

- The subject property is a single detached unit in a condominium project and is not a manufactured home.
- The project is not an ineligible project as defined in this policy.
- The condo unit is occupied as principal residence or second home, or investment property, and the loan has been submitted to DU and the DU cert reflects the property type as a Condominium.
- The unit securing the mortgage must be 100% complete.
- All comparable sales must be similar detached/site condominiums. One comparable must be from a competing project and one must be from the subject's project. If the project is new construction and the comparable sale is within the subject's project, the comparable cannot be from the same builder.
- The mortgage title insurance policy satisfies the special title insurance requirements for units in a condominium project.

The unit may be covered by individual hazard and flood insurance and is required to carry coverage the same as a detached single dwelling or the unit may be covered by a master policy. If the unit consists only of air space and the dwelling and site are considered common areas, a master insurance policy is required.

O5-4 Condo Project Manager (CPM) Expedited Project Review

Lenders may use Condo Project Manager (CPM) to assist in their Full Review of a project. CPM is a web-based tool designed to help lenders determine if a project meets Fannie Mae's eligibility requirements. When CPM is used as part of the project review, the lender must document the loan file with the CPM decision by including the unexpired CPM Certification in the file.

CPM Certifications are based solely on the data that the lender enters into CPM. The lender is responsible for reviewing the applicable project documentation to obtain the information needed to complete the project review and enter the data into CPM. The lender is also responsible for ensuring that all data entered into CPM is correct and that the project meets all applicable Fannie Mae eligibility requirements.

CPM is available on Fannie Mae's website.

The documentation required for CPM Expedited Project Review are a full Condominium Questionnaire completed, a copy of the current approved annual budget, master insurance policy for hazard and liability, fidelity bond (if applicable when project contains 21 or more units), recorded CC&Rs, By-Laws, and Articles of Incorporation.

CPM Expedited Project Review is not available for new condominiums or newly converted condominiums located in Florida. New condominiums or newly converted condominiums located in Florida require Fannie Mae PERS approval. PERS approved projects can be located on Fannie Mae's website at www.eFannieMae.com.

A Lender Full Review along with a CPM certificate are required for LTV's of 85% and over for any occupancy type, while Limited Reviews can be completed for lower LTV's on primary residences and second home. Detached investment properties are not allowed.

O5-6 FHA Approved Projects

The project must be listed on the FHA Approved Project List and must have met all approval conditions (presale, occupancy status, and completion). There cannot be any further approval requirements. A copy of the printout showing the FHA Project Approval is required for the file. Reliant will only accept FHA Project Approvals that did not expire prior to the Note date.

The FHA Approved Project List is located at https://entp.hud.gov/idapp/html/condlook.com.

O5-7 Project Eligibility Review Service (PERS)

PERS is a review method available to lenders to submit new, newly converted, and established projects to Fannie Mae to determine eligibility. Some projects must be submitted to PERS while a PERS submission is optional for other projects.

Required for:

- New and newly converted condo projects consisting of attached units located in Florida;
- Newly converted non-gut rehabilitation attached units in condo or co-op projects that contain more than four residential units; and
- All attached and detached units in condo, co-op, and PUD projects consisting of manufactured homes, with the exception of PUD projects that contain multi-width manufactured homes.

Optional for:

- All other new or newly converted condo projects not listed above.

See https://www.fanniemae.com/content/guide/selling/b4/2.2/07.html for submission process.

O5-8 Lender Full Review

Projects that do not qualify under the Limited Review or CPM Expedited Review process will be evaluated under the Lender Full Review process. Projects evaluated on the Lender Full Review process will also require a CPM approval. All project classifications are eligible for the Lender Full Review process with the exception of new condominiums or newly converted condominiums located in the state of Florida or in the city of Las Vegas, Nevada, which require a PERS review.

All projects evaluated under the full review process must meet the eligibility criteria described below:

- The project must not be an ineligible project.
- The project must not be a manufactured housing project.

- The unit securing the mortgage satisfies all Fannie Mae's insurance requirements.
- When an appraisal is obtained, the appraisal of the subject unit must meet all applicable appraisal requirements.
- No more than 15% of the total units in a project may be 60 days or more past due on their common expense assessments (also known as HOA dues). For example, a 100–unit project may not have more than 15 units that are 60 days or more past due.

  Note: In a two- to four-unit project, no unit owners may be 60 or more days past due on their HOA common expense assessments.

  - This ratio is calculated by dividing the number of units with common expense assessments that are past due by 60 or more days by the total number of units in the project.
- Lenders must review the HOA projected budget to determine that it:
  - is adequate (i.e., it includes allocations for line items pertinent to the type of condo project), and
  - provides for the funding of replacement reserves for capital expenditures and deferred maintenance that is at least 10% of the budget.
- To determine whether the association has a minimum annual budgeted replacement reserve allocation of 10%, the lender must divide the annual budgeted replacement reserve allocation by the association's annual budgeted assessment income (which includes regular common expense fees).

  The following types of income may be excluded from the reserve calculation:
  - incidental income on which the project does not rely for ongoing operations, maintenance, or capital improvements;
  - income collected for utilities that would typically be paid by individual unit owners, such as cable TV or Internet access;
  - income allocated to reserve accounts; and
  - special assessment income.
- The lender may use a reserve study in lieu of calculating the replacement reserve of 10% provided the following conditions are met:
  - the lender obtains a copy of an acceptable reserve study and retains the study and the lender's analysis of the study in the project approval file,
  - the study demonstrates that the project has adequate funded reserves that provide financial protection for the project equivalent to Fannie Mae's standard reserve requirements,
  - the study demonstrates that the project's funded reserves meet or exceed the recommendations included in the reserve study, and
  - the study meets Fannie Mae's requirements for replacement reserve studies listed at the end of this section.

  Note: These requirements for a budget review, replacement reserves, and reserve study are not applicable to two- to four-unit projects.

- For projects in which the units are not separately metered for utilities, the lender must:
  - determine that having multiple units on a single meter is common and customary in the local market where the project is located, and
  - confirm that the project budget includes adequate funding for utility payments.

  Note: These requirements are not applicable to two- to four-unit projects.

- The project must be located on contiguous parcels of land. It is acceptable for a project to be divided by public or private streets.
- The structures within the project must be within a reasonable distance from each other.
- Common elements and facilities, such as recreational facilities and parking, must be consistent with the nature of the project and competitive in the marketplace.
- Unit owners in the project must have the sole ownership interest in, and rights to the use of the project's facilities, common elements, and limited common elements, except as noted below. Shared amenities are permitted only when two or more HOAs share amenities for the exclusive use of the unit owners. The associations must have an agreement in place governing the arrangement for shared amenities that includes the following:
  - a description of the shared amenities subject to the arrangement;
  - a description of the terms under which unit owners in the project may use the shared amenities;
  - provisions for the funding, management, and upkeep of the shared amenities; and
  - provisions to resolve conflicts between the associations over the amenities.

  Examples of shared amenities include, but are not limited to, clubhouses, recreational or fitness facilities, and swimming pools.

  The developer may not retain any ownership interest in any of the facilities related to the project. The amenities and facilities—including parking and recreational facilities—may not be subject to a lease between the unit owners or the HOA and another party. Parking amenities provided under commercial leases or parking permit arrangements with parties unrelated to the developer are acceptable.

- Fannie Mae permits the financing of a single or multiple parking space(s) with the mortgage provided that the parking space(s) and residential unit are included on one deed as evidenced on the legal description in the mortgage. In such cases, the LTV, CLTV, and HCLTV ratios are based on the combined value of the residential unit and the parking space(s).
- Phase I and II environmental hazard assessments are not required for condo projects unless the lender identifies an environmental problem through the performance of its project underwriting or due diligence.
- For investment property transactions on attached units in established projects (including two- to four-unit projects), at least 50% of the total units in the project must be conveyed to principal residence or second home purchasers. This requirement does not apply if the subject mortgage is for a principal residence or second home.

  Financial institution-owned REO units that are for sale (not rented) are considered owner-occupied when calculating the 50% owner-occupancy ratio requirement.
  When the project does not meet the owner-occupied ratio of 50%, an investment property transaction will only be eligible if the lender submits the project to Fannie Mae

  - for review under PERS and the project is approved or
  - for a single-loan project eligibility waiver and the waiver is approved
- If the project was a gut rehabilitation project, all rehabilitation work involved in a condo conversion must have been completed in a professional manner. "Gut rehabilitation" refers to the renovation

of a property down to the shell of the structure, including the replacement of all HVAC and electrical components (unless the HVAC and electrical components are up to current code).

For a conversion that was legally created during the past three years, the architect's or engineer's report (or functional equivalent), that was originally obtained for the conversion must comment favorably on the structural integrity of the project and the condition and remaining useful life of the major project components, such as the heating and cooling systems, plumbing, electrical systems, elevators, boilers, roof, etc.

Note: If the project is a newly converted non-gut rehabilitation project with more than four residential units, lenders must submit the project to Fannie Mae for review and approval.

- For newly converted two- to four-unit non-gut rehabilitation projects, the following requirements apply:
  - All rehabilitation work involved in a condo conversion must have been completed in a professional manner.
  - A current reserve study prepared by a qualified, independent professional company, accompanied by an engineer's report, or functional equivalent, must comment favorably on the structural integrity of the project and the remaining useful life of the major project components.
  - The project budget must contain line items for the following:
    - reserves that adequately support the costs identified in the reserve study, even if the study recommends budgeting reserves greater than 10% of the project's income;
    - funds to cover the total cost of any items identified in the reserve study or engineer's report that need to be replaced within 5 years from the date of the study must be deposited in the HOA's reserve account, in addition to the amount stated immediately above; and
    - a utility contingency of at least 10% of the previous year's utility costs if the utilities are not separately metered.

  Note: Newly converted gut rehabilitation projects must follow the standard gut rehabilitation requirements listed under the eligibility requirements above.

O6 – PUDs

PUDs are classified as either detached or attached. Attached PUDs are one of the following types:

- Type E: Established attached projects, and
- Type F: New attached projects.

Units in a PUD Units in a PUD, in both established projects and new projects, do not require a Full or Limited review like with condominiums. Two unit or multi-unit Detached PUD units encumbered by one lien are ineligible. A master insurance policy is required to determine sufficient liability coverage is in place for any common areas. An exception for the Master Policy can be granted if the PUD association does not have a Master Hazard Policy and all of the following are met: subject is a single family detached unit, all units in the project are single family detached, project has limited amenities and the HOA fees are less than $50 per month.

Chapter 5 – Loan Delivery and Purchase Procedures

Upon closing a loan under Best Efforts pricing, Correspondent is responsible for delivering the loan prior to the Lock Expiration Date. Any loan that is not purchased by the Lock Expiration Date, for any reason, may be subject to additional fees. Upon delivery of a closed loan, including the collateral documents, Reliant Bank will perform a pre-purchase due diligence review and may issue additional conditions, which the Correspondent must clear prior to purchase. Reliant Bank reserves the right to reject any loan that fails to meet the standards set forth in this guide.

A. Delivery

Reliant Bank requires all closed loans be delivered via our secure portal. Correspondents are responsible to ensure that the entire loan file is uploaded; each document is legible and is an imaged copy of the original. Missing or improperly scanned documents may result in delays affecting the date of purchase of the loan, which may cause the Correspondent additional fees.

If Reliant Bank provided a clear to close (non-delegated authority) then only the closing package will need to be uploaded. Otherwise, a complete closed loan file must be submitted in its entirety.

A1 – Correspondent Warranty

By delivery of a mortgage loan for sale to Reliant Bank, the Correspondent, as of the related Purchase Date of the loan, warrants that the loan was originated and closed compliant to all federal, state and municipal regulatory requirements. The loan meets all guidelines and requirements as defined in Reliant Bank's Seller's Guide and satisfies the conditions set forth in the underwriting approval. The Correspondent also must make certain representations, warranties and covenants regarding the Correspondent. The representations, warranties and covenants made by the Correspondent shall remain in full force and effect for the life of the loan and for as long as Reliant is subject to any risk of loss or liability as to any loan purchased from Correspondent. These representations, warranties and covenants, and Reliant's rights and remedies pursuant to the Loan Purchase Agreement between Correspondent and Reliant , are not affected in any way by the fact of any due diligence or review in respect of any loan made by or on behalf of Reliant, including, but not limited to any pre-underwrite or re-underwrite of the loan which may be performed by Reliant , or the loan being approved by an automated underwriting engine acceptable to Reliant. These representations, warranties and covenants will not limit any other representations, warranties and covenants that may be defined in the Correspondent Loan Purchase Agreement, this Guide or any other Contract Document and shall survive the delivery of the loan to Reliant and any termination of the Loan Purchase Agreement between Correspondent and Reliant.

A2 – Original Loan Documents

Correspondents must provide originals or certified photocopies of all documents. For documents that are not originals (ie: the mortgage or deed of trust), Correspondents shall be deemed to represent and warrant that the certified photocopy is a true and exact copy of the original, and that neither the original nor any copy of the original has been altered in any way. On the Mortgage or Deed of Trust, the notary's seal must be evident (stamp acceptable).

B. Underwriting Review

The Correspondent Underwriting Department will be responsible for reviewing all closed loan files. The closed loan file will be reviewed to ensure that the correct documents were used and that the information on the documents is accurate, complete and consistent and that the documents are executed correctly.

For each loan submitted to Reliant Bank for purchase, a Reliant Bank due diligence underwriter will complete a review of the loan to include, but not limited to the following:

- Verification of all data that was submitted for each loan.
- Loan's compliance with the applicable underwriting guidelines and product categories.
- Confirmation of the value of the property.
- Correspondent's compliance with federal and state regulations.
- Risk Review: The file must receive acceptable and passing results in adherence with all Reliant fraud screening, regulatory compliance and valuation requirements.
- Executed 4506-T for all borrowers on the loan will be verified as part of the purchase review with tax transcripts returned by the IRS. Income must match documents and application submitted in the loan file.
- Verification of employment for all employers, including third party sources to confirm employment.
- Review and confirmation of all loan pre-disclosures and closing documents, including LE and CD.

Upon completion of the review, the loan status will be updated on the Correspondent portal.

Reliant Bank will comply with the Quality Initiatives outlined by Fannie Mae for all loans and all product types. Seller warrants, by sale of the loan to Reliant Bank, that the loan is in compliance with Fannie Mae Quality.

Failure of Reliant Bank to review or to discover any deficiency or error in a closed loan file will not release Correspondent from its obligations to provide any required documentation or correct any errors, nor will it bar Reliant Bank from exercising any of its remedies under the applicable Loan Purchase Agreement, including repurchase.

Following underwriting of the closed loan file, the loan shall be either:

- Cleared for Purchase
- Conditional Approval (pending receipt of additional or corrective documentation)
- Denied

Reliant Bank does not require a certain vendor to be used for Flood Certificates, but a Life of Loan and fully transferrable flood certificate will be required. If Life of Loan and fully transferrable flood certificate is not provided, one will be pulled by Reliant Bank and Correspondent will be charged $8 at the time of purchase.

B1 – Files Cleared for Purchase

Once loan is cleared for purchase, the loan will be transferred from Underwriting Department to Funding Department to schedule purchase of loan. File will show as "Clear to Purch" in our secure portal.

B2 – Conditional Approved Files

If a closed loan file substantially conforms to Reliant Bank's requirements, but is pending receipt of additional or corrective documentation, the closed loan will be placed in a conditionally approved status. Any deficiencies will be noted on the Correspondent portal and a Correspondent Condition Sheet and will prevent the loan from being purchased until these items are cleared. Once requested documentation has been received, reviewed and accepted, the loan will be cleared for purchase.

B3 – Denied

If a closed loan file is denied for purchase, the Correspondent will be notified by telephone, email or fax. The specific reasons for the denial will be disclosed at that time. The collateral file will be returned to the Correspondent.

C. Pre-Funding Documentation

All Correspondent loans must close in the Correspondent's name using the Correspondent's own funds or funds from an approved warehouse lender. In all cases, Reliant Bank must receive the original notes for each loan prior to Reliant Bank purchasing the loan.

C1 – Original Notes

Original Notes must be delivered not less than two business days prior to the scheduled funding date. If notes are being delivered from Correspondent's warehouse bank, they must be accompanied by an original executed Bailee letter.

Address for collateral delivery:

Reliant Bank
Note Custodian
Address 1
Address 2
Attn: xxxxxxxxxx

All notes should be endorsed or have allonges transferring ownership to either "Reliant Bank" or in blank.

C2 – Goodbye Letters (Transfer of Servicing)

The Correspondent is required to service the loan in accordance with Accepted Servicing Practices up until the Servicing Transfer date. Correspondent must notify the mortgagor(s) of the sale of mortgage loan to Reliant Bank and must also provide notice of sale and/or transfer to all applicable insurers and taxing authorities. Such notice must comply with the servicing transfer requirements of the Federal Real Estate Settlement Procedures Act (RESPA) and Regulation X, as amended. At a minimum, the servicing transfer letter must specify the effective date of the transfer of servicing and the address and telephone numbers of the servicing departments of both Reliant Bank and the Correspondent.

Reliant Bank must approve a draft of the Good-Bye Letter prior to the funding date and mailing to ensure contact information if correct. Copies of the Good-Bye Letters mailed must be provided to Reliant Bank prior to the purchase of the loan. The letters must be sent out to the borrowers no later than 15 days prior to the transfer of servicing date.

Correspondence Address and Payment Address:

All Normal Production:
Reliant Bank
c/o Payment Processing
Address 1
Address 2
Address 3

Customer Service Phone: 1-xxx-xxx-xxxx
Hours of Operation: Monday – Friday 8am to 5pm CST

Reliant Bank HELOC loans:
Reliant Bank (by SLS)
Attn: Servicing Department
Address 1
Address 2
Customer Service Phone: 1-xxx-xxx-xxxx
Hours of Operation Monday - Friday 8am to 5pm CST

C3 – MERS

All loans purchased must use MOM documents and must be registered on MERS using the Lender's MIN. Validation that the loan has been registered with MERS must be obtained prior to loan purchase. Correspondents must initiate all Transfer of Beneficial Rights (TOB) and Transfer of Servicing (TOS) within 48 hours of the loan purchase.

Investor:	MERS Org id number: xxxxxxx
Interim Funder:	MERS Org id number: xxxxxxx
Servicer:	MERS Org id number: xxxxxxx

Please provide batch numbers via email to: corrpostclosing@reliantbank.com

C4 – UCD

- Reliant Bank requires the Correspondent to establish a UCD relationship with Reliant.
- Reliant Bank requires the Correspondent to transfer the UCD to Reliant that is satisfactory to its perspective agency, and with no critical errors.

C5 – HMDA Delivery Requirements

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) amended Regulation C of the Home Mortgage Disclosure Act (HMDA) requiring financial institutions to collect, record, and report additional information as authorized by the Consumer Financial Protection Bureau (CFPB). Two changes to the rule will specifically impact the delivery of closed loan files to Reliant Bank.

Universal Loan Identifier (ULI):

Under the new rule, the financial institution that makes the credit decision is responsible for creating and reporting the ULI. The ULI is a number that has three components:

- The ULI must begin with the financial institution's Legal Entity Identifier (LEI).
  - The LEI is a unique, 20-digit alphanumeric identifier issued by a utility endorsed by the LEI Regulatory Oversight Committee or endorsed or otherwise governed by the Global LEI Foundation.
  - A LEI may be obtained by going to: https://www.gleif.org/en/about-lei/how-to-get-an-lei-find-lei-issuing-organizations
- Following the LEI, the financial institution must assign 23 additional characters to identify the loan which:
  - May be letters, numerals, or a combination of letters and numerals;
  - Must be unique within the financial institution;
  - Must not include any information that could be used to directly identify the applicant or borrower; and
- The ULI ends with a two-character check digit. The formula for creating this check may be referenced in Appendix C of the 2015 HMDA Rule.

Essentially, the ULI is the financial institution's LEI plus a loan or application number plus the two-character check digit (in that order). In total, the final ULI will consist of a 45-character identification that will follow the loan from initial application through to servicing.

For delegated loans, closed on and after January 1, 2018, the Correspondent must deliver in the closed loan file the ULI assigned by the financial institution that issued the credit decision on the loan.

Disclosure of the ULI may be made on the Demographic Information Addendum to the Application, or any place on the 1003 Application where it can be easily identified.

C6 – Borrower Demographic Information

The second change to Regulation C that will impact the delivery of closed loan files is the requirement to collect expanded borrower demographic information. The additional data may be collected on the Demographic Information Addendum to the Application and is required to be delivered in the closed loan file on all loans with applications dated on and after January 1, 2018.

D. Funding

D1 – Determination of Principal Balance

Reliant Bank calculates the unpaid principal balance (UPB) based on the Reliant Bank purchase/funding date. Amortization is the reduction of the principal balance of the loan by the principal and interest. Should Reliant be unable to collect the borrower's first payment, due to delays in purchasing the loan, then Reliant will amortize the loan.

There must be a minimum of fifteen (15) calendar days prior to the first payment date. Loans that are purchased between the 1st and 15th of the month just prior to the first payment date provide enough time for servicing set-up and issuance of a welcome letter and payment statement; therefore, they are not amortized (purchased at a reduced principal balance). Loans that are purchased between the 16th day and the end of the month just prior to the first payment date, do not provide enough time for servicing set-up and issuance of the welcome letter; therefore, they are amortized (purchased at a reduced principal balance), and the Correspondent must collect the first payment.

All loans that are purchased at a reduced principal balance must have a payment history showing that the payments collected by the Correspondent were made in a timely manner and detail the exact amount and breakdown of the payment PITI. Additionally, the payment history must include documentation that the monthly MI (if applicable) has been paid.

Example:

First Scheduled Payment Date	RELIANT Purchase Date	Amortize Loan	First Payment due to Reliant	Comments
5/01	3/1 to 3/31	No 1st payment to Reliant	5/01	UPB for funding calc is scheduled principal balance as of 4/01
5/01	4/1 to 4/15	No 1st payment to Reliant	5/01	UPB for funding calc is scheduled principal balance as of 4/01
5/01	4/15 to 4/31	Yes – 1st payment to Seller	6/01	UPB for funding is the scheduled principal balance as of May 1st (Reliant deducts the 5/1 PITI from funding amount)

D2 – Calculation of Purchase Price

The purchase price will be determined as follows:

The required Purchase Price, determined pursuant to the individual commitments; plus any applicable fees payable to Reliant in accordance with this Seller's Guide, based on the effective date of the transfer of ownership; from the resulting amount:

- Subtract the amount of escrowed funds calculated by Reliant Bank.

- Net out the appropriate fees and all payments of interest scheduled to be paid prior to, but not including the purchase date. Reliant will credit Correspondent for any interest that was not collected by Correspondent but that accrued on the mortgage loan prior to by not including the purchase date.

The foregoing calculations will be reflected on the Purchase Schedule.

Purchase proceeds are calculated using the unpaid principal balance of the mortgage loan and include accrued interest from the first day of the month through the day prior to the purchase date. If the purchase date is on or before the 15th of the month, the mortgage loan will be purchased based on the assumption that interest is paid through the first day of the month of purchase, or if different, the current unpaid principal balance as reported by the Correspondent. In this example, the first payment date due to Reliant will be the first day of the month following the purchase date.

Loans must be purchased by the rate lock expiration date indicated on the Rate Lock Confirmation. All loans must be delivered allowing sufficient time for pre-purchase underwriting review and for any conditions that may arise to be resolved prior to the Rate Lock expiration date.

Loans not purchased by the Rate Lock expiration date will be assessed rate lock extension fees which can be found in our Rate Lock policy.

D3 – Fees

An underwriting fee will be deducted at the time of funding. The fee structure is as follows:

- $300 – conventional loans
- $400 – Government, Portfolio Affordable Housing and Jumbos

A funding fee will be deducted at the time of funding. This fee is $295.

A Tax Service fee will be deducted at the time of funding. This fee is $78.

A Flood Service Fee of $8 may be charged if Flood Certificate does not reflect Life of Loan and is not transferrable. If either of these items are not covered on your flood certificate, then Reliant will process their own flood certificate and this fee will be charged.

On DU Refi Plus products, if loan utilizes the Fannie Mae Appraisal Waiver, then a $75 fee will be deducted at the time of closing.

D4 – Escrow Requirements

Taxes:

All payments of property taxes must be current prior to closing of the mortgage loan or be brought current as a result of the closing of the loan. Adequate escrow funds when required, must be collected in compliance with all applicable laws to ensure the payment in full of real estate taxes and of all other taxes by the due date.

Unpaid taxes that will become due and payable within sixty (60) days after funding must be paid by the Correspondent prior to the purchase of the loan by Reliant Bank. The Correspondent is responsible for any penalties assessed on payments that are due prior to, or within 60 days of funding.

The Correspondent must:

- Use aggregate accounting in the calculation of the escrow/impound account.
- Establish the impound accounts for payment of taxes, ground rents, special assessments, private mortgage insurance, hazard insurance, flood insurance, etc. at loan closing.
- Calculate and collect at closing adequate funds to ensure that a sufficient amount will be available to pay the next installment of taxes and insurance. If Reliant determines that insufficient funds for taxes or insurance were collected from the mortgagor at closing, the correct amount will be netted from the funding.
- Maintain the 2-month maximum cushion in the escrow/impound account pursuant to federal RESPA guidelines, unless a violation of applicable state law, except a cushion for private mortgage insurance which is zero months.
- Correspondent must include an Initial Escrow Disclosure Statement calculated in accordance with the principles of aggregate accounting. Reliant will validate the CD escrow balance to the escrow balance on the Initial Escrow Disclosure Statement. If the balances do not match, the loan will be suspended for resolution.
- Correspondent must deliver a tax information sheet, identifying the taxing authorities as well as amounts and dates payments are due.

Insurance:

Insurance must be current prior to funding the mortgage loan. Adequate escrow funds, when required, must be collected in compliance with all applicable laws to ensure payment in full by the premium due date.

Insurance payments due within thirty (30) days after funding must be paid by Correspondent. If Reliant determines that insufficient funds for insurance we collected, the correct amount will be netted from the funding proceeds. The Correspondent is responsible for any late fees assessed on payments that are due prior to or within thirty (30) days of funding. A two-month cushion should also be maintained in the escrow/impound account as with taxes.

Private Mortgage Insurance:

Mortgage insurance must be current prior to funding the mortgage loan. The initial PMI payment can be reflected on the CD as being paid with loan proceeds. If the payment is not reflected on the CD, proof must be provided that the payment has been made to the MI Company prior to loan purchase by Reliant Bank.

D5 – Wire Transfer

The funding proceeds will be sent to the Correspondent by wire transfer. Payment will be made to the Correspondent's warehouse lender or, if applicable, to the Correspondent. Reliant Bank will provide the Correspondent with a purchase schedule detailing the funding as well as the purchase premium and escrow reconciliation of the closed loan files. Purchase schedules can be viewed on our secure portal once completed.

D6 – Loan Funding Errors

If an error is identified in how a loan was priced and subsequently purchased, Correspondent must notify Reliant Bank within 30 days of the purchase date. All requests must be in writing and include the Reliant Bank loan number, specific description of the funding error and supporting documentation.

D7 – Mortgage Loan Seasoning

The maximum seasoning of a closed loan file at the time of purchase must not be greater than sixty (60) days.

Chapter 6 – Post Purchase Requirements

Reliant Bank prides itself on providing first in class customer service for each and every customer. The Correspondent's obligation to the borrower and to Reliant Bank does not cease at loan purchase/funding.

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

- Transfer of Servicing Notification
- Final Trailing Documents
- Resolution of Post Funding audits, Investor requests and Repurchase Requests.

A. Notifications

The Correspondent is required to notify the following vendors, immediately upon purchase of the loan by Reliant Bank 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.
- Hazard Insurance (including Flood and any other type of insurance)
- Mortgage Insurance (regardless of the type of policy purchased)
- FHA – The Mortgage Record Change (MRC) must be completed.
- USDA Lender Record Change (Form 1980-11) must be sent to USDA with a copy to Reliant Bank which must be received within 48 hours of purchase.

B. Insurance Change Letters

Correspondent must provide notice to any insurance company providing coverage for hazard, flood or PMI (if applicable), requesting that the name of the loss payee be amended to read:

Mortgagee Clause for Hazard/Flood

All Normal Production:
Reliant Bank – Mortgage Department
ISAOA /ATIMA
Address 1
Address 2
xxx-xxx-xxxx

Reliant Bank HELOC Loans:
Reliant Bank ISAOA/ATIMA
Address 1
Address 2
Loan # xxxxxxxxxxx

PMI

All Normal Production:
Reliant Bank – Mortgage Department
Address 1
Address 2
xxx-xxx-xxxx

Reliant Bank HELOC
Reliant Bank c/o SLS
Address 1
Address 2
xxx-xxx-xxxx

Copies of these letters should be uploaded into our secure portal within 48 hours of purchase.

C. Government Product Trailing Documents

The following is required to be either uploaded with the loan file or emailed to corrpostclosing@reliantbank.com within 30 days of loan purchase:

- FHA Mortgage Insurance Certificate (MIC)
- VA Loan Guarantee Certificate (LGC)
- USDA Loan Note Guarantee (LNG)
- Copy of the FHA Mortgage Record Change (HUD-92080) completed in FHA connection. This should reflect the following new holding mortgagee and new servicing mortgagee as follows:

Reliant Bank
Address 1
Address 2
Address 3
FHA Lender id is xxxxxxxxxx

For detailed instructions visit: https://entp.hud.gov/pdf/mp_sfs6_mrc.pdf

- Copy of the USDA Lender Record Change (Form 1980-11) completed in GLS and/or sent to USDA. This should reflect the following new holding lender information as follows:

Reliant Bank
Address 1
Address 2
Address 3
Lender tax id: xx-xxxxxxx
Branch Number: xxx

For detailed instructions visit:
https://usdalinc.sc.egov.usda.gov/docs/SFH%20GRH%20Loan%20Closing%20Employee%20User%20Guide%209_2007.pdf

D. Final Trailing Documents

Trailing documents will be forwarded to the following address using the Final Document Transmittal Form (can be found on our portal under forms) via traceable mail:

Reliant Bank
Address 1
Address 2
Address 3
Attn: Final Docs

Designated personnel within the Post Closing department will be responsible for monitoring final and/or trailing documentation on loans. Correspondents are required to provide the following final documents within 90 days of loan purchase:

- Recorded Deed of Trust/Mortgage and all applicable riders/schedules and addenda
- Final Title Policy with all appropriate endorsements

If final documents are not received within 90 days, we will charge $5 fee, per day, that the documents are not received.

Upon receipt, documents shall be checked for completeness and accuracy, any discrepancies will be the correspondent's responsibility to have corrected.

E. Final Document Policy

Reliant Bank requires all final documents be delivered to Reliant Bank within 90 calendar days from the date of purchase.

E1 – Final Document Standards

The following outlines the Reliant Bank standards for final (trailing) documents:

- Recorded Security Instrument – The original recorded security instrument must be forwarded to Reliant Bank. The security agreement must include all riders and legal description and must be ORIGINAL or recorder-certified copies. All mortgages are required to be on MOM documents. The recording information for the jurisdiction must be evident on the original document.
- Final Title Policy – The appropriate form of Final Title Policy with the recording information for the purchased loan must be forwarded to Reliant Bank.
  - The final title policy must be the most current version of an American Land Title Association (ALTA) loan policy, issued by a title insurer 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 title policy must include all applicable endorsements and not contain any exceptions that are not acceptable to Reliant Bank.
  - They need not be endorsed to Reliant Bank.
  - The final title policy must be complete, including all endorsements, schedules, attachments, plat maps, etc.

F. MERS

All loans purchased must use MOM documents and must be registered on MERS using the
Lender's MIN. Validation that the loan has been registered with MERS must be obtained prior to loan purchase. Correspondents must initiate all Transfer of Beneficial Rights (TOB) and Transfer of Servicing (TOS) within 48 hours of the loan purchase.

Investor: MERS Org id number: xxxxxxx

Interim Funder: MERS Org id number: xxxxxxx
Servicer: MERS Org id number: xxxxxxx

Please provide batch numbers via email to: corrpostclosing@reliantbank.com

G. Payment of Invoices

Timely payment of any invoices issued by Reliant Bank is required and critical to the Correspondent maintaining good standing with Reliant Bank.

Pursuant to the Reliant Bank Delegated Correspondent Agreement, in the event that the Correspondent fails to pay Reliant Bank any sums which are owed to Reliant Bank by the Correspondent, Reliant Bank shall be permitted to offset such sums from any amounts which are due or become due to the Correspondent. Reliant Bank, at is sole discretion, reserves the right to deduct the offset amount from the gross premium payable on any loan to be purchased by Reliant Bank. Failure of Reliant Bank to offset does not waive Correspondent's obligation to Reliant Bank for payment of any outstanding invoices.

H. Resolution of Investor Requests

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

- Provide requested information to resolve any outstanding deficiencies in a timely manner.
- Repurchase the loan if the reason for repurchase falls within the scope of the representations, warranties or covenants of the Delegated Correspondent Agreement between the Correspondent and Reliant Bank.

I. Borrower Payments

All loan payments received by Correspondent should be endorsed to Reliant Bank and forwarded to:

Reliant Bank
Address 1
Address 2
Address 3

J. Escrow Accounts

Reliant Bank services all loans in accordance with the aggregate accounting method.

- Reliant Bank uses the maximum cushion permitted by state law or the mortgage documents which is typically 1/6 (2 months).
- Reliant Bank 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 date.

EXHIBITS