



Whole Loan Servicing Transfer Manual for MPF Xtra® (Servicing Released Option)

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Chapter 1 Overview

Under the MPF[®] Program's MPF Xtra[®] product, a Participating Financial Institution (Selling PFI) may sell the whole loan including the servicing (Serviced Loan) to the Federal Home Loan Bank of Chicago (MPF Provider). The MPF Provider will then sell the loan asset to Federal National Mortgage Association (FNMA) and the Mortgage Servicing Rights (MSRs) to Redwood Residential Acquisition Corporation (Redwood). Redwood has engaged Central Loan Administration & Reporting (CENLAR) to subservice the loans on Redwood's behalf. In this Manual, "Servicing Released" is used interchangeably with "whole loan" transactions to refer to the Selling PFI's sale of the whole loan including the servicing to the MPF Provider. The Selling PFI will sell the Serviced Loan and transfer the servicing in accordance to the terms of the Participating Financial Institution Agreement ("PFI Agreement") and this manual ("Manual").

The Selling PFI will remain liable for origination representations and warranties for the Serviced Loan arising under the PFI Agreement of the Selling PFI.

In order to participate in whole loan transactions, PRIOR to delivering loans to the MPF Provider, who at the same time sells the MSRs to Redwood, the Selling PFI must:

1. Be a member of MERS, or become one, at a minimum of the Residential Lite level. The MPF Bank will help facilitate the Selling PFI's MERS application, if necessary.
2. Execute the MPF Xtra Addendum to MPF Program PFI Agreement and a MPF Xtra Master Commitment for selling loans on a whole loan basis.
 - a. The MPF Bank will identify Redwood as the Servicer on the Master Commitment by completing the Servicer fields as following:
 - Servicer: Redwood Residential Acquisition Corporation
 - Servicer Number: 5952
3. Provide to the MPF Bank a completed PFI Information Sheet (Exhibit 1).

1.1 Organization of the Manual

With respect to the sale of Serviced Loans by a Selling PFI, all provisions of the MPF Guides, the PFI Agreement and this Manual shall apply.

All capitalized terms used but not defined in the Manual shall have the meaning provided in the MPF Guides or the PFI Agreement. All references to "Serviced Loan" in this Manual shall be understood to refer to a Mortgage sold by a Selling PFI and purchased by the MPF Provider as a whole loan transaction.

Chapter 2 CENLAR Loan Number

Following the signing of the required MPF Program documents and completion of the PFI Information Sheet (Exhibit 1) by the Selling PFI, the MPF Bank will provide the Selling PFI with a block of CENLAR loan numbers. The Selling PFI will assign a CENLAR loan number, in sequential order, to each Notice of Servicing Transfer for all mortgages purchased by the MPF Provider. If for some reason the loan is not purchased, do not reuse the CENLAR loan number. The CENLAR Loan number must be provided to the borrower in accordance with Section 4.4 of this Manual

It is the Selling PFI's responsibility to inform the MPF Service Center at (877) 463-6673 or MPF-Help@FHLBC.com, when they need additional CENLAR loan numbers.

Chapter 3 Servicing Released Premium (SRP) / Pricing Schedule

The Servicing Released Premium (SRP) Pricing Schedule is available on the eMPF website under the Rates and Fees tab. The SRP Pricing Schedule represents the price to be paid by the MPF Provider for the Servicing Rights, stated as a percentage of the Unpaid Principal Balance (UPB) of the Serviced Loans on the date the Delivery Commitment (DC) is taken down. The SRP percentage will be applied to the UPB delivered to determine the SRP amount paid to the Selling PFI. The date of funding of a Serviced Loan by the MPF Provider shall be referred to in this Manual as the "Sale Date."

1. The SRP Pricing Schedule will be displayed on the eMPF website as of the effective date of the SRP Pricing Schedule and shall remain in effect throughout the month. The MPF Provider reserves the right to change pricing throughout the month, if needed.
2. The SRP is live between 8:30 a.m. CST until the FHLB Delivery Commitment deadline at 3:30 p.m. CST. PFIs can only lock the SRP during this time frame.
3. The SRP will be automatically locked at the time of Delivery Commitment.

Changes to the SRP Pricing Schedule will be effective for Delivery Commitments issued on or after the stated effective date on the SRP Pricing Schedule. The Selling PFI is responsible for determining the effective SRP Pricing Schedule in effect on the Delivery Commitment date as it is the only Schedule that will be honored. The Selling PFI is responsible for checking the eMPF website for updates to the SRP given the SRP may change midday.

Serviced Loans sold to the MPF Provider with a 10 year term will be subject to an additional 10 basis point fee from the 15 year SRP Pricing Schedule.

Please Note: The Servicing Released option requires that Serviced Loans are newly originated as defined in Section 4.3 of this Manual. This will ensure that the loan balance will be imputed correctly in the CENLAR servicing system and the proper amortization schedule will be applied.

3.1 Delivery Commitment

A Servicing Released Delivery Commitment must reference the applicable MPF Xtra Master Commitment. See MPF Program Guide and MPF Xtra Selling Guide for the issuance of Delivery Commitments.

Chapter 4 Mortgage Origination and Purchase

4.1 Origination and Underwriting

Serviced Loans must be originated and underwritten by the Selling PFI in accordance with the MPF Guides, the PFI Agreement and this Manual.

Serviced Loans eligible for delivery:

- Conventional Fixed-Rate Mortgages with a minimum term of ten (10) years and
- Conventional Fixed-Rate Mortgages with a minimum loan amount of \$50,000.

Loan originated in the following locations are ineligible:

- Puerto Rico,
- Virgin Islands,
- Guam or
- Other Location outside the United States.

The following types of loans are prohibited:

- Manufactured Housing
- HARP loans that do not meet the following criteria:
 - Retail origination and
 - Combined loan-to-value less than or equal to 125%
- Loans in any stages of Hardest Hit Fund (“HHF”) modification or other HHF relief, including solicitation, review or active trial period or have completed HHF.

4.2 Closing

Serviced Loans must be closed by the Selling PFI or its agent in accordance with the MPF Guides and this Manual. No "interest credit" due to the borrower from the Selling PFI will be permitted.

4.3 Purchased by the MPF Provider

Purchase of the Serviced Loan by the MPF Provider will be for the whole loan completed via the eMPF website. The loan delivery request must be submitted under:

- Mandatory Delivery Commitments – not later than 3:30 P.M. Central Time, no later than two (2) Business Days prior to Delivery Commitment expiration; or

- Best Efforts Delivery Commitments – not later than 3:30 P.M. Central Time, no later than three (3) Business Days prior to Delivery Commitment expiration.

Upon determination that a Serviced Loan can be purchased as presented, the MPF Provider will initiate a credit for the loan asset and SRP minus any fees in the SRP Grid and a debit for the escrow, investor fees and interim interest to the PFI's main account at their MPF Bank. Typically, all transactions will occur on the Business Day following the loan delivery request. The purchase of a Serviced Loan will be confirmed with the Transaction Confirmation and Loan Funding Activity Report delivered to the Selling PFI on the Sale Date. The Selling PFI must sell to the MPF Provider each Serviced Loan to be purchased under this option no later than thirty (30) calendar days after the mortgage closing date and with the first payment on the Serviced Loan due to CENLAR. For loans with payments applied, please contact your MPF Bank representative for further instructions.

4.4 Servicing Transfer

The Selling PFI shall provide a Notice of Servicing Transfer (Exhibit 2) or a substantially similar form, to the borrower either at closing of the Serviced Loan or such other time as may be required by RESPA and other applicable laws and regulations. The Selling PFI represents and warrants that all servicing transfer notices provided to the borrower shall:

- Include accurate and complete contact information for CENLAR and
- Include accurate effective date based on the purchase of the loan and
- Comply with all Applicable Laws.

Prior to the transfer of servicing of the Serviced Loan, the PFI will service the Serviced Loan in accordance with the MPF Guides. The first payment due date for each Serviced Loan must be the first day of the month following the first full month after the closing date.

Chapter 5 Document Custody

5.1 MPF Program Custodian

The MPF Program Custodian must be the Custodian for all Serviced Loans under this option. The Selling PFI is required to deliver Collateral Files to the MPF Program Custodian (see contact information provided in MPF Guides) in accordance with the timeframes and requirements of the MPF Guides, and to obtain the approval of the MPF Program Custodian that documents are in proper form and are properly executed. The Collateral File, which is sent to the MPF Program Custodian, must contain original documents or certified copies of originals, as required in the MPF Guides.

5.2 Collateral File Label

The Collateral File for each Serviced Loan delivered to the MPF Program Custodian must be labeled as required by MPF Guides.

5.3 Endorsements and Assignments

5.3.1 Endorsements

The Selling PFI must provide to the MPF Program Custodian a Note endorsement without recourse to the "Federal Home Loan Bank of Chicago." An allonge to the Note may be used for the endorsement if the following conditions are met:

- If the allonge is dated, the endorsement must be dated on or after the Note date;
- The allonge must be permanently affixed to the Note;
- The allonge must identify the associated Note by referencing:
 - The Note date;
 - The Borrower(s) name(s) as they appear on the Note;
 - The Note amount; and
 - The Mortgage Property Address as it appears on the Note.
- The form of the allonge, and its use, must comply with all Applicable Laws; and
- The use of the allonge must not impair the MPF Provider's or any other investors' status as a "holder in due course."

5.3.2 Assignments

The Selling PFI must be a member of MERS, able to register and transfer loans through MERS.

If the Serviced Loan reflects MERS as the Original Mortgagee (a MOM loan), a

certified copy of the Security Instrument showing MERS as the original mortgagee must be delivered to the Custodian, for additional detail see the MPF Guides.

If the Serviced Loan is *not* a MOM loan, a recorded assignment with an assigned Mortgage Identification Number (MIN) naming MERS as the nominee will be required. A copy of the assignment must be included in the collateral file and Servicing File (Section 6.1). The Selling PFI is responsible for recording the assignment.

The PFI is required to use the formal endorsement used to name MERS as follows:

Mortgage Electronic Registration Systems, Inc.
P.O. Box 2026
Flint, Michigan 48501-2026

The 18-digit MIN number and MERS Phone number (1-888-679-6377) are to be placed on the assignment in a visible location, but not in a space reserved for the jurisdiction's recorder per jurisdictional requirements.

For states requiring a physical address, use the following MERS address in addition to P.O. Box address:

1901 E Voorhees Street, Suite C,
Danville, IL 61834.

If the state of incorporation for MERS is required, please note that MERS is organized and existing under the laws of Delaware, not Virginia.

IMPORTANT

Within five (5) days of the servicing transfer date to Redwood, the Selling PFI must update MERS on line with the following Servicer information:

Servicer (TOS Batch)	Redwood Residential Acquisition Corporation MERS Organization ID number 1010485
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The PFI is not required to populate the subservicer field in MERS. Redwood will add the subservicer Org ID to MERS.

Direct any questions regarding the servicing transfer MERS instructions, contact MERSOperations@redwoodtrust.com or 720-627-8501.

The Selling PFI Represents, Warrants and Covenants the following to the MPF Provider as to each Serviced Loan offered for sale:

1. The Selling PFI has timely recorded the Mortgage/Deed of Trust to protect the MPF Provider's interests;
2. The Selling PFI has registered the Serviced Loan with MERS as the named nominee immediately after funding;
3. The Selling PFI can validate that the Serviced Loan has been transferred free and clear of any pledge, lien, encumbrance or security interest; and
4. The Selling PFI will not name/transfer servicing rights in MERS to any person or entity other than Redwood.

5.4 Certification with the MPF Program Custodian

The Selling PFI is responsible for the Initial Certification of the Collateral Files, resolving Initial Certification issues with the MPF Program Custodian, and payment of all fees imposed for uncertified documents or custodial Initial Certification Exceptions (see the MPF Guides). All Serviced Loans that do not meet the Initial Certification requirements must be repurchased in accordance with MPF Guides and this Manual. For all repurchased loans, Redwood shall be entitled to a refund of the SRP in accordance with Chapter 8 of this Manual. The refund of the SRP will be made by the Selling PFI to the MPF Provider.

5.5 Document Access – Selling PFI

The Selling PFI may request and obtain the Collateral File from the MPF Program Custodian in order to correct Initial Certification Exceptions up until the point of Initial Certification. After Initial Certification, the Selling PFI may not request the Collateral File from the MPF Program Custodian.

The Selling PFI must follow prudent business practices in protecting and safeguarding all documents released to it by the MPF Program Custodian until these documents are returned to the MPF Program Custodian, as required by the MPF Guides.

Chapter 6 Servicing Provisions

6.1 Servicing File Delivery Time Frame and Stacking Order

Within seven (7) calendar days after the Sale Date, the Selling PFI must upload the Servicing File containing images of the documents listed in the Servicing File Checklist (Exhibit 3) for each Serviced Loan. The Servicing File is to be delivered utilizing the eMPF website via the PFI Document Upload Utility. The uploaded Servicing File will be automatically transferred to Redwood for review and Redwood will provide appropriate documents to its servicer CENLAR.

The Servicing File delivered electronically through the eMPF website must be a .pdf. All documents should be saved into one file when creating the Servicing File. The PFI Document Upload Utility can be found under the Transactions tab of the eMPF website. Select "Upload File" from the left column and then select "Servicing Transfer Document Upload" from the drop down menu. Select the applicable Serviced Loan. Under the "Servicing File Doc" browser, browse for the Servicing File. Once the Servicing File has been selected click the submit button for document submission. When the Servicing File has been successfully uploaded the current date will appear under the Servicing Doc Date column.

6.2 Review and Acceptance of the Servicing File

Redwood will review each Servicing File upon receipt from the Selling PFI in order to:

- Determine that all required data/documents have been provided; and
- Review that the Servicing Files and the Serviced Loan comply with the terms of this Manual.

If Redwood determines that the Servicing Files for the related Serviced Loan is not in compliance the deficiencies will be cured as follows:

1. Redwood will issue a rejection notification via email identifying deficiencies that will need to be addressed within two (2) Business Days of the notification. (It is anticipated that most of these deficiencies will be related to the boarding of the loan to the servicing system.) If a rejection notification is due to missing documents the Selling PFI is to provide the identified missing documents through the PFI Document Upload Utility as instructed in section 6.1.
2. If the Selling PFI fails to cure the Servicing File deficiencies before the tenth (10th) calendar day prior to the first payment due CENLAR for a Serviced Loan (or the preceding Business Day if that day is not a Business Day) Redwood will attempt to cure the deficiencies. If Redwood or the MPF Provider incurs any cost while curing the deficiencies, the Selling PFI will be billed for such cost.

3. If Redwood is unable to cure the deficiencies in a reasonable time frame, it will ask the MPF Provider to contact the Selling PFI to promptly cure the deficiencies.
4. In the unlikely event that the Selling PFI fails to respond and cure the deficiencies after the procedure described above, Redwood will request authorization from FNMA to have the Selling PFI repurchase the loan. The MPF Provider will notify the Selling PFI of the request to repurchase the whole loan or the MSRs.

If corrections are necessary to the information in the Servicing File delivered to Redwood, the Selling PFI must first contact the MPF Provider regarding the corrections. Once the corrections are made in the MPF Provider's systems, the MPF Provider will provide Redwood with the data corrections. Redwood will then make the correction to Redwood's systems. The MPF Provider may be required to reverse the funding of the Serviced Loan that has been sold in order to correct the loan data. This will result in a new funding confirmation for the Serviced Loan. If the correction affects the SRP paid, the refund for the SRP will be made by the Selling PFI to the MPF Provider. Redwood will calculate the SRP refund and send it to the MPF Provider. The MPF Provider will reverse the funding of the Serviced Loan that had been sold in order to correct the SRP Price paid for the Serviced Loan. The MPF Provider will send notification of the SRP refund to the Selling PFI.

6.3 Recorded/Final Documents

The Selling PFI should deliver to Wells Fargo the original recorded and/or final documents (where applicable) in the Recorded/Final Documents Checklist (Exhibit 4) within ninety (90) days after the Sale Date. If all documents are not available by the ninetieth (90th) day, the Selling PFI should deliver the available documents and provide the remaining documents as they become available. Documents that are not received within 120 days are subject to a late charge of \$125 per document. Redwood will monitor receipt of the original recorded and/or final documents and will collect any late charges directly from the Selling PFI if needed. The Recorded/Final Documents checklist must be attached to the copies sent for each Serviced Loan. Recorded and/or final documents should be shipped to the address shown in Important Addresses & Instructions (Exhibit 5). It is the Selling PFI's responsibility to ensure that the information on the recorded and final documents (trailing documents) are correct before delivering to Wells Fargo.

The Selling PFI must also upload copies of the Recorded/Final Documents through the PFI Document Upload Utility. The Recorded and Final Documents delivered electronically through the eMPF website must be a .pdf. All documents should be saved into one file when creating the Recorded and Final Documents. The PFI Document Upload Utility can be found under the Transactions tab of the eMPF website. Select

“Upload File” from the left column and then select “Servicing Transfer Document Upload” from the drop down menu. Select the applicable Serviced Loan. Under the “Final Doc Upload” browser, browse for the Recorded and Final Documents. Once the Recorded and Final Documents has been selected click the submit button for document submission. When the Recorded and Final Documents has been successfully uploaded the current date will appear under the Final Doc Date column.

6.4 Other Fees

The following fees will be netted from the SRP due to the Selling PFI for the Serviced Loans for all product types:

- Tax Service Fee..... \$75
- Administration Fee..... \$75

6.5 Escrow Funds

The total escrow amount identified on the Additional Information File will be debited from the Selling PFI’s main account at their MPF Bank concurrent with the purchase of the whole loan. The Transaction Confirmation and Loan Funding Activity Report delivered to the Selling PFI will include the Escrow Funds netted against the whole loan funding.

Documents in the Servicing File should indicate whether an Escrow Account has been established for the Serviced Loan.

6.5.1 Escrow Waiver

If escrows are waived, Selling PFIs shall include a signed escrow waiver notice used at loan closing with the serviced loan file.

6.6 Taxes

The Selling PFI must provide a complete and accurate Tax Information Sheet (Exhibit 6), or its equivalent, with the Servicing File for each Serviced Loan, regardless of whether or not an Escrow Account is established for the loan. This information is required in order to monitor payment of taxes during Servicing. The Selling PFI is responsible for providing accurate Tax Identification Numbers of the subject property of the Serviced Loan. The Selling PFI shall reimburse Redwood or successfully contest the Internal Revenue Service (IRS) for any IRS penalties incurred by Redwood for any tax years relating to Tax Identification Number errors in the information provided by the Selling PFI.

The Selling PFI must pay all delinquent taxes, taxes currently due or related tax amounts due within sixty (60) days before or after the Sale Date. This includes but is not limited to, base tax amounts, penalties, interest, etc.

Please forward all original tax bills to the address in Exhibit 5 under tax bills received by the Selling PFI.

The Selling PFI must make every effort to accurately determine the amount of taxes on the property, including contacting the appropriate taxing authority, if necessary.

If a Serviced Loan is secured by new construction, or is an existing property where “improvements” to the property have been completed, taxes made available by the taxing authority may be under assessed. The MPF Provider asks that the Selling PFI make its best effort to estimate the projected taxes.

6.6.1 IRS Posting

The Selling PFI must file the necessary forms required by applicable law with the IRS for transactions that occurred on the closing disclosure, and provide the borrower with a 1098 as necessary.

6.6.2 Escrow Accounts

When an Escrow Account is established at closing for taxes and insurance (hazard and flood), it is required that escrows are calculated using the maximum cushion permitted in the Serviced Loan documents, or by applicable law, whichever is lower. If a lesser amount is escrowed, the borrower may experience a change in monthly payment shortly after the transfer date.

6.7 Hazard and Flood Insurance

6.7.1 Hazard Insurance

Every Serviced Loan must have a hazard policy insuring the mortgaged property. Selling PFI must notify the borrower’s insurance carrier to change the mortgagee clause as in the form of Exhibit 7. This mortgagee clause change notification must be sent to the insurance carrier prior to the service transfer of the loan, including for master policies for condominiums and other PUDs.

The Servicing File should include evidence of hazard insurance, with a mortgagee clause to CENLAR. If an insurance policy is not in the name of CENLAR, the Selling PFI may provide a letter requesting endorsement of the mortgagee clause in the form of Exhibit 7 – Hazard Insurance Notification.

The Selling PFI is responsible for paying all insurance premiums due within sixty (60) days after the Sale Date.

The Selling PFI is responsible for any loss incurred as the result of a casualty loss where the loss occurs prior to or on the Sale Date of the Serviced Loan, if such loss is the result of the expiration of any insurance policies prior to the Sale Date of the serviced loan, or is due to the insufficiency (in accordance with the MPF Guides) of any such insurance coverage. Further, if any insurance coverage is

insufficient in accordance with the MPF Guides, the costs incurred for providing such insurance are secured by the Serviced Loan and payable by the borrower under the Serviced Loan. In the event there is no evidence of insurance coverage on any Serviced Loan as of the Sale Date for such Serviced Loan, evidence of insurance coverage shall be provided within five (5) Business Days of written request by the MPF Provider. If evidence is not obtained, the Selling PFI will be responsible for reimbursing Redwood for the cost of obtaining the necessary insurance coverage to the extent such costs are not otherwise due, collectible and payable by the borrower under the Serviced Loan.

6.7.2 Flood Insurance

If a property is located in a special flood hazard zone, the borrower must obtain flood insurance coverage. Evidence of flood insurance should be included in the servicing file, with a mortgagee clause to CENLAR. If an insurance policy is not in the name of CENLAR, the Selling PFI may provide a letter requesting endorsement of the mortgagee clause in the form of Exhibit 8.

The Selling PFI is responsible for paying all insurance premiums due within sixty (60) days after the Sale Date:

- If CENLAR escrows for hazard insurance premiums, they will also escrow for flood insurance premiums if the property is located in a special flood hazard area.
- If the mortgaged property is not located in a special flood hazard area, but the borrower elects to secure flood insurance, CENLAR will not collect the Escrow Funds for disbursement for flood insurance.

6.7.3 Flood Zone Determination Certificate

The Selling PFI shall supply Redwood with the flood determinations provided by a provider acceptable to Redwood for all Serviced Loans. If the Selling PFI does not deliver such flood determinations, the Selling PFI will be charged a fee. The Selling PFI shall pay all costs associated with transferring such flood determinations to Redwood. The Selling PFI must notify the flood determination company of the change of servicer information as stated in Exhibit 5.

6.8 Private Mortgage Insurance (PMI)

For any Serviced Loan requiring Private Mortgage Insurance (PMI), the Selling PFI must make required insurance disbursements on loans prior to the service transfer date. Notification of change of servicer must be sent to the PMI carrier prior to the service transfer date in the form of Exhibit 9.

6.9 Supplemental Information

Prior to and after the Sale Date for a Serviced Loan, the Selling PFI will at its own expense:

- Furnish promptly to the MPF Provider any supplementary information related to the Serviced Loan which Redwood or the MPF Provider reasonably requests and which is reasonably available to the Selling PFI; and
- Render reasonable assistance to Redwood to enable Redwood to efficiently take over and service the Serviced Loan.

On or within seven (7) days after the applicable Sales Date, the Selling PFI will disclose to Redwood, in writing, all litigation related to any Serviced Loan. Redwood reserves the right to cause the Selling PFI to repurchase the Serviced Loan or transfer the servicing back to the Selling PFI along with the refund of the SRP Payment and Escrow Funds as defined under Chapter 8.

On or before the Sale Date, the Selling PFI shall correct and fund all cash and collateral deficiencies with respect to the custodial accounts as required by the MPF Program Guide and MPF Xtra Selling Guide if applicable. The Selling PFI shall be responsible for promptly making Redwood whole for such deficiencies.

Chapter 7 Other Selling PFI Responsibilities

7.1 Regulatory Requirements

The Selling PFI will be responsible for compliance with all regulatory requirements related to the origination and closing of the Serviced Loans and the transfer of the servicing for the Serviced Loans.

7.2 MPF Quality Control

The Serviced Loans will be included in the MPF Program quality control review sample population for the Selling PFI in accordance with the MPF Guides. The MPF Provider will pull documents from the Servicing File provided by the Selling PFI. If the necessary documents for MPF Program quality control are not in the Servicing File, the MPF Provider will work with the Selling PFI to obtain requested documentation. Quality Control findings, with respect to the Serviced Loans, will be provided to the Selling PFI.

7.3 Servicer Quality Control

Redwood performs a Quality Control review on its servicing portfolio which may include Serviced Loans. Redwood will use documentation in the Servicing File to perform their Quality Control review. Redwood will notify the MPF Provider of any loan with documentation deficiencies. The MPF Provider will work with the Selling PFI to obtain the necessary documentation. The Selling PFI will have to provide the necessary documentation within the timeline specified in the notification.

7.4 Selling PFI Quality Control

The Selling PFI is responsible for conducting in-house quality control reviews in accordance with the MPF Guides.

Chapter 8 Defects and Remedies

The MPF Provider will work directly with the Selling PFI to resolve origination and funding issues. In the event an issue cannot be resolved, the MPF Provider will act as arbitrator to resolve the issue, and the decision of the MPF Provider will be controlling.

The MPF Provider will work directly with the Selling PFI in the event of a repurchase request to assist in the transfer of servicing back to the PFI along with the refund of the SRP Payment and Escrow Funds. In the event FNMA retains the loan, the MPF Provider will work directly with the Selling PFI to transfer the Escrow Funds and servicing to a FNMA approved servicer along with the refund of the SRP Payment.

8.1 Notice of Defects or Deficiency

Notification will be sent to the Selling PFI by the MPF Provider if a Serviced Loan is defective or deficient according to the MPF Guides, constitute of breach of the Selling PFI's representation and warranties, or limits Redwood's ability to properly service the Serviced Loan. Upon receipt of notification of a Serviced Loan defect or deficiency, the Selling PFI shall cure the defect or deficiency within the time period specified in the notice.

8.2 Curable Defects

As stated above, upon receipt of notification of a Serviced Loan defect or deficiency, the Selling PFI shall cure the defect or deficiency within the time period specified in the notice. In the event the Selling PFI fails to cure the defect or deficiency or if a Serviced Loan fails to comply with applicable requirements at the time of delivery to Redwood and the noncompliance or defect remains, Redwood will take appropriate action to remedy the deficiency at the expense of the Selling PFI. Upon notice, Redwood will bill the Selling PFI and collect all expenses directly from the Selling PFI.

8.3 Repurchase of Serviced Loans and Loan Servicing Rights

8.3.1 Agency Repurchase

Without limiting any other remedies available under this Manual, if there is a repurchase required by FNMA, the MPF Provider will notify the Selling PFI. The Selling PFI will have 10 days to respond to the FNMA repurchase request or as otherwise determined by FNMA. The MPF Provider will notify the Selling PFI of FNMA's final decision. In the event the rebuttal is denied, the MPF Provider will notify the Selling PFI of the sum of funds owed which include the Serviced Loan repurchase price and related SRP repurchase price in the amount of the original SRP paid plus any accrued and unpaid servicing fees at the time of repurchase.

The funds are to be placed in the PFI's main account with their MPF Bank two (2) business day prior to the repurchase date required by FNMA. If Redwood, the MPF Provider or the Selling PFI's MPF Bank has any actual and reasonable out-of-pocket costs or expenses in their attempt to cure, dispute or appeal the repurchase demand, the Selling PFI will be responsible for reimbursing such expenses. Upon notice, the MPF Bank will bill the Selling PFI and collect all expenses directly from the Selling PFI.

8.3.2 Incurable Defects

If Redwood and the Selling PFI are unable to resolve material issues related to file delivery and loan boarding within the time frame specified in the notice, the Selling PFI may be required to repurchase the Serviced Loan from the MPF Provider in accordance with MPF Guides and subject to the approval of FNMA. The Selling PFI is required to repurchase the Serviced Loan or provide an alternative remedy within ten (10) Business Days following the receipt for the repurchase request from the MPF Provider.

In the event the Selling PFI is required to repurchase a Serviced Loan or if the Selling PFI is otherwise required to pay the SRP refund, the Selling PFI will be required to pay to the MPF Provider the SRP refund for the Serviced Loan by placing funds into the Selling PFI's main account with their MPF Bank.

8.4 Early Payment Default

If any of the first four (4) payments due on a Serviced Loan becomes ninety (90) days or more delinquent, the Selling PFI may be required to repurchase the Serviced Loan and refund the SRP.

8.5 Early Payoff

If a Serviced Loan pays off (or otherwise liquidates) within one hundred twenty (120) days after the Sale Date, the Selling PFI may be required to refund the SRP.

8.6 Transfer of Servicing and Escrows

In the event of a repurchase, the Servicing must be transferred to the Selling PFI and all parties will be required to provide proper notice to the borrower of the transfer as required by Applicable Law. Upon completion of the repurchase by the Selling PFI, the Selling PFI will receive all the servicing records and documents relating to such repurchased Serviced Loan within seven (7) calendar days after the transfer date. The MPF Provider will net the withdrawal of the SRP, repurchase price and the Escrow Funds to the Selling PFI's main account with their MPF Bank on the approved repurchase date.

Chapter 9 Servicing

9.1 General Servicing

Redwood will utilize CENLAR to subservice the Serviced Loans in accordance with FNMA Guides.

9.2 Cenlar Customer Servicer

Borrower inquiries should be directed to Redwood's subservicer CENLAR's customer service department as shown in the Important Addresses & Instructions (Exhibit 5).

9.3 Coupon Book or Monthly Statement

Upon completion of loan boarding, CENLAR will send a coupon booklet or a monthly statement to the borrower. In the event that the coupons/statements are not received in time for the first payment due CENLAR, the borrower should send the payment as directed in the Notice of Transfer of Servicing (Exhibit 2). The borrower may contact CENLAR's Customer Service Department if they have any questions (see Important Addresses & Instructions -Exhibit 5).

9.4 Payment Processing

Processing and application of borrower payments will be managed by Redwood's subservicer (CENLAR). Borrower payments and other funds related to the Serviced Loan which are received by a Selling PFI must be endorsed to the order of CENLAR, and forwarded by overnight mail to the address shown in the Important Addresses & Instructions (Exhibit 5). The Selling PFI must not issue receipts for payments received or indicate that immediate credit will be given. Payments will not be considered received until processed by CENLAR.

Payments sent directly to CENLAR by the Borrower should be directed to the address designated in the Important Addresses & Instructions (Exhibit 5).

Automated Clearing House (ACH) payments cannot be transferred to CENLAR. Notify affected borrowers that drafting will be discontinued, and to make their monthly payment by check, payable to the new subservicer. After transfer, borrowers may contact the CENLAR'S customer service department to apply for payment drafting.

9.5 No Solicitation or Refinancing

After the Sale Date the Selling PFI shall not use information derived from the origination, sale or servicing of the Serviced Loan or solicit in any manner any of the borrowers of the Serviced Loan, for the purpose of refinancing the Serviced Loan. The following will not constitute as solicitation by the Selling PFI:

- Advertise directly to the general public,
- Mailing parties whose names are obtained through mailing list commercially available through unaffiliated third parties and
- Responding to unsolicited inquires from the borrower

The Selling PFI shall not direct any promotions, creation of a mailing list, nor use a mailing list prepared to target borrowers of the Serviced Loans for the purpose of refinancing. The Selling PFI may discuss other consumer financial products.

After the Sale Date, Redwood and its successors will not solicit a specific borrower under any Serviced Loan for the purpose of refinancing, in whole or any part of the Serviced Loan or offering to the borrower any consumer financial products. Redwood, its successors and assigns shall cause any servicer or respective affiliates to agree that it will not take any action, permit or cause any action to be taken by any of its agents or affiliates to personally solicit a borrower under any Serviced Loan for the purpose of refinancing a Serviced Loan, in whole or in part, without prior written consent of the MPF Provider. Redwood, its servicer, affiliate or its successor may contact the borrower in connection with servicing of the Serviced Loan.

It is understood and agreed that Redwood, any servicer or affiliate may:

- Advertise its availability to handle refinancing of mortgages, including the promotion of terms it has available for such refinancing, through the sending of letters or promotional material,
- Provide pay-off information and cooperate with borrowers who contact them about prepaying their mortgages by advising them of refinancing terms and streamlined origination arrangements, and
- Offer to refinance a Serviced Loan within thirty (30) days following receipt of a pay-off request from the related borrower.

Promotions undertaken by Redwood, its servicer or an affiliate directed to the general public shall not constitute solicitation. Notwithstanding the forgoing, should Redwood sell or otherwise transfer the servicing rights to a non-affiliated entity, this Chapter of the Manual shall not be applicable to such entity.

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Exhibit 1. Selling PFI Information Sheet

Complete and return as instructed in Chapter 1 of this Manual.

Selling PFI Information			
Selling PFI Name:			
Selling PFI Number:			
Street / Overnight Delivery Address:			
City, State, and Zip Code:			
Mailing Address (if different from above):			
City, State and Zip Code:			
Selling PFI Toll-Free Telephone Number:			
Selling PFI Main Telephone Number:			
Selling PFI Borrower Correspondence Address (If different from above):			
City, State, and Zip Code			
Selling PFI Contact Names	Telephone	Fax	Email
Primary Contact:			
Secondary Contact:			
Servicing File Delivery Contact:			
Funding Contact:*			

* The person who should be made aware of items such as SRP payments / refunds and debits / credits to the PFI's account with the MPF Provider.

Exhibit 2 Notice of Servicing Transfer

ROBERT SMITH
1234 MAIN DRIVE
ANYTOWN, USA 12345

[notice date]

NOTICE OF SERVICING TRANSFER

[New Servicer Loan #]
[Old Servicer Loan #]

The servicing of your mortgage loan is being transferred, effective [effective date]. This means that after this date, a new servicer will be collecting your mortgage loan payments from you. Nothing else about your mortgage loan will change.

[OLD SERVICER] is now collecting your payments. [OLD SERVICER] will stop accepting payments received from you after [date prior to effective date].

Central Loan Administration and Reporting (CENLAR) will collect your payments going forward. Your new servicer will start accepting payments received from you on [effective date].

Send all payments due on or after [effective date] to CENLAR at this address: P.O. Box 11733 Newark, NJ 07101-4733.

If you have any questions for either your present servicer, [OLD SERVICER] or your new servicer CENLAR about your mortgage loan or this transfer, please contact them using the information below:

Current Servicer: [INSERT NAME]
New Servicer: CENLAR
Customer Service [TOLL FREE NUMBER] 877-495-4721
[INSERT ADDRESS] P.O. Box 77404 Ewing, NJ 08628

Important note about insurance: If you have mortgage life or disability insurance or any other type of optional insurance, the transfer of servicing rights may affect your insurance in the following way:

Life and Disability Insurance coverage may not be transferable, however, if you wish to continue this coverage, please contact your new servicer and your insurance provider.

Under Federal law, during the 60-day period following the effective date of the transfer of the loan servicing, a loan payment received by your old servicer on or before its due date may not be treated by the new servicer as late, and a late fee may not be imposed on you.

Your New Servicer's Customer Service Department is available to answer questions between the hours of Monday - Friday 7:00am - 7:00pm PST, Saturday - Sunday 9:00am - 2:00pm PST.

If you are currently making payments through a third party (e.g. government allotment or bill pay service), it is your responsibility to notify them of your new loan number or payment change, if applicable.

If you previously arranged with us to have your monthly mortgage payment drafted from your bank account, this service will not continue. If your account is delinquent your new servicer will contact you.

Information we have concerning required insurance on your property will be transferred to CENLAR and we will notify your insurance provider of the transfer. To ensure that your insurance renewal is paid timely, please verify that your insurance agent has updated the mortgagee clause to read: Central Loan Administration and Reporting ISAOA, ATIMA P.O. Box 202028 Florence, SC 29502-2028

You will be receiving two Year End Statements for 2016. One will reflect payment and disbursement activity for the period of time [OLD SERVICER] serviced your loan and the other will be from CENLAR and will reflect payment and disbursement activity from the transfer date through the end of the year.

Regards,

[OLD SERVICER]

Exhibit 3 Servicing File Checklist

Borrower Name	
CENLAR Loan ID Number	
MPF Loan Number	

The Selling PFI must send all required original custodial documents to the MPF Program Custodian at the address show in MPF Guide (see Chapter 5 of this manual).

The Selling PFI should upload following documents in the order listed below through the PFI Document Upload Utility on the eMPF website. See Sections 6.1 and 6.2 of this manual for delivery time frame and servicing file transfer requirements.

- 1. Servicing File Checklist (Exhibit 3) with enclosed items checked
- 2. Notice of Transfer of Servicing (Exhibit 2)
- 3. Initial Aggregate Escrow Statement or Escrow Waiver
- 4. Security Instrument: Mortgage / Deed of Trust
- 5. Assignment from Selling PFI to MERS, if applicable
- 6. Loan Application
- 7. All Loan Estimates
- 8. Service Providers List
- 9. Note with all riders and addenda
- 10. All Closing Disclosures
- 11. Mortgage Insurance (MI) Certificate (if applicable) and notice letter to MI company that servicing has been transferred to Redwood
- 12. Hazard insurance policy with mortgagee clause to Central Loan Administration and Reporting (CENLAR); or if not in CENLAR’s name, a Hazard Insurance Notification (Exhibit 7), as required by section 6.6.1 of this manual
- 13. Flood zone determination certificate with Life of Loan coverage with coverage to Redwood; or if not in CENLAR’s name, a Flood Insurance Notification (Exhibit 8), as required by Section 6.6.3 of this manual
- 14. Flood insurance policy (if applicable) with mortgagee clause to Central Loan Administration and Reporting; or if not in CENLAR’s name, a Flood Insurance Notification (Exhibit 8), as required by Section 6.6.2 of the manual
- 15. Tax Information Sheet (Exhibit 6), or its equivalent, as required by Section 6.5 of this manual
- 16. Appraisal
- 17. Title policy / commitment
- 18. Form W9
- 19. Underwriting file (including documents required by MPF Guide)
- 20. Buydown Agreement and Buydown Plans
- 21. Tax sheets in accordance to Wisconsin requirements
- 22. Notice of Right to Cancel (Right of Rescission)
- 23. E-sign consent (when docs are delivered electronically)

- 24. Home Loan Toolkit evidence of delivery to borrower
- 25. Borrower Rate Lock Commitment
- 26. Legal description if not part of the mortgage folder

Prepared by: _____

Date: _____

Telephone: _____

Email Address: _____

Exhibit 4 Record/Final Documents Checklist

Borrower Name	
CENLAR Loan ID Number	
MPF Loan Number	

The Selling PFI must send all required original recorded / final documents, using this checklist, to Wells Fargo at the address shown in Important Addresses & Instructions (Exhibit 5).

Copies of the following documents should be uploaded through PFI Document Upload Utility on the eMPF website. See Section 6.3 for delivery time frame and file packaging requirements. See Important Address & Instructions (Exhibit 5) for shipping address.

Check documents that are attached to this checklist:

- 1. Recorded Security Instrument: Mortgage / Deed of Trust.
- 2. Final title policy and endorsements or final title opinion.
- 3. Recorded Intervening Assignments, if applicable.
- 4. Recorded Assignment from Selling PFI to MERS, if applicable.
- 5. Recorded Power of Attorney (if recording is required).

Prepared by _____ Date _____

Telephone _____

Email Address _____

Exhibit 5 Important Addresses & Instructions

NOTE: BORROWERS SHOULD BE GIVEN ONLY THIS INFORMATION	
Borrower Customer Service Inquiries	Central Loan Administration & Reporting Payment Processing Center Toll Free Number: 1-877-495-4721
Payment Address	Central Loan Administration & Reporting PO Box 11733 Newark, NJ 07101-4733
Overnight Delivery	Central Loan Administration & Reporting Attn: Payment Processing 425 Phillips Blvd. Ewing, NJ 08618
FOR SELLING PFI USE ONLY:	
Upload Servicing Files (Images)	eMPF upload functionality will be used by Selling PFIs to provide the Servicing Files
Final / Recorded Documents	Wells Fargo Bank, N.A. Attn: Private Client Group/Redwood751Kasota Avenue Minneapolis, MN 55414
Curtailment Checks: Provide CENLAR loan number on check and indicate it is for a principal curtailment	Central Loan Administration & Reporting PO Box 11733 Newark, NJ 07101-4733
Borrower Payments received by the Selling PFI: Provide CENLAR loan number on check and indicate it is for a payment	Central Loan Administration & Reporting PO Box 11733 Newark, NJ 07101-4733
CENLAR Wiring Instructions for Post-Transfer Payments (payments, additional escrow, funds, principal curtailments) Backup notification and spreadsheet must be completed and attached to the email. Spreadsheet must contain the following information: <ul style="list-style-type: none"> CENLAR loan number Borrower first and last name Amount Description of payment 	CENLAR FSB Ewing, NJ Acct # 1030001234 ABA # 231271365 CCMB@Cenlar.com

Exhibit 5**Important Addresses & Instructions**

Overnight Delivery	Central Loan Administration & Reporting Attn: Payment Processing 425 Phillips Blvd. Ewing, NJ 08618
Mortgagee Clause for Hazard Insurance	Central Loan Administration & Reporting, ISAOA, ATIMA PO Box 202028 Florence, SC 29502-2028
Mortgagee Clause for Flood Insurance	Central Loan Administration & Reporting, ISAOA, ATIMA PO Box 202028 Florence, SC 29502-2028
Flood Zone Determination Certificate	Central Loan Administration & Reporting, ISAOA, ATIMA PO Box 202028 Florence, SC 29502-2028
Insurance correspondence received by the Selling PFI	Central Loan Administration & Reporting 425 Phillips Blvd Ewing, NJ 08618
Insurance Claims	Central Loan Administration & Reporting 1323 Celebration Boulevard Florence, SC 29501
Tax bills received by the Selling PFI	Central Loan Administration & Reporting 1 Corelogic Drive Westlake, TX 76262 Fax#: (817-826-1697)
If the Selling PFI has any questions regarding the servicing of the loan(s) the Selling PFI may call or email Redwood	Email: ServicingOversight@RedwoodTrust.com 1-800-325-5565

Exhibit 6 Tax Information Sheet

Include this document in the Servicing File.

Tax Information Sheet

MPF Loan Number: _____

CENLAR Loan
Number: _____

Name of Borrower: _____

Date: _____

Property Address: _____ Street

_____ City State Zip

Legal Description of
Property: _____

COUNTY TAXING AUTHORITY OFFICE NAME: _____

Mailing Address of Tax
Collector: _____ Street

_____ City State Zip

Telephone Number _____

Tax ID / Parcel # Tax Paid-Through Date Last Amount Paid Date of Last Payment

Est. Annual Tax # of Installments Yearly Next Economic Loss Date

Current Assessed Value Previous Value or Exempt

CITY TAXING AUTHORITY OFFICE NAME: _____

Mailing Address of Tax
Collector: _____ Street

Telephone Number _____
City State Zip

Tax ID / Parcel # Tax Paid-Through Date Last Amount Paid Date of Last Payment
Est. Annual Tax # of Installments Yearly Next Economic Loss Date
Current Assessed Value Previous Value or Exempt

SCHOOL TAXING AUTHORITY OFFICE NAME: _____

Mailing Address of Tax Collector: _____
Street
City State Zip
Telephone Number _____

Tax ID / Parcel # Tax Paid-Through Date Last Amount Paid Date of Last Payment
Est. Annual Tax # of Installments Yearly Next Economic Loss Date
Current Assessed Value Previous Value or Exempt

OTHER TAXING AUTHORITY OFFICE NAME: _____

Mailing Address of Tax Collector: _____
Street
City State Zip
Telephone Number _____

Tax ID / Parcel # Tax Paid-Through Date Last Amount Paid Date of Last Payment
Est. Annual Tax # of Installments Yearly Next Economic Loss Date
Current Assessed Value Previous Value or Exempt

Exhibit 7 Hazard Insurance Notification

Selling PFI's Name
NOTICE OF CHANGE OF SERVICER
HAZARD INSURANCE NOTIFICATION

Transferor:

Selling PFI's Name
Address

(000) 000-0000

New Mortgagee Clause

Payee-Code:

Central Loan Administration & Reporting, ISAOA, ATIMA
PO Box 202028
Florence, SC 29502-2028

Payee:

Name of
Company Address
Address

Central Loan Administration & Reporting

Policy No. New Mortgagee No.	Mortgagor Name Property Address	Old Servicer Loan No.
4242901600 1517997928	Borrower 1111 Street Address Anywhere, NJ 11111	0012684361

Exhibit 8 Flood Insurance Notification

Selling PFI's Name
NOTICE OF CHANGE OF SERVICER
FLOOD INSURANCE NOTIFICATION

Transferor:

Selling PFI's Name
Address

(000) 000-0000

New Mortgagee Clause

Payee-Code:

Central Loan Administration & Reporting, ISAOA, ATIMA
PO Box 202028
Florence, SC 29502-2028

Payee:

Name of
Company Address
Address

Central Loan Administration & Reporting

Policy No. New Mortgagee No.	Mortgagor Name Property Address	Old Servicer Loan No.
4242901600 1517997928	Borrower 1111 Street Address Anywhere, NJ 11111	0012684361

Exhibit 9 PMI Insurance Notification

Selling PFI's Name
NOTICE OF CHANGE OF SERVICER
PMI INSURANCE NOTIFICATION

Transferor:

Selling PFI's Name
Address

(000) 000-0000

New Mortgagee Clause

Payee-Code:

Central Loan Administration & Reporting, ISAOA, ATIMA
425 Phillips Blvd
Ewing, NJ 08618

Payee:

Name of
Company Address
Address

Central Loan Administration & Reporting
(Master Policy Number: 000000000000000000)

Policy No. New Mortgagee No.	Mortgagor Name Property Address	Old Servicer Loan No.
4242901600 1517997928	Borrower 1111 Street Address Anywhere, NJ 11111	0012684361