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CHAPTER 1. MPF DIRECT PRODUCT

1.1 Introduction (4/1/19)¹

This MPF® Direct Selling Guide (“MPF Direct Selling Guide”), the MPF Program Guide, the MPF Direct Representations and Warranties, the product-specific manuals, forms, exhibits, (together referred to herein as the “Guides”), and the Applicable Agreements apply to all PFIs originating and delivering Mortgage Loans under the MPF Program.

The MPF Direct Selling Guide and the referenced documents outline the requirements and/or processes for Participating Financial Institutions (PFIs) to originate and deliver Mortgage Loans, including the requirements for registering, locking, obtaining acceptable value validation, underwriting, obtaining single loan exceptions, if applicable, delivering, and effecting servicing transfers (including any related interim servicing) of Mortgage Loans. All items, except interim servicing and transfer of servicing, must be completed prior to closing with the Borrower. PFIs must abide by the procedures, terms, and conditions set forth in this MPF Direct Selling Guide, as this it may be amended from time to time. Failure of a PFI to perform its obligations under either the Applicable Agreements or the Guides constitutes an Event of Default entitling the MPF Bank to exercise all available remedies as provided in the Guides and Applicable Agreements.

The investor under the MPF Direct product is Redwood Residential Acquisition Corporation (“Investor”). Defined terms specifically for use under the MPF Direct Product can be found in the MPF Direct glossary. In the case where a specific defined term is not located in the MPF Direct glossary, PFIs should look to the MPF Guides glossary to locate the meaning of a defined term. For Mortgage Loan eligibility and underwriting requirements, see the applicable MPF Direct Eligibility Matrices, along with the noted ineligible products or loan attributes for this product:

Exhibit Q-D: MPF Direct Select QM Program Eligibility Guide

Exhibit R-D: MPF Direct Select 90 QM Program Eligibility Guide

Exhibit V-D: MPF Direct Select Non-QM Program Eligibility Guide

Exhibit S-D: MPF Direct Choice QM Program Eligibility Guide

Exhibit W-D: MPF Direct Choice Non-QM Program Eligibility Guide

Exhibit T-D: Redwood Jumbo Product Eligibility Supplement.

All questions regarding the MPF Direct Product should be directed to the MPF Service Center at 877-463-6673 or MPF-Help@FHLBC.com.

¹ MPF Announcement 2018-12 (2/27/18)
MPF Announcement 2017-20 (5/3/17)
MPF Announcement 2019- 20 (3/25/19)

1.2 Investor Hours of Operation (2/27/18)²

MPF Service Center Hours of Operation:

8:30 to 4:30 Central Time

Redwood Lock Hours of Operation:

- Standard business hours of operation: 9:00 a.m. Central Time (CST) to 7:00 p.m. CST.
- Best Effort Lock Window hours: 9:00 a.m. CST to 7:00 p.m. CST.
- Loan specific Investor base pricing via the MPF Direct Portal, www.fhlbmpfdirect.com is available during lock window hours except when new pricing is being uploaded.

1.2.1 Holiday Calendar (2/27/18)³

Holidays are observed as announced by the Investor.

1.3 MPF Direct Ineligible Products/Loan Attributes (4/1/19)⁴

The following products/loan attributes are not eligible for purchase under the MPF Direct product:

- Product/loan attributes ineligible under the MPF Program as detailed in the MPF Program Guide;
- Product/loan attributes ineligible as detailed in the Select QM, Select 90 QM, Select Non-QM or Choice QM and Choice Non-QM Product Eligibility Guides (see MPF Direct Exhibits Q-D, R-D, U-D S-D, V-D respectively, for the Product Eligibility Guides); and
- Interest only loans;
- Previously closed mortgages that were not originated specifically for the purpose of delivery under the MPF Direct product.

Other Considerations:

- Collateral Desktop Analysis (CDA) is not required to be obtained or submitted for any loan sold under the MPF Direct product.
- Loans must be locked with the Investor prior to closing the loan with the Borrower.
- Value Validation is required prior to closing the loan with the Borrower.

² MPF Announcement 2018-12 (2/27/18)

³ MPF Announcement 2018-12 (2/27/18)
MPF Announcement 2017-20 (5/3/17)

⁴ MPF Announcement 2018-12 (2/27/18)
MPF Announcement 2019-20 (3/25/19)

1.4 Master Commitments

The PFI will sell to the MPF Provider one-to-four family residential mortgage loans originated under the MPF Direct Product on a whole loan basis with servicing released to the Investor, (“Mortgage Loans”) pursuant to an MPF Direct Master Commitment entered into between the PFI and the MPF Bank after the PFI has executed an MPF Direct Addendum. PFIs are subject to the terms of the MPF Direct Addendum, the Applicable Agreements and the Guides.

The MPF Direct Master Commitment provides that the MPF Provider intends to sell all of the Mortgage Loans sold by the PFI to the Investor.

1.5 Best Efforts Pricing

Pricing Policy

Daily indicative pricing is provided each morning at approximately 8:00 am CST and will be available by a link to a rate sheet distributed via email to the PFI. The Investor, at its sole discretion, may change pricing during the day without prior notice. Each rate sheet is in effect until the end of the lock window closing on the respective day or an intra-day price change.

Daily Rate Sheet

The daily rate sheet lists all of the Investor’s loan programs. 30 and 15 Year Fixed Rate loan products as well as ARM loan products are listed on the rate sheet. ARM loan products are fully amortizing, 30 year term. Fixed rate amortization terms will be priced as follows:

- Amortization terms up to fifteen (15) years will utilize the fifteen (15) year fixed pricing
- Amortization terms greater than fifteen (15) years – to thirty (30) years will utilize the thirty (30) year fixed pricing

Each rate sheet has the range of note rate / price combinations that are available each day. The Investor reserves the right not to provide a price for a loan with a note rate that is outside of the range provided on the rate sheet; however, requests can be made via an e-mail to the Lock Desk at the following email address: lockdesk@redwoodtrust.com.

Loan Level Price Adjustments (LLPAs)

Mortgage Loan pricing is subject to Loan Level Price Adjustments (LLPAs), as applicable. PFIs are reminded that all LLPAs are cumulative, unless otherwise noted. The MPF Direct Product LLPAs are binding on PFIs as provided by the MPF Direct Master Commitment. LLPAs are calculated by the Investor and are added to the base price of the loan which is used to calculate the final price of the loan at funding.

The purchase price listed on the MPF Direct DC will reflect the base price and may include specific LLPAs based upon the information thus far submitted by the PFI. LLPAs are not final until all pre-

purchase due diligence has been completed by the Investor. The final purchase price will be included on the PFI Funding Schedule if the Mortgage Loan is approved for purchase and funding by the Investor.

Intra-day Rate Changes

Intra-day rate and price changes will occur without prior notice and the ability to commit locks will be temporarily suspended. All rate changes will be effective immediately. The PFI will be notified via email that pricing has been suspended and the PFI will also be notified when the new pricing is available and the lock window re-opens.

Loan Program / Guideline Changes

MPF Direct Product requirements are subject to change at any time. PFIs will be notified of any required changes by the MPF Bank. The Investor will honor all locks made prior to any product changes. See the specific Redwood Trust Program Eligibility Guide (Exhibits Q-D, R-D, U-D and S-D, V-D) and Jumbo Product Eligibility Supplement (Exhibit T-D) for eligibility and underwriting guidelines.

1.6 Best Efforts Lock Policy

This chapter provides details of the best efforts lock policy. The locking of the loan by the PFI is a transaction whereby the interest rate, the price, and the delivery time frame of the Mortgage is established between the PFI and the Investor.

1.6.1 Best Efforts Delivery Commitments (DCs)(2/27/18)⁵

Best efforts MPF Direct DCs are issued simultaneously with the locking of the loan and are loan specific. Loan substitutions are not permitted. The Mortgage Loan must be locked with the Investor prior to closing the loan with the Borrower. The loan delivered under an MPF Direct DC must conform to the terms of the MPF Direct DC and the MPF Guides, unless a Single Loan Exception has been granted by the Investor.

Once the Mortgage Loan associated with an MPF Direct DC is closed with the Borrower, the MPF Direct DC becomes a Mandatory Delivery Commitment. The PFI must upload the Mortgage Loan File (see MPF Direct Exhibit A-D for a list of documents required to be retained in the Mortgage Loan File) and initiate funding through the MPF Direct Portal within the earlier of five (5) Business Days of the Borrower Closing Date or the expiration of the MPF Direct DC. If an MPF Direct DC becomes a mandatory delivery commitment and the closed Mortgage Loan is not sold to the MPF Provider, a pair-off fee may become due and payable by the PFI to the MPF Provider. The PFI is obligated to deliver the loan file in accordance with this chapter, including the delivery of all documents listed on Exhibit A-D.

⁵ MPF Announcement 2018-12 (2/27/18)

The PFI will be restricted to a maximum dollar amount that may be committed on a daily basis based on prior approval by the Investor. In addition, the PFI will be limited to a maximum of unfunded commitments outstanding at any one time at the discretion of the Investor.

The PFI is required to maintain an acceptable pull through rate for total dollar volume locked over a rolling three (3) month period. PFIs that fall below an acceptable threshold will be contacted to determine the origin of the excessive fallout and the PFI's pricing may be adjusted to compensate for the low pull through rate or the PFI's approval status may be terminated. The MPF Provider maintains the right to collect a pair-off fee for any loan locked and subject to a Delivery Commitment that the PFI closes with the borrower and does not deliver to the Investor.

The Investor will enforce a one-way pair-off fee due to the Investor for Jumbo loans locked after the note date if the loan is determined to be ineligible for purchase by the Investor. The one-way pair-off fee due the Investor will be calculated using the difference in TBA pricing between the lock date and the date the Investor determines a loan is ineligible for purchase in the event that the Market Price is higher on the date the Investor determines a loan is ineligible for purchase than the Market Price on the lock date. For the avoidance of doubt, in the event the Market Price is higher on the lock date than the Market Price on the date the Investor determines a loan is ineligible for purchase, no pair-off fee for that particular loan will be due the Investor. The TBA coupon used will be determined by taking the loan's note rate less 37.5 bps and rounded down to the nearest TBA coupon.

1.6.2 Lock Commitment Requests (2/27/18)⁶

Lock Window

The lock window is open between 9:00 a.m. and 7:00 p.m. CST each Business Day. Locks can only be submitted during the normal lock window hours. Lock requests received outside of this window will not be processed and must be resubmitted when the lock window is open.

During the time that morning pricing is being established or an intra-day pricing change is being processed, the ability to commit a lock will be temporarily suspended without prior notice.

Lock Requests

All lock requests should be made via the MPF Direct Portal, at www.fhlpmpfdirect.com. The Mortgage Loan must be locked with the Investor prior to closing the loan with the Borrower. Please refer to the MPF Direct Portal User Guide for detailed instructions related to creating, registering, and locking loans as well as extending locks.

In order to lock a loan, a minimum number of data fields are required. The PFI must provide all data fields required to fully evaluate product eligibility and price the loan. Failure to do so may result in

⁶ MPF Announcement 2018-12 (2/27/18)

the lock being terminated at the Investor’s sole discretion. The minimum required data fields to lock the loan include:

- PFI loan number
- Appraised value
- Amortization type & term
- Borrower last name
- Sales price (purchases)
- Qualifying FICO
- Borrower first name
- Property type
- Lock term
- Property zip code
- Mortgage type
- Product
- Original loan amount
- Purpose
- Documentation level
- Subordinate financing amt.
- Escrow Y/N

Once a loan is locked, a lock confirmation is available on the MPF Direct Portal for viewing, downloading, or printing.

All loans must be locked with the Investor prior to closing the loan with the Borrower (see “Loan Delivery / Service Requests” in the MPF Direct Portal User Guide).

Loans submitted for Exception Requests and Appraisal Review Requests must be registered, but are not required to be locked. See MPF Direct Selling Guide Chapter 1.6.4 for details on submitting an exception request.

Available Lock Periods

Lock periods range from fifteen (15) to seventy-five (75) calendar days.

The lock period is defined as the number of calendar days between the day the loan is locked and the lock expiration, which is the last day the loan file can be submitted for purchase.

1.6.3 Lock Extensions (10/22/18)⁷

Lock extensions may be requested via the MPF Direct Portal. See the MPF Direct Portal User Guide for instructions or contact the Lock Desk for assistance at the following email address:

lockdesk@redwoodtrust.com. A lock commitment may be extended under the following circumstances:

⁷ MPF Announcement 2018-12 (2/27/18)

MPF Announcement 2018-50 (10/22/18)

- Lock extension requests must be received prior to lock expiration and prior to the closing time for the Investor’s Lock Desk on the current lock expiration date.
- The minimum wait period for a lock extension request is one (1) Business Day after the original lock date or prior lock extension date.
- Extensions can be requested for one (1), five (5), ten (10), fifteen (15), twenty (20), and thirty (30) calendar days and are limited to two (2) extension requests for a total extension period of thirty (30) calendar days. If more than thirty (30) days or a third extension is required, the loan may be subject to re-pricing. The Lock Desk must be contacted to request lock extensions.
- The Extension Pricing Schedule is below. The extension fee charged will be based on the fee schedule in effect at the time of the request, not the fee schedule at the time of the original lock or lock extension date.

Extension Pricing Schedule

Extension Period*	Fee
1 days	-2 bps to price
5 days	-10 bps to price
10 days	-20 bps to price
15 days	-30 bps to price
20 days	-40 bps to price
30 days	-60 bps to price

****Days are reflected in Calendar Days.***

Note: Extension fees are subject to change by the Investor.

Loans with expired rate locks will be subject to the Relock Policy.

1.6.4 Lock Cancellations and Relock Policy

Locks may be cancelled by the PFI as follows:

- Prior to the loan being closed with the Borrower, a lock may be cancelled or the loan may be withdrawn for consideration from purchase by the Investor. Loans are indicated as withdrawn in the MPF Direct Portal by the Investor. If a loan is withdrawn, the loan will no longer appear in the PFI’s pipeline and a new registration is required to relock the loan. When a loan is withdrawn, the lock is automatically cancelled.
- If a loan is canceled, the loan will remain as an active loan in the pipeline and may be relocked by contacting the Lock Desk at lockdesk@redwoodtrust.com. To cancel a loan select “Cancel Lock” on the MPF Direct Portal “Lock Request screen.”

Relocks are available to the PFI by contacting the Lock Desk using the following criteria:

- Relocks are available once a lock is expired or a prior lock has been cancelled.
- A loan that is relocked within thirty (30) days from the original lock expiration or cancellation will be subject to Worse Case Pricing, and loans relocked after thirty (30) days from the original lock expiration will be subject to Current Market Pricing; and will be eligible for any lock term.
- Loans may be relocked only for the original lock term.
- Relocked loans may be subject to a relock fee as explained below. Any relock fees are applied to each relock and are cumulative for multiple relocks.
- Loans that have been closed with the Borrower are subject to treatment as a Mandatory Delivery Commitment and, as such, the lock cannot be cancelled or relocked. A lock for a loan closed with a Borrower may only be extended.
- Loans can only be relocked once.

Worse Case Pricing

The final price for relocked loans subject to **Worse Case Pricing** is calculated as follows:

Base Price ^{RELOCK}	= lower of current day’s base price and original base price for subject loan
LLPA ^{RELOCK}	= Loan Level Price Adjustments associated with current day’s pricing
Other Adj ^{RELOCK}	= Other Price Adjustments by adding any extension fees, relock fees, and other manual negative price adjustments
Final Price ^{RELOCK}	= Sum (Base Price ^{RELOCK} + LLPA ^{RELOCK} + Other Adj ^{RELOCK}), subject to maximum net price caps

Current Market Pricing for Relocked Loans

The final price for relocked loans subject to **Current Market Pricing** is calculated as follows:

Base Price ^{RELOCK}	= Current day's base price
LLPA ^{RELOCK}	= Loan Level Price Adjustments associated with current day's pricing
Other Adj ^{RELOCK}	= Any relock fees applied to the lock
Final Price ^{RELOCK}	= Sum (Base Price ^{RELOCK} + LLPA ^{RELOCK} + Other Adj ^{RELOCK}), subject to maximum net price caps

Duplicate Locks

Only one lock for each Borrower(s) / property combination (i.e. same Borrower(s) and same property) will be accepted.

Pair-off Fees

Loans that are locked under a best efforts commitment, closed with the Borrower but not delivered for purchase by the lock expiration date will be subject to the collection of a pair-off fee by the Investor when the current pricing is higher than the original locked price. A pair-off fee is the difference in price between the final locked price on the original lock date and the pair-off price, plus an administration fee of 0.125%, multiplied by the loan amount. The pair-off price is the final loan price on the earlier of the first Business Day following the expiration of the lock or the date at which the PFI notifies the Investor that it cannot deliver the loan.

If a fee is assessed, the PFI will be notified in writing by the MPF Provider of the amount of funds due. Pair-off Fees will be charged to the PFI's DDA. Under no circumstances will pair-off fees be paid to the PFI.

If the Mortgage Loan conforms to the terms and delivery requirements of the MPF Direct Selling Guide but is not purchased by the Investor, a fee may become due and payable by the Investor to the MPF Provider. The MPF Provider will forward such fee payment to the PFI. This fee will be calculated in the same manner as described above.

1.7 Service Requests

The Investor supports three service request types via the MPF Direct Portal (www.fhlbmpfdirect.com):

- Appraisal Review Service Request

- Exception Review Service Request
- Purchase Review Service Request

For instructions on the submission of service requests, refer to the MPF Direct Portal User Guide.

1.7.1 Appraisal Review Service Request (2/27/18)⁸

All Appraisals are required to be submitted to the Investor via the MPF Direct Portal for a value validation prior to closing the loan with the Borrower. Prior to submitting the appraisal to the Investor:

- Register or lock the loan
- Follow your normal internal process for reviewing and approving the Appraisal
- If the loan amount requires two Appraisals, both Appraisals must be submitted simultaneously

Submit Request

- Upload the Appraisal(s) into the MPF Direct Portal Doc Center (select document category of “Appraisal” under Property section)
- Select “Submit for Appraisal Review” on the right-hand navigation pane

Appraisal Review Response from the Investor

- Appraisal Accepted: The PFI will be notified of the Investor’s acceptance of the Appraisal and value.

Note: Full approval for loan purchase is subject to the loan meeting all program eligibility requirements and guidelines as well as the Investor’s pre-purchase loan review. PFIs are reminded to review the full report for any conditions related to the appraisal. Any outstanding conditions must be addressed during the due diligence review.

- Further Appraisal Support Required: If the Investor is unable to accept the Appraisal(s), the following steps will occur:
 - The Investor will provide completed analysis (generally a Limited Desktop Appraisal Analysis)
 - PFI should complete an Appraisal Field Review (at a minimum) providing additional support for the initial appraisal. The Appraisal Field Review should specifically address the commentary included in the Investor supplied analysis.
 - Upload the Appraisal Field Review in the MPF Direct Portal Doc Center

⁸ MPF Announcement 2018-12 (2/27/18)

- **Appraisal Declined:** The Investor is unable to accept the Appraisal and value determined by the submitted Appraisal. The Investor will provide a completed analysis with the declination decision.
- PFIs must provide Borrowers with copies of all Appraisals and valuation support obtained in evaluating loans according to the requirements of the Appraiser Independence policy and Applicable Laws. See Chapter 3 of the Redwood Jumbo Product Eligibility Supplement (Exhibit T-D) for additional details. Therefore, when the Investor obtains any third party valuation support for value, this valuation support documentation will be provided to the PFI, for the intent of the documentation to be provided to the Borrower, regardless of Investor's final opinion of value.

1.7.2 Single Loan Exception Review Service Request (2/27/18)⁹

At times there are circumstances where the Borrower does not meet all of the requirements of the Guides. When this occurs, the Investor may consider a Single Loan Exception. Prior to submitting the exception request to the Investor:

- Register or lock the loan
- Complete the Exception Request Form (MPF Direct Exhibit K-D)
- Gather the documentation required as stated on the Exception Request form

Submit Request

- Upload the Exception Request form and related documentation, including the Uniform Underwriting and Transmittal Summary (Form 1008), Uniform Residential Loan Application (Form 1003), credit report, and any other documentation deemed appropriate for evaluating the exception request. A complete imaged loan file is required including all Government Monitoring sections completed at submission. This documentation must be uploaded into the MPF Direct Portal Doc Center under the document category "Exception Form & Docs" listed under the Credit section. Effective with Loan Applications take on or after January 1, 2018, the Demographic Information Addendum must be completed and the Universal Loan Identifier (ULI) must be entered in the Loan Input screen of the MPF Direct Portal.
- Select "Submit for Exception Review" on the right-hand navigation pane.

Exception Review Response from the Investor

- Upon completion of the review, the Investor will contact the PFI with the exception request decision; along with price adjustments and any conditions related to an exception approval should one be granted.

⁹ MPF Announcement 2018-12 (2/27/18)

- Approval of an exception request does not constitute a commitment by the Investor to purchase the loan.

By submitting the Exception Request Form, the PFI agrees to provide to the Investor promptly upon request all data relating to the loan or the proposed Borrower necessary for the Investor to comply with the Home Mortgage Disclosure Act (HMDA). In addition, the PFI agrees to deliver to the proposed Borrower, in person or by mail, any completed adverse action notice form that the Investor provides to the PFI relating to the Borrower pursuant to Applicable Laws. The PFI's delivery to the Borrower must occur within the timeframe required under Applicable Laws.

In addition, by submitting the Exception Request Form, the PFI certifies that: (i) PFI has made, or is making, its own credit decision with respect to the loan to the Borrower, regardless of whether the Investor approves or declines to approve the exception requested herein and (ii) none of the Investor's directors, officers, employees, agents or contractors, or any of its affiliates has influenced, or will influence the PFI's credit decision with respect to the loan to the Borrower by (a) indicating whether it will approve or decline to approve the exception requested herein, (b) indicating whether it will purchase the loan if the PFI originates and closes the loan, or (c) any other action or statement, and (iii) if PFI has closed, or in the future does close the loan to the Borrower, PFI did, or will, fund the closing of the loan with funds from a source other than the Investor or any of its affiliates. Single Loan Exceptions approved by the Investor must be retained in the PFI's copy of the Mortgage Loan File and must be produced if requested, by the MPF Bank or the MPF Provider for any reason.

1.7.3 Purchase Review Service Request (Due Diligence) (2/27/18)¹⁰

After closing the loan with the Borrower, the PFI must submit an electronic copy of the Mortgage Loan File (MPF Direct Exhibit A-D) via the MPF Direct Portal and the Collateral File to the MPF Direct Custodian (as outlined below), no later than the lock expiration or five days after closing, whichever comes first. The Investor will conduct a due diligence review of the Mortgage and Collateral Files. Prior to submitting the purchase request to the Investor:

- Lock the loan prior to closing the loan with the Borrower
- Close loan with Borrower
- Create the electronic version of the Mortgage Loan File

The PFI must provide the Investor a Mortgage Loan that meets the requirements of the Delivery Commitment and the MPF Direct Selling Guide prior to lock expiration. Loan files received after lock expiration are subject to re-pricing.

The Investor will retain all files for loans that are purchased. Files for loans not purchased will be destroyed.

¹⁰ MPF Announcement 2018-12 (2/27/18)

Note: Locked loans that are funded with the Borrower are Mandatory Delivery Commitments, and must be delivered to the Investor.

Submit Request

- Upload the Mortgage Loan File into the MPF Direct Portal Doc Center under the document category “Complete Credit Package”. Individual documents may be uploaded into other document categories, but there must be at least one document uploaded into the “Complete Credit Package” category. Effective with Loan Applications taken on or after January 1, 2018, the Demographic Information Addendum must be completed and submitted as part of the “Complete Credit Package”. If the HMDA Action Date is on or after January 1, 2018, the ULI must be entered in the Loan Input screen of the MPF Direct Portal.
- Select “Submit for Purchase Review” on the right-hand navigation pane.
- Original Collateral File must be delivered to the MPF Direct Custodian on the same day the Mortgage Loan File is delivered. See MPF Direct Selling Guide Chapter 1.7.3.2 for Collateral File shipping information.

1.7.3.1 Mortgage Loan File Review (2/27/18)¹¹

Files will be reviewed in the order they are received. Loans will be reviewed for:

- Legal and regulatory compliance;
- Adherence to underwriting guidelines; and
- Credit;

Once files are received, the Investor will make every effort to ensure the PFI receives either a list of Deficiencies, Open Items and any missing documents or an indication that the loan is cleared for purchase within five (5) calendar days of receipt.

Upon the receipt of the Mortgage and Collateral File, the Investor and the MPF Direct Custodian will perform the review of the loan and the Investor will notify the PFI of any additional requirements or conditions via the Conditions Report. (See MPF Direct Selling Guide Chapter 1.7.3.2.3 for additional information regarding the Conditional Report.) The Investor expects to provide the results of this initial review within five (5) Business Days. PFIs will have seven (7) calendar days from first notification of conditions identified through the due diligence process to clear the conditioned item(s).

If the PFI requires more than seven (7) calendar days to clear the outstanding item(s), the loan will be subject to a -2.0 bps per day price adjustment until the conditions are cleared. The price adjustment will be applied at time of funding.

¹¹ MPF Announcement 2018-12 (2/27/18)

Closed loans not delivered, with locks that have not been extended on, or before, the lock expiration date will be subject to worse case pricing and extension fees applied in five (5) day increments, up to a maximum of thirty (30) calendar days. If more than thirty (30) calendar days are required to deliver the loan, the loan will be subject to re-pricing of the lock at the discretion of the Investor. See calculations for worse case pricing in MPF Direct Selling Guide Chapter 1.6.4.

1.7.3.2 Collateral File: Required Document Shipping and Contact Information (8/13/19)¹²

The Collateral File must be forwarded to the MPF Direct Custodian and contain the following documents:

- **For All Mortgages:**
 - The original Note together with any applicable riders, bearing all intervening endorsements, endorsed in blank and signed in the name of the PFI by an officer of the PFI with all prior and intervening endorsements as may be necessary to show a complete chain of endorsement;
- **For Mortgages secured by a Co-op**
 - The original Note together with any applicable riders, endorsed in blank, and signed in the name of the PFI by an officer of the PFI with all prior and intervening endorsements as may be necessary to show a complete chain of endorsements;
 - The original Security Agreement, the original of all intervening Assignments of Security Agreement, and the original Assignment of Security Agreement signed in the name of the PFI by an officer of the PFI, with the assignee's name left blank;
 - The original Cooperative Lease, the original of all intervening Assignments of Cooperative Lease from the PFI with the assignee's name left blank;
 - The original Recognition Agreement (Aztec Recognition Agreement) and the original Assignment of the recognition Agreement signed in the name of the PFI by an officer of the PFI, with the assignee's name left blank;
 - The original stock certificate representing the Cooperative Shares and original stock power endorsed in blank and signed in the name of the PFI by an officer of the PFI;
 - The original UCC-1 financing statement with evidence of filing; and
 - The original UCC-3 assignment with the assignee's name left blank.
- **If applicable (applies to all Mortgage Loans):**

¹² MPF Announcement 2019-43 (8/13/19)
MPF Announcement 2018-50 (10/22/18)

- If loan is not registered in MERS, an original assignment from the PFI to “Blank” is required;
- Copy of recorded modification agreements. If the modification agreement is not required to be recorded pursuant to state or county laws, PFIs may provide a copy of the unrecorded modification agreement*
- Copy of recorded intervening assignments. If the intervening assignment is not required to be recorded pursuant to state or county laws, PFIs may provide a copy of the unrecorded intervening assignment ; *
- Copies of any assumption;
- Original or copy of Power of Attorney

(In the event a Mortgage File contains Mortgage Loan documents which have been delivered or are being delivered to recording offices for recording and have not been returned in time to permit their delivery in the time required the PFI shall deliver to the MPF Direct Custodian a copy of the original which has been transmitted for recordation, if available to the MPF Provider. The PFI must deliver such original documents to the MPF Direct Custodian promptly when they are received).

The PFI is also responsible for all collateral conditions. These need to be overnighted to the MPF Direct Custodian.

The above documents must be sent in hardcopy form and reference the PFI loan number. If the PFI’s warehouse bank(s) is unable to forward any of the above documents, it is the responsibility of the PFI to forward the documents directly to the MPF Direct Custodian.

Failure to submit complete Collateral Files will result in delays in the purchase of the loan by the Investor and may be subject to penalty fees.

MPF Direct Custodian’s Shipping Address

Wells Fargo Bank, N.A.
751 Kasota Avenue
Suite MDC
Minneapolis, MN 55414
Attention: PCG – REDW

Contact the Investor by email at the following address: mpfdirect@redwoodtrust.com with questions or if assistance is required in contacting the MPF Direct Custodian about a loan file.

1.7.3.2.1 Delivery and Receipt of RESPA/ TILA Disclosures (TRID) (10/22/18) ¹³

The Investor for the MPF Direct Product only requires signatures when a RESPA and /or TILA regulation specifically calls out the requirement for such signatures. For example, the Investor does not require dated signatures on the LE(s) and CD(s). Note - Loans in the State of Montana originated by Montana licensed mortgage lenders must obtain signed and dated LEs and CDs (Montana Administrative Law 2.59.1724(7)(q)).

The Investor does require evidence of delivery (placed in the mail or emailed to borrower) and/or receipt of the following RESPA/TILA documents:

Document	Timing Requirement	Method of Proof
Initial LE	Proof of delivery within 3 general* business days of application	Issue date of LE
Settlement Service Provider List, Tool Kit, CHARM Booklet, ARM Disclosure, Homeownership Counseling Disclosure, ECOA Appraisal Disclosure, etc.	Proof of delivery within 3 general business days of application	Date on disclosure or dated cover letter listing document or system proof of date delivered to borrower
Intent to Proceed	Prior to charging of certain fees	Signed intent
Revised LE due to COC	Proof of delivery within 3 general business days of COC	Date on disclosure or dated cover letter listing document or system proof of date delivered to borrower
Final LE	Proof of delivery at least one general business day prior to issuance of Initial CD and receipt at least 4 specific business days prior to consummation	One of the following: Wet signature/date, electronic signature/date with e-Consent, system proof of delivery plus receipt, or mail rule
Initial CD**	Proof of receipt at least 3 specific business days prior to consummation	One of the following: Wet signature/date, electronic signature/date with e-Consent, system proof of delivery plus receipt, or mail rule
Revised CD Triggering New Waiting Period**	Proof of receipt at least 3 specific business days prior to consummation	One of the following: Wet signature/date, electronic signature/date with e-Consent, system proof of delivery plus receipt, or mail rule

¹³ MPF Announcement 2018-50 (10/22/18)

Revised and Final CD Not Requiring a New Waiting Period**	Proof of receipt at or before consummation	One of the following: Wet signature/date, electronic signature/date with e-Consent, system proof of delivery plus receipt, or mail rule
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* Refer to Redwood Jumbo Product Eligibility Supplement, Regulatory Compliance Section for definitions of general and specific business days

** Non-Borrowing vested individual(s) must receive the initial CD (or revised CD requiring new waiting period) at least three specific business days prior to consummation on rescindable transactions, see Chapter 1.7.3.2.2 below for more information. The same methods of proof of receipt apply. Refer to state specific requirements applicable to Non-Borrowing Non Vested spouses and when receipt of initial CD may be required.

1.7.3.2.2 Delivery and Receipt Requirements for Non-Borrowing Vested Individuals (10/22/18)¹⁴

In adherence with 12 CFR 1026.17(d), the table below outlines the requirements when a non-borrowing vested individual, who has the right to rescind (typically a spouse), must receive the initial CD three days prior to consummation 1026.19(f)(1)(ii)(A).

Transaction Type	Borrower	Non-Borrower with Vested Interest (Spouse or Other)
Purchase Primary Residence	Must receive CDs that require receipt at least three business days prior to consummation.	No Requirement.
Purchase Second Home or Investment Property	Must receive CDs that require receipt at least three business days prior to consummation. Exclude loans for business purpose.	No Requirement.
Refinance of Primary Residence*	Must receive CDs that require receipt at least three business days prior to consummation.	Must receive separate CDs that require receipt at least three business day prior to consummation.*
Refinance of Second Home or Investment Property	Must receive CDs that require receipt at least three business days prior to consummation. Exclude loans for business purpose.	No Requirement.

¹⁴ MPF Announcement 2018-50 (10/22/18)

* If the property is located within a community property state than the Non-borrowing Spouse must receive the initial CD regardless if they are taking title to the property.

All CDs must be provided with evidence of receipt for the scenarios above.

1.7.3.2.3 Condition Clearing

All Open Items, as identified in the Open Item Notice, for each Mortgage Loan and all Deficiencies cited for each Collateral File will be provided in one report. This report is referred to as the “Conditions Report”. This report will be made available to PFIs via the MPF Direct Portal and a daily email that is sent by the Investor.

The details for each type of item are described below:

Upon the completion of its review of a Collateral File, if the MPF Direct Custodian is unable to deliver a Custodial Certification due to any discrepancy or deficiency in the Collateral File or the custodial schedule, the Investor will deliver the Conditions Report to the PFI via the MPF Direct Portal. Each Conditions Report shall list all exceptions as listed on Selling Guide Chapter 1 Exhibit I-D. The PFI is required to deliver any and all missing or corrective documents to the MPF Direct Custodian in order for the MPF Direct Custodian to issue its Custodial Certification with respect to a particular Mortgage Loan within seven (7) calendar days after its receipt of a Conditions Report. If more than seven (7) calendar days are needed to clear the conditioned items(s), the Mortgage Loan will be subject to a suspense charge to be applied at the time of settlement. Documentation required to clear each condition must be uploaded to the MPF Direct Portal (www.fhlbmpfdirect.com) by the PFI. In addition, the Investor will review the Mortgage Loan File for any specific non-conformance with the requirements of the MPF Guides or the applicable MPF Direct DC. If the Mortgage Loan File or the Mortgaged Property has any deficiencies that the Investor requires to be satisfied, completed, corrected or removed, and the information with respect to the Mortgage Loan fails to match the data provided by the PFI, in each case, after giving consideration to any Single Loan Exceptions each deficiency will be an open item listed on the Conditions Report. The Investor will deliver to the PFI a notice setting forth all open items and any additional Loan Level Price Adjustments due to any characteristics of the Mortgage Loan that fails to match the data provided by the PFI. If the Open Items specified in the Conditions Report are not corrected, or any applicable Loan Level Price Adjustment is not agreed upon, within five (5) Business Days, or as it may be extended by the Investor, then there is no obligation on the part of the Investor to purchase the Mortgage Loan.

If prior to the date the Mortgage Loan is purchased by the MPF Provider from the PFI, the Investor discovers any deficiencies with regards to the Mortgage Loan documents, the PFI will receive written notice of the deficiency via the MPF Direct Portal. Any deficiencies are expected to be cured within seven (7) Business Days. If the PFI does not cure any such deficiency within the seven (7) day time period, the Investor is not obligated to purchase the Mortgage Loan and, if not purchased, the

Investor may assign the related Servicing Rights back to the PFI, and return all related Mortgage Loan documents including those documents in the possession of the MPF Direct Custodian.

1.7.3.3 Purchase Review Response from the Investor (2/27/18)¹⁵

- Upon completion of the initial review, generally within five (5) Business Days, the Investor will generate the Conditions Report. Any additional documents provided by the PFI should be uploaded to the MPF Direct Portal Doc Center under the “Documents to Clear Conditions” category.
- Once both the loan due diligence and custody reviews are completed, the loan will be scheduled for a funding date. Prior to funding, the PFI will be asked to verify the figures used in the PFI Funding Schedule that is available via the document center in the MPF Direct Portal. The scheduled purchase balance, escrow balance, and final pricing will be used in the settlement calculation. See MPF Direct Selling Guide Chapter 1.10 for further details on the purchase and settlement process.

Upon purchase and funding of the Mortgage Loan, the PFI will receive a copy of the Transaction Confirmation and Loan Funding and Activity Report.

1.7.4 Post Purchase Requirements (Trailing Documents)

The PFI must deliver to the MPF Direct Custodian, originals or true and certified copies of all documents listed in Selling Guide Chapter 1 Exhibit B-D no later than the earlier of the lock expiration date in the Delivery Commitment or five (5) Business Days after the Borrower Closing Date. All trailing documents should be identified by writing the Investor loan number and the Borrower name in the upper right corner of the document.

If the delivery of all trailing documents is not completed within ninety (90) days of the related Borrower Closing Date, the MPF Provider may require the PFI to repurchase the loan due to the trailing documents breach as calculated pursuant to chapter 1.12.

1.7.5 MERS Loan Requirements (8/13/19)¹⁶

The use of MERS is optional for the MPF Direct product. A Mortgage Loan where MERS is the original Mortgagee is known as a MOM loan.

If the PFI decides to use MERS, the PFI must register the loan on the MERS system at least twenty-four (24) hours prior to the MPF Provider’s purchase. A hard copy of the loan registration screen should be provided in the Mortgage Loan File.

¹⁵ MPF Announcement 2018-12 (2/27/18)

¹⁶ MPF Announcement 2019-43 (8/13/19)
MPF Announcement 2018-12 (2/27/18)

The transfer of rights to the Investor and Servicer must also be registered on the MERS system within twenty four (24) hours of the MPF Provider's purchase of the loan. Also, at the time of transfer the custodian field should be left blank for high balance loans.

MERS Organization Numbers:

Investor's MERS organization identification number: 1010485

Servicer (Investor) MERS organization identification number: 1010485

Custodian organization identification number: Not Required

Note: Do not populate the sub-servicer field in MERS. The Investor will add the sub-servicer ORG ID to MERS at the time of service transfer.

- The Mortgagee/Beneficiary information should auto populate if the registration is successful on a Mortgage Loan that is a MOM loan.
- The Mortgagee/Beneficiary information needs to be manually entered on non-MOM loans.

Mortgage Loans must be prepared and transferred per the MERS requirements, which include but are not limited to:

- The collateral documents must reflect the appropriate MIN ID either on the Security Instrument if originated on MOM documents or on the Assignment to MERS as nominee;
- Any MOM documents must contain the appropriate MERS language; and
- Any Assignment to MERS as nominee must be sent for recording and a certified copy provided to the Investor with the Mortgage Loan File and Collateral File.

The Mortgagee/Beneficiary information should auto populate if the registration is successful on MOM loans. The Mortgagee/Beneficiary information needs to be manually input on non-MOM loans.

Use of the MERS rider in Specified Geographic Areas

In the states listed below, PFIs must use the MERS Rider (Fannie Mae/Freddie Mac Form 3158) when a newly originated Mortgage will be registered with MERS. PFIs must also follow the instructions to the MERS Rider to make changes to the standard security instruments for the following states:

- Montana,
- Oregon, and
- Washington.

As the MERS rider must be used in these specified states, post-closing assignments into MERS are prohibited.

The MERS rider and instructions are available on the Single-Family Riders & Addenda page of Fannie Mae's website located at <https://www.fanniemae.com/singlefamily/riders-addenda>. The instructions are under the "Summary" link for the form 3158.

If the PFI chooses not to use MERS and the loan is not registered in MERS, an original assignment to blank is required.

State Specific MERS Requirements

Maine

Effective with note dates on or after January 1, 2018, that are to be registered with MERS, the following requirements will apply:

- Fannie Mae Security Instrument for Maine (Form 3020) cannot be modified to reflect MERS as the original mortgagee of record solely as nominee for the lender.
- Fannie Mae MERS Mortgage Assignment (Form 3749) must be used to assign such loans to MERS.

See Chapter 1.11 for requirements related to transfer of servicing.

Communications may be sent to MERSOperations@redwoodtrust.com.

State Sponsored Confidentiality Programs and MERS

Effective August 1, 2019, in accordance with MERS guidelines, loans with a borrower participating in a state sponsored confidentiality program may not be originated as a MOM loan or registered on the MERS system. An assignment to blank will be required on such loans.

1.7.6 Other Requirements (11/7/19)¹⁷

Property Tax Deferrals

Certain counties allow property taxes to be deferred. Based on the authority within the Security Agreement, the MPF Program will not allow deferment of property taxes for loans delivered under the MPF Direct product. The MPF Program requires property taxes be paid in full when due.

Temporary Authority

As of November 24, 2019, the MPF Program will accept loans delivered under the MPF Direct product to be originated by loan officers acting under a state's Temporary Authority. Each applicable state must have issued a Temporary Authority and has posted that status in the loan officer's NMLS record. Proof of Temporary Authority must be provided to document that the Temporary Authority existed at the time of application and at consummation when the loan officer's final license approval has not yet been granted.

¹⁷ MPF Announcement 2019-58 (11/7/19)

1.7.7 Release of Collateral Files

Release of Collateral Files Not Subject to a Bailee Letter

In the event the MPF Direct Custodian has received a Collateral File from a PFI with respect to a Mortgage Loan that is not subject to a Bailee Letter (MPF Direct Exhibit H-D), the MPF Direct Custodian will release the related Collateral File, as directed in writing by the Investor, Provided that the Request for Release (MPF Direct Exhibit G-D) shall include the PFI loan number provided to the MPF Direct Custodian in the custodial schedule or by the Investor or the Servicer identifying the loan number with respect to the related Collateral File.

Release of Collateral Files Subject to a Bailee Letter

In the event the MPF Direct Custodian has received a Collateral File from a PFI with respect to a Mortgage Loan subject to a Bailee Letter (MPF Direct Exhibit H-D), the MPF Direct Custodian will release the related Collateral File to the PFI, as directed in writing by the PFI and confirmed by the Investor, provided that the Request for Release (see Exhibit G-D) shall include a copy of the applicable Bailee Letter and the Investor loan number provided to the MPF Direct Custodian in the custodial schedule or by the Investor or the Servicer identifying the loan number with respect to the related Collateral File.

Notwithstanding the foregoing and unless otherwise required by state law, as notified in writing by the Servicer, in the event the MPF Direct Custodian receives a Request for Release within five (5) calendar days of the Delivery Date, the MPF Direct Custodian shall have a reasonable period of time to release the Collateral File.

The release of the Collateral File is only allowed for loans that have been withdrawn from the MPF Direct Portal prior to the purchase of the loan by the Investor.

1.8 Underwriting Guidelines (2/27/18)¹⁸

For complete underwriting guidelines related to the five eligibility options, see the following chapters.

1.8.1 MPF Direct Select QM Eligibility

See MPF Direct Exhibit Q-D for the Select QM Program Eligibility Guide.

1.8.2 MPF Direct Select 90 QM Eligibility

See MPF Direct Exhibit R-D for the Select 90 QM Program Eligibility Guide.

1.8.3 MPF Direct Select Non-QM Eligibility (4/1/19)

¹⁸ MPF Announcement 2018-12 (2/27/18)

See MPF Direct Exhibit V-D for the Select Non-QM Program Eligibility Guide.

1.8.4 MPF Direct Choice QM Eligibility

See MPF Direct Exhibit S-D for the Choice QM Program Eligibility Guide

1.8.5 MPF Direct Choice Non-QM Eligibility (4/1/19)

See MPF Direct Exhibit W-D for the Choice Non-QM Program Eligibility Guide.

1.8.6 Product Eligibility Supplement

The following information should be used in conjunction with each MPF Direct Eligibility Guide for the specific option that is being used.

See MPF Direct Exhibit T-D for the Redwood Jumbo Product Eligibility Supplement.

1.9 Mortgage Loan File Documentation Requirements (4/1/19)¹⁹

For a complete list of documents required to be retained in the Mortgage Loan File for both QM and Non-QM loans, PFIs should refer MPF Direct Exhibit A-D. PFIs delivering loans under the MPF Direct Select Non-QM and MPF Direct Choice Non-QM should note that there are additional information and documentation requirements for Non-QM Mortgage Loan Files. For Non-QM loans it must be noted on the 1008 Transmittal Summary why the Mortgage Loan is classified as a Non-QM loan. Non-QM Mortgage Loan Files are also required to contain an Ability to Repay (ATR) worksheet. The ATR worksheet must include an identification of what attributes of the loan triggers it to be outside QM standards, and justification that although the loan is not QM, it meets the ability to repay requirements.

1.10 Purchase and Settlement

1.10.1 Funding Process (8/13/19)²⁰

The Investor will generally fund loan purchases within two (2) Business Days of loans being approved for purchase. Using a Friday settlement as an example, the following steps will complete the purchase and settlement process:

1. All loans approved for purchase by 12:00 pm Pacific Standard Time on Wednesday will be eligible for Friday settlement.
2. The Investor will prepare and deliver a PFI Funding Schedule on Thursday with confirmation of all purchase data. PFI will review the PFI Funding Schedule to determine if the following are correct:

¹⁹ MPF Announcement 2019-20 (3/25/19)

²⁰ MPF Announcement 2019-43 (8/13/19)

- Funding Data and Pricing
 - Scheduled Balance
 - Escrow Amounts (PFI's escrow department should be included in the distribution of the PFI Funding Schedule to review funding and identify any escrow monies that potentially need to be reimbursed at time of funding. If taxes/insurance are being paid prior to funding, please forward a copy of the invoice, a copy of the check and proof of receipt by the taxing authority (if available) to the Investor's Funding Department for adjustments to be made). 1st Borrower Payment Date Due the Investor
3. PFI will confirm each loan on the PFI Funding Schedule via the MPF Direct Portal. A system confirmation will be required by an authorized person from the PFI's organization.
 4. On Friday, the MPF Provider will notify the MPF Direct Custodian of the purchase of the applicable Mortgage Loan, constituting a release of the Collateral File to the Investor.

1.10.2 Loan Purchase Fees (3/30/18)²¹

The Investor charges the following fees on all Mortgage Loans purchased:

Fee Type	Fee Amount
Delivery Fee	\$370.00
Tax Service Fee	\$80.00

These fees will be shown when confirming pricing and scheduled balances at the completion of the due diligence review, on the PFI Funding Schedule.

1.10.3 Per Diem Interest and Days Interest Calculation

The Investor determines the per diem interest based on a 360 calendar day calculation. Interest to be credited or debited for partial months is based on the actual number of days, 365 calendar day year or 366 calendar day year (leap years).

Note that an "interest credit" to the Borrower is not permitted on the Borrower Closing Date.

1.11 Servicing Requirements

²¹ MPF Announcement 2018-20 (3/30/18)

1.11.1 Interim Servicing and Servicing Requirements (2/27/18)²²

The MPF Direct product is a servicing released arrangement with the Investor and involves the sale of Mortgage Loans to the MPF Provider. From the Borrower Closing Date until the effective date of transfer of servicing, as described in the Notice of Servicing Transfer (Exhibit U-D), the PFI represents and warrants that it services and administers the Mortgage Loans in accordance with Applicable Law, rules and regulations, and the terms of the Mortgage, the PFI Agreement, the MPF Direct Addendum and the MPF Guides. The PFI will remain liable for the interim servicing and origination representations and warranties for the Mortgage Loans arising under the PFI Agreement, MPF Direct Addendum, and the MPF Guides. The PFI must execute the MPF Direct Addendum for selling loans servicing released under the MPF Direct product. In the event of a conflict between the MPF Guides and Applicable Law, Applicable Law controls.

PFI will provide the data and files to the Investor in accordance with the requirements of this Guide as previously stated. It is the responsibility of the PFI to ensure the necessary RESPA requirements are met. MPF Direct Mortgage Loans sold under the MPF Direct product will be serviced by the Investor Designated Servicer at the time of servicing transfer.

Any servicing transfer requirements not stated below are the responsibility of the Investor.

1.11.1.1 PFI Servicing Responsibilities (2/27/18)²³

PFI will operate and provide the data and files in accordance with the instructions of the Investor Designated Servicer. The effective date for servicing transfer and the scheduled balance will be determined at the time of the purchase of the loan by the Investor. The PFI will be responsible for servicing the MPF Direct Mortgage Loans from closing until the effective date of servicing transfer. See the Notice of Servicing Transfer Letter section 1.10.1.2 below for servicing transfer cut off dates. It is the responsibility of the PFI to follow Applicable Law, including but not limited to ensuring the necessary RESPA requirements are met and have been conducted in accordance with the servicing instructions. Refer to Exhibit U-D Notice of Servicing Transfer for sample instructions.

Boarding loans to the servicing system:

The Investor will create the loan boarding file and confirm that all necessary data fields are populated accurately prior to boarding the loans to the Servicer. The PFI is not required to prepare any XML or interface files for the Servicer.

1.11.1.1.1 Escrow Account Maintenance through Transfer (8/13/19)²⁴

PFI are required to continue to segregate and maintain borrower escrow accounts until the close of business on the servicing transfer date or for such longer time as Redwood shall specify in the event

²² MPF Announcement 2018-12 (2/27/18)

²³ MPF Announcement 2018-12 (2/27/18)

²⁴ MPF Announcement 2019-43 (8/13/19)

of a delay in the transfer of servicing. PFIs are also responsible for making all required escrow disbursements as outlined in the following chapters:

- 1.11.1.3 Hazard Insurance
- 1.11.1.4 Flood Insurance
- 1.11.1.5 Taxes

If a variance exists between the Total Escrow reported to Redwood at funding and the actual escrow balance on the date of transfer it will be reconciled between the PFI and Redwood at the time of transfer.

1.11.1.2 Notice of Servicing Transfer Letter (2/27/18)²⁵

The PFI must provide the Borrower with a Notice of Servicing Transfer Letter that is in accordance with RESPA and any other Applicable Laws no later than 15 days prior to the effective servicing transfer date. Refer to Exhibit U-D, Notice of Servicing Transfer for template.

The effective servicing transfer date will be the 1st Payment Due the Investor as identified on the Confirmation and Final Funding Schedule (Exhibit D-D).

Further, the effective date of servicing transfer (i.e. the date on which the mortgage loan payment should first be sent to the Investor Designated Servicer) is determined according to the following:

Mortgage Loans purchased on or before the 12th of the month will have the first payment due to Investor Designated Servicer the 1st day of the next month. If the Mortgage Loans are purchased after the 12th of the month, the first payment due to Investor Designated Servicer is the 1st day of the month following the next month.

Some examples of the purchase date, servicing transfer date and the 1st payment date due to Investor Designated Servicer are below:

	Example 1	Example 2	Example 3
Purchase Date	4/10/17	4/25/17	5/5/17
1 st Borrower Payment Date Due Investor Designated	5/1/17	6/1/17	6/1/17

²⁵ MPF Announcement 2018-12 (2/27/18)
 MPF Announcement 2017-31 (6/26/17)

Servicer			
Servicing Transfer Date	5/1/17	6/1/17	6/1/17

The PFI will be required to insert the applicable Servicer loan number, among other information, into the Notice of Servicing Transfer (Exhibit U-D). The Servicer loan number is located in the MPF Direct Portal and is assigned at the time of registration.

The following information should be used in the Notice of Servicing Transfer letter to identify the Investor Designated Servicer.

Company Business Name	Shellpoint Mortgage Servicing
Physical Business/Overnight Address	55 Beattie Place Suite 110 MS#525 Greenville, SC 29601
Correspondence Address	P.O. Box 10826 Greenville, SC 29603-0826
Payment Address	P.O. Box 740039 Cincinnati, OH 45274-0039
Qualified Written Request*	P.O. Box 10826 Greenville, SC 29603-0826
Customer Service	Phone: (800)365-7107 Hours: Monday-Friday 8:00 am-10:00 pm EST Saturday 8:00am-3:00pm EST
*Qualified Written Request must be addressed in the Notice of Servicing Transfer Letter as this pertains to Section 6 of the RESPA notification. Please ensure this address is inserted appropriately.	

PFI's who have questions or concerns regarding the loan, or servicing transfer process should contact the Investor at: ServicingOversight@Redwoodtrust.com or toll free at 800-325-5565.

Post Transfer Payments

In the event that funds are received (monthly payments, escrow, principle curtailments, or interest on escrow), use the wire instructions below. Use the appropriate instructions and email contact information based on when the loan was registered in the MPF Direct Portal. An email must always be sent to the email address listed below to make the Investor Designated Servicer aware of the funds that will be sent.

Servicer Bank Name	Wells Fargo Bank, NA
Servicer Location	Greenville, SC
Servicer Account Number	2020050813199
Servicer ABA Number	121000248
Servicer Reference	PFI Name, Loan Number and Borrower Name
Servicer Contact Email Address/Attention To	Cash Control smswires@shellpointmtg.com smsloanboarding@shellpointmtg.com
Additional Instructions	All wires must have loan level detailed in an Excel format and be mailed to the above emails.

1.11.1.3 Hazard Insurance (2/27/18)²⁶

Every Mortgage must have a hazard policy insuring the Mortgaged Property. At least fifteen (15) calendar days prior to the effective servicing transfer date, the PFI must notify the Borrower's insurance carrier to change the mortgagee clause to the following:

²⁶ MPF Announcement 2018-12 (2/27/18)

Shellpoint Mortgage Servicing
P.O. Box 7050
Troy, MI 48007-7050
Loss payee name and loss payee address for Hazard Insurance is same as above.

The PFI will be responsible for ensuring that the hazard insurance premiums are paid prior to the transfer on any policies with a renewal/expiration date within thirty (30) calendar days of the effective servicing transfer date.

1.11.1.4 Flood Insurance (10/22/2018)²⁷

If a property is located in a special flood hazard zone, the Borrower must have a flood policy covering the Mortgaged Property. The PFI must notify the Borrower’s insurance carrier at least fifteen (15) days prior to the effective date of the servicing transfer to change the mortgagee clause to the information listed below. Every Mortgage Loan must have a life of loan flood determination. The PFI must notify the flood determination company of the change of Servicer to the following:

Shellpoint Mortgage Servicing
P.O. Box 7050
Troy, MI 48007-7050
Loss payee name and loss payee address for flood insurance is same as above.

The PFI is responsible for ensuring that flood insurance premiums are paid on any policies with a renewal/expiration date within thirty (30) calendar days of the effective date of servicing transfer.

²⁷ MPF Announcement 2018-50 (10/22/18)

For loans that require flood insurance and are closed on or after January 1, 2016, the Biggert-Waters Flood Insurance Reform Act requires the premiums related to the flood insurance to be escrowed. Properties located in flood hazard zones will require mandatory flood insurance escrow if the PFI is a depository institution regulated by the FDIC, OCC, Federal Reserve System, NCUA, or FCA. Such mandatory flood insurance escrows can be subject to state regulation.

The Investor will require satisfactory evidence prior to purchase that premiums for flood insurance have been escrowed. This requirement applies to all loans that require flood insurance. If flood insurance premiums are paid by a condominium association, homeowner’s association or other group, no escrow is required.

1.11.1.5 Taxes (2/27/18)²⁸

All original tax bills must be forwarded according to the following:

Shellpoint Mortgage Servicing
55 Beattie Place
Greenville, SC 29061
Fax #: 866-467-1184 (current & delinquent and for non-escrow proof of payment)
Customer Service # for Tax Bills (penalty): 800-365-7107

The 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 Mortgage 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. PFIs

²⁸ MPF Announcement 2018-12 (2/27/18)

are expected to make best efforts to estimate the projected taxes based on the higher of the appraised value or the sales price of the Mortgaged Property, using a known estimated tax rate for the jurisdiction where the Mortgaged Property is located. This estimated tax amount must also be used to qualify the Borrowers.

When a Mortgage Loan is closed on a new home built on previously unimproved land, or whenever it is likely that the tax escrow is based on underestimated taxes, the PFI should advise the affected Borrowers to expect an increase in their Monthly Payment when taxes are fully assessed.

Taxes due within sixty (60) calendar days of effective date of transfer must be paid prior to the transfer by the PFI. The Servicer will not be responsible for any penalties associated with taxes due within sixty (60) calendar days of transfer that were not paid prior to transfer for any reason.

If taxes/insurance are being paid prior to funding and could affect the monies netted at funding, please make certain that the PFI's escrow department is included in the distribution of the PFI Funding Schedule for review so that any escrow monies that potentially need to be reimbursed are done so at time of funding. Required documentation for proper credit includes: a copy of the invoice, copy of the check and proof of receipt by taxing authority (if available). Please see MPF Direct Selling Guide Chapter 1.8 Purchase and Settlement for more detailed information.

The PFI must provide the Investor Designated Servicer with a complete and accurate Tax Information Sheet (Exhibit C-D) for each MPF Direct Mortgage Loan, regardless of whether or not an Escrow Account is established for the loan. The Investor Designated Servicer requires this information in order to monitor payment of taxes during the servicing of the loan. Any incorrect information provided by the PFI could result in PFI responsibility for tax penalties.

1.11.1.6 Automatic Payments (2/27/18)²⁹

Borrowers should be directed to send their payments to the Investor Designated Servicer, see the Notice of Servicing Transfer Letter section 1.10.1.2 above for servicer address and contact information.

It is recommended that PFIs do not set Borrowers up with payment drafting. The Investor Designated Servicer will provide the information about Automated Clearing House (ACH) payments once the Borrower has been set up on the Investor Designated Servicer's system. After servicing is set up, Borrowers may contact the Investor Designated Servicer to initiate drafting.

1.11.1.7 MERS Instructions for Transfer of Servicer (6/26/17)³⁰

²⁹ MPF Announcement 2018-12 (2/27/18)

³⁰ MPF Announcement 2017-31 (6/26/17)

The PFI must submit a TOS/TOB transfer of servicer/transfer of beneficiary batch that is designated as “pending” after the funding date but no later than five (5) days after the servicing transfer date.

MERS Organization Identification Numbers	
Servicer	Investor: Redwood Residential Acquisition Corporation- 1010485 Custodian ORG ID: Not Required
Investor	Investor: Redwood Residential Acquisition Corporation – 1010485 Custodian ORG ID: Not Required
Please do not populate the subservicer field in MERS. The Investor will add the subservicer ORG ID to MERS at the time of servicing transfer.	

Any questions regarding MERS instruction should be directed to MERSooperations@redwoodtrust.com or by phone at (720) 627-8458.

1.11.1.8 IRS Reporting (8/13/19)³¹

The PFI is responsible for IRS reporting and the delivery of a 1098 to the borrower for interest paid up through the transfer date.

1.11.1.9 Escrow Accounts

When an escrow for taxes and insurance (hazard and flood) is established at closing, the Investors Designated Servicer requires that they be calculated using the maximum cushion permitted by the Mortgage Loan documents or Applicable Law whichever is lower. If a lesser amount is escrowed, the Borrower may experience a change in monthly payment shortly after the purchase transfer date. Loan Numbers

The MPF Direct Portal will assign the servicer loan ID number at the time of registration. The Servicer loan ID number will replace the PFI loan number in the PFI and MPF Provider records and will be used on all loan documents.

1.11.1.10 Escrow Waiver

If escrows are waived, the Tax Bill Authorization (Exhibit J-D) still must be completed and included in the Servicing File, but need not be signed by the Borrower. The tax authority will not be instructed to

³¹ MPF Announcement 2019-43 (8/13/19)

send billing to the Servicer. PFIs shall include a signed escrow waiver notice used at loan closing with the serviced loan file.

1.11.1.11 Monthly Statement

Upon completion of loan boarding and the purchase of the loan, the Investor Designated Servicer will send a monthly statement to the Borrower. In the event that the statements are not received in time for the first payment due the Investor Designated Servicer, the Borrower should send the payment as directed in the PFI Notice of Servicing Transfer letter. The Borrower may contact the Investor Designated Servicer's customer service department with questions regarding payments.

1.11.1.12 Recasting Guidelines (10/22/18)³²

- The following are standard requirements for requesting a recast from Shellpoint:
- Borrower must submit request in writing to Shellpoint
- Principal curtailment payment must be a minimum of \$10,000
- Loan must be current, with no record of 30-day delinquency
- Shellpoint charges a fee of \$300, non-refundable
- No limit on the number of recast requests
 - The recast fee above applies to each approved recast request
- No waiting period for recast requests
 - Shellpoint can only process recast requests submitted after the servicing transfer effective date.
 - If a borrower plans to recast prior to servicing transfer effective date, during interim servicing, please make sure the funding area is notified for further instruction via Funding@redwoodtrust.com.

1.11.2 Early Mortgage Payoff Refund

With respect to any Mortgage Loan that prepays in full on or prior to the last day of the third (3rd) full month following the date the Mortgage Loan is purchased by the MPF Provider from the PFI, the PFI may be required to reimburse any premium paid for the Mortgage Loan, calculated as follows: an amount equal to the product of (a) the amount by which the price paid by the Investor for such Mortgage Loan exceeds 100% and (b) the outstanding principal balance of the Mortgage Loan as of the date such Mortgage Loan is prepaid. Such payment shall be made within five (5) Business Days after the PFI's receipt of notice of the prepayment.

³² MPF Announcement 2018-50 (10/22/18)

1.11.3 Early Payment Default

If any of the first three monthly payments becomes delinquent and is not paid on or before the next scheduled Due Date of the monthly payment at any time following the Origination Date of the Mortgage Loan, the MPF Provider may require the PFI to repurchase the related Mortgage Loan within seven (7) Business Days after receipt of written notice of the Early Payment Default Breach of the Mortgage Loan. Any such repurchase will be calculated as stated in the MPF Direct Selling Guide Chapter 1.12.

1.12 MPF Bank's Quality Control

The MPF Bank reserves the right to conduct a quality control review of any Mortgage delivered under the MPF Direct Program.

The MPF Provider will review each Mortgage selected for post-funding quality control review to verify that it meets the definition of investment quality and conforms with the MPF Bank's guidelines, polices and PFI representations and warranties as described in the Guides and Applicable Agreements. On a monthly basis, the MPF Provider or its designee will inform the PFI via email of the specific Mortgages that will be selected for quality control review. The PFI is not required to send in a hard copy file as the MPF Provider will obtain copies of the files from the Investor.

After the quality control review is complete, the PFI will be notified in writing of those Mortgages found to be deficient. The MPF Bank at its sole discretion may require repurchase by the PFI of a deficient Mortgage in accordance with MPF Program Guide Chapter 3.5. Additionally, the MPF Bank may also require the PFI to indemnify the MPF Bank and hold it harmless for any loss, damage or expense, including but not limited to, court costs or reasonable attorney's fees, the MPF Bank may incur.

In addition to other available remedies, the MPF Bank may demand repurchase and/or reimbursement when the PFI:

- Does not submit Mortgage document support within the time provided;
- Has not complied with requirements, terms, or conditions of the Applicable Agreements;
- Has submitted a Mortgage deemed to be other than of investment quality;
- Has breached warranties or representation contained in the Applicable Agreements or the MPF Guides;
- Has been unable to furnish satisfactory evidence of compliance with the Applicable Agreements;
or
- Has inappropriately underwritten and/or documented a Mortgage at the time of origination.

The MPF Bank may also demand repurchase and/or reimbursement by the PFI when the Borrowers or any other party to the Mortgage transaction has been found to have made false representations relating to such Mortgage transaction, whether or not the PFI was a party to or had knowledge of such false representations.

If the PFI is given an opportunity to cure a deficiency, the PFI must remediate the deficiencies by the date indicated in the notification issued by the MPF Bank. Any appeal of the MPF Bank's purchase or repurchase directive must be made in accordance with the requirements below.

If the PFI has additional supporting information and/or documentation that may affect the MPF Bank's decision, the PFI may request reconsideration.

Failure of the PFI to take corrective action within the required time may result in suspension of origination and/or servicing privileges as a PFI. Such suspension shall not limit the MPF Bank's prerogative to take other steps to enforce its rights or to protect its interests.

1.13 Repurchase Provisions

The MPF Bank may issue a request for the repurchase of a Mortgage Loan for any of the following reasons as defined in the MPF Direct PFI Agreement Addendum (Direct PFI Addendum):

- Warranty Breach;
- Early Payment Default Breach; or
- Trailing Documents Breach.

The PFI will be notified by the MPF Provider in writing of the repurchase price. The MPF Bank will affect the repurchase by withdrawing the required funds from the PFI's DDA.

The repurchase amount is calculated as follows:

- Mortgage Loans that are repurchased greater than ninety (90) days from the date of funding:
 1. The current UPB; plus
 2. Interest (At the Mortgage Loan's Note interest rate, from the last date through which interest was paid, to the last day of the month in which the repurchase occurs); plus
 3. Reasonable and customary third party expenses incurred in connection with the transfer of the Mortgage; minus
 4. Any amounts received and being held in a custodial account for future distribution.
- Mortgage Loans that are repurchased less than ninety (90) days from the date of funding:

1. The current UPB; plus
2. Interest (At the Mortgage Loan's Note interest rate, from the last date through which interest was paid, to the last day of the month in which the repurchase occurs); plus
3. Reasonable and customary third party expenses incurred in connection with the transfer of the Mortgage; minus
4. Any amounts received and being held in a custodial account for future distribution; plus
5. The current UPB times the par premium price paid at funding.

1.14 Sources of Mortgage Loans

Third Party Sourced Mortgage Loans are eligible under the MPF Direct product if the following conditions are met:

- The third party takes the application for the Mortgage Loan;
- The PFI registers the Mortgage Loan in the MPF Direct Portal;
- The PFI uploads the appraisal using the MPF Direct Portal and receives confirmation from the Investor that the value is validated; and
- The loan is completely underwritten and closed by the PFI (including closing in the name of the PFI).

The Investor's servicing provisions apply in all cases (See MPF Direct Selling Guide Chapter 1.11 for additional information).

Note:

Loans originated by a third party who is not affiliated with the PFI are not eligible for sale under the MPF Direct product.

1.15 MPF Direct Portal Security Administrator

The PFI must appoint two Security Administrators ("SAs") to manage its officer's, employee's, agent's or representative's roles in the MPF Direct Portal. The appointment of the SAs is made by an individual(s) authorized to do so on the PFI's Resolution for Mortgage Partnership Finance Participating Financial Institution Agreement through the use of the Delegation of Authority. The PFI should follow the standard procedures for the submission of a Delegation of Authority.

The roles that can be assigned by an SA are:

- Correspondent Representative – Create loan manually or via the Fannie Mae 3.2 data file upload, upload documents and submit service requests. Cannot lock loans, edit data once the loan is locked, view the PFI Funding Schedule or authorize a loan for funding.
- MPF Direct Funding Approver – View PFI Funding Schedule and authorize a loan for funding. View only access to all screens except for the Doc Center.
- Secondary Marketing – Read/Write access to all screens for all loans, register and lock all loans. Cannot view the PFI Funding Schedule or authorize a loan for funding.
- View Only – Read only access to all screens and loans. Cannot view PFI Funding Schedule or authorize a loan for funding.

See the MPF Direct Portal Client User Management manual for the step-by-step instructions the SA must follow to manage users, unlock logins, unlock loans and reset passwords.