

## APPENDIX V

### **FIRST AMENDMENT TO MORTGAGE ORIGINATION AGREEMENT – EXHIBIT A Early Payment Default Guidelines For All Loans Sold to ServiSolutions**

The provision of Section 4.12(d)(12) of the First Amended Mortgage Origination Agreement dated as of February 6, 2012 with regard to Early Payment Default shall be implemented as follows:

Early Payment Default (“EPD”) is defined as any loan for which any of the first five payments or first seven payments, depending on the loan product utilized as specified below, due to ServiSolutions after the purchase date of the loan becomes ninety (90) days or more delinquent. For the purposes of determining whether an EPD has occurred, a payment is excluded from being considered as a payment due ServiSolutions if the loan balance purchased by ServiSolutions has been amortized for the applicable scheduled payment, or if the scheduled due date for the payment is on or before the purchase date of the loan.

A payment is considered 90 days or more delinquent if it has not been received by ServiSolutions, whether from the borrower directly or forwarded by the participating lender if the borrower has submitted the payment to the participating lender, within three (3) months after the payment due date, regardless of the number of days in the month.

Upon the occurrence of an EPD with respect to any loan, the participating lender is obligated to repurchase the loan in accordance with the Mortgage Origination Agreement and the Program Manual.

Example 1: The first payment due ServiSolutions was November 1<sup>st</sup>. The November 1<sup>st</sup>, December 1<sup>st</sup>, January 1<sup>st</sup> and February 1<sup>st</sup> payments were made on time. If the March 1<sup>st</sup> payment is not received by ServiSolutions by May 31<sup>st</sup>, then that payment is considered three (3) months delinquent and the loan is an EPD loan.

Example 2: The first payment due ServiSolutions was November 1<sup>st</sup>. The November 1<sup>st</sup> and December 1<sup>st</sup> payments were made on time. If the January 1<sup>st</sup> payment is not received by ServiSolutions by the end of the business day on March 30<sup>th</sup>, the payment is considered three months delinquent and the loan is an EPD loan.

#### **The 5 payment provision will apply to the following products:**

- FHA 203(b) loans
- FHA 203(k) Streamline loans
- VA loans
- USDA Rural Development loans
- Conventional loans (HFA Preferred and standard Fannie Mae products)
- Conventional loans on Community Land Trust properties (Manually underwritten loans)
- 45.00% total debt to income ratio

**The 7 payment provision will apply to the following products:**

- HUD 184 loans (Tribal land loans)
- Loans associated with Section 8 payments
- Any loan made on a manufactured home
- Any loan made with non-traditional credit verifications
- 50.00% total debt to income ratio with compensating factors as listed in the Program Manual
- Any manually underwritten loan