TheReynoldsGroup

2015
ANNUAL WAREHOUSE LENDER SURVEY

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I. 2015 OVERVIEW

2015 Overview:

As we were completing this year's Survey, it became apparent that 2015 was going to be considered a very good year for many of the participating Warehouse Lenders ("WHL's").

Despite the rising costs associated with Compliance and Regulatory issues – i.e., the cost of doing business in today's residential mortgage industry – the WHL's mortgage banking clients, for the most part, were experiencing relatively strong production and economic performance levels.

As a result, a majority of WHL's reported record performance and funding levels, with net operating margins that remained relatively strong throughout the year.

Each year we try to provide you with a representative profile of WHL's in our Survey. The **2015 Survey** includes close to 80 WHL's, which we believe account for approximately 80% of the total number of active platforms in the U.S. today. Further, those WHL's who have not been included in the **2015 Survey**, with few exceptions, are estimated to include small platforms with under $200 in annualized fundings.

We trust that you will find our **Annual 2015 Warehouse Lender Survey** to be an informative, useful document in your planning and evaluation process during **2016**.

Please note that your comments and suggestions on ways to enhance our WHL Surveys remain critically important to our process. Further, going forward, we will provide each participating WHL with a Non-Disclosure Statement in our Survey Form to help alleviate any concerns over the confidentiality of the information that you provide us. We take this component of the survey process very seriously, and will continue to do so in the future.

On behalf of the Reynolds Group, I would like to extend our sincere appreciation to the participating warehouse lenders for their time and consideration in responding to our Survey.

With best regards,

James E. Reynolds, III
Managing Partner

II. SCOPE OF SURVEY

Purpose:

The purpose of Reynolds' **2015 Annual Warehouse Lender Survey** ("Survey") is to provide the reader with an enhanced perspective as to the size, scope, and challenges currently characterizing the residential warehouse lending business. As the survey results indicate, warehouse lenders have consistently provided over half of the annual funds utilized in the mortgage banking industry for the purchase and/or refinancing of homes nationwide.

Warehouse Lenders ("WHL's"):

The **2015 Survey** covered 78 WHL platforms with various business models that focus on three primary mortgage banker/customer segments. These mortgage banker segments are described by Reynolds as follows:

- **Small Caps** – A mortgage banking company with net worth below $2.5 million; monthly closed loan production oftentimes less than $20 to $25 million per month. Mini-Cor Lenders and Emerging Broker-to-Bankers are included in this segment.

- **Mid Caps** – A mortgage banking company with net worth ranging above $2.5 million up to $25 million; monthly closed loan production oftentimes in the $100 million range. Mini-Cor Lenders are also included in this segment.

- **Large Caps** – A mortgage banking company with net worth greater than $25 million; monthly closed loan production oftentimes greater than $200 million. Many Large Caps also include large servicing portfolios administered either internally, or by a sub-servicer.

Period Covered:

As previously noted, the data hereunder, for the most part, reflects approximate average balances provided by the WHL's for the period covering June through November 2015 – i.e., the "Survey Research Period."

Source/Use of Data:

- The source of the Survey data came directly from the WHL's, including completion of a survey form, phone conferences and/or personal interviews, and from market information, warehouse lender documentation and industry contacts. Further, where possible overlapping balances between agent and/or lead banks and participants were netted.

Confidentiality:

- As part of Reynolds' confidentiality agreement with warehouse lenders who participated in the Survey, no names were listed. Further, Reynolds does not provide information related to a specific warehouse lender outside of the Survey. In addition, rounding and estimates were utilized to further protect the identity of the WHL.

III. SURVEY HIGHLIGHTS

The Highlights section of the Survey reflects Reynolds' assessments of various trends and concentrations that were supported by the data collected from the WHL's, industry counterparties and other contacts. In many cases the data provided an indicative concentration and/or trendline perspective on the WHL business.

Please note that the numbered highlights are not placed in any order of priority.

1. 2015 Loan Production Estimates:

During 2015-Q4 there were several 2015 full year loan origination estimates posted by key market sources, which included the following, among others:

Source	2015 Loan Production Estimates
MBA of America	$1.35
FHLMC	$1.45
FBR Capital Markets	$1.50

(Rounding; estimates; $'s in trillions)

For purposes of this year's Survey, Reynolds utilized an estimated 2015 full year loan origination level in the **$1.45 trillion range**, which reflects both market sources and input from warehouse lenders prior to the year-end completion of the Survey research and analysis process.

2. Warehouse Lending, A Primary Source of Residential Market Liquidity:

The chart below provides an indication as to the importance of warehouse lending in providing well over half of the short term liquidity needed to fund residential loan originations throughout the U.S. in 2015.

- 2015 Total Industry Loan Production (Purchases and Refi's) — $1.45 Trillion
- 2015 WHL Annualized (Fundings/Advances) — $1.03 Trillion
- % of WHL Fundings/Industry — 71%

Each year Reynolds has attempted to account for overlapping WHL liquidity sources for residential home financings, covering both purchases and refinancings. These overlaps can come in at least two forms: (1) loan participations/syndications, and (2) the upstreaming of a loan through the correspondent channel from smaller originations to aggregators – sometimes warehoused two to four times in the process.

Since the early stages of the mortgage meltdown began to surface in 2006, loan participations and/or syndications began to dissipate among warehouse lenders. Until recently, participations were, for the most part, being utilized sparingly by small, regional banks among their local banking relationships who did not have their own WHL platforms.

However, since mid-2014, the Reynolds WHL Survey data indicated a strong increase in syndications and/or participations among banks that each have their own respective established WHL platforms. To a lesser extent, the data indicated a small number of loan syndications returning to the marketplace.

In addition, many warehouse lenders have expanded their loan portfolios to accommodate not only loan origination interim financing, but **other product** offerings, which are highlighted below:

- MSR Financing
- Servicing Advances
- Buy to Rent Funding, including
    - Direct Purchases
    - Investor Financing
- Construction Lending

As previously noted, in order to keep the data focused on traditional residential purchase and refinancing loan production, Reynolds has attempted to net out the overlap factors relating to participations and syndications, as well as adjusting for the **other products**, from the total facility levels initially provided by a number of WHL's for the **2015 Survey**, whose comparative year-over-year numbers reflected significant increases from the prior year(s).

To that end, Reynolds' total annualized WHL fundings for 2015 of approximately $1.03 trillion, could include a higher overlapping level compared to prior year Surveys. However, the data provided for the **2015 Survey** does indicate near record residential loan purchase/refinancing production volume and profitability performance levels for many of the WHL's.

3. Net Operating Margins (“NOM’s”):

Many of the respondents stated that 2015 was, on balance, a very good year for their respective WHL platforms.
March and June were cited as high performance months, with November and December ending the year on a positive trend.

WHL’s cited their extended average turn times, which increased to approximately 19 days, compared to a 14 to 17 day range in recent, prior years, reflecting investor take-out delays resulting from TRID compliance issues/challenges/confusion. It is anticipated these turn times will remain high for at least the first quarter of 2016, and possibly longer.

NOM’s overall averaged 299 basis points, excluding fees and balance credits.

The median NOM fell within the 325 basis point range.

The chart below provides year-over-year comparisons, which reflects a tightening of NOM’s for Large Cap Loan Originators, and a relatively consistent, robust margin level on WHL advances to Small/Mid Cap Loan Originators.

WHL Operating Margins (e)

Borrower Segment	2015		2014		2013		2012	
	Low	High	Low	High	Low	High	Low	High
Small/Mid Caps	350	450	300	400	350	500	425	475+
Large Caps	250	350	275	375	300	475	350	700+

(e) WHL estimates in basis points

4. Total Available Facility Level (“TAFL”): $105 billion

The TAFL provided by WHL’s covering the 78 lenders within the 2015 Survey reached approximately **$105 billion**. Per the 2014 and 2013 Surveys, TAFL’s totaled approximately $87 billion and $83 billion, covering 77 and 72 lenders, respectively.

5. Outstandings: $54 billion

Outstandings reflect the WHL's average level of funds advanced against their TAFL to the borrower during the Survey Research Period. The total average **Outstandings** were approximately **$54 billion**. Per the 2014 and 2013 Surveys, total average Outstandings were approximately $39 billion and $43 billion, respectively.

6. Usage Levels: 51%

The **2015 Survey Usage Level** – i.e. the ratio percentage of WHL Outstandings against WHL's TAFL – reached approximately **51%**. The 2014 and 2013 Survey Usage Levels were approximately 38% and 52%, respectively.

WHL Usage Levels

Period (a)	Usage Level %*
2000 – 2004	50 – 60
2005	49
2006	43
2007	40
2008	33
2009	35
2010	39
2012	54
2013	52
2014	38
2015	51

* Rounding, estimates utilized
(a) No Survey completed for 2011

7. Annualized Fundings/Advances: $1.03 trillion

Based on the TAFL's, Average Outstandings and Turn Times, the WHL's estimated **Annualized Fundings/Advances** for 2015 total approximately **$1.03 trillion**, which was comparable to the 2003 level.

For purposes of the **2015 Survey**, Reynolds utilized a **19 day turn time** to complete the Estimated Annualized Fundings/Advances against the TAFL's.

The chart below provides highlights of current and historic Survey data on Annualized WHL Advances/Fundings:

Reynolds Annual Survey	Advances/Fundings ($bns)*
2000	270
2001	390
2002	750
2003	1,095
2004	1,410
2005	1,575
2006	2,250
2007	900
2008	370
2009	340
2010	365
2012	570
2013	900
2014	905
2015	1,028

*Rounding and estimates utilized.

8. Billion Dollar Club ("BDC"):

- 21 of the 78 warehouse lending platforms surveyed (27%) have TAFL's greater than $1 billion – i.e., the BDC platforms.

- Approximately 35% of the BDC platforms focus solely on large cap mortgage banker relationships, with approximately 65% focusing primarily on a combination of large and mid-caps, with some small cap relationships.

- Further, these 21 BDC platforms accounted for over 85% of the TAFL and 81% of total outstandings in the **2015 Survey**.

9. Top 10 Warehouse Lenders:

The chart below provides a summary of the 10 largest WHL's based on TAFL's, which in 2015 accounted for approximately 59% of the TAFL, compared to 63% in 2014 and 62% in 2013.

All of these Top 10 WHL platforms are domiciled within depository financial institutions subject to federal and/or state banking regulations.

Top 10 WHL Platforms	TAFL ($bns)
1.	>$10
2.	>$10
3.	$7.9
4.	$7.0
5.	$6.0
6.	$5.0
7.	$4.0
8.	$4.0
9.	$4.0
10.	$3.6
Total	**$61.5**

10. Active Borrowers:

Approximately 42% of the WHL's responding had less than 20 active borrowers, which represented the largest concentration.

The chart below provides a further breakdown of the WHL portfolios by active borrower levels:

Active Borrower Portfolio Concentrations

# Active Borrowers	% of Total Respondents
< 20	42%
≥ 20 ≤ 50	39%
> 50 < 100	10%
≥ 100	9%
Total	100%

With the aforementioned Billion Dollar WHL portfolios, over 80% of their active borrowers are within the 20 to 50 range, as highlighted in the chart below.

Billion Dollar WHL Portfolios

# Active Borrowers	% of Total Respondents
< 20	9%
≥ 20 ≤ 50	82%
> 50	9%
Total	100%

11. Turn Times:

The average turn time covering the responding WHL's was in the **19 day range** – i.e., the number of days a loan remains on the WHL's line until it is paid off by an investor takeout. This compares to 15 days in 2014 and 17 days in 2013.

For purposes of the **2015** Survey, Reynolds utilized a 19 day turn time to complete the Estimated Annualized Fundings/Advances against the Commitments.

12. Leverage Ratios:

- Leverage ratios utilized by most WHL's over the years have consistently fallen within 4 general levels outlined in the chart below.
- Many WHL's leverage ratios are oftentimes raised temporarily to accommodate their client's month end closing "bulges."
- Such bulge levels have been in the 30% to 50% range during the past year.

Leverage Ratio Profile*

Leverage Ratio	% of WHL
10:1	5
12:1	6
15:1	69
20:1	15
NA**	5

* Based on Responding WHL's
** Approximately 5% of the respondents reported not using leverage ratios in their guidelines.

Please refer to the Survey Chart (Column 6), herein, for additional detail on leverage ratios.

13. Type of Programs:

WHL's utilize three primary funding structures to provide liquidity to residential mortgage banking platforms in the U.S., including:

1) **Master Repurchase Agreements ("MRA's")** in **2015** were utilized by approximately 45% of the responding WHL's.

2) **Purchase & Sale Agreements ("PSA's")** in **2015** were utilized by approximately 20% of the responding WHL's.

3) **Traditional Lines of Credit ("TLC's")** continue to be utilized by a core group of warehouse lenders who operate, for the most part, with mid and small cap independent mortgage banker clients. In 2015 and 2014, TLC's represented approximately 35% of the WHL's programs.

Note that approximately 20% of the WHL's were utilizing multiple programs – e.g., both TLC's and MRA's.

14. Maximum Loan to One Borrower:

The Chart below provides a breakdown of the 3 largest concentrations of maximum loan levels to one borrower:

Max. Loan Level	WHL's %
≤$25 million	23
>$25mm <$50mm	40
≥$50 million	37
Total	100

15. Primary Issues and Concerns:

Primary issues and concerns most often cited by WHL's in the Survey are highlighted in the chart below.

Rank	Issue/Concern	% of Total Responses
1.	Counterparty Risks	49%
2.	Regulatory Risks	29%
3.	Compliance Risk	20%
4.	Other	2%
	Total	100%

Counterparty Risk issues were the primary focus of responding WHL's in this year's Survey. Within this category, the following were cited:

- New investors with limited capital and experience
- New and/or inexperienced WHL's
- Servicing, which has grown significantly as part of most large cap and several mid cap mortgage banking platforms' business models
- Systems & Technology

Regulatory Risks relate primarily to CFPB and their ongoing audits of the WHL clients. A point of frustration for many WHL's continues to be the lack of transparency covering the CFPB's audit results of mortgage banker's loan production and servicing operations.

Compliance Risk issues covered WHL's concerns related to TRID, QM and Non-QM loans and the adequacy of systems & technology support.

16. eNotes:

An overriding majority of the WHL's were either not in a favor of implementing eNotes into the loan origination process, or taking a wait and see attitude at this time. These WHL's believed there were too many unanswered issues and/or risks associated with the current eNote legal and credit infrastructures.

IV. SURVEY CHART

Lender	TAFL $mm's	Outstandings $mm's	# Active Borrowers	Avg. Turn # Days	Leverage Ratio	Type Program	Max Loan
A	3,000	1,500	-	-	-	-	-
B	2,000	1,000	10	-	15:1	GR	-
C	570	270	50	14	20:1	PS/MRA	30
D	25	15	<10	15	-	TLC	-
E	>10,000	>6,000	50	17	13:1	MRA/GR	1,000
F	145	65	20	-	15:1	-	25
G	500	250	10	-	-	-	-
H	400	200	24	-	-	TLC	20
I	100	55	10	15	15:1	TLC	30
J	2,000	1,250	10	-	15:1	MRA	500
K	450	140	31	10	15:1	PS	30
L	7,900	3,900	160	-	10:1	PS	150
M	3,500	1,500	-	-	15:1	TLC/MRA	-
N	400	160	93	18	30:1	TLC	50
O	750	390	30	25	15:1	TL/MRA	100
P	2,100	1,250	265	12	15:1	TLC	100
Q	1,700	580	50	20	-	TLC/MRA	400

Lender	TAFL $mm's	Outstandings $mm's	# Active Borrowers	Avg. Turn # Days	Leverage Ratio	Type Program	Max Loan
R	310	150	20	-	-	-	80
S	100	40	<10	-	-	-	-
T	340	230	36	15	-	PS/MRA	30
U	265	185	15	-	-	TLC	50
V	150	60	40	-	-	-	25
W	530	180	78	14	15:1	TLC/PSA	-
X	35	15	<10	-	-	-	-
Y	100	20	<10	-	-	-	-
Z	390	285	12	18	15:1	MRA	100
AA	190	95	11	28	10:1	TLC	30
BB	700	400	21	21	15:1	TLC	65
CC	6,000	3,000	15	-	15:1	MRA	1,250
DD	60	35	<10	15	12:1	-	30
EE	30	20	<10	15	20:1	-	10
FF	500	190	25	-	-	-	90
GG	600	330	35	21	15:1	PS	50
HH	500	100	133	9	20:1	PS	17

Lender	TAFL $mm's	Outstandings $mm's	# Active Borrowers	Avg. Turn # Days	Leverage Ratio	Type Program	Max Loan
II	5,000	2,750	45	-	-	MRA	500
JJ	450	100	220	7	20:1	PS	25
KK	400	260	50	20	15:1	TLC	15
LL	3,600	1,800	100	14	15:1	TLC/MRA	125
MM	400	195	15	-	-	-	-
NN	850	350	20	-	15:1	-	25
OO	325	190	20	-	-	-	30
PP	500	100	<10	-	-	-	-
QQ	100	50	20	15	15:1	MRA	-
RR	300	90	<10	-	-	-	-
SS	650	325	39	15	15:1	MRA	40
TT	4,000	2,000	40	22	15:1	MRA	-
UU	7,000	4,200	20	20	12:1	MRA/GR	1,400
VV	900	360	30	21	12:1	MRA	50
WW	95	40	20	12	15:1	PS	10
XX	3,000	1,450	80	18	15:1	TLC/MRA	-
YY	550	350	62	17	20:1	MRA	50

Lender	TAFL $mm's	Outstandings $mm's	# Active Borrowers	Avg. Turn # Days	Leverage Ratio	Type Program	Max Loan
ZZ	350	200	35	-	-	-	50
AAA	1,500	1,020	41	17	20:1	MRA/PS	80
BBB	2,100	1,420	67	-	15:1	TLC	200
CCC	4,000	2,000	175	25	15:1	TLC	50
DDD	600	300	21	18	15:1	MRA	75
EEE	>10,000	>4,250	>100	21	15:1	TLC/PS/MRA	1,000
FFF	10	5	<10	-	-	-	-
GGG	25	10	<10	-	-	-	-
HHH	320	200	15	22	15:1	PS	50
III	220	100	60	-	-	-	25
JJJ	4,000	2,250	15	-	15:1	MRA	750
KKK	300	175	20	-	15:1	-	50
LLL	125	80	10	-	-	-	60
MMM	400	180	25	17	15:1	MRA	50
NNN	35	20	<10	15	20:1	MRA	10
OOO	10	5	<10	-	-	-	-
PPP	1,500	750	50	23	15:1	TLC	50

Lender	TAFL $mm's	Outstandings $mm's	# Active Borrowers	Avg. Turn # Days	Leverage Ratio	Type Program	Max Loan
QQQ	125	40	<10	-	-	-	-
RRR	275	75	<10	-	-	TLC	-
SSS	100	55	<10	-	-	-	25
TTT	600	180	242	8	-	TLC/PS	10
UUU	300	175	23	15	-	PS	40
VVV	225	150	15	-	-	-	50
WWW	100	75	<10	15	15:1	-	20
XXX	20	10	<10	-	-	-	-
YYY	100	40	<10	-	-	-	-
ZZZ	3,000	1,500	60	20	15:1	MRA	150

V. THE REYNOLDS GROUP

The Reynolds Financial Services Group, LLC. ("Reynolds")

Reynolds is a leading consulting firm to the mortgage banking industry.

Established in 1987 and headquartered in Summit, New Jersey, Reynolds' knowledge and capabilities have earned it a high level of distinction as an advisor to participants in the mortgage industry from Wall Street to Main Street.

Reynolds' clients have included large money center, regional and community banks, federal home loan banks, government agencies, investment banks, mortgage brokers and private investors, among others.

Amidst the complexities of the mortgage banking industry, Reynolds' mission statement is simple: Enhance every client's capabilities with expert advice yielding optimum results. Further, Reynolds' goal is to add value to its client's business decisions by providing customized solutions guided by integrity, analytical proficiency and confidentiality.

Over the years, Reynolds, has performed financial, operations and loan file due diligence on more than 1,000 mortgage banking platforms and more than 50 warehouse lending and custodian operations throughout the U.S.

For additional information on Reynolds services, please refer to its website www.reynoldsg.com.

James E. Reynolds
Managing Partner

As founder of The Reynolds Group, Jim Reynolds has extensive experience in mortgage banking and related financial services.

Prior to forming The Reynolds Group, Jim owned and operated a mortgage banking firm which originated non-conforming, agency (Fannie Mae & Freddie Mac), government (HUD), ALT-A, and sub-prime residential loans on a nationwide basis. In addition, as president of a mortgage banking subsidiary of a publicly owned bank holding company, he established several profitable nationwide business units including: loan servicing, loan production, document custodian and warehouse lending. Jim also established a due diligence and quality control group whose clients included the FDIC, FHLB, commercial banks, thrifts, investment banks and insurance companies.

Jim holds an AB in Government and an MBA in Finance from Harvard University.

Lisa Jones
Director • Compliance • Quality Control • Project Manager

With more than 20 years in the mortgage banking industry, Ms. Jones brings her extensive experience in credit risk, compliance and loan quality control to the Reynolds Group.

Previously a Managing Director for a Quality Control and Outsourcing company for 5 years, Ms. Jones also served as the residential mortgage loan Compliance Officer for a regional production platform and a large, national lender. Lisa has participated in and overseen numerous on-site due diligence reviews, at both the corporate and individual loan levels.

Ms. Jones holds a B.S. in Business Administration from Montclair State University and achieved a licensed Mortgage Banker status for the state of New Jersey.

Melissa Kiritsis
Director of Operations

Melissa Kiritsis manages all aspects of the Reynolds Group’s day-to-day administrative operations. Ms. Kiritsis is also responsible for project management, including client on-site due diligence engagements, training seminars, industry presentations and client engagement agreements.

Previously, Melissa held an executive administrative position at a large specialty consumer finance company.

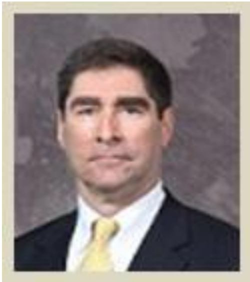
Melissa studied English Literature at William Paterson University and Business Management at Western International University.

Kirt Pruyn
Associate

Kirt Pruyn assists with on-site due diligence engagements, both as a member of the on-site team and with production of the related reports. Kirt has extensive experience in real estate finance and asset management, including over 10 years at Stanford University in their Lands Management Division. His background also includes significant marketing experience with a range of small and large firms.

Kirt holds a BA in English from Dartmouth College.

Richard R. Reynolds
Associate



Richard Reynolds provides research on business and operations reviews for the Due Diligence and Quality Control Group and is a member of the On-Site Due Diligence Team. Prior to joining the Reynolds Group, Richard was a financial advisor with Merrill Lynch Wealth Management. He also has significant experience in the auto finance and leasing business.

Richard holds a BS in Business Administration from the University of Notre Dame.

Avery Ruskin
Associate

Avery Ruskin is responsible for research, planning, and implementation of all Reynolds Group industry communications. Ms. Ruskin oversees development and distribution of support materials, including the Annual Reynolds Group Warehouse Lender Survey.

Avery studied Marketing at Fairfield University.

Parker Reynolds
Associate

Parker Reynolds provides administrative support for due diligence reviews, training seminars and special engagements, including research for surveys, M&A services and on-site audits.

Parker holds a BA degree in Sociology and Paralegal Studies from Montclair State University.

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VI. APPENDIX

Description of Survey Chart Format:

The Survey includes data categorized into 7 columns. Each column is described below.

- **"Lender"** column was documented on a random, lettered basis to maintain the confidentiality of the WHL's.
- **"Total Available Facility Level ("TAFL") $MM's"** reflects the total gross dollar availability provided by the WHL's, excluding bulge levels.
- **"Outstandings $MM's"** reflects the total dollars borrowed by the mortgage banker under the WHL's program(s). Also referred to as **ADVANCES** and/or **FUNDED LOANS**.
- **"# Active Borrower's"** column reflects the lenders' number of clients – i.e. the mortgage banker/borrower. Ranges were utilized.
- **"Average Turn, # Days"** column reflects the number of days the WHL's advances are turning over within a month.
- **"Leverage Ratio"** column is intended to reflect the maximum ratio of total debt to tangible net worth. The ratios are presented on an unadjusted basis.
- **"Type Program"** column reflects the WHL's primary client/borrower funding structure.
- **"Max Loan"** column reflects the maximum amount of loans for any one individual borrower/client of the WHL

Glossary of Abbreviations:

The Survey and other Reynolds Group reports (e.g., Operations and Loan File Due Diligence, M&A Valuations) utilize abbreviations where applicable. The primarily abbreviations often utilized by Reynolds are highlighted below:

- **"Bailee Letter"** refers to a transmittal letter covering pledged loans that are shipped to the investor (or its custodian). The investor, as bailee, acknowledges the WHL's security interest in the loans until payment is received.
- **"Banked"** refers to loans funded with a warehouse line.
- **"Borrowers"** refers to the mortgage banker – i.e., the WHL's customer.
- **"BP"** refers to Bond Participation.
- **"Brokered"** refers to loans not funded with a warehouse line.
- **"Correspondent Lending"** refers to one of three primary origination channels in addition to Retail and Wholesale originations. It involves the purchase of a closed loan by a mortgage banking platform from another mortgage banker and/or a financial institution. The use of fulfillment centers (by the purchasing mortgage bankers) is becoming a common business practice within this origination channel.
- **"CI"** refers to loans held for Capital Investment.
- **"CPA"** refers to independent Certified Public Accounting firm.
- **"CPP"** refers to Commercial Paper Program.
- **"EPP"** refers to Early Purchase Program.
- **"GR"** refers to Gestation Repo Facility.
- **"IH"** refers to In-House Custodian for the Notes.
- **"IRRO"** refers to Investor Repurchase Requests Outstanding.
- **"Mini-Cor Lenders"** refers to a loan origination channel, which is similar to the mortgage broker/wholesale model. The difference centers around whose name the loan closes and who funds the loan. Within the mini-cor lending channel, the takeout investor underwrites the loan – i.e., makes

the credit decision – but unlike the mortgage broker/wholesale model, the funding of the consumer's loan occurs with funds attributable to the originator/mini-cor lender and closes in the mini-cor lender's name, not the wholesale investor's. After the loan is closed and funded, it is then sold to a/the takeout investor.

- **"MPA"** refers to Master Purchase Agreement.
- **"MRA"** refers to Master Repurchase Agreement.
- **"N"** refers to a warehouse lending program with a Nationwide footprint.
- **"NR"** refers to no response by Lender to the survey question at this time.
- **"PP"** refers to policies and procedures for a mortgage banking process.
- **"PS"** refers to Purchase & Sale Agreement.
- **"QA"** refers to pre-closing/funding loan quality assurance controls.
- **"QC"** refers to post closing loan quality controls.
- **"R"** refers to warehouse lending program primarily with a Regional footprint.
- **"Retail Loan Originations"** refers to one of three primary loan origination channels in addition to Wholesale and Correspondent Lending. Within Retail, there are several sub-sets, including Traditional Retail and Consumer Direct Retail, includes the internet and direct mail, among other sourcing vehicles.
- **"SA"** refers to Servicing Advance.
- **"ST"** refers to Single Seller Trust Program.
- **"TL"** refers to Traditional Warehouse Line of Credit.
- **"TNW"** refers to Tangible Net Worth.
- **"TP"** refers to Third Party Custodian for the Notes.
- **"TPC"** refers to Third Party Contractors (i.e., for originations, underwriting, servicing and management, among others).
- **"WC"** refers to Working Capital Facility.

- **"Wholesale Loan Originations"** refers to one of three primary loan origination channels in addition to Retail and Correspondent Lending. Basically, a broker provides the mortgage banker with the consumer's mortgage applications, which the mortgage banker underwriters and funds the loan.

- **"WIP"** refers to work in process.

- **"WHL"** refers to warehouse lender or warehouse lending.