



Flanagan State Bank
Financial Institution
Correspondent
Application Checklist

- Application (**included in this package**)
- Correspondent Agreement/Contract (**included in this package**)
- Audited Financials for most recent 2 years or Call Report
- Resume of Experience on main contact
- Fidelity Bond Coverage
- D & O Insurance (**Financial Institutions – must have yearly if closing refinances in house**)
- Limited Liability Coverage
- VA Sponsorship Request & check made payable to Veteran's Administration for \$100 – Required for Correspondent

VA Sponsorship will not be requested until the VA check is received in our office. VA Loans may start prior to sponsorship, but may not be cleared to close until sponsorship is active.

Please email this finished package back to your initial contact or email to:

Flanagan State Bank
Attn: Robert Anderson
333 Chicago Road, PO Box 302
Paw Paw, IL 61353



Wholesale/Correspondent Application

Account Executive: Justin Yahnig Robert Anderson Josh Heinrich Other: _____

CLIENT INFORMATION

Full Business Name:		DBA:		
Company NMLS:		MERS ID:	<input type="checkbox"/> Not Applicable	
Address:				
City:		State:	Zip:	
Office Phone Number:		Email Address:		
Primary Contact:		Primary Contact Email:		
Type of Ownership: <input type="checkbox"/> Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Sole Proprietorship <input type="checkbox"/> LLC				
Agency Approval & ID's: <input type="checkbox"/> FNMA <input type="checkbox"/> FHLMC <input type="checkbox"/> FHA ID: <input type="checkbox"/> VA ID:				
Tax ID Number:		Time Zone: <input type="checkbox"/> EST <input type="checkbox"/> CST <input type="checkbox"/> MST <input type="checkbox"/> PST		
Date of Incorporation:		Fiscal Year End:	States HUD Approved:	
States Where Licensed to Do Business:				
Do you have a Warehouse Line of Credit: <input type="checkbox"/> Yes <input type="checkbox"/> No		Who is the Company:		
Line of Credit Amount:				
Number of Branches:		Locations:		
Main Branch:				
Parent Company (If Applicable)				
Company Name:				
Address:				
City/State/Zip				
Company's Primary Business:				
Principal Owners/Officers				
Name	Title	% Ownership	Years of Ownership	Date of Birth
Product Volume				
Past Year 20____	FHA Volume	# Units	Average Loan Size	
	VA Volume	# Units	Average Loan Size	
	USDA Volume	# Units	Average Loan Size	
	Conventional Volume	# Units	Average Loan Size	

References			
Wholesale Lender Name	Contact	Email Address	How many years signed up?

Company Declarations	
<input type="checkbox"/> Yes <input type="checkbox"/> No	Has your Company ever been denied, suspended or terminated to do business with any Investor and/or MI company?
<input type="checkbox"/> Yes <input type="checkbox"/> No	Has any officer of your Company been involved in a lawsuit pertaining to the obligation, sale or servicing of mortgage loans in the last five years?
<input type="checkbox"/> Yes <input type="checkbox"/> No	Has any officer or employee of your company ever been listed on any agency exclusionary list?
<input type="checkbox"/> Yes <input type="checkbox"/> No	Does your Company have an affiliated relationship with any settlement service or other real estate company?

If you answered yes to any question, please provide detailed information. If needed, attach a separate sheet.

Per FHA Guidelines, we have requested Flanagan State Bank add us as a sponsored lender or an approved third-party originator. By signing the application below, we certify that all loan officers and key personnel are paid on a W-2 basis and work only for _____(company name).

Our company is applying for the following:
 Correspondent Channel for these programs: USDA Conventional VA FHA
 Broker/Wholesale Channel for these programs: USDA Conventional VA FHA

This application will allow for a mix of Correspondent and Brokered files. Please advise based on your companies' parameters.

I certify that the information contained in this application is considered true and accurate to the best of my knowledge. I have the authority to complete the information on behalf of the company.

Signed by: _____ Date: _____

Printed Name: _____ Title: _____

CONFIDENTIALITY AGREEMENT

This Confidentiality Agreement is made this _____ day of _____, 20____, by and between _____ and each of its divisions and/or affiliates (“Originator”) and Flanagan State Bank (“Lender”). The Originator and Lender hereby agree as follows:

The Lender agrees that all disclosures embodying business affairs and activities, including but not limited to the identification of customers and suppliers, financial information pertaining to the Originator or its customers, business plans and all documents and things related to the Originator’s business and activities (hereinafter referred to collectively as “Confidential Information”) are and remain the sole and exclusive property of the Originator.

The Lender agrees that all disclosures embodying and/or relating to any computer software, systems and related documentation (hereinafter referred to collectively as “Proprietary Information”) are the proprietary property of the Originator either by the way of ownership or license agreements with third parties, and that said Proprietary Information is not publicly known or available from other sources and is presently being maintained and disclosed by the Originator in the strictest of confidence.

The Lender agrees that it will not, without the Originator’s express written consent, disclose or use any Confidential or Proprietary Information at any time either prior, during, or subsequent to the engagement and rendering of the Services, regardless of whether or not Lender participated in the design and development thereof. The Lender agrees that it will not copy, duplicate or permit anyone else to copy or duplicate, either in whole or in part, and documentation, storage media such as tapes and disks or other things relating to Confidential or Proprietary Information. Upon termination of Lender’s services for the Originator for any reason, any copies and/or originals of material containing Confidential or Proprietary Information shall be immediately returned, subject to the Originator’s direction.

The Lender agrees that any unauthorized disclosure by Lender, Lender’s Staff and/or its agents and employees, of any Confidential or Proprietary Information shall cause irreparable injury to the Originator and that, therefore, the Originator shall be entitled to injunctive relief in addition to any other remedies that may be available at law or in equity, in the event Lender breaches any of its duties and/or obligation under this Agreement. The Lender further agrees to pay all of the Originator’s attorney’s fees and related costs arising out of any breach of this Agreement. The Originator further agrees to pay all the Lender’s attorney’s fees and related costs arising out of any breach of this Agreement.

This Confidentiality Agreement may not be modified, amended, or waived in any manner except in writing, executed by both parties. Failure of the Originator or the Lender to enforce rights hereunder shall not be a deemed waiver. Should any provision(s) be ruled invalid by applicable legal authority, such provisions shall be deemed omitted and the remaining terms of the Agreement remain in full force and effect. This Agreement shall be governed by and construed in accordance of the Laws of the State of Illinois.

ORIGINATOR

FLANAGAN STATE BANK

By: _____
(Signature)

By: _____
(Signature)

Name: _____
(Printed)

Name: _____
(Printed)

Title: _____

Title: _____

Date: _____

Date: _____



Policy Notice

Appraisal Ordering

Using Flanagan State Bank Appraisal Department

We are pleased to announce that we are currently opening up the use of our Appraisal Department Services to all Broker & Correspondent Accounts. To utilize our service, here are the guidelines:

- 1) This is not an AMC Service. All appraisers who are listed on our roster retain their complete fee that is charged. We do not retain any portion of the appraisal fees.
- 2) To use this service, there must be 3 – 5 appraisers per area that your company covers to successfully rotate randomly the services of the appraisers. To insure enough coverage and to stay in compliance with AIR guidelines, please add to our roster by having your local appraisers sign up with our company.
- 3) The local appraisers must be approved by Flanagan State Bank. If they are on a Do Not Take list with any of our investors, they will not be included on our roster and will be unable to do business with Flanagan State Bank.
- 4) We will not allow the service to be used until our roster includes at least 3 appraisers for the area. 5 are preferred to insure no delays in appraisal completions.
- 5) The appraiser has the right to reject the order if he/she cannot complete the work in a timely manner. The order will then be rotated to the next appraiser in the area until the order is accepted. If the order cycles through all available appraisers and all reject the order, the Loan Officer will have to use the services of an AMC. The more appraisers on the list, the less likely it is that this situation will happen.
- 6) It is strictly forbidden that the Loan Officer or Processor specifically request an appraiser to complete the work. The work assignments MUST remain randomly chosen at all times. If the order is received with a specific appraiser shown on the order or in the body of the email, the request will be rejected.
- 7) Appraisal payments will not be accepted at the time of the order. All appraisal invoices are to be paid at closing. In the event the loan cancels, is denied or withdrawn the invoices must be paid immediately. FSB will invoice accordingly and payment is expected as soon as possible. Any outstanding invoices not paid immediately may result in termination of contract with FSB.
- 8) A contract will be required to utilize this service. The contract is simply an agreement to pay any outstanding invoices.



How to order: (once appraisal department has authorized there are enough appraisers for the area the company is in, they may begin ordering)

- 1) Email to appraisal@flanaganstatedbank.com the order, purchase contract and any appropriate documentation required to fulfill the order.
- 2) The Appraisal Department will confirm receipt of the order
- 3) Within 24 – 48 hours, you will receive confirmation the order has been accepted by the appraiser.
- 4) Upon receipt of the appraisal, you will be emailed a copy. Your borrower will be included on the email and this will be utilized as Proof of Delivery.
- 5) If there is a value dispute, the form for appealing the appraisal is located on our website. The Appeal process is outlined on the form. It is important that it is followed completely.

The appraisal will automatically be uploaded into our system.

Please contact your AE for any updates you may need.

This system is designed to be utilized as a compliant service that will feature local appraisers. Please understand that time frames for the appraisal are not determined by the appraisal department staff. It is solely dependent on the appraiser. In addition, each appraiser sets their own fees. FSB does not dictate fees for the services provided in any way.

If you would like to use this service, please complete the agreement for service.



Agreement for Service AIR Compliant Appraisal Department Services

Flanagan State Bank agrees to provide to _____ (company), the use of our Appraisal Department to provide these services:

- 1) Ordering of appraisal reports
- 2) Ordering of Final Inspections
- 3) Ordering of Corrections to appraisal required by underwriting
- 4) Billing of company for outstanding invoices
- 5) Completion of requirements for AIR guidelines

Company, _____, agrees to the following terms:

- 1) To assist Flanagan State Bank in signing up the required number of appraisers for the area the company does business in.
- 2) To follow all AIR protocols and guidelines, including not requesting a specific appraiser for the orders
- 3) To have all orders paid at closing or pay any outstanding invoices in a timely manner to FSB if a loan cancels, is withdrawn or denied.

I agree to the terms provided and wish to use the Appraisal Ordering Services for our company.

Signature of Manager/Owner

Date

Printed Name



**Wholesale & Correspondent Division
Appraisal Ordering Set Up**

This form is utilized to set up a roster of local appraisers for your company. This must be completed for each branch you maintain. Once set up, your Loan Officers may order through Flanagan State Bank instead of an AMC. Please review our Appraisal Ordering policy prior to sending in your first order.

Company Name: _____ D/B/A _____

Contact: _____ Phone: _____ Email: _____

Company Address: _____

How many branches: _____ Branch Locations: _____

Appraiser Roster: (Please list 3 – 5 appraisers you prefer to do business with in your area. We will begin the process of adding them to our roster of appraisers. Please include FHA & Conventional Appraisers)

#1 Appraiser Name: _____ Phone: _____

Email Address: _____

#2 Appraiser Name: _____ Phone: _____

Email Address: _____

#3 Appraiser Name: _____ Phone: _____

Email Address: _____

#4 Appraiser Name: _____ Phone: _____

Email Address: _____

#5 Appraiser Name: _____ Phone: _____

Email Address: _____

An email will be sent to the email listed on this form once your roster is completed. Please email your Account Executive or our Appraisal Department with any questions.

LIMITED POWER OF ATTORNEY

Know all persons that be these presents, that the undersigned does make and constitute and appoint the Flanagan State Bank, its true and lawful attorney for it and in its name, place and stead, for its use and benefit, to execute, acknowledge, deliver and, as applicable, record escrow instructions, deeds, leases, assignments of leases, covenants, agreements and assignments of agreements, mortgages and assignments of mortgages, conveyances in trust, to secure indebtedness and other obligations, and assign the beneficial interest hereunder, subordinations of leins or encumbrances, bills or lading, receipts, evidences of debt, releases bonds, notes, bills, and requests to reconvey deeds of trust, partial or full judgements, satisfactions or mortgages, and other debts, and other written instruments of whatever kind and nature, all upon terms and conditions as said attorney shall approve; prodived, however, that Flanagan State Bank shall act hereunder solely within its authority under, and in furtherance of purpose of, that certain Loan Purchase Agreement and that certain Processing Agreement, both dated _____.

BROKER/SELLER: _____

BY: _____

ITS: _____

SIGNATURE: _____

FLANAGAN STATE BANK

BY: _____

ITS: _____

SIGNATURE: _____



VA Agency Agreement

1. **LOANS:** All loans to be purchased by various institutions investors shall be originated by you and shall be insured by the Department of Veterans Affairs (VA). Each loan shall be eligible in all respects for inclusion in a pool of mortgages underlying the issue of GNMA mortgage backed security. You are authorized to originate the loan application, process all necessary documentation including but not limited to the employment verification, deposit verification, credit report and appraisal along with other VA required documentation.
2. **CREDIT UNDERWRITING:** Flanagan State Bank is VA approved for automatic underwriting and will underwrite all "Agent for" loans. The VA Form 26-1802a must be submitted with your company's name and address as Agent for FSB
 - a. VA approved Correspondents (with automatic authority) may underwrite their own VA loans. The underwriter's certification and signature must appear on VA 26-1820, section Q or on a separate document as is required for VA loans closed on an automatic basis.
3. **CLOSING THE LOAN AS A CORRESPONDENT:** All loans will be funded and closed in your company's name. VA Form 26-1820, item 25a must be completed with your company's name and address as "Agent" for FSB. An officer of your company must sign item 26b. A copy of the complete closing package must be furnished to FSB within five (5) business days of closing. Upon your approval from VA, you will issue your own lender identification number that will be used on the VA Form 28-1820 and the VA funding Fee Transmittal.
4. **LOCK-IN AGREEMENT:** You are authorized to issue a written lock-in agreement to the veteran upon their request. FSB must be notified in writing on any lock-ins and such lock-ins must comply with FSB's lock-in policy. Additionally, your local VA jurisdiction office must approve any lock-in agreements
5. **QUALITY CONTROL:** Ten percent of closed loans on which you are deemed "Agent" will be reviewed. The cost of the quality control will be at your own expense. Your company will be notified directly by the VA office to which loans they have selected to review.
6. **LOANS FOUND DEFECTIVE:** You will indemnify and hold FSB harmless against any damages arising from defective loans sold to or funded by Flanagan State Bank. If the VA withdraws or reduces the insurance of guaranty for any loan due to, or relating to, the processing or closing of the loan or any of the origination documentation from any untrue or incorrect representation or warranty arising from the origination or closing of the loans, or causing liens to be ineligible to be delivered into the secondary market, Agent shall indemnify FSB against all losses, including reasonable attorney fees

incurred by FSB in defense of any claim or liabilities or in enforcing the terms and provisions of the agreement, including this indemnity.

7. AGREEMENT OF ASSISTANCE: Agent agrees to assist in obtaining supplemental documents that may be required by VA in respect to obtaining the loan guaranty certificate, which may include but not be limited to contact with the veteran.
8. MODIFICATION: Any modification of this agreement must be in writing
9. RIGHTS TO TERMINATE: If you fail to comply with any of the terms and conditions set forth herein or fail to conform to VA regulations, FSB shall have the right to terminate this agreement by giving you ten (10) days written notice with respect to all loans which have not already been closed
10. GOVERNING LAWS: The agreement shall be governed by, construed and enforced with the laws of the State of Illinois.

If you accept the terms and conditions, please execute and return to Flanagan State Bank along with a check made payable to the Department of Veteran Affairs in the amount of \$100.

Agreed and Accepted by:

Printed Name

Signature

Date

Robert Anderson, Senior Vice President
Flanagan State Bank

Date



VA Authorized Agent Application

New VA Approval

The following list states the documentation required to complete a package for VA sponsorship from Flanagan State Bank:

- VA Authorized Agency Agreement (included)
- Form 26-8812
- A letter stating full company name, address, company web address (if applicable), contact name, contact e-mail, contact phone, contact fax, federal tax ID Number, state tax ID number and a list of principal officers including their social security numbers (not included)
- A Letter stating the account's intent and geographic area in which they intend to originate VA loans on your company's letterhead (not included)
- \$100 fee made payable to "Department of Veteran's Affairs"

Already VA Approved & Need Additional Sponsor

If an account is currently VA Approved and is requesting a sponsorship from Flanagan State Bank, the following will be required:

- VA Authorized Agency Agreement
- Form 26-8812
- A letter stating full company name, address, company web address (if applicable), contact name, contact e-mail, contact phone, contact fax, federal tax ID Number, state tax ID number and a list of principal officers including their social security numbers (not included)
- A letter stating the account's VA number and request for sponsorship from FSB on company letterhead (not included)
- \$100 fee made payable to "Department of Veteran's Affairs"

Originals of the listed items are to be sent to our TPO Division. Your application request will be sent on to the VA office on your behalf. You will be notified by VA upon approval.

Please forward to:

Flanagan State Bank
Att: VA Sponsorship Request
333 Chicago Road, PO Box 302
Paw Paw, IL 61353



VA Agency Agreement

1. **LOANS:** All loans to be purchased by various institutions investors shall be originated by you and shall be insured by the Department of Veterans Affairs (VA). Each loan shall be eligible in all respects for inclusion in a pool of mortgages underlying the issue of GNMA mortgage backed security. You are authorized to originate the loan application, process all necessary documentation including but not limited to the employment verification, deposit verification, credit report and appraisal along with other VA required documentation.
2. **CREDIT UNDERWRITING:** Flanagan State Bank is VA approved for automatic underwriting and will underwrite all "Agent for" loans. The VA Form 26-1802a must be submitted with your company's name and address as Agent for FSB
 - a. VA approved Correspondents (with automatic authority) may underwrite their own VA loans. The underwriter's certification and signature must appear on VA 26-1820, section Q or on a separate document as is required for VA loans closed on an automatic basis.
3. **CLOSING THE LOAN AS A CORRESPONDENT:** All loans will be funded and closed in your company's name. VA Form 26-1820, item 25a must be completed with your company's name and address as "Agent" for FSB. An officer of your company must sign item 26b. A copy of the complete closing package must be furnished to FSB within five (5) business days of closing. Upon your approval from VA, you will issue your own lender identification number that will be used on the VA Form 28-1820 and the VA funding Fee Transmittal.
4. **LOCK-IN AGREEMENT:** You are authorized to issue a written lock-in agreement to the veteran upon their request. FSB must be notified in writing on any lock-ins and such lock-ins must comply with FSB's lock-in policy. Additionally, your local VA jurisdiction office must approve any lock-in agreements
5. **QUALITY CONTROL:** Ten percent of closed loans on which you are deemed "Agent" will be reviewed. The cost of the quality control will be at your own expense. Your company will be notified directly by the VA office to which loans they have selected to review.
6. **LOANS FOUND DEFECTIVE:** You will indemnify and hold FSB harmless against any damages arising from defective loans sold to or funded by Flanagan State Bank. If the VA withdraws or reduces the insurance of guaranty for any loan due to, or relating to, the processing or closing of the loan or any of the origination documentation from any untrue or incorrect representation or warranty arising from the origination or closing of the loans, or causing liens to be ineligible to be delivered into the secondary market, Agent shall indemnify FSB against all losses, including reasonable attorney fees

incurred by FSB in defense of any claim or liabilities or in enforcing the terms and provisions of the agreement, including this indemnity.

7. **AGREEMENT OF ASSISTANCE:** Agent agrees to assist in obtaining supplemental documents that may be required by VA in respect to obtaining the loan guaranty certificate, which may include but not be limited to contact with the veteran.
8. **MODIFICATION:** Any modification of this agreement must be in writing
9. **RIGHTS TO TERMINATE:** If you fail to comply with any of the terms and conditions set forth herein or fail to conform to VA regulations, FSB shall have the right to terminate this agreement by giving you ten (10) days written notice with respect to all loans which have not already been closed
10. **GOVERNING LAWS:** The agreement shall be governed by, construed and enforced with the laws of the State of Illinois.

If you accept the terms and conditions, please execute and return to Flanagan State Bank along with a check made payable to the Department of Veteran Affairs in the amount of \$100.

Agreed and Accepted by:

Printed Name

Signature

Date

Robert Anderson, TPO Division Manager
Flanagan State Bank

Date

VA EQUAL OPPORTUNITY LENDER CERTIFICATION

To induce the Department of Veterans Affairs to act on any veteran's application submitted by or on behalf of the undersigned lender, the undersigned hereby agrees:

1. That neither the lender nor anyone authorized to act for it will deny a VA loan to a veteran or discriminate in the fixing of the terms or conditions of such loan because of his or her race, color, religion, sex, handicap, familial status, or national origin;
2. To apprise minority and female veterans of the availability of VA financing offered by the lender by conforming all advertising to the VA Advertising Guidelines for Fair Housing;
3. To prominently display the Equal Opportunity Lender poster in each place of business where VA loans are offered by the lender;
4. To incorporate the equal housing opportunity logo, slogan or statement as outlined in the VA Advertising Guidelines for Fair Housing in all advertising, including outdoor signs, radio, television, newspapers and other printed materials;
5. That noncompliance with the foregoing requirements may constitute a basis for the Secretary to refuse to accept applications from the lender. The Secretary may also refuse to accept applications where the lender has been denied participation in HUD Programs.



**EQUAL
OPPORTUNITY
LENDER**

SIGNATURE

DATE

NAME *(Type or Print)*

TITLE

FINANCIAL INSTITUTION

ADDRESS OF FINANCIAL INSTITUTION

NOTE: Compliance with requirements of a Federal regulatory agency in respect to advertising guidelines and poster requirements shall be deemed to comply with Paragraphs 2, 3, and 4 above.

SEE REVERSE FOR VA ADVERTISING GUIDELINES FOR FAIR HOUSING

DEPARTMENT OF VETERANS AFFAIRS

ADVERTISING GUIDELINES FOR FAIR HOUSING

Section 804(c) of Title VIII of the Civil Rights Act of 1968, as amended, prohibits advertising housing for sale or rent in a manner that indicates a preference for or against potential home buyers because of their race, color, religion, sex, handicap, familial status, or national origin.

Section 805 of Title VIII of the Civil Rights Act of 1968, as amended, prohibits financial institutions from denying residential loans or financial assistance because of the applicant's race, color, religion, sex, handicap, familial status, or national origin.

For persons engaged in or associated with advertising the availability of residential financing, the following guidelines are provided to assist in complying with the VA's equal opportunity program.

1. All advertising of residential financing will contain an Equal Housing Opportunity logo, slogan or statement as a means of advising the homeseeking public that financing is available to all persons regardless of race, color, religion, sex, handicap, familial status or national origin.

a. Equal Housing Opportunity Logo:



If other logos are used in the advertisement, then the Equal Housing Opportunity logo should be of a size comparable to other logos.

b. Equal Housing Opportunity Slogan: EQUAL OPPORTUNITY LENDER

c. Equal Housing Opportunity Statement: We are pledged to the letter and spirit of the United States policy for the achievement of equal housing opportunity throughout the Nation. We encourage and support an affirmative advertising and marketing program in which there are no barriers to obtaining housing because of race, color, religion, sex, handicap, familial status, or national origin.

2. If human models are used in display advertising campaigns, the models will be clearly definable as reasonably representing all potential homebuyers in the metropolitan area. Models, if used, will indicate to the general public that the residential financing offered is open to all without regard to race, color, religion, sex, handicap, familial status, or national origin.

3. It should be noted that selective use of these guidelines could be considered an effort to circumvent fair housing advertising, and thereby in noncompliance with Federal regulations. Selective use is defined as using the guidelines or the Equal Housing Opportunity logo or slogan only:

a. when advertising financing for a particular housing development, and not another development with housing units for which financing is also available; or

b. in advertising media that reaches a limited or particular section of the community to the exclusion of other geographic sections within the same community.

QUALITY CONTROL PLAN CHECKLIST

DATE:

COMPANY:

SELLER ID #:

GENERAL QUALITY CONTROL REQUIREMENTS

1. Complies with all applicable local, state and federal laws, including, but not limited to, The Fair Housing Act, Equal Credit Opportunity Act, Truth In Lending Act and the Real Estate Settlement Procedures Act (RESPA).*	Yes	No	
2. Quality control is conducted independent of origination and underwriting.*	Yes	No	
3. Sample selection narrative.*	Yes	No	
4. All quality control reports to be completed within 90 days of closing.*	Yes	No	
5. Management's Corrective Action for noted deficiencies completed within 30 days of quality control.*	Yes	No	
6. Adequate Scope.*	Yes	No	
7. Adequate Sampling Size: Statistical sampling or 10% of closed/funded loans and 10% of rejected loans and all first payment and early payment defaults.*	Yes	No	
8. Findings of misrepresentation, fraud, and similar findings must be reported to Purchaser within 30 days of initial discovery.*	Yes	No	
9. Records of all quality control findings must be maintained for at least 3 years from closing/funding date.*	Yes	No	
10. On-site branch reviews, if applicable.*	Yes	No	
11. Verify at least semi-annually that no one is employed for HUD origination, processing, or underwriting who is debarred, suspended, subject to a Limited Denial of Participation (LDP) or otherwise restricted from participation in HUD/VA programs (FHA ONLY).*	Yes	No	
12. A copy of the executed QC Agreement is required if a third party vendor is used for Quality Control.*	Yes	No	

PRE-FUNDING QUALITY CONTROL REQUIREMENTS

1. Borrower Social Security number used to verify borrower identity.*	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
2. Income calculations and supporting documentation.*	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
3. Verbal verifications of employment.*	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
4. Assets needed to close or meet reserve requirements.*	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
5. Appraisal or other property valuation data.*	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
6. Documentation of adequate mortgage insurance coverage.*	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
7. That condo projects are approved per Agency guidelines.*	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>

POST CLOSING QUALITY CONTROL REQUIREMENTS

1. Desk reviews of appraisals on all loans included in the quality control sample.*	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
2. Field Review performed on 10% of loans included in the quality control sample.*	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
3. New RMCR/tri-merged on all loans included in the quality control sample.*	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
4. Written re-verification of borrower's employment, deposits, gift letter, alternate credit sources and other sources of funds.*	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
5. Verify that the loan file contains all required origination documents.*	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
6. Verify that the loan file contains all required loan processing documents.*	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
7. Verify that the loan file contains all required closing documents.*	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
8. Verify that the loan file contains all required legal documents.*	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
9. Review the HUD-1 settlement statement to be certain that it was accurately prepared and properly certified.*	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
10. It is assured that only FHA allowable fees and charges were paid by the mortgagor (FHA ONLY).*	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
11. Ensure that none of the participants in a mortgage transaction (excluding the seller of a principal residence) is barred or suspended or is under an LPD for the program and jurisdiction. It is also determined if the mortgage application is ineligible due to a delinquent federal debt (FHA ONLY).*	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>

I attest that this information is true and correct to the best of my knowledge:

Manager/Owner Signature: _____ Date: _____

****ANY RESPONSE CHECKED WITH AN * (NO) INDICATES A DEFICIENCY IN THE QUALITY CONTROL PLAN****



Seller/Correspondent Agreement

This Seller/Correspondent Agreement ("this Agreement") is made this _____ day of _____, 20__ between _____, with a principal place _____ of _____ business _____ at _____ ("Seller/Correspondent"), and Flanagan State Bank, an Illinois State Banking Association with a principal place of business at 301 W. Falcon Hwy, Flanagan, IL, 61740 ("Buyer").

Seller will be referenced as Seller/Correspondent through the contract. Seller/Correspondent is considered a Channel of business that allows loans to close in the Seller/Correspondents company name. The Seller/Correspondent will sell the loan to Buyer and perform the origination duties that include negotiating mortgage terms on behalf of their borrower. Throughout this agreement the Seller/Correspondent will be referenced as "Seller", and the "Buyer" will refer to Flanagan State Bank.

Whereas, Seller/Correspondent is an institution engaged in the business of making loans to individual borrowers (each obligation and all documents evidencing, securing, and in any way related to the origination of such obligation is hereinafter referred to as a "Loan" and collectively as "Loans") and evidencing and securing the repayment of these obligations with promissory notes (each a "Note") and deeds of trust, mortgages, or other security instruments (each a "Mortgage") upon improved real estate ("the Mortgage Property"); and

Whereas, Seller wishes to originate certain loans for Buyer to purchase in accordance with the provisions of this Agreement.

Now, therefore, in consideration of the mutual promises, covenants, and undertakings provided hereinafter, Seller and Buyer agree as follows:



SECTION 1. PURCHASE OF MORTGAGE LOANS

Subject to the terms of this Agreement, Seller shall sell and deliver to Buyer to purchase Loans originated by Seller pursuant to the terms and conditions of Buyer's residential lending requirements. Seller shall comply with all loan registration, approval, closing, and delivery procedures required by Buyer.

SECTION 2. REGISTRATION OF LOANS

Each application for a Loan shall be registered with Buyer prior to its submission for purchase in accordance with Buyer's required procedures.

SECTION 3. INTEREST AND LOAN TERM

The rate of interest and term for each Loan shall be established by Buyer or anticipated at the time of registration or thereafter pursuant to Buyer's requirements.

SECTION 4. LOAN APPROVAL

Each application for a Loan to be submitted for purchase by Seller must have been approved by Buyer prior to the purchase date in accordance with Buyer's required procedures. It is understood by Seller and Buyer that the Loan approval rights of Buyer run between Seller and Buyer, and Seller shall not represent to any party that Seller is the agent of Buyer for any purpose, and in particular for Loan approval purposes.

SECTION 5. BEST EFFORTS DELIVERY

Seller shall use its best efforts to close and deliver on each Loan that has a commitment or rate lock. If a Loan with a commitment or rate lock closes, Seller must deliver the Loan. If Seller does not deliver a closed Loan upon which Buyer has issued a commitment or rate lock, Buyer may require Seller to pay any and all losses, expenses, and damages incurred by Buyer as a result of non-delivery of the Loan under the terms committed in the rate lock.

SECTION 6. PURCHASE PRICE AND FEES

The premium price for each Loan shall be determined by the daily pricing sheet. Fees shall be determined by Buyer and may be re-established from time to time.



SECTION 7. RELEASE OF SERVICING

Each Loan shall be Purchased by Buyer on a "servicing released" basis, meaning that Seller shall release, transfer, and assign in a form and manner acceptable to Buyer all of Seller's rights, title, and interest in and to the Loan, including without limitation any right to provide mortgage servicing in connection therewith. Seller shall provide notice to borrowers of the transfer of a Loan in form and manner acceptable to Buyer and in compliance with all applicable regulations.

SECTION 8. GENERAL WARRANTIES AND REPRESENTATIONS BY SELLER

To induce Buyer to enter into this Agreement, Seller represents and warrants to Buyer, at the time of execution of this Agreement and at the time of delivery of each Loan, as follows:

1. Seller is a corporation or organization duly organized, validly existing, and in good standing under the laws of the state in which it is incorporated and has all licenses necessary to carry on its business as now being conducted, and is licensed, qualified, and in good standing in the state where the Mortgage Property is located. If the state laws of such state require licensing or qualifications for the conduct of business of the type conducted by it, Seller has the corporate power and authority to execute, deliver, and perform this Agreement (including all instruments of transfer to be delivered pursuant to this Agreement) and the consummation of the transactions contemplated hereby have been duly and validly authorized. This Agreement evidences the valid, binding, and enforceable obligations of Seller.
2. No approval of the transactions contemplated by this Agreement from any regulatory authority having jurisdiction over Seller or any other person is required or, if required, such approval has been or will be obtained.
3. The transfers, assignments, and conveyances herein are not subject to the bulk transfer or any similar statutory provisions in effect in any applicable jurisdiction. The consummation of the transactions contemplated by this Agreement are in the ordinary course of Seller's business and will not conflict with or constitute a default under any obligation, agreement, indenture, or loan or credit agreement or other instrument to which Seller is subject.
4. There are no actions, suits, or proceedings pending or, to the best of Seller's knowledge, threatened against Seller in any court or before any administrative agency, the adverse outcome of which would have any material effect on Seller's financial condition or Seller's title to the Loans.
5. Seller shall immediately notify Buyer of any substantial change in the management or ownership of Seller. Seller shall immediately notify Buyer of any substantial change in Seller's financial condition.



6. Seller has never been disqualified, excluded, or suspended from being able to originate loans intended to be guaranteed or insured by HUD, the VA, or any other governmental agency.
7. Seller has not in connection with this Agreement entered into any agreement, incurred any obligation, made any commitment, or taken any action that might result in a claim for or an obligation to pay a sales or origination commission, finder's fee, or similar fee or compensation with respect to this Agreement or the transactions contemplated hereby.
8. Seller shall cooperate with Buyer in furnishing of documents and information as requested from time to time by Buyer and shall comply with all procedures established by Buyer for closing Loans pursuant to this Agreement.
9. All Loans submitted to Buyer by Seller conform to all applicable requirements of this Agreement. Each Loan was originated, registered, approved, and delivered to Buyer in accordance with the procedures set forth in this Agreement.
10. Seller is the sole originator of each Loan, and Seller has the authority to sell, transfer, and assign such Loan on the terms herein set forth. Seller has not assigned, sold, or pledged any Loan and, as of the date of purchase by Buyer, the Loan will be free and clear of claims or encumbrances of any type.
11. A title insurance commitment and title insurance policy on currently prescribed American Land Title Association (ALTA) forms or such other form approved in writing by Buyer and acceptable to Fannie Mae or Freddie Mac will be furnished to Buyer and will insure Buyer and its successors and/or assigns, without exception, as holding the first lien against the Mortgage Property for the full amount of the Loan.
12. There is in force for each Loan a hazard insurance policy meeting Buyer's requirement. There is in force such flood insurance policy as is required under the Flood Disaster Protection Act of 1973, as amended, and its implementing regulations. Broker shall make Buyer the loss payee on each title policy, mortgage insurance policy, hazard insurance policy, and flood insurance policy. Seller shall make their company the loss payee on each title policy, mortgage insurance policy, hazard insurance policy, and flood insurance policy. All policies are to include the ISAOA (it's successor's and/or assigns) to allow for the purchase of loans by the Buyer or future investors.
13. Seller has complied with all applicable federal and state laws and regulations related to the making of each Loan, including but not limited to: (i) the Federal Truth in Lending Act of 1969 ("TILA") and Federal Reserve Regulation Z hereunder; (ii) the Federal Equal



Credit Opportunity Act ("ECOA") and Federal Reserve Regulation B hereunder, (iii) the Federal Fair Credit Reporting Act; (iv) the Federal Real Estate Settlement Procedures Act of 1974 ("RESPA") and Regulation X hereunder, (v) the Flood Disaster Protection Act of 1973, (vi) the Fair Housing Act, (vii) the Home Mortgage Disclosure Act, (viii) the Financial Institutions Reform Recovery and Enforcement Act of 1989, (ix), USA Patriot ACT of 2001 any and all licensing requirements relating to Seller's rights to originate and sell the Loans, (x) the requirements of any agency that regulates Seller, (xi) any and all laws, rules, ordinances, and regulations relating to adjustable rate mortgages, negative amortization, and graduated payment mortgages. Seller shall maintain in its possession, available for inspection by Buyer, evidence of compliance with all such requirements. In addition, the Seller will also comply with and perform Customer Identification Program requirements (CIP).

14. Seller understands Buyer intends to sell the Loans to investors in the secondary market. Seller represents, covenants, and warrants that in submitting Loans to Buyer it is in full compliance with all pertinent requirements of Fannie Mae, Freddie Mac, FHA, and VA. In the event that a Loan is returned to Buyer because of an investor's unwillingness to purchase the Loan because of non-compliance with disclosures, loan estimate or other regulation under RESPA, TRID or future changes not yet noted, Buyer will require Seller to repurchase the Loan within 10 days of being notified by Buyer. Buyer reserves the right to retain servicing on any Loans Purchased by Buyer.
15. Seller has no knowledge of any circumstances or conditions with respect to the Mortgage, the Mortgage Property, the mortgagor, or the mortgagor's credit standing that can be reasonably expected to cause private institutional investors to regard the Mortgage as an unacceptable investment, cause the Loan to become delinquent, or adversely affect the value or marketability of the Loan.
16. All Loan documents prepared by Seller are genuine, accurate, and complete and meet the requirements and specifications established by Fannie Mae, Freddie Mac, HUD, USDA or VA and product descriptions and underwriting guidelines listed in the Desktop Underwriter (DU), Loan Prospector (LP) and the Guaranteed Underwriting System (GUS) underwriting guides. Buyer will prepare Initial/Early Disclosures based on the information provided by Seller, but only when instructed to do so by the submission of an Initial Disclosure form by Seller. Seller is responsible for ensuring that all figures in disclosures prepared by Buyer are correct and that all forms are signed in a timely manner to meet RESPA and TRID guidelines for disclosure.
17. Seller warrants that fees charged will pass the QM Points & Fees test. If the loan will not pass QM Points & Fees test the Buyer will not purchase the loan.



18. Seller shall be responsible for the information used to register a Loan, which information is used to lock and price the Loan. If the information is entered incorrectly or not updated to recent information, as it is known, then the pricing could be erroneous and cause inaccurate rate quotes. Buyer is not responsible for errors input into the registration / lock screen by Seller.
19. Seller warrants that each Loan Purchased by Buyer is not a "high cost loan" or "predatory loan" as defined by the Home Ownership and Equity Protection Act of 1994, specifically Section 32 of Regulation A, or any other state law or municipal ordinance.
20. Seller shall be responsible for 1098 reporting and origination of discount points to the Internal Revenue Service for Loans originated by Seller under the terms of this Agreement.
21. Each of the above representations and warranties (i) applies to all Loans Purchased by Buyer, (ii) is for the benefit of Buyer and its successors and/or assigns, (iii) continues in full force and effect for so long as the Loan remains outstanding and for such time that Buyer is subject to any risk of loss or liability as to any Loan Purchased for Seller, and (iv) is in addition to any other specific representations and warranties contained elsewhere herein.
22. Seller will be responsible for the fees incurred on the loans including, but not limited to, credit report fees, appraisal fees, inspection fees, and title fees. Seller is responsible for insuring that all fees they incur during the processing of the loan are included in the closing or paid for if the loan is cancelled/withdrawn for any reason. Flanagan State Bank does not take any responsibility for any fees associated with the loan that were incurred by the Seller including the appraisal ordered through our Appraisal Department. The ordering of Appraisals through our Department is a courtesy feature to function as an AMC (Appraisal Management Company). The responsibility of the invoice will remain with the company/person who places the order for the appraisal inspection.

SECTION 9. INDEMNIFICATION

Seller agrees to indemnify, save, and hold harmless Buyer from all losses, expenses, damages, liabilities, causes of action, and costs, including attorney's fees, reasonably incurred by Buyer in connection with or as a result of (i) the failure of any instrument evidencing or securing any Loan to constitute a valid and binding obligation, (ii) the breach of any warranty, obligation, or provision contained in this Agreement, or (iii) any claim asserted under applicable deceptive trade practices and consumer protection acts based on the acts or conduct of Seller.



SECTION 10. DELIVERY

Closed Loan packages must be delivered via electronic delivery or USPS within each loans lock date, or within 5 business days of loan disbursement.

SECTION 11. REPURCHASE OF LOANS

If any representation or warranty made by Seller in this Agreement proves to have been untrue or inaccurate in any material respect when made or if Seller breaches any provision of this Agreement that causes a Loan to be unsalable, Buyer at its option may (i) require Seller to repurchase the Loan from Buyer in the amount of principal balance of the Loan at date of repurchase, plus any accrued and unpaid interest, late charges, and any costs incurred by Buyer to affect said repurchase, including without limitation, all of Buyer's collection costs, court costs, and attorney's fees; further including, without limitation, all such costs and fees incurred as a result of Buyer's participation in any proceeding involving Seller under the Federal Bankruptcy Code, or (ii) offer Seller an opportunity to negotiate an administrative fee for the costs associated with foreclosure proceedings and losses accrued by Buyer in association with the default of a Loan.

Early Payoff All Buyer Products: If any Loan sold to Buyer is paid in full within 180 days of the disbursement date, Seller shall repurchase and return the full premium paid to Seller by Buyer.

Early Payment Default: If a borrower fails to make the first monthly payment within 30 days after such payment was due in the first 180 days, Buyer reserves the right to require Seller to repay to Buyer the premium that Buyer paid to Seller for the Loan, plus an administrative fee of \$2,500.

*Note - This provision will be waived on any loan that the Buyer underwrites and issues a final loan approval on, assuming the Seller closes the loan in compliance with any and all funding requirements made by the Buyer's underwriting.

SECTION 12. FINANCIAL STATEMENTS AND CORPORATE RESOLUTIONS

Seller shall provide Buyer with Seller's most recently audited annual financial statement as soon as it is available but not later than 90 days after fiscal year-end. In addition, Seller shall provide immediately upon request other financial reports and information reasonably requested by Buyer from time to time. If requested by Buyer, Seller shall provide any applicable certificates of good standing in the jurisdiction where Seller is located or does business and a certificate of resolution authorizing and designating representatives or officers of Seller to transact the business contemplated by this Agreement with Buyer.



SECTION 13. INDEPENDENT CONTRACTORS

This Agreement shall not be deemed to constitute the parties hereto as partners or joint ventures, nor shall either party be deemed to designate the other party as its agent. Buyer does not assume any liability or incur any obligations of Seller by the execution of this Agreement. It is the intention of the parties that no part of the consideration to be paid for any Loan shall be considered a fee paid for the goodwill of Seller.

SECTION 14. SURVIVAL OF AGREEMENTS

All representations and warranties of Seller herein and all covenants and agreements herein shall continue and shall survive the closing and delivery of any Loan and the termination of this Agreement.

SECTION 15. SUCCESSORS AND ASSIGNS

All covenants and agreements herein contained by or on behalf of Seller shall bind its successors and permitted assigns and shall inure to the benefit of Buyer and its successors and assigns. Seller shall not assign its rights or obligations under this Agreement without Buyer's prior written consent, which Buyer may withhold in its sole discretion.

SECTION 16. WAIVERS/CUMULATIVE RIGHTS

No course or dealing on the part of either party, its officers, or employees, nor any failure or delay by either party with respect to exercising any right, power, or privilege under this Agreement shall operate as a waiver thereof. The parties hereto shall be entitled to all rights and remedies, which shall be cumulative, and the exercise or partial exercise of any such right or remedy shall not preclude the exercise of any other right or remedy.

SECTION 17. TERMINATION WITHOUT CAUSE

This Agreement may be terminated at any time by either party after 30 days' written notice to the other party. However, any such termination shall have no effect on previously registered Loans, as long as such previously registered Loans continue to meet the requirements of this Agreement and as long as Seller does not have an outstanding repurchase obligation under this Agreement. Buyer's election to terminate this Agreement under this Section shall not impair or terminate Buyer's rights or Seller's obligations under the Loan repurchase provisions of this Agreement.



SECTION 18. TERMINATION FOR CAUSE

If Seller has breached any term of this Agreement, including a default of its repurchase obligations under Section 11 of this Agreement, Buyer shall have the option of notifying Seller of such breach or default and providing Seller with a reasonable time, not to exceed ten days, to cure such breach or default. If Seller fails to cure such breach or default within the time set forth in Buyer's notification, Buyer shall have the option to immediately terminate this Agreement upon notification to Seller. Termination under this Section shall release Buyer from any and all obligations to purchase Loans, including Loans registered prior to the effective date of the termination. Buyer's election to terminate this Agreement under this Section shall not impair or terminate Buyer's rights or Seller's obligations under the Loan repurchase provisions of this Agreement.

SECTION 19. SEVERABILITY AND CONSTRUCTION

If for any reason a portion of this Agreement is found to be illegal and unlawful under applicable law, that portion of this Agreement will be deleted from the Agreement with the remainder of the Agreement remaining in effect. This Agreement is a contract made under and shall be construed in accordance with and governed by the laws of the State of Illinois.

SECTION 20. NOTICES

BUYER: **Flanagan State Bank**
 301 W Falcon Hwy
 Flanagan, IL 61740
 Att: TPO Department

SELLER: _____

All notices, requests, and communications hereunder shall be in writing and sent by registered or certified mail to the appropriate address set forth above. Either party may, by proper written notice to the other party, change the address to which notices shall be sent.



SECTION 21. LOCATION OF MORTGAGE OF PROPERTY

The Loans shall be secured by property in the state where Seller is licensed.

SECTION 22. MODIFICATION OF AGREEMENT

This Agreement may be modified by written agreement only.

SECTION 23. CUSTOMER COMPLAINTS

In the situation that a complaint is received by Buyer regarding Seller, Buyer will hold to this policy:

- 1) Seller will be notified of the nature of the complaint and by whom it was made. The notification shall be made in writing to the owner/ manager of the company.
- 2) Seller shall be responsible for addressing the complaint within a 24 - 48 hour time period.
- 3) Seller will respond to Buyer, in writing, with the details of the resolution of the complaint within 48 - 72 hours of the original notification



In Witness whereof, the parties have signed this Agreement as of the day and date first above written, thereby acknowledging their acceptance of the terms and conditions set forth herein.

Seller _____

By: _____

Its: _____

Flanagan State Bank:

By: _____
Robert Anderson, Senior Vice President



HUD Compliance Certification

Are any employees or agents of the applicant currently, or previously been, suspended, debarred, under a limited denial of participation (LDP), identified on an exclusionary list, or otherwise similarly restricted by the Mortgage Review Board, the Office of Management and Budget, or other federal authority?

Yes/No: _____

Signed/Dated _____