

# GMFS Master Closing Instructions



*The Master Closing Instructions set forth below are to be used by you and for closing loans sent to you by GMFS, LLC, and any subsidiaries, correspondents, divisions, and any related entities as noted in the closing package of GMFS, LLC, (hereinafter referred to as "LENDER"). The closing package for each loan sent to you may include additional closing instructions which are referred to herein as "Supplemental Closing Instructions." Do not proceed to close any loan unless you are prepared to fully follow the Master and Supplemental Closing Instructions. You should have any questions answered prior to commencement of closing. Any modifications to the Master or to the Supplemental Closing Instructions must be in writing and signed by an authorized employee of LENDER. Changes can only be authorized the LENDER's home office in Baton Rouge, Louisiana.*

*If any ambiguities, errors, or questions arise in connection with a loan or any matter contained in the Master and/or Supplemental Closing Instructions (collectively the "Closing Instructions"), the authorized employee specified in the Master and/or Closing Instructions must be contacted prior to closing for further instructions or to clarify or resolve matters. The attorney or title agent approved to close loans for LENDER (hereinafter referred to as "Closing Agent") will be liable for losses incurred by LENDER, as a result of his closing a loan with knowledge that errors were contained in any documents or instructions. If the Closing Agent determines that a loan cannot be closed in the accordance with the "Closing Instructions" (including without limitation on the mortgagee title policy and other requirements), the Closing Agent should not proceed to closing without further instructions from LENDER. For each loan an attempt has been made to provide, complete, and correct forms necessary to close our loan. However, if we should fail to include any required forms or include incorrect or obsolete forms, please call an authorized employee of LENDER.*

- 1.0 **INSURED CLOSING.** An Insured Closing Protection Letter must be issued to GMFS, LLC, and any subsidiaries, correspondents, divisions and any related entities, by the title insurer in the form authorized by the American Land Title Association, or in a form approved by LENDER, in connection with the closing of any loan through a Closing Agent approved to issue the title policy (as defined below). **All closing agents should confirm the LENDER that such an Insured Closing Protection Letter is on file with LENDER before closing the loan.**
  
- 2.0 **CLOSE AS INSTRUCTED AND REQUIRED.** As Closing Agent you must close the transaction in strict accordance with the "Closing Instructions". If the loan transaction involves a sale, all applicable terms and conditions of the sales contract must be followed. Immediately advise LENDER if any of the sales contract provisions conflict with the "Closing Instructions". Immediately advise LENDER of any recent (within last 6 months) or pending change in ownership. LENDER must grant approval prior to closing. Prior to the request for funding, you must have written authorization from LENDER approving any deviation. No seller paid costs; secondary financing or third party contributions are allowed unless specifically authorized in the "Closing Instructions". All persons signing both the note and the deed of trust, mortgage or other required security instrument must be vested in title unless LENDER indicates that an individual is acting pro forma or as a cosigner or guarantor.
  
- 3.0 **COMMITMENT FOR TITLE INSURANCE AND POLICY.** The mortgagee title policy, ("Title Policy"), must be written through the same title company which issued the Commitment for Title Insurance, ("Title Commitment"), previously furnished to the LENDER. LENDER's loan documents have been prepared based upon the Title Commitment. IF the Title Commitment does not comply with the following requirements, the Closing Agent must either (i) amend it, (ii) provide a new Title Commitment, or (iii) agree to provide LENDER another title policy in accordance with the following requirements:
  - A. The date of the Title Commitment may not be more than thirty (30) days before the closing date. If the Title Commitment has expired, do not close the loan, and contact LENDER immediately. The Title Commitment must have an authorized counter-signature by a validating officer or authorized signatory.
  - B. The Title Policy must insure a first and/or second mortgage, if applicable, or other specified security instrument, and insure overall title exceptions which would jeopardize the marketability of title. The policy must be on the then current, standard ALTA, or comparable, Title Policy.
  - C. The "Proposed Insured" must read exactly as LENDER's loan documents with the following additional Phrase: "Its successors and/or assigns as their interest may appear."
  - D. The amount of coverage should at least equal the loan amount. If the loan has potential capitalized interest or negative amortization, the coverage should equal the highest outstanding balance possible under the terms of the loan.
  - E. The "Proposed Borrower" must exactly match the borrower's name(s) indicate in the title commitment. The legal description in the Title Policy and loan documentation must conform to the survey, if a survey is required.
  - F. The "Estate Insured" must read FEE SIMPLE unless provided otherwise in the "Closing Instruction." Any easements providing access to the property must be insured as part of the estate, and not shown as an exception on Schedule B.
  - G. The policy cannot contain:
    1. Any exception for taxes, assessments or other charges currently due and payable.
    2. Any exception for mechanic's, material man's, artisans, or similar liens.
    3. General exceptions as to unrecorded easements or rights of ways.

4. General exceptions as to matters of survey including unrecorded easements or rights of way. If a survey is not required by LENDER, all exceptions that would be disclosed by a survey must include the following statement: "Which would be disclosed by an accurate survey and inspection of the subject property."
  5. An exception for party walls unless such exceptions also affirmatively insure the rights of the borrower in and to the use of said party walls in common with others.
  6. Any exception for the dower, curtesy, homestead, community property or other statutory material rights, if any, of the spouse of any insured. In all cases where any rights of dower or curtesy may affect the taking of title to the property, the policy is to provide affirmative title insurance that the lien of our deed of trust, mortgage, or other security instrument has priority over any statutory rights of dower or curtesy. In those situations, the following language is to be included in the policy/title commitment. "This policy/title commitment insures, up to the face amount hereof, that the Insured shall incur no loss or damage as a result of the exercise or attempted exercise, of dower or curtesy rights."
- H. Any easement, encroachment, right-of-way, or restriction constituting an exception must be specifically described on Schedule B. Any easement of right-of-way indicated on Schedule B must be located on the survey unless LENDER approves otherwise. If the survey does not show easements which are on the Title Commitment, either 9i) remove said item(s) from Title Commitment or (ii) have the surveyor locate and identify on amended survey and obtain LENDER'S approval of the location. A surveyor's letter is not sufficient in lieu of removing the exception.

4.0 **TITLE POLICY EXCEPTIONS.** If the Title Policy will contain exceptions other than those listed below, contact our Underwriting Department prior to the closing of the loan. In addition to the survey, it may be necessary for you to forward disbursement. LENDER's acceptable title policy exceptions are as follows:

- A. Schedule B of the Alta Loan Policy:
  1. Item 1, which reads, "The lien of the General Taxes for the second half year 2013 and thereafter which are not yet due and payable," will be accepted as written.
  2. Item 2, which reads, "Any lien, or right to a lien, for services, labor or material heretofore furnished, imposed by law and not shown by the public records, must be removed.
  3. Item 3, which reads, "Discrepancies, conflicts in boundary lines, encroachments, easements, variations in area or content, party walls and/or any facts that a correct survey and/or physical inspection of the premises would disclose," may remain unless a survey has been surveyed.
- B. Taxes not yet due and payable.
- C. Restrictions, which are not violated and insurance, that future violation will not cause a forfeiture of revision of title.
- D. Above surface public utility easement along one or more of the property lines, provided the exercise of the rights thereunder do not interfere with any of the buildings or improvements located on the subject property. Note: if above-surface public utility easements exceed ten (10) feet into the subject property, a waiver from LENDER must be obtained prior to closing.
- E. Customary public utility subsurface easements which are in place and do not extend under any buildings or other improvements on subject property.
- F. Mutual easement agreements recorded in the public records which establish joint driveways, joint garages, party walls, water wells, septic systems or other private utility systems constructed partly on the subject property and partly on adjoining property, provided the easement agreement allows all future owners, their heirs and assigns forever, unlimited use without restriction of these joint driveways, garages, party walls, wells and other systems. (A copy of recorded agreements must be forwarded with closing documents). Note: If survey reveals joint driveway, garage, and water well, septic system or other private utility system, then the agreement evidencing such must be recorded.
- G. Encroachments
  1. On the subject property by improvements on adjoin property where such encroachments do not exceed one (1) foot, do not touch any buildings and do not interfere with the use of any improvements on subject property.
  2. On adjoining property by driveways belong to subject property where such encroachments do not exceed one (1) foot, provided there exists a clearance of at least ten (10) feet between the buildings on the subject property and the property line affected by the encroachment.
  3. On adjoining property by eaves and overhanging projections attached to improvements on subject property where such encroachments do not exceed one (1) foot provided there exists a clearance of at least ten (10) feet between the building on the subject property and the property line affect by the encroachment.
  4. On adjoining property by hedges and removable wooden or wire fences belonging to subject property.
  5. BY GARAGES OR IMPROVEMENTS, OTHER THAN THOSE WHICH ARE ATTACHED TO OR A PORTION OF THE MAIN DWELLING STRUCTURE, OVER EASEMENTS FOR PUBLIC UTILITIES, PROVIDED SUCH ENCROACHMENT DOES NOT INTERFERE WITH THE USE OF THE EASEMENT OR THE EXERCISE OF THE RIGHTS OF REPAIR AND MAINTENANCE IN CONNECTION THEREWITH.
- H. An exception for rights of tenants in possession or rights of tenants under unrecorded or recorded leases is unacceptable except as follows:
  1. Remaining term of lease is less than twelve (12) months and Title Policy so states.
  2. The tenants' rights under unrecorded or recorded leases must be fully subordinated to our security instrument.
  3. The Title Policy must affirmatively insure the priority of our lien over the tenant's rights under leases.
  4. If leases are not already in existence, delay consummation thereof until after execution and recordation of our security instrument.

You must determine prior to the loan closing that these requirements are met in order to prevent us from entering into a transaction which will deprive us of what we have bargained for and render a loan unsalable. If you are unable to comply with these requirements, DO NOT close the loan. Notify our Underwriting Department.

- I. If the Title Policy contains an exception for oil, water, mineral or other subsurface rights, the Title Policy must affirmatively insure that the exercise of such rights will not result in damage to the property or impairment of

the use of the property for residential purposes. In addition, a certification as follows will be required from the Closing Agent: "The known facts do not import exercise, or impending exercise, of such outstanding rights in such a manner as to materially alter the contour of the mortgaged property or impair its value or usefulness for its intended purposes. Further such outstanding rights are similar to those customarily acceptable to prudent lending institutions, informed buyers and loan closing agents in the community.

5.0 **PRIVATE WATER/SEWER SYSTEM** If subject property is served by a private water and/or sewer system, notice of which is given in the public record, Schedule B of the Title Policy must contain the following affirmative coverage: "With respect to the private utility system documents of public record, there are no provisions which could result in a superior lien on the subject property ahead of the insured mortgage, or which could create a lien which would take priority over the interest of the mortgagee acquired through a deed in lieu or through foreclosure." Prior to closing the loan, please confirm with the title insurer that it will provide the foregoing affirmative coverage. If you are unable to satisfy this requirement, DO NOT close the loan. Notify LENDER Underwriting Department.

6.0 **ALTA ENDORSEMENTS.** Standard ALTA endorsements as shown below must be issued by the Closing Agent when required by the nature of the subject property or otherwise required by the Title Insurer or LENDER.

- A. Form 1 Street Assessment
- Form 3 Zoning
- Form 3.1 Zoning-Completed Structures
- Form 4 Condominium
- Form 5 Planned Unit Developments
- Form 6 Variable Rate Mortgage
- Form 6.1 Variable Rate Mortgage Regulations
- Form 6.2 Variable Rate Mortgage - Negative Amortization
- Form 7 Manufactured Housing Units
- Form 8.1 Environmental Protection Liens
- Form 9 Restrictions, Encroachments and Materials

B. In the event the law of any state prohibits or restricts any provisions contained herein, the law of the state will apply in lieu of the provision herein.

7.0 **REQUIRED TITLE POLICY LANGUAGE.** The following language (or similar language having the same meaning) must appear in every Title Commitment and final Title Policy

"THIS POLICY/TITLE COMMITMENT SPECIFICALLY GUARANTEES THAT ANY PAST, PRESENT OR FUTURE VIOLATION OF THE RESTRICTIONS, COVENANTS, BUILDING SETBACK LINES, EASEMENTS AREA, WIDENING STRIPS, PARTITION WALLS OR OTHER LIMITATIONS AND RESTRICTIONS WILL NOT WORK A FORFEITURE OR REVERSION OF THE TITLE OR RESULT IN A LIEN OR CHARGE SUPERIOR TO THE INTEREST OF THE MORTGAGEE TO BE INSURED HEREIN, AND THAT THE SAME HAVE NOT BEEN VIOLATED AS OF THE DATE OF THIS POLICY/TITLE COMMITMENT.

8.0 **SURVEY REQUIREMENTS.** An original location survey certified by a licensed surveyor will be required prior to our issuing closing papers on all purchase money loans, purchase/lease money loans and loans where the size or outer dimensions of the property or improvements have been increased or decreased. Surveys on purchases will not be required on a short form title policy when the insuring Title Company affirmatively insures over the survey requirement, and LENDER is assured that no survey exception will exist on the final title insurance policy. Surveys on purchases will not be required on a long form title policy with an endorsement 116, which insures over the survey. The following survey requirements must be met:

- A. The survey must be no more than 90 days old as of the date of closing.
- B. The survey must show size and location of buildings, driveways, fences, easements, encroachments, setback lines, and beginning point, relation to adjacent properties and street intersections, north point, surveyor's original seal, lot and block number, recorded map information and indicate property abuts public street with permanent access.
- C. The survey must contain certification by surveyor as to whether property is located in a flood hazard area. If survey indicates flood insurance is required, refer to paragraph below on Flood Insurance Requirements. If survey does not contain certification as to flood insurance, a separate certification must be furnished from the surveyor.
- D. If there is a deficiency of more than 2% in the front lot line or 5% in any other lot line or a change in the description from that shown in the specific "Closing Instructions", you must obtain our approval prior to closing.
- E. The survey must show the name of the borrower and the lender.
- F. A survey is required on all PUD loans.
- G. If a survey is not required, the Closing Agent shall obtain an affidavit from the borrower that the outer dimensions of the property or improvements have not or will not be increased or decreased. If available, a copy of the most recent survey must be obtained.
- H. Surveys on REO's may be waived by the lender if in writing.

Condominium Loans: A copy of the recorded map showing the location of the unit is required.

9.0 **HAZARD INSURANCE REQUIREMENTS.** As part of the required documents at closing, the Closing Agent must be provided with the original **Standard Fire and Extended Coverage** policy and proof that the first year's premium has been paid. The policy shall be prepaid for a minimum of one (1) year and it cannot be a deferred payment or financed policy. This requirement applies to all insurance policies unless exceptions are noted in the "Closing Instructions". Another required document, if applicable, at closing is a properly completed and executed

Standard Hazard Determination Form. This form provides the information necessary to determine if flood insurance is required. If the form is missing, contact LENDER immediately.

- A. **Rating and Coverage:** The policy must be written by a company bearing a Domotech, Inc. rating of "A" or better, a Standard and Poor's Rating of "BBB" or better, or a Best's rating of "B-III" or better unless an exception is noted in the "Closing Instructions". The policy must provide standard policy provisions for fire, extended coverage and other perils which shall include special types of insurance necessary in specific geographical areas.
- B. **Special Coverage:** In certain geographical areas, special insurance coverage for hazards such as earthquakes may be required. Rent-loss insurance may also be required on two to four family investment properties. Refer to the "Closing Instructions" for relevant instructions.
- C. **Amount of Insurance:** The amount of coverage must be 100% of the insurable value of the improvements, regardless of the loan amount, as established by the insurer. The policy shall not contain a coinsurance clause but may contain a deductible of 1% or \$1000, whichever is less.
- D. **Effective time and Date:** The policy must be effective as of 12:01 a.m. the date of the closing or earlier.
- E. **Insurance Binder:** Insurance binders ARE NOT acceptable, unless LENDER is required to accept a binder under applicable state law.
- F. **Name of Mortgagee:** Unless otherwise instructed in the "Closing Instructions" by LENDER, the mortgagee clause must insure LENDER as follows: "GMFS, LLC, its respective subsidiaries and their respective successors and/or assigns as their interest may appear."

10.0 **PUD.** In addition to the hazard insurance on the living unity required in the "Closing Instructions", the Closing Agent must verify that we have received, prior to closing, evidence that the Owner's Association has secured adequate coverage of hazard and liability on the common areas, and fidelity insurance on the Owner's Association. Condominiums: Before closing the loan, the Closing Agent must verify that the following coverage's exist. (If we have not already received a copy of the policies, a copy must be forwarded with the closing documents):

- A. A "Master" or "Blanket" policy of property insurance equal to full replacement value of the condominium project affording coverage for loss or damage by fire and other hazards.
- B. A comprehensive policy of public liability insurance covering all of the common areas and commercial spaces in the condominium project.
- C. Adequate fidelity coverage on the Owner's Association to protect against dishonest acts by its officers, directors, trustees, employees, and all others who are responsible for handling funds of the Association.
- D. The insured on each policy must be the Owner's Association of the condominium project, on behalf of the owners of the condominium unit and their mortgagees. We require that you provide us with a certificate of insurance or memorandum from the insurance carrier as to the unit in the condominium and evidence that LENDER is a named mortgagee. This notice or certificate of insurance must remain current for the duration of the loan.

11.0 **FLOOD INSURANCE.** Federal flood legislation specifics that certain lenders must require flood insurance on properties located in Special Flood Hazard Areas (A,V, Z) once such areas have been identified and coverage is available through community participation in the program. Flood insurance must be provided if required by LENDER or by federal flood legislation. Every effort must be made to keep aware of the activity in mapping and community participation so that an accurate determination can be made as to the location of the property within a flood area. Compliance with this legislation in connection with each loan is very important. Please call our Underwriting and/or Closing Department if you have any questions.

Our Survey Requirements specify that surveyors are to furnish either on or with the survey, a certification indicating whether or not the property is in a flood hazard area. If we do not require flood insurance in the "Closing Instructions" and the Surveyor indicates the property is in a flood hazard area, you should contact our Underwriting Department for further instructions prior to closing. Where flood insurance is required, names, address of property and loss payable should be the same as in hazard insurance policy and closing documents. The following should be included with all closing documents:

- A. A copy of the original Flood Insurance Policy dated on or prior to the date of closing. (On condominiums loans, a "blanket" policy of flood insurance in the name of the Owners Association and designated trustee must be provided with closing documents). The minimum amount of insurance is: 1. The amount of the loan or the maximum amount offered by the NFIP; or, 2. Equal to the less or 100% of the insurable value of the improved real property or the maximum insurance available under the NFIP.
- B. A receipt indicating payment of first annual premium.
- C. If the original policy is not enclosed, a certification by the Closing Agent that the original policy when issued, will be forwarded to us.

With respect to Refinance Loans (where there is no transfer of title), if the property is located in a Special Flood Hazard Area and the property is not already covered, there will a five (5) day waiting period from the date of application for insurance before coverage will be in effect. The loan closing must not occur until flood insurance is in effect.

12.0 **TRUTH IN LENDING.** All closings are subject to compliance with Truth-In-Lending Regulation Z, as amended. Closing Agents are expected to be familiar with Regulation Z so they can discuss the disclosure with the borrowers if purchase money mortgages to the borrowers within three business days of their written loan application. It is our practice, on all loan types, to make final Truth-In-Lending disclosures at closing, based on exact figures. If the closing will take place on a day other than that set forth in the Truth-In-Lending Statement, you must call the Underwriting Department for correct figures and information. You must have a the completed Truth-In-Lending Disclosure signed by the borrowers, and any other mortgagor with a right to rescind according to Reg. Z, at the closing prior to the execution of any of the other documents, and returned to us, if physically possible, on the day of closing with the other closing documents. If not physically possible, the Truth-In-Lending Disclosure and all other documents should be returned to us at the beginning of the next business day following the closing. Each borrower should be given a copy of this disclosure. You should contact the Underwriting Department if any portion of the Truth-In-Lending Disclosure appears to be inaccurate.

Right of Rescission. When a loan is being closed to refinance an existing lien or place a new lien on the borrower's primary residence or for any other reason the borrower may have the right to rescind. The borrower usually has the right to rescind the transaction until midnight of the third business day following the signing of all closing documents. The Closing Agent shall not disburse any loan proceeds until the three (3) day rescission period has expired without rescission by the borrower/mortgagors. The three (3) day right to rescind cannot be waived without authorization from Underwriting Department of LENDER. Prior to the disbursement of any funds, it is the responsibility of the Closing Agent to make every effort to ascertain that the will not be rescinded.

Three business days prior to disbursement of the loan, the Closing Agent will give a completed copy of the Truth-In-Lending statement and two (2) copies of the Notice of Right to Cancel to each person entitled to such notice according to Truth-In-Lending, at which time the Receipt of Notice must be signed and dated by each party having the right to rescind. After the rescission period has elapsed, and not before, the disbursement of the loan may be completed. The Notice of Right Cancel forms must be forwarded to us with the other closing documents. The rescission period may not be waived unless LENDER furnishes approval in writing prior to closing.

If **anyone** elects to rescind the transaction notify us **immediately** return the loan proceeds in the same manner as received. Where applicable, the Right to Cancel forms should be enclosed with the "Closing Instructions". They should be completed and executed. Unless required by state law, you are not authorized to accept a rescission on behalf of LENDER.

Settlement Services to be provided on Behalf of LENDER: Under no circumstances is a LENDER closing agent to engage in the following acts of conduct:

- A. PREPARE, MODIFY OR AMEND A TRUTH-IN-LENDING ACT DISCLOSURE STATEMENT (TIL STATEMENT).
- B. Collect a courier fee from the borrower, recording fee or any other fee other than for the exact amount of the charge; and/or
- C. Provide any service to any party related to any closing agent which could cause a charge or a portion of a charge for the service to be excluded from being a finance charge as defined in section 226.4(c)(7) of Regulation Z.

13.0 **WOOD INFESTATION REPORTS.** A Wood Infestation Report will be required on all purchase money loans and may be required on refinance loans. We prefer to review the Wood Infestation Report at least 7 days prior to closing; however, there may be times when the Wood Infestation Report is taken directly to the Closing Agent. In those situations, it is the Closing Agent's responsibility to fax the Wood Infestation Report to the Underwriting Department for review prior to closing the loan. Any infestation indicated on the report must be treated. A licensed building expert must evaluate any damage and all recommended repairs must be completed prior to closing. The original report must be forwarded to us.

14.0 **HUD-1 AND HUD-1A CLOSING STATEMENT: CLOSING COSTS, PREPAID ITEMS, COLLECTION ITEMS AND OTHER DISBURSEMENTS** The HUD 1 must be used with all purchases and the HUD1 or the HUD1A must be used all refinances. In the event more than one loan is closed, a HUD1 or a HUD1A must be executed for each loan. The Closing Agent is expected to be familiar with RESPA and Regulation X. They impose on the Closing Agent the responsibility for making disclosures to the borrower/purchaser and seller in accordance with RESPA requirements.

All charges in connection with a closing must be included in the Settlement Statement, including all payments to mortgage brokers and correspondent's prepaid items and closing costs. The statement must reflect all closing costs, including all charges incident to the loan closing, amounts paid by whom, and to whom. All charges must be separately itemized by name and amount on the proper line and agree with the sales contract and the "Closing Instructions".

The Settlement Statement must also include an itemization of each collection item and/or other disbursements to be made on behalf of the borrower(s), setting forth the payee amount and address for each such item and/or disbursement.

Prepaid items include initial escrow deposits for taxes and insurance, interim interest, first annual hazard insurance premium and flood insurance premium, if applicable. All other charges incident to the loan closing, unless otherwise specified, are considered closing costs.

RESPA requires LENDER to provide the borrower with an initial escrow statement at closing regarding his tax/insurance escrow account. This statement may be incorporated into the HUD1 or HUD1A Settlement Statement or added as an addendum to the form. The statement must itemize the estimated taxes, insurance premiums, and other charges that are reasonably anticipated to be paid from the escrow account during the first 12 months after the escrow account is established and the anticipated due dates of such payments.

15.0 **ESCROW FOR HOME IMPROVEMENT/COMPLETION** No loan should close with funds escrowed for home improvements/completion unless we give prior approval. If approved, the closing/escrow agent who will as the escrow agent must hold escrowed funds. Requirements for escrow documentation may vary based on the type of loan. All escrow documentation must be signed prior to funding.

16.0 **MOBILE/MODULAR/MANUFACTURED HOMES** In the case of a loan that is be secured by a mobile/modular/manufactured home, you must ensure that all requirements are met to fully perfect LENDERS' security interest in the land and the mobile/modular/manufactured home under applicable law. Specifically, if the mortgaged property includes a mobile/modular/manufactured home, a description of the mobile/modular/manufactured home must be added to the security instrument along with the following state of intent to make the mobile/modular/manufactured home a part of the real property:

“The mobile/modular/manufactured home as described herein has been permanently mounted on a foundation and is annexed and affixed to the real property tract described herein. It is my intention to make it a permanent accession to and part of the real property tract. IT is being mortgaged by me as part of the real property tract, and I will not remove it therefrom.”

Additionally, all title policies issued on a mobile/modular/manufactured home must include an ALTA endorsement 7 (Manufactured Housing Unit). Further, any required transfers or recordings under federal or state laws to grant a security interest in and perfect a lien on the mobile/modular/manufactured home must be completed.

If LENDER has included a built-in entertainment cent in its valuation of the property, the closing agent must take all necessary steps to ensure that the entertainment center becomes a fixture and real property under applicable state law and that the security interest created by the security agreement covers the entertainment center. The title coverage should further include the entertainment center.

If the security for the loan includes a mobile/modular/manufactured home, you must comply with all applicable state laws and check all applicable tax records, including real and personal property.

17.0 **POWER OF ATTORNEY** No loan should close with a Power of Attorney unless we have given prior written approval. If we approve the use of a Power of Attorney, the following minimum requirements, plus any additional requirements that may be added, must be met:

- A. Title Policy must contain affirmative coverage as to the enforceability of the security instrument and the authority of the attorney-in-fact.
- B. Power of Attorney must be recorded prior to the recording of the security instrument. A copy of the recorded Power of Attorney, certified by the appropriate recording office, must be forwarded with the closing documents. (If a certified, recorded copy is not available, a copy of an executed instrument and recorder's receipt will be acceptable.)
- C. Power of Attorney form should grant the authority to purchase or refinance, to execute a note, encumber a specific property and describe a specific property security the loan. This Power of Attorney must be executed according to all state law requirements. It must be valid at closing.
- D. The Closing Agent must provide our Underwriting Department with evidence that borrower is alive as of date of closing.
- E. All closing documents should be signed by attorney-in-fact.
- F. All requirements of state law concerning the form, execution, and acknowledgment of powers of attorney, must be complied with. The power of attorney must be executed under seal, if required by law.
- G. In their own handwriting an attorney-in-fact should sign the name of the principal followed by the signature of the attorney-in-fact and so specify and meet all requirements of State Law. Example:

John P. Borrower by  
Mary C. Jones, his attorney in fact  
Borrower: John P. Borrower

18.0 **MINORS** If any or all of the parties to the are minors as defined by the laws of the state in which the subject property is located, the loan cannot close unless we have the closing agent's certification that all parties to the loan are bound by the documents that they execute as if they have reached their majority, and the Title Policy affirmatively insures same.

19.0 **SIGNING WITH MARK** If it should be necessary for borrower to sign with his/her mark, the signatures of two witnesses (with names of witnesses typed under signatures) will be required and all requirements of any particular state's law must be followed.

20.0 **GENERAL INSTRUCTIONS:**

- A. **CLOSING AND RECORDING.** The Closing Agent is required to handle the loan closing at no expense to LENDER, unless agreed to in writing by all parties. The loan may not be closed until all "Closing Instructions" and conditions shown the "Closing Instructions" are satisfied. Further, the loan must be closed, the security instrument recorded, and the loan proceeds disbursed on the same day exception when the borrower has the right to rescind the transaction or when not allowed by state law. If it is physically impossible to record the security instrument on the same day as the closing, then the security instrument must be recorded on the next business day, without exception. You must ensure that the recorded document give LENDER a perfected first lien; or, if appropriate, a perfected second lien.
- B. **DELIVERY OF CLOSING PACKAGE TO LENDER** The closing package must be deposited for delivery by a nationally recognized overnight delivery service (such as Federal Express) or by the United States Mail, First Class Postage Prepaid, Certified Return Receipt Requested at the address shown in the "closing instructions" within one business day of disbursement, unless the "closing Instructions" specify otherwise. If LENDER incurs any expenses or penalties due to the delay in receiving the closing package or your failure to follow the General and "Closing Instructions" you will be required to reimburse LENDER for such expenses, penalties and any damages incurred, including attorney's fees.
- C. **DISBURSEMENT.**
  - 1. The Closing Agent is responsible for obtaining accurate payoff amounts for each lien or mortgage listed on the preliminary title which are to be paid off at closing. Checks must be drawn prior to or at closing on the Closing Agent's trust account. The Closing Agent will be responsible for verifying the payee and delivery disbursed funds to the property party in a timely manner and for obtaining all necessary releases, cancellations, re-conveyances or satisfactions of encumbrances from the property parties. Any funds held in escrow for construction, repairs, or remodeling are to be disbursed by the Closing Agent in accordance with written authority and instruction described in a separate escrow agreement to be executed in connection with the closing. The Closing Agent must be able to account for the balances held in escrow at

all times and he/she must provide LENDER with copies of all disbursement checks. Alternatives to any of the above may be provided in writing by LENDER.

2. The Closing Agent is also responsible for timely issuing and forwarding checks at the closing drawn on the Closing Agent's trust account in payment of collection items and/or other disbursements that are to be made on behalf of the borrower(s). Checks shall be made payable to the respective payees, shall be in the respective amounts and shall be email, US first class postage paid, to the respective addresses as indicated in the Supplemental Closing Instructions for the related loan and as itemized and authorized in the related HUD-1 or HUD-1A and the related UNIFORM RESIDENTIAL LOAN APPLICATION (Fannie Mae Form 1003) or other (acceptable loan application), executed by the related Borrower(s).
- D. **COMPLETION OF DOCUMENTS.** LENDER may complete all or parts of the loan documents transmitted with the "Closing Instructions". If the Closing Agent is required to complete parts of the loan documents, he/she must complete them fully and correctly. If LENDER has provided incorrect information or has failed to enclose a document, the Closing Agent should notify LENDER promptly and LENDER will provide corrected documents or authorize the Closing Agent to complete a new document. Further, the closing agent must review all closing documents for correctness, completeness and accuracy. Without limiting the foregoing, the closing agent is responsible for the execution of any Arbitration Agreement included on the Required Documentation Checklist by all necessary parties. All parties must sign his/her name exactly as it appears in the "Closing Instructions". The Closing Agent is here by authorized to execute the Arbitration Agreement on behalf of GMFS, LLC, and any subsidiaries, correspondents and related entities of GMFS, LLC.
- E. **COMPLIANCE WITH APPLICABLE FEDERAL, STATE OR MUNICIPAL LAWS AND ORDINANCES**  
The closing agent must be licensed to close loans in the state where the property is located. The loan must be closed in accordance with all statutes, laws, regulations and/or ordinances of the specific jurisdiction in which the property is located.
- F. **COPIES.** A copy of all executed loan documents and disclosures must be given to each borrower. The closed loan package must contain the original and required number of legible copies of each fully executed document as requested in the "Closing Instructions" or otherwise by LENDER.
- G. **INTERNAL REVENUE SERVICE REQUIREMENTS.** The Tax Reform Act of 1986 requires that the gross proceeds from real estate transactions be reported to the IRS. The Closing, as the party who is primarily responsible for closing the transaction, must comply with all IRS regulations concerning all IRS reporting requirements.
- H. **LOAN PROCEEDS.** The "Closing Instructions" will indicate whether loan proceeds will be sent by check or wire transfer or are to be drafted. If a check is issued, it must be deposited upon receipt and held in the Closing Agent's trust account until the day of disbursement and used for no other purpose.
- I. **SUBORDINATE LIENS (SECOND MORTGAGES, EQUITY LINES, JUDGMENTS, ETC.)** No loan is to close with any outstanding subordinate liens without LENDER's explicit written approval. If the Closing Agent learns of any subordinate liens or secondary financing transactions other than those previously approved by LENDER, DO NOT CLOSE THE LOAN.
- J. **RETURN OF DOCUMENTS AND LOAN PROCEEDS.** If the loan closing fails to take place on the scheduled date, regardless of the reason, you must notify LENDER immediately. All funds must be returned within 48 hours unless a new closing is immediately scheduled. All Documents must be destroyed in accordance with the instructions of LENDER. In the event another closing is NOT scheduled, all funds must be returned as follows:
1. **Check Disbursements:** The closing agent must void the check and return it voided along with all closing documents to LENDER the same day as the verbal notice of failure to close was given. If the check has already been deposited, the closing agent may either (1) issue a replacement check made payable to LENDER in the exact amount of LENDER's proceed check and overnight said check to LENDER's office; or (2) Issue a return wire to LENDER in the exact amount of LENDER's proceed check the next business day, see wire instructions below:
  2. **WIRE DISBURSEMENTS:** THE CLOSING AGENT MUST RETURN ALL CLOSING DOCUMENTS TO LENDER THE SAME DAY AS THE VERBAL NOTICE OF FAILURE TO CLOSE WAS GIVEN. A WIRE FOR THE EXACT AMOUNT OF LENDER'S PROCEEDS SHOULD BE WIRED ON THE NEXT BUSINESS DAY. PLEASE CONTACT GMFS FUNDING AT 225-214-5000 FOR RETURN INSTRUCTIONS.
- K. **STATE LAW.** In the event the law of any state prohibits or restricts any provision contained within the Master "Closing Instructions" the law of the state will apply in lieu of the provisions as stated herein.
- L. **SOUTH CAROLINA CLOSINGS.** The Closing Agent shall review the South Carolina Attorney/Insurance Preference Disclosure contained in the closing package to verify proper completion of the form. The Closing Agent shall further have all of the borrowers execute the Acknowledgement that the disclosure was provided and preferences were obtained at application. If a preference statement was not initially obtained, then the appropriate steps should be taken to confirm that the preference was timely given and honored. If there are questions as to these situations, please contact LENDER.

The Closing Agent shall review the form and obtain the Acknowledgement as follows:

1. Review the form in the closing package to ensure that all sections of the form were timely completed.
2. Verify that all of the borrowers have signed the appropriate places in all sections of the form. If the form identifies that the application was taken by phone, and if all of the borrowers have not signed each section of the form, have the borrowers sign at closing.
3. Have the borrowers execute and date the Acknowledgement section of the form at closing.

Give the borrowers a copy of the form. If the file copy does not contain a copy, make two copies of the form. Give one copy to the borrowers and insert the original and a second copy in the file.

- M. **RECORDING FEES.** The Closing Agent is responsible for ensuring that the amount of recording fees and other assessments necessary to perfect LENDER's lien is the correct amount required by the recorder, clerk or other appropriate government official.

If a loan is closed and the amount withheld exceeds the correct amount or is erroneous, the closing agent is responsible for making complete monetary restitution to the borrower, LENDER and/or appropriate government official for the amount of the error. Closing agent is also responsible for providing the borrower and the LENDER with all necessary corrective documents.

21.0 **THIRD PARTY PARTICIPATION.** If there is a third party involved in the transaction (other than the buyer and the seller), the type and nature of the third party participation must be approved in writing by LENDER and disclosed on the HUD-1. Participation can come from (1) non-profit and governmental agencies that provide assistance with the down payment, discounts or other closing costs for first-time homebuyers or low-to moderate-income families and (2) any other party, such as LENDER, real estate agent or broker, relatives or employer. The appropriate sections of the HUD-1 should be completed to show the type of assistance and the provider.

22.0 **SECURITY INSTRUMENT AND NOTE**

A. **ERRORS AND CHANGES TO DOCUMENTS** If your review of the security instrument (mortgage, deed of trust etc.) rider(s) to the security instrument, if applicable, and note, discloses an error, contact LENDER before proceedings. **DO NO MAKE ANY CHANGES TO THESE DOCUMENTS** without LENDER's express permission. All alternations and erasures must be initialed by the borrower and/or mortgagor(s).

B. **COMPLETION OF SECURITY INSTRUMENT**

1. **Signatures:** The signatures of all necessary parties must be obtained, particularly those, with an interest in the security property. All parties must sign his/her name exactly as it appears on the title commitment and any other relevant documents. All parties must date the documents. Refer to the "Closing Instructions" for the name of the borrower(s) who are required to sign the security instrument. Each borrower must sign his/her name exactly as it appears in the "Closing Instructions". You must verify that the individuals signing any documents are the property parties by all means available, including obtaining copies of driver's licenses with photographs and any other identification available.
2. **Use of Trustee:** In states requiring a trustee to be named in the security instrument, the trustee must be properly identified and cannot act as the Notary Public for the loan. Refer to the "Closing Instructions" for the name and county of residence of the trustee.
3. **Description of Property:** The legal description of the property may be either by lot, block and subdivision with reference to a recorded plat or by metes and bounds. The legal description must comply with all laws in the jurisdiction in which the security property is located. If a metes and bounds description is used, it must be identical with that shown on the current property survey and a beginning point must be clearly established. If the property address is required in the security instrument following the legal description, enter the physical address of the property. The physical address must be the same on both security instrument and note.
4. **Recordable Acknowledgement:** The security instrument must be notarized or acknowledge as required by law in the jurisdiction in which the security property is located.
5. **Recordings:** The original security instrument must be presented for recordation immediately after closing and returns to LENDER with the original recording receipt or a copy certified by the appropriate recording office, as the case may be, within 48 hours of completion of closing. **Do not send the security instrument by mail for recording.**

C. **COMPLETION OF RIDER.**

1. **Requirements for Use:** If a rider to the security instrument is used, it must be completed in full, dated the same date as the security instrument, signed by all mortgagors, and recorded with the security instrument.
2. **Cross-Default Provision:** If the mortgage loan is secured by a leasehold, a mortgage rider containing a cross-default provision (requires that a default under the lease is a default under the security instrument) is required. LENDER's approval is required prior to closing a loan secured by leasehold.

23.0 **CLOSINGS FOR AFFILIATES OF LENDER:** In the event that the Closing Agent is authorized to close any loans referred to the Closing Agent by any affiliated entity of LENDER, the terms of these Master Closing Instructions, as they may hereafter be modified, amended or supplemented, shall apply to the closing of each such loan, and the Closing Agent agrees to comply with and be bound by the terms of these Master Closing Instructions, as they may hereafter be modified, amended or supplemented, in connection with each such closing, except to the extent that such affiliated entity may otherwise expressly direct the Closing Agent in writing, and , in each such case, references in the Master Closing Instructions to "LENDER" shall be deemed to mean such affiliated entity.

We shall deem it your responsibility to close any loans referred to you by LENDER, or its affiliates, in compliance with the foregoing Master Closing Instructions and shall hold you fully responsible for compliance within.

\_\_\_\_\_ (Closing Agent) acknowledges receipt of these Master Closing Instructions. I/we (Closing Agent) agree and understand that it will be our responsibility to close any and all loans referred to our firm by GMFS, LLC and any subsidiaries, correspondents, division and any related entitles, in compliance with these Mast Closing Instructions as they may hereafter be modified, amended or supplemented. GMFS, LLC and any subsidiaries, correspondents, divisions, and any related entitles, reserves the right to reject any applicant who does not meet its reasonable approval standards. This application should not be deemed to be a commitment by GMFS, LLC or other subsidiaries, correspondents or affiliates for approval.

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PRINCIPAL OFFICER/ATTORNEY TITLE DATE

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PRINCIPAL OFFICER/ATTORNEY TITLE DATE