

Aura Mortgage Advisors, LLC. Originating Mortgage Loans

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AURA Mortgage Advisors, LLC.

Background	<p>Aura Mortgage Advisors, LLC. (Aura) is an affiliate of Boston Community Capital, Inc. (BCC), a nonprofit organization founded in Boston in 1984 and serving communities across the United States. BCC has lived up to its Mission Statement of “...Improving the communities in which low income people live and work” through a wide range of innovative programs and entities developed in response to the evolving needs of low income people and their neighborhoods. From a modest \$3,500 in startup Community Loan funds, BCC has grown into one of the largest and most successful Community Development Financial Institutions in the country. BCC has over \$500 million currently under management. In the 25 years since it was founded, BCC has made more than 400 loans and investments totaling more than \$435 million to support organizations and businesses that benefit underserved communities.</p>
Corporate Governance	<p>Aura’s was established as a Limited Liability Company under the laws of the Commonwealth of Massachusetts in 2006. The sole member of the LLC is BCLF Ventures Inc., an affiliate of Boston Community Capital, a nonprofit 501C(3) corporation. Aura received its Massachusetts Mortgage Lender and Broker’s License in June of 2009 (License #MC5382) under Massachusetts’ General Law 255C (MGL 255C). Prior to that time, Aura operated as a licensed Massachusetts Mortgage Broker.</p>
Regulatory Supervision	<p>As a licensed Massachusetts Mortgage Lender, Aura complies with the provisions of MGL 255C and its implementing regulation 209 CMR 42.00. This manual is designed to highlight the policies and procedures that Aura has in place to ensure compliance with the governing state and federal laws and regulations. It is intended to serve as the backbone for our commitment to providing our clients with ethical access to mortgage loan products and services.</p> <p>Aura will notify the Division of Banks immediately, and in writing within one business day, of the occurrence of any of the following significant developments:</p> <ul style="list-style-type: none">(a) Filing for bankruptcy or reorganization of the Licensee.(b) Filing of a criminal indictment any way related to the mortgage lender or or brokerage(c) Receiving notification by the institution of license denial, cease and desist, suspension or revocation procedures, or other formal or informal regulatory action, in any state against the licensee, and the reasons thereof.

**Regulatory
Supervision
Continued**

- (d) Receiving notification of the initiation of any action by the Attorney General of the Commonwealth or any other state, pursuant to MGL C 93A, or any other comparable consumer protection statute, and the reasons thereof.
- (e) Expiration, termination or default, technical or otherwise, of any existing line of credit or credit agreement.
- (f) Suspension or termination of the Licensee's status as an approved seller or Seller/Servicer by the Federal National Mortgage Association, Federal National Home Loan Mortgage Corporation, Government National Mortgage Association or an investor approved under 209 CMR 42.11A(1)(a).
- (g) Exercise of recourse rights by Investors or subsequent assignees of mortgage Loans if such loans, in the aggregate, exceed the licensee's net worth exclusive of real property and fixed assets.
- (h) Initiation of Trustee Process or any other form of attachment on any of the Licensee's assets.
- (i) Issuance of an interest rate lock in violation of 209 CMR 42.11A.
- (j) Existence of negative balances, exceeding \$100, in any operating account at any time or the return of checks, exceeding \$100, for insufficient funds.
- (k) Any change to net worth resulting from market valuation or future loss liability or any other change which causes the net worth of the licensee to fall below the requirements of 209 CMR 42.03, 209 CMR 42.08A, and 209 CMR 42.11A(1)(a).

Aura will notify the Division of Banks immediately, and in writing within five business days, of the occurrence of any of the following significant developments:

- a) Filing for bankruptcy or reorganization of any of a Licensee's officers, directors, principal stockholders, or affiliates.
- b) Criminal felony indictment or conviction of any of a Licensee's officers, directors, principal stockholders, or affiliates.

Aura will notify the Division of Banks (DOB) 15 days prior to any proposed change in the membership of the LLC. A notice shall forthwith be filed with the DOB who may thereupon cause such investigation to be made as he deems necessary, as if it were a new license. In the case of a corporation, control is defined as a change of ownership by a person or group acting in concert to acquire ten percent of the stock, or the ability of a person or group acting in concert to elect a majority of the directors or otherwise effect a change in policy of the corporation.

The notice of change in personnel or ownership will contain the following information: the name, address and occupation of each proposed officer, partner, director or shareholders; and provide such other information as the DOB may require.

Exceptions to Policy and Standard Procedure This Manual provides clear guidelines for originating, processing, decisioning, closing and servicing mortgage loans. On occasion, a situation may warrant an exception to one or more of our standard procedures. We will consider and evaluate exceptions to our standard policies and procedures, such as Loan-to-Value limitations, documentation requirements, etc. All exceptions to standard procedure will be documented with an exception memo outlining the specific details of the exception and providing the rationale for approving the exception.

Exceptions to policy and procedure will be approved by management and tracked and included on a quarterly Lending Policy and Procedure Exception Report. .

Fair Lending Practices We are committed to following the spirit and the letter of all applicable Fair Housing and Fair Lending Laws, including but not limited to the Fair Housing Act (FHA) and the Equal Credit Opportunity Act (ECOA). We understand that it is unlawful to discriminate on a prohibited basis in any aspect of a housing transaction. These prohibited factors include:

Age	Race	Ethnicity
Color	Religion	Sexual Orientation
Disability/Handicap	Sex	Marital Status

Familial status (defined as children under the age of 18 living with a parent or legal custodian, pregnant women, and people securing custody of children under 18)

Receipt of Public Assistance

The fact that the client exercised a right under Consumer Protection Laws

SAFE ACT The federal Housing and Economic Recovery Act of 2008 included the Secure and Fair Enforcement for Mortgage Licensing Act, or SAFE Act. The SAFE Act raised minimum Lender and Loan Officer Licensing standards throughout the United States. The Law required that each state pass laws related to the licensing of loan originators. These requirements include the use of the National Mortgage Licensing Standards (NMLS).

Aura Mortgage Advisors, LLC. maintains a Massachusetts Lender's License and ensures that each of the company's Loan Officers complies with the standards established by the SAFE Act and the associated Massachusetts' requirements.

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Annual Reports Aura will file an annual report with the Division of Banks by March 1 of each calendar year. The Annual Report will be completed in such form and manner as prescribed by the Division.

Annual Audit As part of the Certified Audit of Boston Community Capital and Affiliates, Aura undergoes a full and complete audit by Certified Public Accountants on an annual basis. A stand alone audit document is produced for submission to the Division of Banks by March 31 of each calendar year,

Record Retention Boston Community Capital (BCC) preserves Aura's books and records for inspection for a minimum of three years. Specific documents maintained under this policy include, but are not limited to the categories listed below.

Loan Related Documents:

Denied and Withdrawn Loans: For a minimum of 25 months after a mortgage loan application is denied or withdrawn, Aura will maintain the loan documentation, including the completed loan application form, income verification, credit information **Applications** and any other documentation considered in the loan underwriting process.

Closed Loans: Documentation for closed loans will remain on file for 5 years following the loan payoff and release. All documents will be scanned and retained in electronic storage. Original, hard copies will be retained for the following documents:

- Final Signed Loan Application (1003)
- Loan Note
- HUD-1
- Final Truth-in-Lending Disclosure
- Title Policy
- Bi-Weekly Payment Agreement

Preparing for and Taking the Loan Application

Introduction Residential mortgage loan customers are required to complete and sign Aura's Uniform Residential Loan Application (Form 1003) and provide other personal material before AURA can start the mortgage process. These documents are required for all loan applications. The foundation for a sound loan process is a fully completed application.

Preparing the Applicants for the Application Interview AURA strives to make the mortgage loan process as clear and predictable for the borrowers as possible. This is especially important since the majority of clients AURA serves have experienced difficulty in the financing of real estate property in the past.

Mortgage Applicant Documentation and Responsibilities Checklist One of the tools that AURA utilizes to guide applicants through the process and help them to prepare for the initial application meeting is a *Mortgage Applicant Documentation and Responsibilities Checklist*. This checklist, which is depicted below, will also clarify any items necessary to be provided by the applicants at the time of the upcoming application meeting. The form addresses borrower responsibilities such as obtaining a current Smoke Certificate, Estimated Cash Needed to Close and requirements related to hazard insurance coverage for the property.

Aura Mortgage Advisors, LLC.
Mortgage Applicant Document and Responsibilities Checklist

It is our goal to try to make your application process as easy as efficient as possible. We are providing this list of required documents so that you may accumulate the required information and bring as much of it as possible with you to the Application Meeting on _____ (date). This form has been completed by Aura Mortgage. Any items checked as Needed have been determined to be relevant to your application. Those not checked as Needed are not required. Items checked as Needed but not Received at the time of the application meeting, must be provided by the borrower as soon as possible in order to expedite the loan.

Needed	Received
	Income:
<input type="checkbox"/>	<input type="checkbox"/> Pay stubs for all applicants for the last 30 days.
<input type="checkbox"/>	<input type="checkbox"/> W-2 forms for all employment for all borrowers for the previous 2 years.
	Self-employed borrowers (if you own more than 25% of a business):
<input type="checkbox"/>	<input type="checkbox"/> Personal tax returns (for the last 2 years including all schedules).
<input type="checkbox"/>	<input type="checkbox"/> Business tax returns for Corporations, LLC's, Partnerships (for past 2 years).
<input type="checkbox"/>	<input type="checkbox"/> Year-to-Date Profit and Loss (if self-employed and application date is later than March 31).
<input type="checkbox"/>	<input type="checkbox"/> 1099's if applicable.
	If you receive pension or social security and/or disability payments:
<input type="checkbox"/>	<input type="checkbox"/> Pension award letter, pay stubs, and any forms showing duration of payments.
<input type="checkbox"/>	<input type="checkbox"/> Provide a copy of your award letter along with a recent check stub or copy of a bank statement if the funds are deposited electronically through direct deposit.
	Property:
	If the subject property is a rental property
<input type="checkbox"/>	<input type="checkbox"/> Copies of current rental agreements (tenants/tenant at wills), fully executed.
	If you are purchasing:
	Offer to Purchase or Purchase and Sales Agreement
	Smoke Detector Certificate
	If you are refinancing:
<input type="checkbox"/>	<input type="checkbox"/> Copy of your deed
	For Condominiums:
<input type="checkbox"/>	<input type="checkbox"/> Copies of Condominium Documents (Master Deed, Declaration, By-Laws, Budget, Master Insurance Policy, HO6 Policy, Master Flood Policy (if necessary), RD Certificate.
	Asset verification:
<input type="checkbox"/>	<input type="checkbox"/> Copy of the past 2 months bank statements (including account names, account numbers, addresses, and balances). We have estimated the amount of funds you will need to close this loan as: \$ _____
	Liabilities:
<input type="checkbox"/>	<input type="checkbox"/> Divorce Decree or Separate Maintenance Agreement
<input type="checkbox"/>	<input type="checkbox"/> Property Settlement Agreement
<input type="checkbox"/>	<input type="checkbox"/> Credit explanation letter (if applicable)
	Other:
<input type="checkbox"/>	<input type="checkbox"/> Proof of Homeowners Insurance Coverage (prepaid and in effect as of mortgage closing date).
<input type="checkbox"/>	_____

Aura Representative Signature _____	Date _____
Borrower's Signature _____	Date _____
Co-Borrower's Signature _____	Date _____

Preparing for and Taking the Loan Application continued

Establishing a Clear Application Date

Aura's Loan Officers must establish a clear Application Date. This date is used to determine compliance with several regulatory timing and notification requirements.

Aura's definition of Application Date is the date AURA receives the following:

- Borrower's Name (s)
- Borrower's Monthly Income and Associated Income Documentation;
- Borrower's Social Security Number (to obtain a credit report)
- Property Address
- Purchase and Sales Agreement or Offer to Purchase and an Estimate of the Value of the Property
- Loan Amount
- Signed and Dated Application (Form 1003)
- Signed Disclosure Acknowledgement Form

Application Fees

AURA does not collect any fees at the time of application. The Truth-in-Lending Act includes provisions associated with the timing of early fees. AURA collects all fees at the time of closing.

Compliance with State and Federal Consumer Protection Laws and Disclosure Requirements

The Loan Officer must sign and date the application in the *Interviewer Section*. This date will be considered the actual application date and will be used to track compliance with the provisions of the Equal Credit Opportunity Act (related to the timing of the loan decision and communication of the decision to the applicants) as well as provisions of other consumer protection laws such as the Truth-in-Lending Act and the Real Estate Settlement Procedures Act.

The Encompass system will automatically establish the application date in the system when the *Borrower's Name, Monthly Income, Social Security Number, Property Address, Estimated Property Value, and Loan Amount* are input into the system. This date cannot be changed once established.

AURA Loan Officers and Processors are responsible for ensuring that they utilize current disclosure forms and follow Aura's standardized process with each loan applicant with whom they interact. The vast majority of current disclosure templates are maintained using the *Encompass 360* Loan Origination and Processing System. Changes to these standard forms and disclosures must be approved by management.

Preparing for and Taking the Loan Application, continued

In addition to Encompass' Standardized Forms, there are a small number of customized forms that must be used by the Loan Officers. These include:

- *Aura Mortgage Disclosure Acknowledgement Form*
- *Applicant Document and Responsibilities Checklist*
- *Rate Lock and Floating Rate Lock Disclosure*
- *Additional Needs Letter*
- *Notice to Mass Property Applicants*
- *Borrowers Certificate & Authorization*
- *Lead Paint Acknowledgement*
- *Bi-Weekly Agreement Disclosure*

In order to comply with the early disclosure timing requirements of the Truth-in-Lending Act, the Real Estate Settlement Procedures Act, and Massachusetts' disclosure requirements, AURA Loan Officer and/or Processors complete the following steps:

- Meets with all loan applicants for the application interview (face-to-face or by telephone);
- Enters the loan application into the Encompass System (generally at the time of the interview);
- Prepares the Initial Disclosures (Initial Truth-in-Lending Disclosure and Good Faith Estimate/Good Faith Estimate Itemization) as well as the other disclosures itemized on the Disclosure Acknowledgement form.

Aura Mortgage Advisors, LLC complies with the Office of Consumer Affairs and Business Regulations, 209 CMR 41.00, requirement that the loan officer license number appear on all custom application forms.

Preparing for and Taking the Loan Application, continued

Documents included in the Application package

The application package given to customers includes the following forms and disclosures:

- Aura Mortgage Advisors Disclosure Acknowledgement Form
- Completed, signed and dated Mortgage Loan Application (1003)
- Credit Authorization
- Notice to Home Applicant Credit Score Disclosure
- Good Faith Estimate with Good Faith Estimate Itemization
- Rate Lock (floating rate lock) form
- Truth-in-Lending Disclosure Statement and Itemization of Amount Financed Addendum
- HUD's Special Information Booklet – Buying Your Home Settlement Costs Guide
- Servicing Disclosure Statement
- Appraisal Disclosure
- Lead Paint form
- Privacy Policy Disclosure
- Borrower's Certification and Authorization
- Tax Return Authorization Form 4506-T
- Bi-Weekly Agreement Disclosure
- Mortgage Applicant Documentation and Responsibilities Checklist
- Disclosure Notices form
- Acknowledgement of receipt of Good Faith Estimate
- Notice to Mass Property Applicants

Note: As procedural or regulatory changes occur, application package material may change.

Pages eleven through twenty five of this manual include sample copies of each of the *At-Application* disclosure forms and templates.

Documents in the Application Package

Aura Mortgage Disclosure Acknowledgment

AURA MORTGAGE ADVISORS, LLC.

Initial Disclosure Acknowledgement

I/We hereby acknowledge receipt of the following items and disclosures as part of the application package provided by Aura Mortgage Advisors, LLC:

- ☐ 1. Patriot Act Customer Information Documentation Form
- ☐ 2. Completed, signed and dated Mortgage Loan Application
- ☐ 3. Credit Authorization and Notice to Home Applicant Credit Score Disclosure
- ☐ 4. Good Faith Estimate with Good Faith Itemization
- ☐ 5. Acknowledgement receipt of Good Faith Estimate
- ☐ 6. Truth-in-Lending Disclosure and Itemization of Amount Financed Addendum
- ☐ 7. HUD's Special Information Booklet –*Buying Your Home Settlement Costs Guide*
- ☐ 8. Servicing Disclosure Statement
- ☐ 9. Appraisal Disclosure
- ☐ 10. Notice to Mass Property Applicants
- ☐ 11. Privacy Policy Disclosure
- ☐ 12. Borrower's Certification and Authorization
- ☐ 13. Tax Return Authorization Form IRS 4506T
- ☐ 14. Bi-weekly Payment Agreement Early Disclosure
- ☐ 15. ACH Withdrawal Authorization

The following disclosures were provided if checked.

- ☐ 16. Rate Lock Disclosure/Floating Rate Lock Disclosure
- ☐ 17. Lead Paint Disclosure and Acknowledgement
- ☐ 18. Disclosure Notice

Other: _____

Borrower Signature

Borrower Signature

Date: _____ Loan Officer License # _____

License Number: 23467

Description: The purpose of this form is to document every applicant's receipt of the required disclosures and documents at the time of application.

Continued on next page

Documents in the Application Package, continued

Uniform Residential Loan Application (URLA) -1003

1003 – Original Application:

- The loan application form 1003 is generated by the Encompass System. It must be fully completed, printed, signed and dated by all borrowers at the time of application. For loan applications taken by telephone, the Application and all 'At Application Disclosures' must be printed and mailed to the applicants within three business days of the application date. The borrowers will need to sign, date and return all documents. A second set should be provided so that the applicants may retain them for their records.
- Under no circumstances are blank signed applications to be accepted.
- The AURA Loan Officer should check each section of the application for accuracy and completeness. When possible, all supporting documentation (such as paystubs, W-2s, Tax Returns, Asset Verification) should be collected at the time of application.
- The Loan Officer must sign and date the Interviewer's Section of the 1003. This date will be used as the actual *Application Date*.
- In the event additional information is required for a loan decision, the Loan Officer will send an Additional Needs Letter to the customer within five (5) business days of the application.

1003-Final Application:

- A final application, reflecting all updated and accurate information (including the borrowers' actual income, housing and mortgage loan payment information) must be signed and dated by the borrowers at the closing. The AURA Processor must ensure that the final 1003 sent to closing reflects all correct and complete information concerning all borrowers.

Documents in the Application Package, Continued

Credit Authorization

Credit Authorization

1. To all consumer-reporting agencies and to all creditors and depositories of the undersigned:
Please be advised that the undersigned, and each of them, has made application to:

requesting an extension of credit to the undersigned. Therefore, the undersigned, and each of them, hereby authorizes you to provide credit report and/or a disclosure to Lender or any agent or balance. The undersigned also authorizes you to disclose your deposit or credit experiences with the undersigned to Lender or to third parties.

2. In addition, the undersigned, and each of them, hereby authorizes Lender to disclose to any third party, or any agent or employee thereof, information regarding the deposit or credit experience with any of the undersigned.

3. A photographic or carbon copy of this authorization bearing a photographic or carbon copy of the signature(s) of the undersigned may be deemed to be equivalent to the original hereof and may be used as a duplicate original.

_____ Borrower	_____ Date	_____ Co-Borrower	_____ Date
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Credit Authorization 0404 - Encompass™ from Elite Mae - www.elitemae.com

Credit Authorization

- The Credit Authorization Form is generated by the Encompass System. The purpose of this form is to document the customer's authorization to allow AURA to obtain a credit report and/or obtain credit or deposit information from a creditor or financial institution.
- The date provided on this form should generally match the application date and should precede or match the date that AURA orders a credit report from a credit reporting agency.

Documents in the Application Package, Continued

Credit Score Disclosure

The consumer reporting agencies listed below provided a score that was used in connection with your home loan application.

Consumer Reporting Agency #1 Experian Attn: NCAC PO Box 2106 Allen, TX 75010 (P) 888-557-8688 Model Used: <u>Fair Isaac</u> Range of Possible Scores: <u>300 to 850</u>	Borrower: <u>Jonathan Consumer</u> Score: <u>700</u> Created: <u>04/09/2006</u> Co-Borrower: Score: Created:	Factors: 22: Serious delinquency, derogatory public record, or collection filed 13: Time since delinquency is too recent or unknown 18: Number of accounts with delinquency 34: Amount owed on delinquent accounts is too high Factors: Factors:
Consumer Reporting Agency #2 Trans Union Consumer Solutions PO Box 2000 Chester, PA 15022 (P) 800-910-9800 Model Used: <u>Empire</u> Range of Possible Scores: <u>300 to 850</u>	Borrower: <u>Jonathan Consumer</u> Score: Created: Co-borrower: Score: Created:	Factors: Factors:
Consumer Reporting Agency #3 Equifax Customer Service PO Box 480241 Atlanta, GA 30374 (P) 800-685-1111 Model Used: <u>Deacon</u> Range of Possible Scores: <u>300 to 850</u>	Borrower: <u>Jonathan Consumer</u> Score: Created: Co-Borrower: Score: Created:	Factors: Factors:

I/We have received a copy of this disclosure.

Applicant _____ Date _____ Applicant _____ Date _____


Credit Score Disclosure

- FACTA (the Fair and Accurate Credit Transactions Act) requires that lenders that use credit reports in connection with loans secured by residential real estate provide applicants with a Credit Score Disclosure. The Credit Score Disclosure Form is generated by the Advantus Credit (after the credit information has been input into the system and a credit score has been requested and generated). The purpose of this disclosure is to notify the applicant(s) of their credit score.
- Typically Aura's Loan Officers will provide this disclosure at the time of the application interview as part of the 'at application' disclosure package. In the event the application is taken by telephone, this disclosure should be sent to the borrower as part of the *Application Disclosure Package* that is sent within three business days of the application date.
- The disclosure also provides the applicant(s) with information on how credit scores are calculated and informs them of their right to contact the Credit Reporting Agency in the event they have questions or concerns regarding their credit score.

Documents in the Application Package, Continued

Good Faith Estimate

OMB Approval No. 2550-0245

 Good Faith Estimate (GFE)

Name of Originator	Borrower
Originator Address	Property Address
Originator Phone Number	Loan Amount
Originator Email	

Purpose The GFE gives you an estimate of your settlement charges and loan terms if you are approved for the loan. For more information, see HUD's Special Information Booklet on settlement charges, your Truth-in-Lending Disclosure, and other consumer information at www.hud.gov/respas. If you decide you need to be provided with the loan, contact us.

Shopping for your loan Only you can shop for the best loan for you. Compare this GFE with other loan offers, so you can find the best loan. Use the shopping chart on page 3 to compare all the offers you receive.

Important dates

1. The interest rate for this GFE is available through After this time, the interest rate, some of your loan Origination Charges, and the monthly payment shown below can change until you lock your interest rate.
2. The estimate for all other settlement charges is available through
3. After you lock your interest rate, you must go to settlement within days (your rate lock period) to receive the locked interest rate.
4. You must lock the interest rate at least days before settlement.

Summary of your loan

Your initial loan amount is	\$ <input type="text"/>
Your loan term is	<input type="text"/> years
Your initial interest rate is	<input type="text"/> %
Your initial monthly amount owed for principal, interest, and any mortgage insurance is	\$ <input type="text"/> per month
Can your interest rate rise?	<input type="checkbox"/> No <input type="checkbox"/> Yes, it can rise to a maximum of <input type="text"/> %
Even if you make payments on time, can your loan balance rise?	<input type="checkbox"/> No <input type="checkbox"/> Yes, it can rise to a maximum of \$ <input type="text"/>
Even if you make payments on time, can your monthly amount owed for principal, interest, and any mortgage insurance rise?	<input type="checkbox"/> No <input type="checkbox"/> Yes, the first increase can be in <input type="text"/> and the monthly amount owed can rise to \$ <input type="text"/> (the maximum is <input type="text"/>)
Does your loan have a prepayment penalty?	<input type="checkbox"/> No <input type="checkbox"/> Yes, your maximum prepayment penalty is \$ <input type="text"/>
Does your loan have a balloon payment?	<input type="checkbox"/> No <input type="checkbox"/> Yes, you have a balloon payment of \$ <input type="text"/> due in <input type="text"/> years

Escrow account information

Some lenders require an escrow account to hold funds for paying property taxes and other property-related charges in addition to your monthly amount owed of \$. Do we require you to have an escrow account for your loan? ☐ Yes, you do not have an escrow account. You must pay these charges directly when due. ☐ Yes, you have an escrow account. It may or may not cover all of these charges. Ask us.

Summary of your settlement charges

A Your Adjusted Origination Charges (see page 3)	\$ <input type="text"/>
B Your Charges for All Other Settlement Services (see page 3)	\$ <input type="text"/>
A + B Total Estimated Settlement Charges	\$ <input type="text"/>

Good Faith Estimate (HUD-GFE) 1

The Good Faith Estimate, Itemization, and Designated Service Provider Disclosures

- The Good Faith Estimate (GFE) Disclosure is required to be provided to applicants within three business days of application. This disclosure recently underwent significant revisions for compliance with changes to the Real Estate Settlement Procedures Act (RESPA). The new GFE form is required to be used for all applications dated as of 1/1/2010. This disclosure is generated through the *Encompass System* and provided to the borrowers at the time of application for face to face applications and mailed within the required three business days for telephone applications.
- The purpose of the GFE is to provide clear and accurate disclosure of the fees, terms and costs associated with the mortgage transaction.
- Provisions of RESPA now include limitations on changes to closing costs. All changes to closing costs must be evaluated to ensure they do not exceed prescribed tolerances. Any change in fee must be approved by the Supervisor prior to closing to ensure that it does not result in a RESPA violation.
- Under some limited circumstances (Valid Changed Circumstances), AURA may adjust charges and must reissue a revised GFE (if any charges will increase). The new disclosure must be mailed within 3 business days of the changed circumstance (e.g. Purchase Price change). In addition, the loan must not close for three business days for revised GFE's that are mailed to the borrowers. This three day wait period can be eliminated if the revised GFE is hand-delivered to the applicant(s). In this case a new Disclosure Acknowledgement must be signed to evidence the borrowers' receipt of the disclosure.
- Prior to loan closing, the GFE and the HUD-1 Settlement Statement must be reviewed by the supervisor to ensure accuracy.

Documents in the Application Package, Continued

Preparing the Good Faith Estimate

Aura's Standard Closing Costs are listed below in order to assist the Processor and the Settlement Agent in complying with RESPA's disclosure and closing cost change tolerances.

- Point (Either ½ point or 1 point, depending on the option selected by the applicant)
- Appraisal fee
- Credit report fee
- AURA Processing Fee
- Flood Zone Determination Fee (includes life of loan service)
- Odd-Days (per diem) Interest (based on a 360 day calculation)
- Settlement Agent Fee (including any courier fees)
- Title Insurance (Lender and Owner Coverage)
- Abstract/Title Search
- Recording Fees
- One Year's Pre-Paid Hazard Insurance (POC to Insurer)
- Municipal Lien Certificate (in some cases)
- The State Tax Stamps Fee is also disclosed on the GFE and HUD-1 (this is calculated at \$4.56 per \$1,000.00)
- Initial escrow payments for taxes, insurance and HOA (for condominiums)

Documents in the Application Package, Continued

Truth-in-Lending Disclosure

The form is titled "Federal Truth-in-Lending Disclosure Statement". It includes a header for "Lender" and "Borrower". The main body of the form contains several sections: "Loan Information", "Annual Percentage Rate (APR)", "Finance Charge", "Amount Financed", and "Total Payments". Below these sections is a table for "Itemization of Prepaid Finance Charges" with columns for "Description of Charge", "Amount", and "Date". The form also includes a section for "Additional Disclosures" with checkboxes for various items. At the bottom, there is a section for "Signatures" and "Date".

Truth-in-Lending Act Disclosure – Early Disclosure

- The early Truth-in-Lending Act (TILA) disclosure is required to be provided to applicants within three business days of application. The disclosure is generated by the *Encompass System* and provided to the borrowers at the time of application for face-to-face interviews. It is mailed within three business days for loans taken by telephone. The Disclosure Acknowledgement is signed by the applicants to evidence their timely receipt of these important disclosures. The borrower must be in receipt of this disclosure prior to the collection of any fees by AURA. Please note, it is Aura's practice to collect all fees at the time of closing. An (e), indicating 'estimate' should be inserted beside each of the figures in the top four boxes of the TILA Disclosure (APR, Finance Charge, Amount Financed and Total Payments).
- **Earliest Possible Closing Date:** Based on recent changes to the Truth-in-Lending Act (TILA), in no event may a closing occur until the seventh business day after the mailing of the initial disclosures.
- Provisions of the TILA also require that additional TILA disclosures be provided whenever the APR changes within certain tolerances ($1/8^{\text{th}}$ of one percent for fixed rate mortgage loans and $1/4$ of one percent for ARM or Construction mortgage loans). It is the Policy of Aura Mortgage to provide re-disclosure in cases where the APR increases by $1/4\%$ or more. In the event new disclosures are required based on an APR change outside of the tolerance:
 - AURA will hand deliver or mail new disclosures to the applicants (if mailed, we must presume that the consumer receives the disclosures three business days after the mailing date). The closing will not be able to occur until the third business day after the consumer has received the disclosures (provided the seventh business day period for the initial disclosures has ended).

A final TILA will be signed at closing. All timing requirements outlined above will be followed to ensure that any changes to the APR have been disclosed as per the requirements of the Truth-in-Lending Act. The Itemization Disclosure highlights the fees/costs that are considered Prepaid Finance Charges (and therefore included in the APR calculation).

Documents in the Application Package, Continued

HUD Special Information Booklet



HUD Special Information Booklet

- RESPA requires that borrowers purchasing a home be provided with the HUD Special Information Booklet, which contains consumer information regarding various real estate settlement services. This booklet has been revised as of January 2010. The new version of the booklet provides prospective borrowers with information on shopping for a mortgage, how to read the new GFE form and the HUD-1. AURA orders a supply of these booklets for distribution to new applicants with the application package. The Disclosure Acknowledgement is signed by the applicants to evidence their timely receipt of these important disclosures.

Documents in the Application Package, Continued

Servicing Disclosure

Servicing Disclosure Statement

Lender:

Date:

NOTICE TO FIRST LIEN MORTGAGE LOAN APPLICANTS: THE RIGHT TO COLLECT YOUR MORTGAGE LOAN PAYMENTS MAY BE TRANSFERRED.

You are applying for a mortgage loan covered by the Real Estate Settlement Procedures Act (RESPA) (12 U.S.C. Section 2601 et. seq.). RESPA gives you certain rights under Federal law. This statement describes whether the servicing for this loan may be transferred to a different loan servicer. "Servicing" refers to collecting your principal, interest, and escrow account payments, if any, as well as sending any monthly or annual statements, tracking account balances, and handling other aspects of your loan. You will be given advanced notice before a transfer occurs.

Check the appropriate box under "Servicing Transfer Information."

Servicing Transfer Information

☐ We may assign, sell, or transfer the servicing of your loan while the loan is outstanding.

or

☐ We do not service mortgage loans of the type for which you applied. We intend to assign, sell, or transfer the servicing of your mortgage loan before the first payment is due.

or

☐ The loan for which you have applied will be serviced at this financial institution and we do not intend to sell, transfer, or assign the servicing of the loan.

Acknowledgment of Mortgage Loan Applicant(s)

I/We have read this disclosure form, and understand its contents, as evidenced by my/our signature(s) below. I/We understand that this acknowledgment is required as part of the mortgage loan application.

Borrower

Date

Borrower

Date

Borrower

Date

Borrower

Date

Servicing Transfer Disclosure

RESPA requires that lenders provide applicants with a Servicing Transfer Disclosure Statement within three business days of the application. This form discloses to the borrower whether the lender intends to service the loan or transfer it to another lender. It also provides information about complaint resolution. AURA provides this disclosure at the time of application for face-to-face interviews. It is mailed within three business days for loans taken by telephone. The receipt of this form is evidenced by the applicant's signature on the Disclosure Acknowledgement form.

Documents in the Application Package, Continued

Appraisal Disclosure

**Notice to Applicant of Right
to Receive Copy of Appraisal Report**

Date:
Loan Number:
Property Address:

You have the right to receive a copy of the appraisal report to be obtained in connection with the loan for which you are applying, provided that you have paid for the appraisal. We must receive your written request no later than days after we notify you about the action taken on your application or you withdraw your application. If you would like a copy of the appraisal report, contact:

Borrower	Date	Borrower	Date
----------	------	----------	------

Borrower	Date	Borrower	Date
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Appraisal Disclosure

- The Equal Credit Opportunity Act (ECOA) requires that applicants for mortgage loans receive a copy of the Appraisal Disclosure, which informs the applicants of their right to receive a copy of the appraisal report. This disclosure is provided at the time of application for face-to-face interviews. It is mailed within three business days of the application for loans taken by telephone. The Disclosure Acknowledgment form which is signed by all applicants at the time of application evidences the applicants' receipt of the disclosure.

Documents in the Application Package, Continued

Massachusetts MGL

Chapter 184, 17B Disclosure

AURA MORTGAGE ADVISORS, LLC.

Disclosure Required by Massachusetts General Laws Chapter 184 Section 17B

Notice to Applicant

Massachusetts General Law Chapter 184 17B requires that the Lender furnish each mortgage loan applicant with the following information:

1. The responsibility of the attorney for the mortgagee is to protect the interest of the mortgagee (Aura Mortgage).
2. The mortgagor may, at his/her own expense, engage an attorney of his/her own selection to represent his/her own interests in the transaction.

Date: _____

Applicant's Signature

Co-Applicant's Signature

Massachusetts MGL Chapter 184, 17B Notice

- The MGL Chapter 184 17B Notice is a Massachusetts required disclosure which must be provided to applicants at the time of application for face-to-face applications and within three business days for applications received by telephone, internet or mail. The purpose of this disclosure is to inform applicants that the closing attorney represents the lender and to inform the applicants of their right to engage a lawyer to represent their interests in the transaction. AURA provides this disclosure at the time of application. This is evidenced by the signed Disclosure Acknowledgement form.

Documents in the Application Package, Continued

Privacy Policy Disclosure

Aura Mortgage Advisors, LLC
Privacy Policy Disclosure

We take our clients' financial privacy very seriously. During the course of processing your application, we accumulate non-public personal financial information from you and from other sources about your income, your assets, and your credit history in order to allow us to make an informed decision about granting your credit. We restrict access to non-public personal information about you to those employees who need to know that information to provide products and services to you. We maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your non-public personal information.

Information Collected:

We collect non-public personal information about you from the following sources:

- Information we received from you on the applications or other forms, such as your name, address, social security number, assets, and income
- Information about your transactions with us, our affiliates, or others, such as your account balance payment history
- Information we received from a consumer reporting agency, such as your creditworthiness and credit history

Information Shared:

We may disclose the above information about you to the following types of third parties:

- Financial service providers, such as other mortgage bankers, securities broker-dealers, and insurance agents
- Non-financial companies such as title and escrow companies, appraisal companies, etc.
- Others such as non-profit organizations

We may disclose the above information to companies performing marketing services on our behalf or to other financial institutions with which we have joint marketing agreements. By sharing this information, we can better understand your financial needs and offer products to help you better reach your financial goals.

The information sharing described above is subject to your right to direct that we do not make the disclosures, and this opt out right is described below. We may disclose non-public personal information about you, including consumer report type information that relates solely to our transactions and experiences with you, to our affiliates, and this information sharing is not subject to an opt out right. We may wish to share consumer report type information that does not relate solely to our transactions and experiences with you ("Other Information") with our affiliates who may have products or services that are of interest to you, or who may be able to offer assistance in connection with your transaction. You have the right to opt out of our sharing of Other Information with our affiliates.

Opting Out:

If you prefer that we do not disclose non-public personal information about you to non-affiliated third parties, you may opt out of those disclosures, that is, you may direct us not to make these disclosures (other than disclosures permitted by law).

As noted above, you also have the right to opt out of our share of other information, that is, direct us not to share Other Information, with our affiliates.

License Number MCS382

Privacy Policy Disclosure

- Aura's Privacy Policy Disclosure discloses to the applicants that AURA takes their customer's financial privacy seriously. It also provides information to the applicant(s) regarding the types of information and under which circumstances, AURA will share information concerning the applicants. This disclosure is provided to applicants at the time of the application. This is evidenced by the signed Disclosure Acknowledgement form.

Documents in the Application Package, Continued

Borrower's Certification and Authorization

BORROWERS CERTIFICATION AND AUTHORIZATION

The undersigned certify the following:

1. I/We have applied for a mortgage loan from **Aura Mortgage Advisors, LLC**, a licensed mortgage lender in the Commonwealth of Massachusetts.
2. In applying for the loan, I/We completed a loan application containing information on the purpose of the loan, the loan amount, employment and income information, and assets and liabilities. I/We certify that all of the information is true and complete. I/We made no misrepresentation in the loan application or other documents, nor did I/We omit any pertinent information.
3. I/We understand and agree that **Aura Mortgage Advisors, LLC** reserves the right to request additional information to process my/our loan application. This may include verifying the information provided on the application with an employer or financial institution.
4. I/We fully understand that it is a Federal crime punishable by fine or imprisonment, or both, to knowingly make any false statements when applying for this mortgage, as applicable under the provisions of Title 18, United States Code, Section 1014.
5. If two or more names are set forth below, one or more applicants have stated that this is an application for joint credit. To confirm the intent to apply for joint credit, both applicants must sign and date below. If both applicants do not intend to apply for joint credit, please contact your Loan Specialist immediately at the phone number listed above.

AUTHORIZATION TO RELEASE INFORMATION

TO WHOM IT MAY CONCERN:

1. I/We have applied for a mortgage loan from **Aura Mortgage Advisors, LLC**. As part of the application process, **Aura Mortgage Advisors, LLC** may verify information contained in my/our loan application and in other documents required in connection with the loan, either before the loan is closed or as part of its quality control program.
2. I/We authorize you to provide to **Aura Mortgage Advisors, LLC** or any investor that purchases the mortgage loan any and all information and documentation that they request. Such information includes, but is not limited to, employment history, and income, bank, money market, or similar account balances, credit history and copies of income tax returns.
3. A copy of this authorization may be accepted as an original.
4. Your prompt reply to **Aura Mortgage Advisors, LLC** or the investor that purchased the mortgage is appreciated.

Applicant's Signature _____ Date _____

Applicant's Signature _____ Date _____

License Number: MC5382

Borrower's Certification and Authorization

- The Borrower's Certification and Authorization is a disclosure serves several purposes. The form asks the applicants' to certify that the application provides true and accurate information. It also addresses ECOA's requirement that joint applicants affirmatively confirm that they intended to apply for a loan. In addition, the form provides AURA with the ability to use the disclosure to request information concerning credit or employment. A copy of this form may be used when sending VOE's or requesting credit.
- This form is signed by the borrower at the time of application for face-to-face interviews. It is mailed for borrower's signature within three business days of the application for loans taken by telephone.

Documents in the Application Package, Continued

Tax Form 4506-T

4506-T Request for Transcript of Tax Return

Form 4506-T (Rev. January 2008) OMB No. 1545-1872

Department of the Treasury Internal Revenue Service

► Do not sign this form unless all applicable lines have been completed. Read the instructions on page 2.
► Request may be rejected if the form is incomplete, illegible, or any required line was blank at the time of signature.

Tip: Use Form 4506-T to order a transcript or other return information free of charge. See the product list below. You can also call 1-800-829-1040 to order a transcript. If you need a copy of your return, use Form 4506, Request for Copy of Tax Return. There is a fee to get a copy of your return.

1a Name shown on tax return. If a joint return, enter the name shown first.	1b First social security number on tax return or employer identification number (see instructions)
2a If a joint return, enter spouse's name shown on tax return	2b Second social security number if joint tax return
3 Current name, address (including apt., room, or suite no.), city, state, and ZIP code	
4 Previous address shown on the last return filed if different from line 3	
5 If the transcript or tax information is to be mailed to a third party (such as a mortgage company), enter the third party's name, address, and telephone number. The IRS has no control over what the third party does with the tax information.	

Caution: DO NOT SIGN this form if a third party requires you to complete Form 4506-T, and lines 6 and 9 are blank.

6 Transcript requested. Enter the tax form number here (1040, 1065, 1120, etc.) and check the appropriate box below. Enter only one tax form number per request. ►

a Return Transcript, which includes most of the line items of a tax return as filed with the IRS. Transcripts are only available for the following returns: Form 1040 series, Form 1065, Form 1120, Form 1120A, Form 1120L, Form 1120U, and Form 1120B. Return transcripts are available for the current year and returns processed during the prior 3 processing years. Most requests will be processed within 10 business days. ☐

b Account Transcript, which contains information on the financial status of the account, such as payments made on the account, penalty assessments, and adjustments made by you or the IRS after the return was filed. Return information is limited to items such as tax liability and estimated tax payments. Account transcripts are available for most returns. Most requests will be processed within 30 calendar days. ☐

c Record of Account, which is a combination of line item information and later adjustments to the account. Available for current year and 3 prior tax years. Most requests will be processed within 30 calendar days. ☐

7 Verification of Nonfiling, which is proof from the IRS that you did not file a return for the year. Most requests will be processed within 10 business days. ☐

8 Form W-2, Form 1099 series, Form 1088 series, or Form 5498 series transcript. The IRS can provide a transcript that includes data from these information returns. State or local information is not included with the Form W-2 information. The IRS may be able to provide this transcript information for up to 10 years. Information for the current year is generally not available until the year after it is filed with the IRS. For example, W-2 information for 2005, filed in 2007, will not be available from the IRS until 2008. If you need W-2 information for retirement purposes, you should contact the Social Security Administration at 1-800-772-1213. Most requests will be processed within 45 days. ☐

Caution: If you need a copy of Form W-2 or Form 1099, you should first contact the payer. To get a copy of the Form W-2 or Form 1099 filed with your return, you must use Form 4506 and request a copy of your return, which includes all attachments.

9 Year or period requested. Enter the ending date of the year or period, using the mm/dd/yyyy format. If you are requesting more than four years or periods, you must attach another Form 4506-T. For requests relating to quarterly tax returns, such as Form 941, you must enter each quarter or tax period separately.

____/____/____ ____/____/____ ____/____/____ ____/____/____

Signature of taxpayer(s). I declare that I am either the taxpayer whose name is shown on line 1a or 2a, or a person authorized to obtain the tax information requested. If the request applies to a joint return, either husband or wife must sign. If signed by a corporate officer, partner, guardian, tax matters partner, executor, receiver, administrator, trustee, or party other than the taxpayer, I certify that I have the authority to execute Form 4506-T on behalf of the taxpayer.

Sign Here	Signature (see instructions)	Date	Telephone number of taxpayer on line 1a or 2a ()
	Title (if line 1a above is a corporation, partnership, estate, or trust)		
	Spouse's signature	Date	

For Privacy Act and Paperwork Reduction Act Notice, see page 2. Cat. No. 37607N Form 4506-T (Rev. 1-2008)

Tax Form 4506-T

- The IRS Form 4506-T should be collected whenever a borrower submits tax returns for the purpose of income verification. The 4506-T authorizes AURA to independently obtain verification of tax return information received by the IRS. While this form is typically utilized for self-employed applicants or those with unusual income patterns or income sources, it is required to be signed by all borrowers at time of application. Many secondary market investors (such as Fannie Mae) require that this form be signed by all borrowers. The form is intended to prevent and detect fraud.
- AURA obtains this signed form at the time of application. A signed and dated 4506-T expires after 60 days.
- A Form 4506 is required in cases where the applicant has filed amended tax returns.

Documents in the Application Package, Continued

Aura Mortgage Advisors Bi-Weekly Agreement Early Disclosure

AURA MORTGAGE ADVISORS, LLC.

BIWEEKLY PAYMENT DISCLOSURE

Borrower(s) Name: _____ Disclosure Date: _____

The Borrower acknowledges that the Lender has disclosed and explained the biweekly payment requirement and the annual election for application of payments as follows:

1. **BIWEEKLY PAYMENTS:** Borrower shall pay principal and interest by making a payment every fourteen days (the "Biweekly Payments"), beginning on the first bi-weekly payment due date and every fourteen days thereafter

Based on your anticipated closing date of _____ your first Bi-Weekly Payment will be due on: _____

2. **PAYMENTS:**

Time and Place of Payments: Borrower agrees to make Biweekly Payments. In the event the fourteenth day does not fall on a business banking day, the payment date shall be the following business day. Borrower agrees to make Biweekly Payments every fourteen days until all of the principal and interest and any other charges due and owing under the Note are paid in full. Biweekly Payments shall be applied first to any late fees, charges, costs related to collateral and advanced by the Lender, then to interest, and then to principal. Borrower shall make all payments to Lender at 56 Warren Street, Roxbury, MA 02119.

Biweekly Payments shall be held by the Lender until a full monthly payment amount has accrued, at which time the full monthly payment due under the Note shall be applied first to any late fees, charges, costs related to collateral and advanced by the Lender, then to interest, and then to principal. Based on your anticipated closing date of _____, Your first monthly payment will be applied on: _____

(B) **Manner of Payment:** Biweekly Payments will be made by an automatic deduction from an account Borrower agrees to maintain at a state or federally chartered and insured financial institution. Borrower agrees to maintain funds in the account sufficient to pay the full amount of each Biweekly Payment on the date each and payment is due.

The first twenty-four (24) of the twenty-six (26) Biweekly Payments called for hereunder shall be automatically applied to the loan amount as provided for herein. So long as Borrower is not in default under the terms of the Note and Loan Documents and has not been late with any payment provided for under the Note and Loan Documents in the preceding twelve (12) months, Lender shall provide Borrower with the option of applying the twenty-fifth (25th) and twenty-sixth (26th) Biweekly Payments to: (1) the principal balance of the Note; or (2) a capital reserve account to be held by Lender for capital improvement(s) and/or unexpected expenses for the property securing the loan. In the event Borrower elects to apply the 25th and 26th Biweekly Payments to

AuraMortgageAdvisors,LLC Early Disclosure: Bi-Weekly Payment Agreement 10-13-2009

Early Disclosure of Bi-Weekly Payment Agreement

- One of the unique elements of Aura's lending programs is its focus on assisting homeowners with budgeting and financial management. A key component in this process is the requirement that borrowers enter a bi-weekly payment arrangement. Loan payments are collected on a bi-weekly basis and held by AURA until a full payment is received. Payments are then applied to the interest, principal, any late charges and the escrow account. Because the payments are made on a bi-weekly basis, a total of 26 payments or 13 monthly payments are collected.
- Aura's Biweekly Agreement provides the applicant with the option (assuming a timely payment history) to apply the thirteenth payment to the loan balance, or as a deposit to a Capital Improvement Account for the subject property. Because of the potential for the loan to amortize on a 30 year term, the loan is disclosed as a thirty year loan.
- The Bi-Weekly Payment Agreement Disclosure is provided to the applicants at the time of application for face-to-face interviews, in order to provide early disclosure of their requirement to sign this agreement at the loan closing. The signed Disclosure Acknowledgement form evidences the borrower's receipt of the disclosure. It is mailed within three business days of the loan application for loans taken by telephone.

**Additional
Required
Documents**

Additional Required Documents

Aside from completing the application and other required documents found in the Application Disclosure Package, borrowers are required to furnish additional documents when applying for a loan. The additional documentation required can differ depending on the type of transaction, the property, and/or the applicants' income and employment situation. Below are some specific requirements related to various types of transactions.

Purchases:

A copy of the Offer to Purchase or a copy of the Purchase and Sale Agreement is required by the Aura Mortgage at the closing. A Purchase and Sale Agreement is a signed document by the seller and buyer specifying the terms and conditions of the sale. When the Loan Officer reviews the agreement, he/she needs to pay special attention to the:

- Financing contingency – the date that the applicants must receive their mortgage financing or risk losing their deposit.
- Date of closing – the date that the applicants must be prepared to close on the real estate.

The Loan Officer should review these dates to ensure that the Aura Mortgage can complete the process by the required dates of the P&S.

Refinance:

A copy of the deed is required by the Aura Mortgage at application. When a homeowner is refinancing, he/she is asked to provide a copy of the Deed. When a homeowner is refinancing, he/she is asked to provide a copy of the Deed. The deed provides the Aura Mortgage with the name of the owner(s) and the property location.

Standard-Employed Borrowers: Borrowers who are employed by a company must provide two year's most recent W-2 Forms and 30 days income verification via paystubs evidencing income and employment history. Prior to closing, Aura Mortgage will verify the borrower's employment by telephone or written verification.

A verification of Employment Form (Form 1005) will be included in the application package for all standard employed applicants. Part I of the form will be completed by the Loan Originator and the borrower's signature obtained (section 8 of Part I) at the time of application. For loan applications that are taken by telephone, the Loan Originator will complete Part I and mail the form to the applicants' employer along with the borrower's signed authorization form.

Additional Required Documents, Continued

Non-Standard Income Sources: Sometimes an applicant's income is from sources not considered standard. In these cases, Aura's Loan Officers may need to work with the applicants to ensure that their income sources are adequately documented. Examples of non-standard income sources include:

- Bonuses
- Commissions
- Seasonal Employment
- Contract Employment
- Boarder Income (borrower's residence)
- Alimony/Child Support/Separate Maintenance
- Retirement/Social Security
- Auto Allowance

Self-Employed Borrowers: Applicants who own a 25 percent or greater share of a business are considered self-employed. A copy of the most recent two years' personal tax returns, including all schedules evidencing income and expenses related to a borrower-owned business will be required. For loans taken after the first quarter of a new tax year, a Year-to-Date Profit and Loss Statement should also be provided. The grid below highlights the basic documentation required for each type of business structure a borrower might own. See [pages 47 and 48](#) for further information on qualification of self-employed applicants and the schedules used as well as lines to refer to on the IRS Individual Tax Return.

<u>Type Business</u>	<u>Required Schedules</u>
• Interest Income	Schedule B
• Sole Proprietorships:	Schedule C
• Capital Gains	Schedule D
• Corporations:	W-2s and Corporate Returns
• Partnership	Schedule E, Schedule K-1 and Partnership Returns
• Limited Liability Corporation	Schedule E, Schedule K-1 and Partnership Returns or Corporate Returns (in some cases)
• Sub-Chapter S Corporations	Schedule E, S Corporate Returns, Schedule K-1
• Income From Real Estate	Schedule E Copies of Leases or Tenant-at-Will Letters

Additional Required Documents, Continued

Condominium Loans: The 'at application' documentation for loans to be secured by a condominium unit must include *Condominium Documents*, including:

- Master Deed [including Recorded Declarations, By Laws, Amendments Covenants, Easements and Restrictions]
- Survey
- Budget
- Evidence of insurance coverage/Master Insurance Policy
- Evidence of H06 Unit Policy ('walls-in' coverage)

Conducting the Loan Application Interview

Introduction

Aura's Loan Originators may receive an application via:

- Telephone
- In person by the customer
- Mail

The majority of loans originated by AURA Mortgage will be the result of a referral from NSP. In order to utilize the information gathered from the borrower during NSP's intake process, NSP will request that each applicant sign the *Authorization to Release Information* section of the NSP Transmittal form. The information shared is pertinent to the mortgage loan process.

Receiving an application from a customer directly

Typically, applicants will meet face-to-face or by telephone with an AURA Loan Officer to begin the application process. This is a good practice because it serves to ensure that the information provided is complete and accurate. It also provides the applicants with the opportunity to ask questions and gain a complete understanding of the loan process and terms of the loan.

The Loan Officer assists the applicants in the completion of the application to ensure that it is accurate, complete and includes any necessary supporting documentation (as outlined on pages 19 through 21). The Loan Officer also introduces the applicants to the Mortgage Loan Processor at this time. The Loan Processor will act as the Applicants primary contact from this point through the Loan Closing.

ECOA Requirements Related to Signatures

If an application is received and filled out by one spouse, the application will be underwritten based on the applicants' income and debts. If the applicant qualified for the mortgage on their own, the mortgage application would be approved.

If the title to the property is in the spouses' name also, the spouse's signature would only be required on the documents necessary to perfect Aura's lien on the property. Only if an application is filled out jointly by both spouses, would we consider it their intention to apply jointly for credit.

Conducting the Loan Application Interview, continued

Collecting the GMI

Once the application is considered complete, the Loan Officer ensures that all applicants have signed and dated the application. The GMI (Government Monitoring Information) section of the Application must be completed. This section includes Ethnicity, Race, and Gender. This information must be collected for applications that are closed as well as for loans that do not result in an origination.

Loan applicants must be provided the standard disclaimer about the reasons for collection of data on ethnicity. This information must be stated orally if the application is taken by telephone or in person and in written form if the application is by mail or over the Internet.

Disclosure to applicant(s): The loan officer shall inform the applicant(s) that the information regarding race or national origin, sex, marital status, and age is being requested by the federal government for the purpose of monitoring compliance with federal statutes that prohibit creditors from discriminating against applicants on those bases. The Loan Officer should inform the applicant(s) that if the applicant(s) chooses not to provide the information, the creditor is required to note the race or national origin and sex on the basis of visual observation or surname.

Establishing a Clear Application Date

The Loan Officer then signs and dates the application in the *Interviewer Section*. This date will be used to track compliance with the provisions of the Equal Credit Opportunity Act (related to the timing of the loan decision and communication of the decision to the applicant(s)).

Rate Options and Rate Lock Process

Aura Mortgage locks all its mortgage loan rates at the time of application for a period of forty-five days. The rate disclosed at the time of application reflects the current rate and any associated points for the product the borrower is applying under. Aura offers two rate lock options for applicants to choose from, a half-point option and a one point option. The Loan Officer should provide the Rate Lock Disclosure and explain the terms of Aura Mortgage's rate/point options as well as rate lock procedures to all applicants at the time of application.

Conducting the Loan Application Interview, continued

Customer Identification and the USA Patriot ACT

When a customer applies, it is the responsibility of the Loan Officer accepting the application to obtain appropriate customer identification. In addition, the Closing Attorney will complete a *USA Patriot Act Information Form* at the closing in order to verify and authenticate each of the borrower's identities and customer information. The internal form shown below must be used by the Loan Officer or Loan Processor to document source-documents reviewed to authenticate each borrower's identity at the time of application.

Aura Mortgage Advisors, LLC.

USA Patriot Act Customer Information Documentation

INSTRUCTIONS: Please complete a separate one of these forms for each applicant. You must demonstrate appropriate due diligence with respect to determining each applicant's identity. This form is for internal use.

Provide information for two separate *identification source documents*. At least one of the documents must be from the Primary list. The second may be from either the Primary or Secondary lists.

Primary Document List	Country Doc Originated	State Doc Originated	Applicant Date of Birth	Document Expiration Date	Comments
<input type="checkbox"/> State Issued Driver's License					
<input type="checkbox"/> State Issued ID Card					
<input type="checkbox"/> Military ID Card					
<input type="checkbox"/> Passport					
<input type="checkbox"/> US Alien Registration Card					
Secondary Document List					
<input type="checkbox"/> Social Security Card					
<input type="checkbox"/> Non-US Driver's License					
<input type="checkbox"/> Government Issued Visa					
<input type="checkbox"/> Voter Registration Card					
<input type="checkbox"/> Recent Signed Tax Returns					
<input type="checkbox"/> W-2 or Recent Paystub with Name					
<input type="checkbox"/> Recent Utility Bill					
<input type="checkbox"/> Bank or Investment Statements					

Comments: _____

I have personally viewed the documentation checked above and certify that the information has been reviewed and validated.

Aura Mortgage Advisors, LLC. Representative Signature

Date

AuraMortgageadvisors/created3-22-2010

**TILA and
Higher Priced
Mortgage Loan
(HPML)
Provisions**

Conducting the Loan Application Interview, continued

In October of 2009, the Truth-in-Lending Act was amended to include

A new category of loan. **Purpose:** Congress felt that HOEPA's ("Section 32") 'high-cost mortgage' loan definitions did not substantially deter predatory, unsafe/unsound consumer mortgage lending practices like "fee harvesting". As a result, a new category: "*Higher-priced*" mortgage loans (HPMLs) ("Section 35") was created. A loan is considered to be a HPML if the APR for the loan is greater than or equal to the Average Prime Offer Rate plus 1.5 percent (for first lien properties).

Loans that fall into this category are required to adhere into the following requirements and/or restrictions:

- We Must verify income and borrower's ability to repay loan based on income/cash flow;
- No Prepayment Penalty in first 4 years
- Must establish escrow accounts for taxes, hazard insurance and flood insurance (HOA fees are not required to be escrowed if the Condominium's HOA covers this cost and is paid directly to the HOA);
- No coercion of appraiser
- Prompt crediting of payments

Lenders that are required to report under the Home Mortgage Disclosure Act (HMDA), need to report transactions that fall into the HPML category. Because Aura is a non-profit lender with a tax exempt status, we are exempted from HMDA reporting.

The Processor will follow the steps below to determine and, when appropriate address any loan that is considered an HPML.

1. Check each loan's HPML status using the FFIEC's Rate Spread Calculator (www.ffiec.gov/ratespread/newcalc.aspx) whenever:
 - A new loan application is received
 - At the time of rate lock (if not locked at time of application)
 - Anytime the rate or fees change for any reason.
2. Print the FFIEC sheet to show the HPML Status (the sheet will state either N/A for non-HPML rates or will state the rate spread if it is at or over 1.5% for first lien transactions).
3. Ensure that no exceptions to income verification and qualifying ratios or escrows are made whenever the rate is determined to be in the HPML category.

Conducting the Loan Application Interview, continued

Refinances Massachusetts requires that lenders determine that a refinance loan secured by a borrower's primary residence be determined to be in the borrower's best Borrower's interest, (for example, the interest rate and/or payment is being lowered by the transaction).

Aura utilizes the worksheet depicted below is an internal form to be completed by the processor for purposes of demonstrating compliance with this Massachusetts requirement. The borrower does not need to be given this document. The document should be kept on file until the loan is paid off.

AURA Mortgage Advisors, LLC.

DETERMINATION OF BORROWER'S BEST INTEREST WORKSHEET

For Refinance Transactions Only

Part A:

	YES	NO
Property located in Massachusetts?		
Property will be owner-occupied and is a 1-4 family dwelling?		
Borrower is a natural person?		
Subject loan will pay off a current lien (in whole or part) that was originated in the last 60 months (based on the application date for the new loan)?		
Loan term is in excess of 12 months?		

☐ Check here if the answer to every question above is "YES". AURA must determine that the loan is in the borrower's best interest by completing the worksheet below. If one or more answers above is/ are "No", no further calculations are necessary. Simply sign and date the worksheet.

Part B: Safe Harbor Limits:

If the box in Section A above is checked, the following calculations must be made in order to determine whether the APR on the new transaction is within the safe harbor limits:

The APR of the new loan at the time of commitment must not exceed the yield on U.S. Treasury securities of a comparable maturity (20 year constant maturity for loans with 20-30 year terms; 10 year constant maturity for loans with 10-19 year terms); as of the 1st of the preceding month by more than:

- 2.50% percentage points for closed-end first lien home loans;
- 3.50% percentage points for closed-end second lien home loans;
- Prime rate index as published in the Wall Street Journal plus a margin of one percentage point.

The APR calculation should be done at the time of both the initial and final TILA disclosures.

3 Day Disclosure Calculation

APR at the time of Early (3 Day) TILA: Fully Indexed Rate at time of 3 Day Disclosures (margin plus index rounded to the nearest one eighth of one percent): _____ %

Does calculation exceed safe harbor calculation: Circle one: Yes No

Final Disclosure Calculation

Fully Indexed Rate at time of Final TILA Disclosure (margin plus index rounded to the nearest one eighth of one percent): _____ %

Does calculation exceed safe harbor calculation: Circle one: Yes No

Loan Processing and the Initial Application Meeting

The Loan Processor will join the Loan Officer in meeting the new loan customer(s) at the application interview. This will provide for a smooth transition to loan processing and should serve to create a sense of rapport between the customer and the Loan Processor.

Loan Processing and Post Application File Review

Reviewing required documents

Within 48 hours of receiving the application, the AURA Loan Processor should review new applications and associated documents for completeness and accuracy. This is an important step in the loan process as it serves to ensure that a timely closing can occur. If at this time, the Loan Processor determines that any other information or documentation is required, they will send an *Additional Needs Letter* to the borrowers. This document identifies any information or documentation that is necessary for the borrower to provide in order for AURA to make a loan decision.

AURA Mortgage Advisors, LLC.
Additional Needs Letter

_____ (date)

Joseph Borrower
123 Borrower Street
Anytown, MA 02345

RE: Mortgage Loan Application Secured by the Property Located at: _____

Dear: _____ (Applicant's Name):

Thank you for your mortgage loan application, which we received on _____ (application date). We have determined that additional information or documentation is required to complete your loan application. In order for us to consider your application complete and make a loan decision, we need to receive the following documents and/or information:

-
-
-

Please do not hesitate to contact me if you would like to discuss this request further.

Sincerely,

_____ (Loan Officer Name)

Loan Officer Phone #
Email address
Fax Number

Loan Processing and Post Application File Review, continued

Completing the Borrower Communication Log

A **Borrower Information Sheet and Communication Log** will be initiated by the Loan Processor after the borrower interview. The communication log is to be used by the Loan Processor to record information concerning customer conversations and the loan application process:

- Summary of borrower communications
- Documentation requests
- Income calculations and supporting information
- Changes to terms or conditions of the loan
- Dates of receipt of requested documentation
- Qualification ratios with information estimated mortgage payment, income and expenses.
- Loan status information
- Any requested Loan Policy exceptions

OFAC Screening

The Office of Foreign Assets Control (OFAC) is a U.S. government agency that maintains a list of names and aliases of individuals, organizations and companies that the U.S. government has classified as potentially dangerous and a potential threat to national security. The U.S. government updates these lists periodically and maintains the blocking program. This requirement falls under the USA PATRIOT Act, the anti-terrorism legislation that was signed into law on October 25, 2001 as a result of the events of September 11.

Each of Aura's approved credit reporting agencies automatically runs OFAC scans matching borrower names, addresses and federal tax ID numbers against the OFAC database of Specially Designated Nationals (SDNs) and Blocked Persons. The results of the scans are stated in the report.

In the event the scan results in a match on the OFAC listing, the loan file should be referred to a Supervisor. The Supervisor will make a determination as to whether or not to go forward. In order to move forward on the application, a determination that the OFAC 'hit' was false is required. A memo referencing the process to determine this and the decision should be placed in the loan file.

Processing the Loan

Introduction Once the Loan Officer completes the initial interview with the applicant(s), the Processor will conduct an initial review of the application and supporting documents, he/she will process the application from this point on.

Processing the application The Mortgage Processor completes the following steps in order to process the mortgage application:

- Enters the application into the Encompass system
- Files copies of the Early Disclosures and the Disclosure Acknowledgement Form
- Obtains the credit report (if not obtained during the interview)
- Orders the appraisal
- Orders the Legal Work (notifies Closing Attorney of anticipated closing/date).

Processing the Loan, Continued

Obtaining Credit Reports	Aura Mortgage requests a Credit Report for each applicant on a mortgage application. Credit reports are obtained through an electronic request from the Encompass system to Advantus Credit Services.
Credit reports And the Fair Credit Reporting Act	<p>Aura adheres to all provisions of the Fair Credit Reporting Act (FCRA). The FCRA, Public Law 91-508. All information received from Credit Reporting Agencies is held in the strictest confidence and will be for the Aura's exclusive use. The information contained in credit reports includes personal financial information about individual consumers and, as such, requires that we treat such information responsibly and take reasonable steps to assure that such Credit reports are not misused. AURA uses the reports to determine the credit history and payment habits of the applicant(s). Information contained in the credit report is verified with the credit application provided by the applicant. Information is recorded in the Encompass mortgage system and uploaded to the loan Application (1003)</p>
Fraud and Active Duty Alerts	<p>Under Provisions of the FACT Act, consumers can add a fraud alert message to their credit reports to help protect their credit information. Fraud alert messages notify potential credit grantors to verify the consumer's identification before extending credit in their name in case someone is using their information without their consent. Active Duty Alerts are available to members of the military who are on active duty. This service is designed to prevent thieves from opening accounts in their names while they are overseas.</p> <p>Note: Credit cannot be denied based on the existence of a Fraud or Active Duty Alert.</p> <p>In order to comply with the Identity Theft and Fraud Alert Provisions of the FACT Act The following procedure will be adhered to:</p> <ul style="list-style-type: none">• The Loan Processor will review the credit report(s) and verify whether there are any <i>Fraud Alerts</i> or <i>Active Duty Alerts</i> on applicant(s) credit.• If a Fraud Alert is found on the credit report, the Loan Processor must call the telephone number indicated to confirm that the person has applied for credit with the mortgage corporation.• The Loan Processor must document the customer conversation and confirm that the person reporting the Fraud Alert has applied for a mortgage loan. If no phone number was provided on the credit report a written letter must be sent to the person(s) who is reporting the Fraud Alert.

Processing the Loan, Continued

Appraisal Reports

Appraisals are ordered for all new mortgage applications as soon as possible, but in all cases within 48 hours of the application date. Appraisals are assigned to one of the Aura-approved appraisal company. An appraisal is ordered by e-mailing the Appraisal Request Sheet to the appraisal company.

Complying with ECOA's provisions regarding Appraisals

Borrowers will be mailed a copy of the appraisal for all loan transactions for which an appraisal report is obtained.

Note: Under the Equal Credit Opportunity Act (Regulation B), Aura Mortgage is required to provide applicants with copies of appraisal reports used in connection with credit transactions upon their request. In order to satisfy this requirement, it is Aura's policy to provide applicants a copy of the appraisal report prior to closing or at the time of closing.

Complying with the Flood Disaster Protection Act

If a collateral property has been determined to be in a special flood hazard zone, flood insurance must be obtained prior to closing. The insurance policy must accurately describe the collateral property, the flood zone code, and list the institution (*Aura Mortgage Advisors, LLC, 56 Warren St. Boston, MA*) as loss payee and indicate the coverage amount as follows: The amount of the flood insurance must be at least equal to the lesser of the **outstanding principal balance** of the loan **or** the **replacement cost value (RCV)**, up to the maximum allowable coverage (generally \$250,000).

Flood Coverage and Condos

The flood insurance amount for a loan on a condominium unit located in a special flood hazard zone must be at minimum the lowest of the following:

- The outstanding balance of the loan(s); or
- The insurable value (replacement cost value) of the unit; or
- The maximum amount of insurance available under the NFIP for this type of property.

The Residential Condominium Building Association Policy ("RCBAP") must include the number of units in the building and its Replacement Cost Value. This information is on the RCBAP declarations page for all new or renewed policies.

Aura Mortgage Advisors, LLC		Revised Date: April 30, 2010
Procedures Manual		
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Making the Loan Decision – Underwriting and Approvals

Preparing the Loan for Submission Prior to submitting the loan to Underwriting for a loan decision, the Loan Processor will ensure that all documentation necessary to make the loan decision is included in the file. All documentation will be organized in the loan file according to the ‘stacking order’ checklist

Completing the Transmittal Form 1008 The Loan Processor will complete the Fannie Mae Transmittal Form 1008. This form provides a summary of all key loan information necessary to make the loan decision, including loan amount, appraised value, purchase price, LTV, CLTV, payment information, housing and total debt ratios.

Documenting Loan Approvals The Loan Processor and/or Underwriter should use the *Underwriting Comments* section of the Transmittal to explain any policy exceptions or unusual issues, such as non-standard income calculations, higher than standard housing or total debt ratios, higher than Standard LTV or CLTV ratios, etc. In addition, any conditions of approval that are not standard conditions already stated on Aura’s Commitment Letter should be listed on the Transmittal in the Underwriter Comments section.

Once the loan decision is made, the Underwriter should sign and date the Transmittal Form evidencing the loan approval. In the event changes to figures stated on the Transmittal are deemed necessary, the changes should be made in Encompass and an updated Transmittal printed, signed and dated by the Underwriter or other AURA approving authority.

Making the Loan Decision – Underwriting Criteria

AURA Mortgage Advisors, LLC. Underwriting Guidelines	
General Requirements	
Ownership Interest	A borrower or borrowers must establish ownership interest in the subject property and become liable for the proposed debt by signing the Promissory Note (security instrument), the Mortgage or Deed of Trust. Generally, borrowers must take ownership of the property in their individual names (not a real estate trust or other entity). Aura will occasionally allow a borrower to close a loan in the name of a trust when this step will perfect Aura's first lien position in the property.
Citizenship	Aura will grant mortgage loans to citizens, and non-citizens who are lawful permanent or non-permanent residents of the United States. Aura will verify and document the borrower's citizenship status as part of the loan process. Exceptions to this policy should be reflected on the Fannie Mae Transmittal in the Underwriting Comments section.
Down Payment (Equity Investment)	<p>Due to the nature of the majority of transactions that Aura originates, it is likely that the borrowers will have limited capacity to provide significant down payment funds toward the property repurchase/refinance. However, because down payment and/or equity investment are factors in overall credit quality, Aura's standard requirement for equity investment by the borrower is 3.5% of the purchase price or \$5,000, whichever is lower. These funds will typically go toward the borrower's closing costs.</p> <p>Exceptions to this policy will be evaluated on a case-by-case basis and approved by the Underwriter or Loan Approval Authority. The Underwriting Comments Section of the 1008 should reflect any exceptions that have been made and consciously approved.</p>
Standard LTV	Aura's standard maximum LTV is 105% of the appraised value of the property. Exceptions to this standard will be made with the consent of management.

AURA Mortgage Advisors, LLC. Underwriting Guidelines	
Qualifying Requirements	
General	Every mortgage loan originated by Aura will be underwritten in order to establish that the borrower has the willingness and ability to repay the debt.
Borrower Repayment Capacity	<p>An analysis of a borrower's repayment capacity will include an evaluation of their ability to repay the debt as structured. We will verify and document the borrower's income, including source, history, and amount.</p> <p>Aura Objectives in Establishing the Client's Stable Monthly Income:</p> <ul style="list-style-type: none">• To help the client to stay in their home (affordability);• To ensure the client has an understanding of what a sustainable housing cost in relation to income is;• To evaluate income in relation to all of the client's expenses (not just the housing payment);• To establish consistency in calculating and documenting income through standards;• To increase the likelihood that loans originated by Aura may be sold on the secondary market (loans of investment quality based on income and repayment /loan seasoning);• To promote low delinquency in the loan portfolio;• To recognize that a client's ability to maintain their home (and the value of their property) is in part related to their income and expenses; <p>The standards that follow are guidelines. Exceptions may be made on a case-by-case basis and should be documented and approved by the Underwriter. In the event an exception is not made, and the situation does not meet the standards for the calculation or the documentation, the income may be used as a compensating factor to offset high housing and/or expense ratios.</p>

AURA Mortgage Advisors, LLC. Underwriting Guidelines	
Qualifying Requirements	
Housing-to-Income Ratio	Aura evaluates the borrower(s) capacity to repay the proposed debt based on a comparison of the borrower's anticipated monthly housing expense (principal, interest, taxes, and insurance) in relation to his or her monthly income. Aura's standard maximum housing to income ratio is 38% of the borrower's stable monthly income.
Debt-to-Income Ratios	<p>Debt-to-income ratio (DTI) is also calculated to assess a borrower's repayment ability. Aura's analysis of a borrower's DTI will include the total monthly housing-related payments and total monthly debt obligations (including all installment and revolving payments). Aura's standard maximum DTI ratio is 50% of the borrower's stable monthly income.</p> <p>Monthly debt obligations that must be included in the DTI calculation include; monthly housing expense (PITI), monthly payments on installment debts that extend beyond 10 months, other mortgage debts, Alimony/Child Support/Separate Maintenance payments, and business debt in the borrower's name. Installment debts that do not extend beyond 10 months may be excluded from the ratio, as long as it is determined that these debts will not affect the borrower's ability to repay the proposed obligation.</p>
Exceptions to Qualifying Ratios	Exceptions to the Housing and DTI standard ratios should be well documented and include a summary of compensating factors that support the exception. The Underwriting Comments Section of the 1008 should reflect any exceptions that have been made and consciously approved.

AURA Mortgage Advisors, LLC. Underwriting Guidelines	
Income Stability, Continuity and Documentation	
General	AURA will follow generally accepted secondary market guidelines with respect to documenting income and employment history. AURA generally requires that a two year stable income and employment history be verified for each borrower.
Salaried/Hourly Income	<p>Aura will obtain two year's W-2's for the most recent two years of employment. In addition, Aura requires paystubs covering the most recent 30 days of income at the time of application. A verbal confirmation of employment will be obtained within 10 days of the loan closing.</p> <p>Current salary or hourly rate used to qualify. Client should demonstrate a two year history (or FT student status). Verify income with recent paystubs and W-2s. For recent or pending raise, verify new hourly rate. Use rate at raise amount as long as raise is effective within next 30 days and is verified.</p>
Overtime Income	Overtime income may be used when there is a history of earning this type of income. Amount used should be based on an average of past year plus year-to-date.
Second Job Income	Income from a second or third job (full time, part time, seasonal) may be used when there is a two year history. Two year average of income should be used. Consider industry and how typical the income source is (medical, trades, military day care, transportation, janitorial, etc.)
Bonus Income	Bonus income may be used when there is a history of earning this type of income. Amount used should be based on an average of past year plus year-to-date. Likelihood of continuance should also be verified.
Commission Income	Commission income may be used when there is a history of earning this type of income. Amount used should be based on an a two year average. If commissions have been variable, a three year history and average should be used. Federal Tax Returns (1040's) should be used to verify/document.
Contract Income	Contract income may be used when there is a history of earning this type of income. Amount used should be based on a two year average. Tax Returns should be used to verify income and any associated expenses (1040's Schedule C/1099s).

AURA Mortgage Advisors, LLC. Underwriting Guidelines	
Income Stability, Continuity and Documentation	
Non-Owner Occupant Income	It is not acceptable to add a non-owner occupant for qualification purposes.
Boarder Income	Can use when reasonable and can be verified. Document 12 months receipt of boarder income through tax returns or canceled checks.
Alimony/Child Support/Sep Main	Alimony, child or separate maintenance income must be verified through a three-month history of receipt is required and must be documented. In addition, documentation that the income will continue for at least three years should be obtained.
Foster Care Income	<p>Income received from a state- or county-sponsored organization for providing temporary care for one or more children may be considered as acceptable stable income if the following documentation is obtained:</p> <ul style="list-style-type: none">• Document that the borrower has a two-year history of providing foster-care services;• Verify that the borrower is likely to continue to provide such services at a level that supports the amount of income being used to calculate stable monthly income;• Letters of verification from the organizations providing the income, and<ul style="list-style-type: none">○ Copies of the borrower's signed federal income tax returns; or○ Copies of the borrower's deposit slips or bank statements confirming regular deposit of the payments.
Food Stamps	<p>NSP: Food Stamp can be used to offset the total expense ratio.</p> <p>AURA: Food Stamps and other public assistance income may be used in the qualification, provided a two year history of the income and the likelihood of continuance for the next three years has been documented.</p>
Social Security Income	<p>Document regular receipt of payments, as verified by:</p> <ul style="list-style-type: none">• A copy of the Social Security Administration's award letter,• Copies of signed federal income tax returns• IRS W-2 forms, or copies of the borrower's recent bank statements. <p>If the Social Security benefits have a defined expiration date, confirm that the remaining term is at least three years.</p>

AURA Mortgage Advisors, LLC. Underwriting Guidelines

Income Stability, Continuity and Documentation

Retirement Income

Document regular and continued receipt of the income, as verified by:

- Letters from the organizations providing the income or copies of retirement award letters, or copies of signed federal income tax returns
- IRS W-2 or 1099 forms; or copies of the borrower's two most recent bank statements.

If retirement income is paid in the form of a monthly distribution from a 401(k):

- IRA, or Keogh retirement account, determine whether the income is expected to continue for at least three years.

Maternity Income

Income for a borrower who is on maternity leave may be calculated based on their post-maternity salary/hourly rate provided the client provides verification from their employer of their intended date of return as well as their salary/hourly rate upon return.

Military/Combat Pay

Military personnel may be entitled to different types of pay in addition to their base pay. Flight or hazard pay, rations, clothing allowance, quarters' allowance, and proficiency pay will be considered acceptable sources of Income sources of stable income, as long as we can establish that the particular source of income will continue to be received in the future.

Income paid to military reservists while they are satisfying their reserve obligations also is acceptable if it satisfies the same stability and continuity tests applied to other types of second job income.

Cash-Based Income

Must be verifiable (reported on 1040's). Two year average used to qualify. NSP: May use cash-based income to reduce total expense ratio. Income must be verified in a reasonable manner (also see Self-Employed Borrower section of this guide).

AURA Mortgage Advisors, LLC. Underwriting Guidelines

Income Stability, Continuity and Documentation

Self-Employed Borrowers

Applicants who own a 25 percent or greater share of a business are considered self-employed. In general, a two year plus year-to-date average of business income will be used for qualification purposes. A three year average should be used for businesses that are seasonal in nature or for businesses that have experienced significant volatility in gross receipts and/or net income.

Cash Receipts: Business income received by cash receipts must be documented through the tax returns (claimed as income on the return).

Adding Back Expenses: In some cases, specific expenses may be added back to the business income in order to qualify the client. The rationale and any supporting documentation demonstrating why the expense should be added back to income must be included in the NSP/AURA loan file: For example, depreciation expense may be added back since it is an accounting adjustment versus an actual 'out-of-pocket' expense. A second example would be a one-time, non-recurring business expense that can be proven not to be recurring.

Income Documentation: A copy of the most recent two years' personal tax returns, including all schedules evidencing income and expenses related to a borrower-owned business will be required. For loans taken after the first quarter of a new tax year, a Year-to-Date Profit and Loss Statement should also be provided. The grid below highlights the basic documentation required for each type of business structure a borrower might own.

AURA Mortgage Advisors, LLC. Underwriting Guidelines

Income Stability, Continuity and Documentation

Self Employed Borrowers (Continued)

Specific Tax Returns and Related Schedules Required for Documentation:

Type of Business	Required Schedules	Line # (Individual Tax Return)
Interest or Dividend Income	Schedule B	8a, 8b, 9a, 9b
Sole Proprietorship	Schedule C	12
Capital Gains	Schedule D	13
Corporations	W-2's Tax Returns	7
Partnership	Schedule E, K-1, and Partnership Returns	17
LLC	Schedule E, S-Corporate Returns, K-1	17
Sub-S Corporation	Schedule E, S-Corporate Returns, K-1	17
Income from Real Estate	Schedule E (when available for validation purposes), Leases or Tenant-at-Will Letters	17

In order for income to be utilized in the qualification process, the income must be properly documented with the appropriate schedules above.

Rental Income *

The guidelines for calculating income from rental units are outlined below and on the following page. They represent Aura's general standards. Actual calculations may vary and will be explained and documented in the loan file.

Rental income may be used in the qualification of a borrower who is purchasing a 2-4 unit property. Standards for including rental income in client qualification will differ depending on three key factors:

1. Section 8 Program Participation by Tenant(s)
2. History of the Homeowner managing rental units/tenants;
3. Number of units in the property

Section 8 Voucher Program Tenants: 90% of monthly rental income will be used for qualification as long as there is a minimum 12 month history of the tenant receiving Section 8 assistance. 75% of the rental income will be used for Section 8 Tenants who have less than a 12 month history. The tenant's intent to continue to rent the unit will be documented through lease or TAW Letter.

* New procedure as of 6/1/2010

AURA Mortgage Advisors, LLC. Underwriting Guidelines

Income Stability, Continuity and Documentation

Rental Income * (continued)	<p>Non Section 8 Tenants: <u>3-Family Property</u>:</p> <ul style="list-style-type: none">• 1 Unit Rented consistently for 12 months or longer: 50% of rental income may be used for qualification.• 2 Units rented consistently for 12 months or longer: 75% of rental income may be used for qualification. <p>Erratic rental history or lack of rental history: 25% of rental income may be used for qualification.</p> <p><u>2 Family Property:</u></p> <ul style="list-style-type: none">• Rental unit consistently rented: Up to 75% of rental income may be used for qualification. <p>Rental unit with erratic or no rental history: 10% of rental income may be used for qualification.</p>
Non-Taxable Income	<p>Special consideration should be given to non-taxable income, such as social security benefits, disability retirement, worker's compensation, public assistance, child support, etc. The income should be verified as being non-taxable (and the continuance of its non-taxable status confirmed). An 'adjusted gross income' figure based on 125% of the non-taxable income amount may be used for qualification purposes.</p>

* New procedure as of 6/1/2010

AURA Mortgage Advisors, LLC. Underwriting Guidelines

Collateral Documentation Requirements

General	<p>The loan-to-value ratio of the property is calculated using the purchase price. The majority of loans that AURA originates are for the purpose of helping a homeowner stay in their home within the community. As a result, the purchase price for the property will in many cases be lower than the property's actual value. A current Homeowner's Insurance Policy or Condominium Unit Policy must be obtained for all properties prior to closing.</p>
Purchase Transactions	<p>In order to ascertain the property value, AURA requires that a copy of the Executed Purchase and Sales Agreement be included in the loan file. In addition, AURA will require that a Residential Real Estate Appraisal be conducted by a licensed appraiser. The report provided by the appraiser must meet standard secondary market appraisal standards and be signed by the licensed appraiser. An original copy of the report should be retained in the loan file.</p> <p>A current Smoke Detector Certificate must be obtained prior to closing. The client must obtain the Smoke Certificate as a current certificate is required for all Purchase Transactions prior to the loan closing.</p>
File Documentation Refinance Transactions	<p>The property value for refinance transactions will be calculated based upon the property's appraised value. The report provided by the appraiser must meet standard secondary market appraisal standards and be signed by the licensed appraiser. An original copy of the report should be retained in the loan file. A Rescission Period and Rescission Notice is required to be provided for all Owner-Occupied Refinance Transactions.</p>
File Documentation for Construction-Rehabilitation Transactions.	<p>Occasionally, Aura will originate a loan that include construction/rehabilitation financing. In these cases, the borrower will provide detailed plans and associated builder/contractor costs for the work to be done. This documentation will be provided to the real estate appraiser in order for the final estimate of value to be calculated. The real estate appraiser will calculate the 'subject to repairs' value. In the event the property's value supports the requested loan amount without repairs, the as is value will be used and an updated value will not be required.</p> <p>Aura will approve the construction /rehabilitation advance schedule for the transaction prior to closing. The Advance Schedule will provide a schedule of work to be completed, costs, and target date. The Aura Mortgage Closing/Quality Control Specialist will maintain the Advance Schedule and notify the NSP Property Specialist when work has been completed. The Property Specialist will inspect the work, take photos of work completion and approve advances based on the items complete and the quality of the work. A copy of the Advance Schedule Form to be used to document and manage this process can be found on page 51.</p>

Collateral Documentation Requirements, Continued

Construction- Rehabilitation Transactions

Advance Schedule

AURA Mortgage Advisors, LLC
Property Repair, Inspection and Advance Schedule

Date:	
Property to be Inspected:	
Owner/Borrower Name(s):	
Owner/Tenant Contact # and email Address:	
Contractor(s):	
Contract Attached?	
Contractor License and Proof of Insurance Obtained (attached)?	
NSP Inspector:	
Total Contract Amount:	\$
Targeted Completion:	
Checks to be payable to:	

Property Repair/Rehabilitation Schedule

Description of Repair	Inspection Request Date/By (initials)	Date of Inspection	Amount to be Advanced	Advance Approved (Y/N)	Comments (satisfactory/unsatisfactory, etc.)	Inspector's Initials
Total Repairs			\$			

Aura Mortgage Advisors, LLC. Underwriting Guidelines

Credit History and Documentation Requirements

General	<p>Aura requires that a credit report be obtained for each mortgage loan applicant. The credit information must be based on information obtained from the national credit repositories. Non-traditional credit history documentation will be allowed on a case-by-case basis. Such documentation (such as copies of utility bills) may be necessary when an applicant does not have sufficient credit to enable the development of a credit score or does not use the type of credit that is reported to credit repositories.</p> <p>Each credit report must include both credit and public record information for each applicant. A seven year history of credit and public record information (judgments, foreclosures, bankruptcy proceedings, tax liens) should be considered in the credit analysis process.</p>
Credit Score	<p>Most of Aura's loan customers have experienced financial difficulty and, in many cases foreclosure. Aura has not established a minimum required credit score. However, a detailed review of each applicant's credit history in conjunction with their individual circumstances is completed.</p>
Adverse Credit Remediation	<p>Applicants who have significant outstanding obligations will be required to establish and a plan for the resolution of these accounts.</p> <ul style="list-style-type: none">• Accounts reported as Charged Off with a zero balance on the credit report should not be carried in the debt ratios.• Accounts reported as Charged Off, Closed or in Collection should be included in the debt ratio using 3% of the balance as a payment amount.• Auto Re-Possession accounts should be carried as an obligation. Documentation showing the repayment terms should be provided. The credit report may be used as verification of repayment terms. Care should be taken to ensure that the balance owed reflects the reduction of the repossessed automobile's value.• Student Loan accounts reported as in collection must be under a repayment plan. The terms of repayment must be documented (even if the loan is presently in deferral) and will be carried in the debt ratios.• Unpaid/Past Due Utility Accounts should be paid in full prior to or at the closing. <p>When appropriate, a client may be referred to Consumer Credit Counseling Services or credit coaching services for debt management purpose.</p>
Tax Liens and Judgments	<p>Generally, Aura requires that all tax liens, mechanics liens and judgments be paid prior to closing on the mortgage transaction. This is particularly important in cases where the lien could disrupt Aura's lien position on the subject property. If a payment plan has been negotiated with a lien holder, this may be acceptable as long as the payment is carried in the DTI Ratio.</p>

Aura Mortgage Advisors, LLC. Underwriting Guidelines	
Credit History and Documentation Requirements	
Foreclosure	In the event of a foreclosure, Aura will work with the borrower(s) to document the hardship circumstances that lead to the foreclosure.
Chapter 7 Bankruptcy	Debts formally discharged through a finalized bankruptcy proceeding will not be carries in the debt-to-income ratios. The credit report will typically disclose which debts have been discharged and therefore may be use as evidence of the discharges. In the event the credit report does not reflect all discharged debts, a copy of the bankruptcy papers will be required to document which debts have been formally discharged.
Chapter 11 and 13 Bankruptcy (Reorganizations)	Chapter 11 and Chapter 13 Reorganizations result in formalized payment schedules for debt. Therefore, in these cases, a copy of the bankruptcy papers will be required to document the payment requirements.

Making the Loan Decision – Denials and Counter-Offers

- Introduction** In the event an application does not meet Aura’s underwriting criteria, the Underwriter will determine whether a Counter Offer or Denial is warranted. In the event the loan is denied, an Adverse Action Letter must be sent to the applicant(s) within 30 days of the application date.
- Second Review** Aura utilizes a second tier review process to review any loan denials or counteroffers in order to ensure that all possible solutions have been evaluated prior to denial. The person conducting the second tier review must also have loan approval authority.
- Adverse Action Letter** Regulation B and the Fair Credit Reporting Act include provisions related to applicant notification of Adverse Action. In the event a loan application is denied based on the initial and second tier review, the Loan Officer prints out the **Adverse Action Letter** from the *Encompass System*. The Adverse Action letter outlines the reasons for the denial of credit. All reasons for the denial must be noted on the adverse action.
- A copy of the Adverse Action Notice is printed. However, the Adverse Action Notice should not be mailed to the applicants until a face-to-face meeting or telephone conversation informing the applicants of the decision and the underlying reasons for the denial. The purpose of this phone call or meeting is to ensure that no Aura applicant receives negative notice without the benefit of being able to ask questions and gain an understanding about the loan decision.
- Counter-Offers** In the event a counteroffer is determined to be necessary, the Loan Officer will contact the applicant(s) via face-to-face meeting or telephone conversation to inform them of the loan decision and determine whether the applicants would like to proceed. In the event the applicant declines the counteroffer, an Adverse Action Notice must be sent, informing the applicants that their original loan request has been denied.

Adverse Action Notice

[illegible]

- ECOA (Regulation B) and the FCRA include provisions related to applicant notification of Adverse Action. Under Regulation B, the loan applicant(s) must receive notification of a loan decision, whether approval or denial, within thirty days of the application date. The regulation also stipulates certain disclosures and information that must be included in the form (such as; reason(s) for denial, names and addresses of the regulatory agencies that oversee Aura with respect to Regulation B).
- The FCRA also includes provisions related to any adverse action that occurs in whole or in part as a result of any information from the credit report.

Pre Closing-Preparation and Review

Clearing Approved Loans to Close

Once a loan has been approved, the next step for the Loan Processor is to inform the Closing Attorney that the loan has been cleared to close. Since Aura makes every attempt to close loans quickly, this step should be taken within 24 hours of the loan approval. The *Cleared-to-Close Worksheet* should be completed, reviewed and faxed to the closing attorney at this time. This worksheet provides the Closing Attorney with final and accurate figures for the closing documents (in particular the HUD-1 Settlement Statement). It also details any at closing conditions (such as the Smoke Certificate and Hazard Insurance Binder) that must be collected and reviewed by the Closing Attorney.

Aura Mortgage Advisors, LLC.

Request to Close			
Closing Date:			
Borrower(s):			
Property Address:			
Property Type:			
Purchase Price (including NSP Acquisition cost and Capital Reserve):			
Mortgage Loan Amount:			
Term/Type Loan	30 Year Fixed Rate	Interest Rate	%
P&I Payment		Per Diem Cost:	\$
First Monthly Payment Due Date:			
First Bi-Weekly Payment Due Date:			
Documents to be collected at closing:		<input checked="" type="checkbox"/> Smoke Certificate <input type="checkbox"/> <input type="checkbox"/>	
Documents attached to this notification:		<input checked="" type="checkbox"/> Original GFE	
Documents to be sent through Encompass' Secure Transmission Date to be sent:		<input checked="" type="checkbox"/> Final TILA Disclosure <input checked="" type="checkbox"/> Itemization of Costs <input checked="" type="checkbox"/> Initial Escrow Account Disclosure <input checked="" type="checkbox"/> Final Application	
Special Instructions		<input type="checkbox"/> Record Shared Appreciation Mortgage (borrower's share %)	

Please forward Seller documents to Judy Pfeffer: jpfeffer@auramortgage.com

Kathy Schreck
Processor
Office 617-933-587

AurarequesttocloseREV3-25-10

Pre Closing, Continued

Earliest Possible Closing Date

The Truth-in-Lending Act requires that applicants be given a minimum of seven business days from the date the Early Disclosures (GFE and TILA disclosures) are hand-delivered or mailed to the applicants in order to close on the loan. The *Cleared-to-Close Worksheet* calls for the determination of the Earliest Possible Closing Date based on this regulatory wait period requirement.

In addition to the seven day wait period rule, any lender must re-disclose the TILA and GFE to the borrowers if the APR on the loan changes by more than 1/8th of one percent from the APR disclosed on the initial TILA Disclosure. In the event this happens, we must wait a minimum of three business days* from the date the borrowers receive the new disclosures in order to close. The Earliest Possible Closing Date stated on the *Cleared-to-Close Worksheet* must reflect compliance with the seven day wait period rule and, when applicable, the three day re-disclosure rule.

Assembling the Aura Closing Package

Aura Mortgage Advisors, LLC. as well as the Closing Attorney have several forms and disclosures to prepare for the loan closing. Aura prepares the following documents for the loan closing.

- Final Truth-in-Lending Disclosure
- Initial Escrow Account Disclosure

Pre Closing, Continued

Final Truth-in-Lending Disclosure

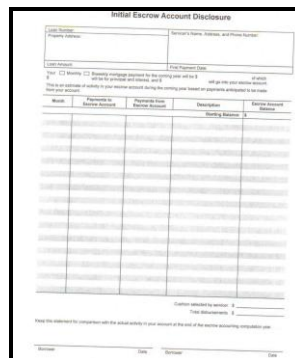
Aura prepares the Final Truth-in-Lending Disclosure Statement. This Disclosure must accurately reflect the APR (which includes all pre-paid finance charges such as points, processing fees, courier fees, and odd-days interest). In the event the APR changes from the initial TILA disclosure by more than $1/8^{\text{th}}$ of 1 percent. The borrower must receive a corrected disclosure prior to the closing. The Truth-in-Lending Act includes wait time provisions in the event the APR does change from the initial disclosure. A closing cannot be scheduled until three days after the borrower has received the disclosures. In the event the revised disclosure is sent by mail, Aura must presume a mailing/delivery time of three business days (in these cases, we must wait to close the loan until the sixth business day after the disclosures are mailed).

Escrow Accounts and the Initial Escrow Account Disclosure

RESPA requires that aggregate escrow account analysis be conducted prior to establishing an escrow account. This analysis must take all escrow items into consideration to ensure that the established account cushion is not exceeded during the coming calendar year.

RESPA also requires that any borrower for whom an escrow account is established be provided with an *Initial Escrow Account Disclosure Statement* within 45 days of the establishment of the escrow account. Aura provides this disclosure at the time of closing.

The Loan Processor prepares this disclosure prior to closing by inputting escrow account information into the *Encompass System*, including taxes, insurance or HOA payment dates and monthly escrow amounts. The Loan Servicing Manager should be provided with a draft copy of the form to ensure that it meets the loan servicing area's requirements.



The form is titled "Initial Escrow Account Disclosure". It contains several sections for data entry. At the top, there are fields for "Loan Number", "Property Address", "Servicer's Name, Address, and Phone Number", and "Loan Processor Name". Below these is a section for "Escrow Items" with a table that has columns for "Item", "Description", "Frequency", "Amount", "Due Date", and "Escrow Account Number". The table is currently empty. At the bottom of the form, there is a section for "Comments" and a signature line for the "Loan Processor".

Pre-Closing, Continued

Aura Review of Attorney Closing Documents Prior to Closing

It is Aura's standard practice to review the final closing documents that are prepared by the closing attorney prior to closing. These documents include:

- Loan Note
- Mortgage
- HUD1(a) Settlement Statement
- Bi-Weekly Payment Agreement
- Riders (when applicable)
- USA Patriot Act Form
- Signature/Name Affidavit
- Lead/Smoke/UFFI Indemnification
- Lead/Smoke UFFI Combined Certification

All closing documents prepared by the Closing Attorney should be reviewed for completeness and accuracy at least 24-48 hours prior to the scheduled closing. The checklist depicted on page 39 should be used as a *Quality Control Tool* to ensure the attorney-prepared closing documents are reviewed by Aura. The reviewer should evaluate each form for completeness and accuracy in relation to the transaction.

Signature lines for the Aura representative and the Closing Attorney are included to demonstrate that the review has taken place.

Special attention should be given to ensure that the HUD-1 reflects correct fees and all required disclosures. Fees on the final HUD-1 should match those fees disclosed on the initial (or any subsequent revised) Good Faith Estimate Disclosures. Any fee differences should be approved by a Supervisor and should be checked against regulatory limitations that dictate maximum tolerances for fee adjustments.

In the event a borrower is charged a fee in excess of the required RESPA tolerances, all efforts will be made to provide the borrower with a credit in the amount of the overage at the closing. In all cases, appropriate refunds will be mailed to the borrower within 30 days of the closing date. The At Closing Document Checklist is a tool that is completed by the Processor and/or Closing Coordinator to ensure that the Closing Attorney completes the necessary forms at closing.

Pre-Closing, Continued

At Closing Documentation Checklist

Aura Mortgage Advisors, LLC.
At Closing Documentation Checklist

Borrower(s): _____

Closing date: _____ **Time:** _____

Property Address: _____

_____ HUD-1/HUD-1A Settlement Statement

_____ Executed Note and Riders

_____ Executed Mortgage and Riders

_____ Executed Bi-Weekly Payment Agreement

_____ Auto Debit Authorization Form

_____ Title Commitment/Title Policy

_____ Survey or Survey affidavit

_____ Escrow Authorization and Agreement

_____ Compliance Agreement

_____ Signature/Name Affidavit

_____ Lead Paint, Smoke Cert and UFFI Indemnification

_____ Tax Certification & Executed W-9

_____ USA Patriot Act Form

_____ Executed Final Loan Application (1003)

_____ Truth-In-Lending Act Disclosure (final)

_____ Other: _____

_____ Other: _____

N/A _____ Contract for Construction/Rehab Agreement (when applicable)

_____ Closing Attorney _____ Date _____

_____ Processor _____ Date _____

Pre-Closing, Continued

Refinance Transactions and Rescission Periods

Introduction In compliance with Truth-in-Lending Act provisions, Aura Mortgage observes the three business (3) day right of rescission before funding an owner-occupied mortgage refinance transaction.

Right of Rescission Regulation Z – Truth in Lending specifies that customers who use their home for collateral on a loan have a three (3) business day right of rescission if he/she chooses to, without penalty from the lending institution. This means that the customer may terminate the loan no later than midnight of the third business day from the closing date by returning and signing the **Notice of Right to Cancel**. This is intended to give consumers enough time to reconsider the potential consequences of using a home to secure a loan.

The Closing Attorney shall prepare the Right of Rescission Notice and have each of the borrowers sign as applicable.

Note: The Right of Rescission is not applicable for purchases of new homes, investment properties, or second homes..

Post-Closing

Post Closing Receipt of Loan File

The closing attorney will make every effort to return the final, executed loan closing documents within 3 business days of the closing. Recorded documents will be provided as soon as they are returned from the Registry.

Servicing Department Handoff

The Closing/Quality Control Coordinator will provide the Loan Servicing area with a copy of the Note, Mortgage, Initial Escrow Disclosure Statement, Bi-Weekly Payment Agreement and HUD-1 Settlement Statement as well as any checks provided by the Closing Attorney.

A Loan Servicing Handoff Worksheet for each closed loan is provided to the Controller in order to ensure that the loan is properly accounted for and all proceeds and checks are properly applied. *

AURA Mortgage Advisors, LLC. Loan Servicing Handoff Sheet			
Borrower Name(s):	Closing Date:		
NSP Purchase Price:	X	1.25%	= \$
Acquisition Cost	+		\$ 2,000.00
Carrying Cost (if applicable)	+		\$
Capital Reserves	+		\$
Allowance for Closing Costs	+		\$
TOTAL Sales Price Amount:	=		\$
GFE Tolerance Reimbursement (if applicable):			
NSP Sales Price:			\$
Closing Cost Credit (if applicable)	+		\$
Mortgage Loan Amount:			\$
Total Proceeds to NSP			\$
Other Adjustments (credits or debits)	+/-		\$
Other Adjustments (credits or debits)	+/-		\$
Net Proceeds (should match figure on line 603 of HUD page 1)	=		\$
Closing Cost Summary: Closing Attorney Name: <u>Stechanic A. Petty, Esq</u>			
Cash brought to closing by Borrower:			\$
Payments/Reimbursements to be made to Closing Attorney:			
Lender's Title Insurance (HUD Line #1101):			\$
Owner's Title Insurance (HUD Line #1103):			\$
Govt Recording Charges (HUD Line #1201):			\$
Mass Transfer Taxes (HUD Line #1208):			\$
Other:			\$
Total Check to Attorney:			\$
NSP Closing Costs:			
Point %:			\$
Processing Fee:			\$
Appraisal:			\$
Credit Report:			\$
Flood Determination:			\$
Other:			\$
Pre-Paid Interest:			
Initial Hazard Escrow: ___ mos @ \$ ___/mo			\$
Initial Tax Escrow: ___ mos @ \$ ___/mo			\$
Initial HOA Escrow ___ mos @ \$ ___/mo			\$
Aggregate Escrow Adjustment (\$0 or -\$)			\$
Total Closing Costs:			\$
Other Adjustments (credits or debits):			\$
Seller Closing Cost Credit (if applicable):			\$
Net Closing Costs:			\$
Net Closing Costs \$ _____ + Cash From Borrower: \$ _____ = Cash Disbursements: \$ _____			

* New procedure as of 6/1/2010

Final File Order

The Closing Manager will organize the loan file according to the 'file order' listed on the Post Closing Checklist. A checklist should be completed for each new loan within 10 business days of loan closing/disbursement.

Post-Closing, continued

Internal Post Closing Review

An internal post-closing quality review will be conducted by the Quality/Closing manager on all closed loans within 30 days of the closing. This review will include, at a minimum:

- HUD-1 Settlement Statement Comparison with GFE
- Final TILA review for accuracy of all disclosures with emphasis on APR accuracy and inclusion of all required prepaid finance charges.
- Confirmation that Early Disclosures and at application disclosures were provided in a timely manner (at application or within 3 days of the established application date).
- Note (to ensure accuracy of closing date, first payment due date, maturity date, borrower's names/signatures, payment amount, witness signature etc.)
- Mortgage (to ensure accuracy of closing date, maturity date, property address correct and same as title/title policy, borrower names/signatures, etc.)
- Bi-Weekly Payment Agreement (to ensure accuracy of closing date, first bi-weekly payment due date, first monthly payment application, borrower's names and signatures, etc.).
- Title insurance policy to ensure borrower's names, property address, coverage, and acceptable title is insured.
- Shared Appreciation Note and Mortgage to ensure accurate buyer names, dates, maturity dates, and accurate statement of buyer/lender share in appreciation is stated.
- Registry check to ensure that the subject mortgage and the shared appreciation mortgage have been properly recorded.

The Closing/Quality Control Coordinator will utilize the Documentation and File Order Checklist as well as the Key Document Checklist depicted on the next page.

Any findings will be identified and stated on the Post Closing Findings Report. Any findings requiring corrective action will be reported to management at the close of each month. Findings will be monitored and should be resolved within 30 days of the review.

Post-Closing, continued

AURA Mortgage Advisors, LLC.
Post-Closing File Order Quality Control Performed By: _____

Borrower Name(s): _____ Closing Date: _____

Document - Closing Documents	REC	N/A	Document - Credit/Collateral Documents	REC	N/A
File Order /Q.C Checklist			Additional Needs Letter (if applicable)		
HUD-1/HUD-1A Settlement Statement			Commitment Letter		
Final, Executed Application			Rate Lock Disclosure		
Closing Notification Worksheet (Cleared to Close Attorney Instructions)			Borrower Communications Summary		
Final Truth-in-Lending Disclosure			Final Fannie Mae Transmittal (1008)		
Remission of Closing Costs (GFE Addend)			Original Loan Application (completed, signed, dated)		
Initial Escrow Disclosure Statement			Verbal Confirmation of Employment (prior to closing)		
Executed Promissory Note and Riders (photocopy in file/original stored)			Income documentation (Paystubs, W-2's, Tax Returns, VOE's, Leases)		
Executed Mortgage and Riders			Credit Report(s) and any debt repayment plans/letters if applicable		
Condo Riders (if applicable)			Asset verification (bank statements, VOD's, etc.)		
Quitclaim Deed			Other Borrower documentation (Divorce Decrees, etc.)		
Executed Bi-Weekly Payment Agreement			Signed Disclosure Acknowledgement		
Title Commitment/Title Insurance Policy and Plot Plan			Original TILA /GFE Disclosures& any disclosures resent after initial		
Municipal Lien Cert/Mechanic's Lien Cert/Seller's Affidavit			Copy of Early Bi-Weekly Payment Disclosure		
Important Information Re: Payment for Real Estate Taxes (Escrow Agreement)			Copies of other signed, retained disclosures		
Compliance Agreement and Signature/Name Affidavit			Flood Zone Determination		
Owner Occupancy Affidavit/Agreement			Appraisal Report		
Certificate of Non-Foreign Status/USA Patriot Act Disclosure			Purchase and Sales Agreement (NSP and Borrowers)		
Lead Paint, Smoke/Carbon Monoxide Cert and UFFI Combined Certification and Indemnification Agreement			Offer to Purchase/NSP HUD-1		
Auto Debt Authorization Form			Condo Docs (60, Unit Deed, Evidence of Insurance, HOA Policy, Association Doc (Master Deed, Bi-Laws, Survey, Budget)		
Tax Certification & Executed W-9			Other:		
Contract for Construction/Rehab (if appl)			Other:		
Current Homeowners Policy/Blender Evidencing Home Insurance					

Comments: _____

Follow-up needed? Yes/No (circle one): List items necessary to complete/correct file below: _____

Reviewer Signature: _____ Date: _____ REV 2-18-2010

Document - Closing	REC	N/A	Document - Credit/Collateral	REC	N/A
CLOSING DOCUMENTS			BORROWERS DOCUMENTS		
File Order /Q.C Checklist/Key Doc Checklist			Additional Needs letter (if applicable)		
Servicing Handoff Sheet			Commitment Letter		
HUD-1/HUD-1A Settlement Statement			Rate lock Disclosure		
Final, Executed Application			Commitment Letter		
Request to Close Form (to Closing Attorney)			Borrower Communications Summary		
Closing Document Checklist			Final Fannie Mae Transmittal (1008)		
Final Truth-in-Lending Disclosure			Original Loan Application (completed, signed, dated)		
Remission of Closing Costs (TILA)			Verbal Confirmation of Employment (prior to closing)		
Initial Escrow Disclosure Statement			Income documentation (Paystubs, W-2's, Tax Returns, VOE's, Leases)		
Executed Mortgage/Note and Riders			Credit reports		
Condo Riders (if applicable) and/or 1-4 Rider (for income generating prop)			Credit Reports and any debt repayment plans/letters		
Quitclaim Deed			Asset verification (bank statements, VOD's, etc.)		
Executed Bi-Weekly Payment Agreement			Other Borrower documentation (Divorce Decrees, etc.)		
TITLE/COMPLIANCE			Signed Disclosure Acknowledgement		
MUC/ Title released docx/ title policy/ non-foreign cert/ dec homestead /Seller's Affidavit			Signed Disclosure Acknowledgement		
Important Information Re: Payment for Real Estate Taxes Form AND Agreement re: Real Estate Taxes and Utilities			Original TILA /GFE Disclosures& any disclosures resent after initial		
Compliance Agreement/ USA			Print out Confirming HPML status		
			Bi-Weekly		
			Copy of Early Bi-Weekly Payment Disclosure		
			Copies of other signed, retained disclosures		
			APPRAISAL DOCS		

Third Party Post-Closing Review

In addition to the internal review of each closed loan, a comprehensive review of 25% of closed loans will be reviewed by a third party for quality, regulatory compliance and adherence to Aura's Policies and Procedures. This review will be conducted monthly within 60 days of month-end. A report will be developed highlighting findings, recommended corrective actions, if applicable and trend information concerning cumulative findings. The report will be provided to management within 10 days of the completion of the review.

The Closing Manager will review and respond to the report, highlighting planned action steps, within two weeks of the date of the report. All corrective actions should be received and documented for follow up review within 30 days of the report date.

Loan Servicing Procedures

General

Aura strives to have a smooth customer transition at every phase of the process, including the transition from the loan closing to the loan servicing stage. The Loan Servicing Handoff Worksheet that is depicted on page 62 of this guide is utilized for every closed loan. *

This sheet is provided to the Controller in order to ensure that the loan is properly accounted for and all proceeds and checks are properly applied. A copy of the worksheet is also retained in the loan file.

Payment Processing and Collections

In order to help clients succeed in their new mortgage, Aura mortgage payments are required to be made by ACH, are debited on a bi-weekly basis and are set up to be coincident with the client's salary deposits. Since the standard loan documents Aura issues are for a 30 year fixed rate mortgage, the bi-weekly payments offer the client the opportunity to either pay down the principle balance more quickly, or make contributions to a separately held Capital and Emergency Reserve Account which can be accessed throughout the life of the loan for capital repairs to the property or during a times of financial distress (see below).

Payment Timing and Setup

Aura's Loan Booking Procedures are begun with the *Loan Servicing Handoff Sheet* contained on page 62 of the Procedures Manual. A transmittal memo specifying the date of first payment and timing of future payments is sent along with an ACH Authorization Form completed and signed by the borrower. This form also provides information on the Aura escrow accounts to be established and funded. In addition, information on the NSP held Capital and Emergency Reserve account are provided for future reference.

* New procedure as of 6/1/2010

Aura Mortgage Advisors, LLC Procedures Manual		Revised Date: April 30, 2010
Title:	<i>Originating Mortgage Loans</i>	Page 66 of 76

Loan Servicing Procedures, continued

Client Support and Planning for Success

One of Aura Mortgage's goals is to help clients improve their credit scores and credit and financial management skills. Towards this end, we provide ongoing credit monitoring and counseling. This support is provided through the procedures and programs below.

Client Communications

Aura Mortgage communicates with clients throughout the year. These communications focus on keeping clients on track with their payments and with improving their financial management skills. Examples of these communications include those described and depicted below:

Post Closing Calendar

A personalized thank you note and payment calendar are sent to each borrower within 2 weeks of closing.

Dear Client,

On behalf of Boston Community Capital and Aura Mortgage, I would like to tell you how happy we are to be a part of this joyous occasion for you and your family. We look forward to a long and personal relationship with all of you in the years ahead. We know that the recent hardships you've experienced have been difficult and draining. We sincerely hope you see this as a new beginning. We at BCC and Aura are more than simply your mortgage lender; we are part of your community and are working to improve our neighborhoods and quality of life. Please call us anytime—if problems arise or just to let us know how you are doing. We'll keep in touch with you through the year to let you know about our work and your mortgage.

Enclosed please find a calendar which marks the dates of your first three months of payments. We hope this will serve as a reminder for you. Please feel free to call us with any questions.

Best of luck,

Loan Servicing Procedures, continued

Third Payment Reminder The bi-weekly payment schedule required by our mortgage products requires three payments during 2 months each year. Reminders with a quarterly calendar are sent during the month prior to each of the “3rd payment” months.

Dear Ms. _____,

This is a reminder that your mortgage requires three payments during the month of June. This is based on your payment schedule outlined in your mortgage documents.

Please see the enclosed calendar which highlights your payment dates for the next three months.

If you have any questions regarding your payments or payment schedule, please contact your loan officer.

Sincerely,



Patricia Hanratty
President
Aura Mortgage Advisors

Residential Tax Exemption In January, new clients are reminded of their ability to file for a residential tax exemption which will lower their annual real estate assessment.

Periodic Seminars & Events A variety of events and financially oriented seminars are planned for clients including car buying and financing education, planned savings and budgeting programs, energy savings and efficiency programs, etc.

Loan Servicing Procedures, continued

Credit Coaching

Aura has developed relationships with several non profit credit counseling and coaching agencies. Clients are evaluated on a regular basis to determine if referral to one of these agencies is merited. If a referral is recommended, the Loan Officer meets with the client and the agency to provide an introduction and any information which may be needed.

Loan Servicing Procedures, continued

Credit Monitoring, Review and Rating Process

Aura reviews each client's performance on an annual basis and completes an *Annual Credit Review* for each account.

The Credit File Memo is done within 45 -90 days of the anniversary date of the first payment due date. The following steps are completed as part of the review:

- Generate and analyze an updated credit report;
- Evaluate payment performance for the past year;
- Conduct a telephonic "check-in" with the each client:
 - During this discussion current employment and income status are discussed, as well as the credit management improvements or challenges the client has faced in the past year.
 - The current balance in the Capital Reserve Account is discussed, as well as the disposition of the 13th annual payment and the remaining outstanding balance of the mortgage.
- Recommendations for appropriate actions or client support are made. The recommendations are reviewed with management and an action plan initiated, when applicable.
- The reviewer provides a recommended credit rating based on the file review and client discussion. The recommendation is reviewed and either affirmed or changed by management.

A sample of the Annual Credit Review form is provided on the next page. This form is completed by Aura staff and inserted in the Credit File once the review is completed.

Loan Servicing Procedures, continued

Aura Mortgage Annual Credit Review

Review Date	11/30/2010
Client Name	James Client
Property Address	1234 Massachusetts Ave
Loan Closing Date	9/2009
First Payment Date	11/1/2009
Payment Status	Current
No. of Delinquencies	0
Recommended Credit Rating	2: A loan Rated as 2 is: Paid as Agreed for not less than 12 months Borrower has consistently paid on time with no delinquencies or late payments. No ACH debit issues have arisen in the previous 12 months.

Credit Report Review and Financial Status

Credit Report Date	11/30/2010
General Finances and Mortgage Performance	There has been no issue with any of the payments made. Client has paid on time since inception and has never had a payment bounce.
Credit Report and Activity	<p>In comparing the credit report used to underwrite the original loan and the report pulled for this first annual review, we see that James' credit scores have improved (increases for each of the 3 scores range from 4 points to +50).</p> <p>The amount of derogatory credit has decreased indicating that James has been paying down his credit lines while maintaining timely mortgage payments. A pre-existing, large student loan (\$51,000) is showing some derogatory payments over the past year (mostly 30 day lates).</p> <p>There are no new accounts opened since the time this mortgage was opened.</p>
Overall Credit Status	James' credit score has increased and derogatory credit lines have decreased.
Recommendations	It appears that James may benefit from financial coaching related to managing the student loan debt. The financial coach may be able to negotiate a better payment plan for Mr. Client's large student loan or possibly negotiate a lower balance owed.
Additional notes/comments	None.

Reviewer Initials: YZ

Mortgage Payment Monitoring Every client payment is closely tracked. If a bi-weekly electronic debit is rejected, the Controller or Receivables Clerk will notify the Aura Collections Officer. The CO will immediately contact the client to determine if the problem is a/an:

Nature of Problem	Collections Officer	Resolution Timeframe
ACH processing problem	Explain technical aspects of ACH	1-7 days
Deposit timing issue	Discuss salary and payment timing to evaluate if payment schedule should be adjusted	1-7 days
Financial and/or cash flow problem	Schedule a meeting with client to discuss financial difficulties; evaluate if modification to payment schedule is needed	1-14 days
Delinquency	Collections Officer	Delinquency Level
Financial/cash flow problem	Evaluate client for possible modification of loan. Evaluation of credit for future rating downgrade to 5.	30+ Days
Financial/cash flow problem or Unwillingness to pay issue	Attempts at modification unsuccessful and/or client is unwilling or unable to resolve delinquency. Borrower is notified of default and offered opportunities to provide a Deed in Lieu of Foreclosure or place the property for sale. Evaluation of credit for future rating downgrade to 6.	60+ Days

Aura's practice is to work with its clients during the early phases of delinquency. While state and federal law allow for late payment charges, we make every attempt to work with clients to avoid penalties and identify strategies to help the client stay on track or get back on track for timely repayment. Please refer to the Collections and Defaults section of this guide for additional information.

Loan Servicing Procedures, continued

Credit Rating System Aura recognizes that a meaningful internal risk rating system is a useful means for proactively identifying and managing issues within the loan portfolio. Consistent use of the system improves the likelihood of early detection and increase our ability to assist our clients with problem resolution strategies.

While every rating system involves subjective judgment and experience, a properly designed rating system will allow this judgment to be applied in a structured manner.

Every loan that Aura Mortgage originates is assigned a risk-rating at the time of initial Underwriting. This rating is updated each year as part of the *Annual Credit Review* within 90 days of the first payment anniversary date.

Aura uses a 1 to 7 point rating system. Definitions for each of the Ratings are provided on the next page.

Loan Servicing Procedures, continued

Credit Rating Definitions

- | | |
|---------------------|---|
| 1 Rated Loan | Strong LTV with High Credit Score and Liquidity: Paid as Agreed since inception, and at origination the loan was approved with the following characteristics: Credit Score ≥ 720 , $\leq 80\%$ LTV no prior mortgage delinquencies, no liens or judgments, liquid assets in reserve equal to 6 months PITI. |
| 2 Rated Loan | Paid as Agreed for not less than 12 months: Borrower has consistently paid on time with no delinquencies or late payments. No ACH debit issues have arisen in the previous 12 months. The default credit rating at origination is a 2 if a loan meets all Underwriting Criteria. The default credit rating remains in place until an Annual Review is completed. |
| 3 Rated Loan | Paid as Agreed: Payments are paid and processed on time, but on rare occasions an issue may occur with the debiting of the account due to timing of a deposit. All debiting issues have been resolved within 3 business days. The default credit rating at origination is a 3 if a loan has an Underwriting Criteria Policy Exception. The default credit rating remains in place until an Annual Review is completed. |
| 4 Rated Loan | Generally Pays as Agreed: Payments are generally paid and processed on time, but there is a pattern of ACH rejections due to timing of deposits and/or fluctuating account balances. No 30 day delinquency has occurred in the preceding 12 months. |
| 5 Rated Loan | Payments are 45 Days Delinquent
Despite attempts to correct or address late payments and processing issues, (see Servicing Procedures) borrower is unwilling or unable to resolve the delinquencies. A payment modification plan may be recommended at this time to prevent default. While 30+ day delinquencies have occurred, there have been no 60 day delinquencies. |
| 6 Rated Loan | Payments are 60 - 90 Days Past Due (Loan is Placed on Non Accrual):
Despite attempts to correct or address late payments, borrower is unwilling or unable to resolve the delinquencies. A payment modification plan has been recommended to prevent default, but was unsuccessful. Borrower is notified of default and the offered opportunities to provide a Deed in Lieu of Foreclosure or place the property for sale. An appraisal or Broker's Price Opinion are ordered; a loss reserve recommendation is made based on the documented value of the property. Loan is put on Non Accrual and written down to 80% of Fair Market Value. |
| 7 Rated Loan | Charge Off and/or Property Taken Into REO |

Loan Servicing Procedures, continued

Collections and Defaults

We recognize that some of our clients may encounter financial and personal difficulties during the course of their mortgage. Wherever possible, we are committed to working with clients to help them weather these challenges. Utilization of the Capital and Emergency Reserve may help clients maintain their payments during periods of reduced income or emergency outlays. Aura will also consider interim payment modifications to help bridge periods of financial stress. If all else fails, Aura will consider accepting a Deed in Lieu of Foreclosure and, wherever possible, will provide assistance in finding new housing for clients. Aura's procedures in this area are designed to augment local, state and federal laws and regulations governing debt collection and foreclosures. The applicable laws and regulations, and our procedural response to them are outlined below.

Fair Debt Collection Practices

Massachusetts Law provides guidelines for fair methods of debt collection. Aura ensures that any discussions or efforts to work with its clients are conducted within the provisions of these laws. Aura makes every attempt to work with constructively with its clients at every phase of the loan process including all aspects of loan servicing and debt collection.

Real Estate Settlement Procedures Act Requirements

The Federal Real Estate Settlement Procedures Act (RESPA) includes several provisions related to loan servicing. Aura services its loans in compliance with all prescribed requirements. Procedures have been designed to ensure that the requirements associated with this Law are adhered to and implemented according to the provisions of this Law. RESPA Requirements include:

Loan Servicing Procedures, continued

Real Estate Settlement Procedures Act Requirements, continued

A. Escrow Accounts

- Establishing Escrow Accounts
- Payment of Taxes, Homeowners Insurance, Flood Insurance (when Applicable) HOA When Applicable)
- Annual Escrow Account Notification Requirements/Annual Escrow Analysis
- Escrow Account Record Retention

A sample Annual Escrow Disclosure Statement is depicted below.

Ann Marjorie Adams
 56 Williams Street
 Rosbury, MA 02119

May 29, 2010

Annual Escrow Account Disclosure Statement-Short Year Statement
Account History

This is a statement of actual activity in your escrow account from December 1, 2009 to April 30, 2010. Compare it to the Annual Escrow Account Projection for Coming Year which was provided to you on December 31, 2009. For your convenience, a copy of this Account Projection has been included with this letter.

Your monthly mortgage payment for the past year was \$2,341.63 of which \$1,782.43 was for principal and interest and \$419.20 went into your escrow account.

Month	Payments to Escrow Account	Revenues from Escrow Account	Description	Escrow Account Balance
Starting Balance				\$1,434.63
April 2009			HOA Fee Payment Date: February 1, 2010	
May 2009			HOA	
June 2009			HOA	
July 2009			HOA	
Aug 2009			HOA	
Sept 2009			HOA	
Oct 2009			HOA	
Nov 2009			HOA	
Dec 2009			Collection of Checks: \$419.20	\$1,853.83
Jan 2010			Collection of Checks: \$153.11	\$1,700.72
Feb 2010			Yes, Homestead Exemption	\$4,396.96
Mar 2010			Yes, Homestead Exemption	\$4,396.96
Apr 2010			Yes, Homestead Exemption	\$4,396.96
May 2010			Yes, Homestead Exemption	\$4,396.96
June 2010			Yes, Homestead Exemption	\$4,396.96
July 2010			Yes, Homestead Exemption	\$4,396.96
Aug 2010			Yes, Homestead Exemption	\$4,396.96
Sept 2010			Yes, Homestead Exemption	\$4,396.96
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Jan 2016			Yes, Homestead Exemption	\$4,396.96
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Oct 2021			Yes, Homestead Exemption	\$4,396.96
Nov 2021			Yes, Homestead Exemption	\$4,396.96
Dec 2021			Yes, Homestead Exemption	\$4,396.96
Jan 2022			Yes, Homestead Exemption	\$4,396.96
Feb 2022			Yes, Homestead Exemption	\$4,396.96
Mar 2022			Yes, Homestead Exemption	\$4,396.96
Apr 2022			Yes, Homestead Exemption	\$4,396.96
May 2022			Yes, Homestead Exemption	\$4,396.96
June 2022			Yes, Homestead Exemption	\$4,396.96
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July 2024			Yes, Homestead Exemption	\$4,396.96
Aug 2024			Yes, Homestead Exemption	\$4,396.96
Sept 2024			Yes, Homestead Exemption	\$4,396.96
Oct 2024			Yes, Homestead Exemption	\$4,396.96
Nov 2024			Yes, Homestead Exemption	\$4,396.96
Dec 20				

An Actual vs. Estimated difference from a previous estimate exists in the date of amount.

As noted, we anticipated the payment from your account would be \$4,396.96 in total including \$5,118.52 in interest. The interest monthly balance should have been \$4,396.96 in total of \$4,396.96 in interest payments and \$5,118.52 in principal. The actual interest was \$4,396.96 in total of \$4,396.96 in interest payments and \$5,118.52 in principal. The actual interest was \$4,396.96 in total of \$4,396.96 in interest payments and \$5,118.52 in principal. The actual interest was \$4,396.96 in total of \$4,396.96 in interest payments and \$5,118.52 in principal. The actual interest was \$4,396.96 in total of \$4,396.96 in interest payments and \$5,118.52 in principal. The actual interest was \$4,396.96 in total of \$4,396.96 in interest payments and \$5,118.52 in principal. The actual interest was \$4,396.96 in total of \$4,396.96 in interest payments and \$5,118.52 in principal. The actual interest was \$4,396.96 in total of \$4,396.96 in interest payments and \$5,118.52 in principal. The actual interest was \$4,396.96 in total of \$4,396.96 in interest payments and \$5,118.52 in principal. The actual interest was \$4,396.96 in total of \$4,396.96 in interest payments and \$5,118.52 in principal.

Loan Servicing Procedures, continued

Homeowners Insurance and Flood Disaster Protection Coverage

Aura requires that borrowers maintain current Homeowners Insurance policies on the subject loan property. In addition, Aura requires that the premiums for hazard insurance coverage (including condominiums), be escrowed.

Any property that is determined to be in a Special Flood Hazard area, whether at the time of loan origination or during the life of the loan will be required to have flood insurance coverage.

Aura maintains current policies/binders in each loan file documenting adequacy of hazard and/or flood coverage. Each homeowner's policy includes an endorsement naming Aura Mortgage as the Loss Payee in the event a claim is filed for the property.

IRS and Tax Reporting

Aura maintains records and reports annual interest paid by borrower as well as annual interest earned (escrow accounts) by borrower according to the requirements of the Internal Revenue Service.