



Federal Home Loan Bank
NEW YORK

Mortgage Asset Program (MAP[®]) Servicing Guide

Effective March 30, 2026

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1. Introduction

The Mortgage Asset Program (MAP®) is managed by the Federal Home Loan Bank of New York (FHLBNY). This MAP Servicing Guide (this “MAP Servicing Guide”), together with the MAP Selling Guide and the MAP Underwriting Guide, as each may be amended or supplemented from time to time, are referred to herein as the “Guide”. The Guide and the Program Documents apply to all Servicers servicing Mortgage Loans sold under MAP.

The Servicer must abide by the procedures, terms, and conditions set forth in this MAP Servicing Guide, which may be amended from time to time (the “Servicing Responsibilities”). Any amendment, supplement, change, modification or alteration shall, upon notice to Servicer, have the same force and effect as if originally contained in this Guide. Failure of a Servicer to perform its obligations under either the Program Documents or the MAP Servicing Guide constitutes an Event of Default entitling FHLBNY to exercise all available remedies as provided in the MAP Servicing Guide and Program Documents, including but not limited to termination of the Servicer’s right to service, on behalf of FHLBNY, Mortgage Loans sold under MAP (the “Servicing Rights”).

The Servicer must comply with the requirements of this Guide. However, whenever the terms or provisions of this Guide conflict with the policies, procedures, guidelines, rules or regulations of VA, FHA, GNMA, FNMA or FHLMC, such policies, procedures, guidelines, rules or regulations of FHA, GNMA, FNMA or FHLMC shall prevail.

A. Servicer’s Relationship with MAP

1. Servicer as Independent Contractor

The Servicer is an independent contractor of FHLBNY for the purpose of collecting monthly payments, processing and collecting insurance claims, engaging in Loss Mitigation activities, foreclosing, and otherwise enforcing the terms of the Mortgage Documents after default.

The Servicer shall act on behalf of FHLBNY for the purpose of disposing of Real Estate Owned (REO) properties.

All services, duties and responsibilities of the Servicer under the Program Document and the Guide shall be performed and carried out by the Servicer as an independent contractor, and none of the provisions in the MAP Servicing Guide (except where expressly provided) shall be deemed to make, authorize or appoint the Servicer as agent, partner, or representative of FHLBNY, or the Master Servicer or any of their affiliates. Nothing in the MAP Servicing Guide or in the Program Documents shall be deemed or construed to create a partnership or joint venture between the parties hereto.

The Servicer’s authority as an independent contractor is strictly limited to those acts necessary to carry out its Servicing Responsibilities in accordance with the MAP Servicing Guide and the Program Documents. Except as expressly permitted by the Master Servicer in writing, the Servicer is not authorized to waive any right or remedy of the Mortgage Documents.

2. Servicer Performance

Upon breach of any requirement, including, without limitation, the occurrence of any Event of Default, or of any of the Servicer's representations, warranties or covenants contained in the MAP Servicing Guide or in the Program Documents, the Servicer must:

- Promptly notify FHLBNY in writing of the nature of the breach, the date on which the breach occurred or began, and the Servicer's plans, if any, for curing the breach; and
- Effect a cure of the breach, if deemed curable by FHLBNY, within thirty (30) days after the occurrence or onset of the breach.

If the breach is not deemed curable or if no complete cure has been affected, FHLBNY may, in its sole discretion, require the Servicer to purchase or repurchase any Mortgage Loan which has been impaired or has suffered a material impairment of value.

3. Servicer Authority – Legal Representation

The Servicer has the full authority to do or cause to be done all things as may be necessary and appropriate to perform the Servicing Responsibilities in its own name and right as if the Mortgage Loans were owned by it for its own account. In employing attorneys, filing claims in bankruptcy, probate, and other courts, or when appearance in any court is to be made, any such employment, filing, or appearance shall be done in the Servicer's name unless Applicable Law or the MAP Servicing Guide requires, or the Master Servicer or FHLBNY authorizes or directs, the Servicer to take such action in the name of FHLBNY, MERS or another person.

B. The Master Servicer

The terms and conditions of this MAP Servicing Guide will be administered by FHLBNY, or the Master Servicer acting on behalf of FHLBNY. The Master Servicer is authorized to require the Servicer to perform its obligations hereunder and under the Program Document. Mr. Cooper Master Servicing will serve as the initial Master Servicer for the MAP. FHLBNY may, at any time, without the Servicer's consent, direct in writing that all or part of the functions of the Master Servicer be performed by another entity designated for such functions and time periods as FHLBNY deems appropriate. The Servicer must comply with the instructions of such entity as if it were the Master Servicer.

Correspondence relating to the servicing and administration of the Mortgage Loans should be directed to the Master Servicer.

1. Master Servicer Prior Approvals

The Master Servicer may waive, with prior approval from FHLBNY, certain Servicing Responsibilities in this MAP Servicing Guide, so long as the Servicer:

- Maintains Delinquency rates for Mortgage Loans at or below industry standards for mortgages of similar types in similar locations;
- Achieves Foreclosure time intervals at or below industry standards for the states in which the Mortgaged Properties are located; and

- Maintains Foreclosure losses at or below industry standards for mortgages of similar types in similar locations.

This waiver must be in writing and may be withdrawn at any time at the sole discretion of FHLBNY, or the Master Servicer.

2. Notifying the Master Servicer (Updated 9/6/2023)

The Servicer shall maintain accurate records and immediately advise and make written recommendations to the Master Servicer upon discovering any of the following:

- Deterioration or waste of, or lack of repair to, any Mortgaged Property, including the presence of environmental or hazardous materials or conditions;
- Sale or transfer of any Mortgaged Property that was not in compliance with the MAP Servicing Guide;
- Material litigation involving any Mortgaged Property;
- Vacancy or abandonment of any Mortgaged Property;
- Failure to register any Mortgaged Property with appropriate authorities under Applicable Law;
- Occupancy of the Mortgaged Property by a non-owner, if the related Mortgage Documents indicate such property is to be owner-occupied;
- A material default under the terms of Mortgage Document or similar obligations of the Borrower (except in the case of a monetary default of the Borrower already addressed under the requirements for Delinquency management set forth in the Guide);
- Any other situation that may materially and adversely affect any Mortgage Loan or Mortgaged Property; or
- PFIs and Servicers must notify the Master Servicer within 5 calendar days of receiving notification that a Borrower has enrolled in, or has unenrolled in, any Address Confidentiality Program.

C. Servicing Compensation

1. Amount of Compensation

In consideration for the servicing of the Mortgage Loans in accordance with the Guide and the Program Documents, absent an Event of Default by the Servicer, the Servicer shall be entitled to retain the Servicing Fee for each Mortgage Loan as specified in the MAP Selling Guide from the interest actually collected with respect to such Mortgage Loan.

The Servicing Fee for each Mortgage Loan shall be payable solely from the interest portion of the related Monthly Payment paid by the Borrower or the interest portion, if any, of:

- The proceeds from Foreclosure or any judgment, writ of attachment or levy against the Borrower or the Borrower's assets;
- Funds paid in connection with any payoff;
- Insurance Proceeds; or
- Liquidation Proceeds.

The Servicer shall have the right to withhold and retain the applicable Servicing Fee from the funds received by the Servicer on account of Borrower payments or other recoveries (including net REO proceeds) prior to the remittance of such payments by FHLBNY. The Servicing Fee is determined each month by multiplying one-twelfth the applicable Servicing Fee Percentage by the scheduled Unpaid Principal Balance of the Mortgage Loan on the last day of the preceding month.

Absent an Event of Default by the Servicer, subject to the Applicable Standards as defined below, the Servicer shall also be entitled to retain as additional compensation any late charges, penalty interest, assumption fees paid by the Borrower, or any other similar amounts not required pursuant to the MAP Servicing Guide to be deposited into the P&I Custodial Account.

The Servicer shall pay all expenses incurred by it in connection with its servicing activities and shall not be entitled to reimbursement except as specifically provided for in the MAP Servicing Guide or Program Documents.

D. Annual Statements to Borrowers

Servicers are required to provide Borrowers with any and all disclosures required by Applicable Law, including, but not limited to, disclosures required by Real Estate Settlement Procedures Act and the Federal Truth-in-Lending Act or any similar applicable Federal or State Law or CSFB Regulation.

1. Escrow Analysis Statement

Servicer shall perform at a minimum, an annual escrow analysis to estimate, as accurately as possible, the monthly deposit requirement in order to ensure the balances on hand are adequate, but not excessive, and make any adjustments necessary to meet estimated future charges as they become due and payable.

As part of the escrow analysis, the Servicer will provide the Borrower an annual statement setting forth, in summary form

- the balance at the beginning of the year,
- the total amount deposited into the account by the Borrower during the year,
- the amount and nature of disbursements made during the year
- the final balance of the account at year end

The Servicer shall reference Section 7(H) of this Guide for further details on Borrower Escrow Payments.

2. Annual Interest Statement (Form 1098)

The Servicer will provide Borrowers, without charge, a statement at calendar year end as to the total amount of interest and real estate taxes paid by the Borrower during the year.

E. Repurchases (Updated 11/1/2023)

PFI and Servicers do not have a unilateral right to purchase or repurchase Mortgage Loans. The Guides provides specific instances where a PFI or Service may voluntarily purchase or repurchase an MAP loan. Any other voluntary purchase or repurchase by a PFI or Servicer must be pre-approved by the FHLBNY, and no steps to

initiate a purchase or repurchase should be taken without the written approval or consent of the FHLBNY. Requests for purchase or repurchase should be submitted to the FHLBNY directly by the PFI/Servicer. The FHLBNY reserves the right to refuse voluntary purchase or repurchase requests that are not specifically permitted in the Guides.

Servicers are responsible for making appropriate changes in MERS to reflect any repurchase of a Mortgage Loan.

F. Indemnification

The Servicer shall indemnify and hold harmless: (a) FHLBNY; (b) the Master Servicer; and (c) the officers, directors, employees, agents and affiliates of FHLBNY, and Master Servicer from and against any and all claims, losses, damages, judgments, penalties and any other costs, fees, and expenses (including reasonable attorneys' fees and court costs) arising out of, based upon, or relating to: (i) a breach by the Servicer, its officers, directors, employees or agents of any representation, warranty or covenant contained in the Program Document and the Guide, or any failure to disclose any matter that makes any representation or warranty misleading or inaccurate, or any inaccuracy in material information furnished by the Servicer; (ii) a breach of any representation, warranty or covenant, failure to disclose, or inaccuracy in information furnished by the Servicer regarding itself; or (iii) a violation of Applicable Law or MAP requirements.

In addition, the Servicer shall provide legal representation on behalf of the indemnified parties in connection with any legal proceeding involving a Mortgage Loan. Neither an indemnified party nor the holder of a related security shall be liable for any attorneys' fees, court costs or other expenses incurred in connection with such litigation, except to the extent that the attorneys' fees, court costs or other expenses result from the negligence or wrongful misconduct of the party entitled to indemnification. Any judgment against FHLBNY, or the Master Servicer, or their officers, directors, employees, agents and affiliates shall be satisfied by the Servicer, as a recoverable advance, except to the extent that the judgment results from the negligence or wrongful misconduct of the party entitled to indemnification.

The Servicer's indemnification pursuant to this section shall survive the purchase and delivery of the Mortgage Loans, their liquidation or repurchase, and any suspension, termination or transfer of the Servicer's Servicing Rights, the Seller's selling privileges, or the termination of any and all Program Documents.

2. Servicing Standards

The Servicer shall service Mortgage Loans in accordance with the requirements of the Guide, which includes but is not limited to: payment of escrow items, safeguarding the Mortgaged Property, and adhering to reporting and remitting requirements through Liquidation or disposition of the Mortgaged Property.

The Servicer must provide any information or documentation as requested from the FHLBNY or Master Servicer

A. Applicable Standards

Notwithstanding the presence or absence of language in certain sections of the Guide or the Program Document that expressly requires compliance with the Applicable Standards, the Servicer must service the Mortgage Loans and fulfill all other obligations under the Guide and the Program Document in strict conformance with the “Applicable Standards”, which are any requirements contained in:

- Any requirements of any applicable Government Agency;
- Any other contractual obligation of the Servicer under MAP generally or in relation to any one or more Mortgage Loans serviced by it;
- The reasonable and customary practices of prudent institutions that service mortgage loans of the same type as the Mortgage Loans in the jurisdictions in which the relevant Mortgaged Properties are located;
- The terms of the Mortgage Documents; and
- All Applicable Laws.

B. Right to Inspect

- The Servicer agrees to allow the FHLBNY, the Master Servicer, and or their designees to conduct reasonable audits and inspections with advance notice during normal working hours.
- The Servicer must allow the FHLBNY or the Master Servicer to inspect its records evidencing compliance with all regulatory, federal, state and local standards set forth in the Guide.
- The Servicer must allow FHLBNY or the Master Servicer to inspect its files and records relating to systems and procedures for servicing loans.

C. Lien Priority

The Servicer must take all such actions as are reasonably necessary to preserve the lien and its priority upon the Mortgaged Property securing each Mortgage Loan at all times.

D. Mortgage Records

The Servicer must maintain the following documents and data on each Mortgage Loan in a manner that facilitates compiling such documents and data into the Mortgage Loan File within five days:

- A schedule of all transactions credited or debited to the Mortgage Loan, including any Escrow Custodial Account and any suspense account;

- A copy of the Mortgage or other Security Instrument that establishes the lien securing the Mortgage Loan;
- Any notes created by Servicer personnel reflecting communications with the Borrower about the Mortgage Loan;
- To the extent applicable, a report of the data fields relating to the Mortgage Loan created by the Servicer's electronic systems in connection with its usual servicing practices; and
- Copies of any information or documents provided by the Borrower to the Servicer in accordance with the error resolution or loss mitigation procedures set forth in RESPA.

1. Record Retention

For more convenient storage, the Servicer may scan (or otherwise condense, including the use of computer imaging) most of the papers required to document and service the Mortgage Loan. See below regarding the requirements for the storage medium for Mortgage Loan Files.

The Servicer is responsible for promptly delivering to the Document Custodian any original documents that come into its possession which are required to be maintained in the Collateral File, except for any permitted release of documents, as described below.

After a Mortgage or other Security Instrument is re-conveyed or assigned, or a Mortgaged Property disposed of, the Servicer must keep the individual Mortgage Loan File for at least seven (7) years (from the date of payoff or the date of disposition) or for the amount of time required by Applicable Law, whichever is longer.

2. Release of Documents

The Note and the Assignment of Mortgage, original title, original final recorded Mortgage, and original Mortgage Insurance or Government Certificate must remain in the Document Custodian's possession, except as needed by the Servicer from time to time as appropriate for servicing of a Mortgage Loan. When items from the Collateral File are needed, the Servicer must submit a Request for Release of Documents (Form MAP-604) to the Document Custodian.

The Document Custodian will release the requested Collateral File (or the required Mortgage Documents therefrom) upon receipt of a properly executed Request for Release of Documents form. The Servicer will be responsible for the Collateral File while it is in the Servicer's, its agents' or delegates' possession and will be deemed to hold such Collateral File in trust for FHLBNY.

The Servicer must safeguard the Collateral File until it is returned to the Document Custodian, which includes protecting it from external elements (such as fire), identifying it as an asset of FHLBNY, and keeping it separate from other unrelated documents.

If the Mortgage Loan has not been paid in full or otherwise liquidated, the Servicer shall promptly return the Collateral File to the Document Custodian (or the required Mortgage Documents therefrom) when no longer required by the Servicer.

Record retention requirements are further described in the Servicing Standards section 2 of this Servicing Guide.

3. Execution by FHLBNY

If FHLBNY's signature is required on any document (e.g. for payment in full, an assumption, or Foreclosure), the Servicer must provide a written notice to the Master Servicer requesting FHLBNY's execution, attaching the document(s) requiring signature, and certifying the reason that the execution is required. The Master Servicer will coordinate obtaining FHLBNY's signature. Upon receipt of the executed document, the Servicer must promptly record, file, or deliver the document as applicable.

4. Property Address Change

When the Servicer has determined that the street address of the Mortgaged Property has changed, the Servicer must email the Master Servicer at FHLBNY@mrcooper.com with the following information:

- Servicer name;
- MAP loan number;
- Borrower name;
- Old street address of the Mortgaged Property;
- New street address of the Mortgaged Property; and
- Documentation reflecting the street address change of the Mortgaged Property.

E. Mortgage Loan Files (Servicing Files)

Each Mortgage Loan File, at a minimum, must contain the following information/documents:

- Borrower correspondence letters and responses;
- Loan transaction/payment histories;
- Consolidated conversation notes and telephone contact attempts;
- Any assumption, modification, or other documents;
- Legal notices;
- Documentation of any modifications to the Mortgage Loan or releases of any collateral for the Mortgage Loan, including the Master Servicer's written approval;
- A copy of the tax service contract;
- Routine form letters, all customer service/collection/bankruptcy/foreclosure/claims information, and full loan accounting history;
- Any documents required to be maintained in the Mortgage Loan File in accordance with the MAP Underwriting Guide; and
- All other documents customarily maintained in a mortgage loan file or servicing file in accordance with Applicable Standards.

The Servicer must maintain an individual Mortgage Loan File for each Mortgage Loan by either storage of:

- The physical documents; or
- Images of the documents on:
 - Optical disks;
 - Microfilm;
 - Micro-fiche; or
 - Other electronic storage medium.

The storage medium must be marked in a way that clearly identifies the MAP loan numbers and the Servicer loan numbers contained therein.

Any electronic storage of documents in the Mortgage Loan File must be in accordance with the Applicable Standards and must meet the following requirements:

- The process must accurately reproduce originals onto a durable medium;
- The MAP loan number and the Servicer loan number must be clearly marked;
- The contents of the media must be easily transferable to legible hard copies that are duplicates of the original document; and
- The Servicer must make backup copies of the electronic files and retain the backup copies off-site to protect against fire and other hazard losses. If the copies, optical storage or magnetic media become damaged or lost for any reason, the Servicer must bear the entire cost of restoring each Mortgage Loan File and any other related documents.

Mortgage Loan Files must be made available for review by FHLBNY or any designee investor representative, the Master Servicer, any Government Agency, their representatives, agents or examiners. If the requestor requires legible hard copies, the Servicer bears the cost for reproducing and delivering the hard copies.

F. Release of Lien

At payoff or as otherwise necessary, the Servicer is responsible for releasing the lien of the Mortgage or other Security Instrument, including executing the appropriate satisfaction, release, or reconveyance on behalf of FHLBNY, and for complying with all Applicable Laws requiring timely release or reconveyance.

The Servicer must complete the appropriate Request for Release of Documents (Form MAP-604) and submit it to the Document Custodian within five (5) calendar days following payoff. Any specific instructions pertaining to endorsement and/or disposition of the original Mortgage Documents must accompany the Request for Release of Documents form.

The Document Custodian shall return the original Note, original title, original final recorded Mortgage, and original Mortgage Insurance or Government Certificate to the Borrower once the Mortgage Loan is paid in full or otherwise liquidated. The Servicer is responsible for complying with Applicable Law with respect to the Note being altered to indicate the Mortgage Loan has been paid in full.

Following payoff or other permitted release of lien, the Servicer must ensure that the Mortgage Loan is deactivated on MERS, if the Mortgage Loan is registered with MERS.

G. MERS Registered Mortgage Loans

If the Servicer uses MERS or if the use of MERS is required under a particular servicing option, in addition to complying with the requirements of the MERS Membership Agreement, Servicers of MERS registered Mortgage Loans must check for electronic messages from MERS. If an unidentified notice related to a Mortgage Loan is received, the Servicer must take any appropriate and timely action based on the notice and advise MERS that it is the Servicer of the Mortgage Loan.

H. Disclosure of Servicer Information

The Servicer must furnish to FHLBNY or any investor upon request, and to keep up to date, a description of the Servicer and its activities, suitable, in FHLBNY or other investor's discretion, for disclosure purposes related to securitization. The Servicer consents to the inclusion of such description in any prospectus, private placement memorandum, or offering circular. The Servicer recognizes that FHLBNY will rely upon the truthfulness and accuracy of such description, including when using Mortgage Loans as collateral for mortgage-backed securities or similar transactions.

I. Customer Contact

Servicers must promptly respond to all requests for information, notices of error, and other inquiries from Borrowers about the terms of their Mortgage Loans, the status of their accounts, loss mitigation, or any actions the Servicer took (or did not take) in servicing their Mortgage Loans, in compliance with RESPA and other Applicable Law.

The Servicer's staff must be able to communicate with Borrowers in a manner reasonably expected to be understandable to the Borrower.

The Servicer shall not refer Borrowers to FHLBNY or the Master Servicer for resolution of issues that are the Servicer's responsibility.

1. Rescission Notices

The Servicer must immediately notify the Master Servicer and FHLBNY when a rescission notice is received from or on behalf of a Borrower.

J. Occupancy Status

The Servicer shall maintain accurate records of the occupancy status of Mortgaged Properties, including any changes in occupancy they have been made aware of. In addition, Servicers must immediately advise the Master Servicer upon discovering that the Mortgaged Property is no longer owner-occupied, including when it is vacant, abandoned or occupied by a tenant, if the related Mortgage Documents indicate such property is to be owner-occupied, and make recommendations as to any actions that are to be taken as a result of the change in occupancy status.

K. Military Relief

Servicemembers Civil Relief Act

The Servicemembers Civil Relief Act of 2003 ("SCRA") was enacted to support members of the military and certain other service personnel and their families during active duty. The SCRA interest rate ceiling applies to a Borrower who was a civilian when he or she became obligated under the Mortgage Documents and who is subsequently placed on active military status, either voluntarily or involuntarily, and provides that the Borrower may have the loan interest rate reduced to six percent (6%) during the term of military service and for twelve (12) months thereafter. Other SCRA protections with respect to Foreclosure and default judgments apply to active duty servicemembers and their dependents. A Servicer must attempt to ascertain the military status of the Borrower before initiating Foreclosure proceedings and must comply with specific

state and local laws that address the effect of the SCRA upon the Foreclosure process, or that impose additional restrictions or limitations on Foreclosing upon servicemembers or related individuals. The Servicer is required to stay any Foreclosure proceedings started prior to the Borrower's entry into active duty. The Servicer must also postpone the initiation of Foreclosure proceedings against an eligible servicemember while he or she is in active duty. The Servicer must also provide an extended stay of the Foreclosure and other legal proceedings for twelve (12) months from the end date of the servicemember's active duty. The reduced interest rate provisions of the SCRA apply unless a court finds that the servicemember's active service does not materially affect the servicemember's ability to pay interest on the debt at the Note Rate, if higher. The Servicer is responsible for complying with the SCRA.

The request for SCRA relief and providing relief cannot be conditioned upon the servicemember's completion of a particular form, nor can a Servicer require that the written notice make an explicit request for benefits. Servicers should accept copies of the servicemembers' military order as written notice of eligibility, as well as the servicemember's written request for military deferment or forbearance as written notice. Servicemembers should be able to submit their requests by email, facsimile, mail, or overnight delivery. Servicemembers are eligible for protections if they provide the Servicer notice of their active military status 180 days or less after the date of the servicemember's termination or release from active military service. Upon receipt of the notice, the Servicer is required to retroactively reduce the interest rate on the servicemember's debt to the date on which the servicemember received his or her orders. This rate reduction can be granted to any eligible servicemember whose Mortgage Loan is secured by a single-family residence regardless of his or her occupancy status or percentage of ownership interest in the Mortgaged Property. The Servicer does not need to determine whether the servicemember's entry into active duty materially affects his or her ability to pay interest at the Note Rate. If the servicemember needs additional relief, the Servicer will need to obtain more information about his or her financial capabilities.

If the Mortgage Loan has Delinquent status when the servicemember is told to report for duty, the past due payments will bear interest at the Note Rate applicable on the date they became due, with any payments coming due after the servicemember's entry into active duty bearing interest at no more than six percent (6%). Certain eligible servicemembers are entitled to interest rate relief from the moment they receive their active-duty orders. Servicers must carefully review the servicemember's status and eligibility to ensure full compliance with the SCRA. The Servicer should note that interest in excess of six percent (6%) a year is forgiven and not deferred. Late charges and other fees also should also be waived during this period.

The effective start date of the reduced six percent (6%) interest rate is the date on which the servicemember reports for active-duty service or receipt of active-duty orders, depending on the branch of the military in which the servicemember serves. Rather than change the Note Rate during the current month, the Servicer should make the new interest rate effective with the first Due Date after the servicemember's eligibility for interest rate relief begins. Since interest is paid in arrears, a servicemember will receive benefit of the lower interest rate for the entire month, including any part of the month that precedes the date of eligibility for interest rate relief. The Servicer should report the acceptance date of reduction of the interest rate under the SCRA by sending a letter together with a copy of the military orders or other acceptable documentation to the attention of the Master Servicer.

For actual/actual multiple and actual/actual single remittance Conventional Mortgage Loans, the Servicer must report, and remit based on the interest rate adjustment to six percent (6%) and no request for reimbursement needs to be submitted.

For scheduled/scheduled remittance Conventional Mortgage Loans, the Servicer must continue to report and remit at the original Note terms but may submit a request for reimbursement for the interest difference to FHLBNY by submitting a copy of the Borrower's applicable orders or other acceptable documentation and reporting monthly or quarterly.

For Government Mortgage Loans, FHLBNY may grant the Servicer interest shortfall assistance by permitting the Servicer to request reimbursement for the interest difference to FHLBNY by submitting a copy of the Borrower's applicable orders or other acceptable documentation and reporting monthly or quarterly.

Any interest shortfalls resulting from SCRA-related interest rate adjustments, unless otherwise recoverable under SCRA, will be deemed a Realized Loss subject to the terms of the related Master Commitment and SCRA. Accordingly, such losses may affect the Seller's entitlement to funds released and paid from the MPA.

For Government Mortgage Loans, FHLBNY, at its option, may grant interest shortfall assistance to the Servicer. If interest shortfall assistance is granted, the Servicer will follow the requirements identified above based on the remittance type.

The interest rate subsidy continues through active-duty completion and then through the next twelve (12) months. Since interest is paid in arrears, a servicemember will receive the benefit of the six percent (6%) interest rate for the entire month he or she was released from active duty, plus an additional twelve (12) months under the SCRA.

Example: If active-duty service ends November 15, the next twelve (12) scheduled payments due for the following year are made at the reduced rate. On January 1 of the next year, the interest rate is changed to reflect the original Note Rate, so that the payment due on February 1 incorporates the restored Note Rate that applied prior to active duty.

The Servicer should notify FHLBNY and Master Servicer of the change of interest rate back to the full Note Rate, and FHLBNY will then reflect the change in interest rate on its records.

1. State or Jurisdictional Requirements

In addition to federal SCRA requirements, the Servicer must comply with any state or jurisdictional-specific SCRA requirements which expand servicemember protections or alter the SCRA requirements related to active-duty service members and other associated parties entitled to relief.

L. Late Charges

The Servicer must collect late charges pursuant to the terms of the Note and in accordance with the Applicable Standards. However, the Servicer cannot collect a late charge that is more than five percent (5%) of the late Monthly Payment and/or collect a late charge on a Monthly Payment received on or prior to the 15th calendar day of the month.

The Servicer should use discretion when considering a request for waiver of late charges, taking into consideration delinquency history and other appropriate factors that do not discriminate against any Borrower on a basis that is prohibited under Applicable Law.

The Servicer must accept a late full Monthly Payment without the late charge included, unless Applicable Law states otherwise or acceptance of the payment would pose a risk to the Servicer during legal proceedings.

M. Delinquency Ratio Exceeding MAP's Standard

The Servicer shall maintain monthly total portfolio Delinquency ratios at or below the maximum allowable total Delinquent ratio as determined by FHLBNY.

A Servicer may be disqualified or suspended if the Servicer's 30-, 60-, or 90-day Delinquency rate or REO property rate for Mortgage Loans is more than 50% higher than the average 30-, 60-, or 90-day Delinquency rate or REO property rate for all Mortgage Loans owned by FHLBNY or delivered under MAP, or for mortgage loans which are secured by Mortgaged Properties located in the same geographic area (which may include Standard Metropolitan Statistical Area, county, or state) as the loans being serviced by the Servicer and with similar mortgage and borrower characteristics (for example, origination year, loan to value ratio, documentation type, etc.)

3. Delegation of Duties

This section covers the services the Servicer is permitted to delegate to another party.

The Servicer shall assure that each delegee retained to provide any permitted delegation of duties is fully licensed and holds all required federal, state, and local governmental franchises, certificates and permits, and that such individual or company is reputable, knowledgeable, skilled, and experienced and has the necessary personnel, facilities, and equipment required to provide such services.

Any delegee shall be retained solely for the Servicer's account and at the Servicer's sole expense and shall not be deemed to be an agent or representative of FHLBNY, the Master Servicer or its successors or assigns.

Servicer shall maintain policies and procedures reasonably designed to ensure that the Servicer can:

- Provide appropriate Servicer personnel with access to accurate and current documents and information reflecting actions performed by the delegee;
- Facilitate periodic reviews of delegees, including by providing appropriate delegee personnel with documents and information necessary to audit compliance by delegees with the Servicer's contractual obligations and Applicable Law; and
- Facilitate the sharing of accurate and current information regarding the status of any evaluation of a Borrower's loss mitigation application and the status of any Foreclosure proceeding among appropriate Servicer personnel, including any loss mitigation single point of contact assigned to a Mortgage Loan account, and appropriate delegee personnel, including personnel responsible for handling Foreclosure proceedings.

The Servicer shall remain liable to FHLBNY and its successors and assigns for the performance of the Servicer's duties and obligations hereunder, regardless of the delegation of any servicing function.

In addition, the Servicer will indemnify and hold harmless FHLBNY, its successors and assigns from and against any and all claims, damages, losses liabilities, costs or expenses arising either directly or indirectly out of any acts or omissions of any person retained to provide the foregoing services, including but not limited to attorney's fees and court costs.

A. Subservicing

The Servicer must obtain prior written consent from FHLBNY to delegate all of its servicing responsibilities to a Subservicer. If servicing is performed by a Subservicer, all financial transactions regarding servicing of Mortgage Loan must take place through the Servicer's DDA with FHLBNY.

B. Delegations Not Requiring Consent

The Servicer may elect to delegate by agency, subcontract, or otherwise the following servicing duties without the written consent of FHLBNY. Any delegation not explicitly defined below must be approved by FHLBNY:

- Professional collection agencies to perform those duties and functions for the collection of delinquent amounts due on any Mortgage Loan that are customarily performed by such agencies in the locality where the related Mortgaged Property is located;

- Title insurance companies, escrow companies and trust companies to issue or provide reports reflecting the condition of title to any Mortgaged Property and services incidental to the Foreclosure or acquisition in lieu of Foreclosure of any Mortgaged Property, or the sale or disposition of any Mortgaged Property acquired by the Servicer;
- Attorneys licensed to practice in the state in which the Mortgaged Property is located to perform customary legal services in connection with the Foreclosure or acquisition of such Mortgaged Property or the sale or disposition of such Mortgaged Property acquired by the Servicer at or in lieu of Foreclosure, or for the collection of delinquent sums owed on any Mortgage Loan;
- Professional property inspection companies and appraisers to conduct routine inspections of Mortgaged Property and to provide written inspection reports, as required hereunder;
- Title companies, escrow companies and real estate tax service companies to provide periodic reports of the amount of real estate taxes due on any Mortgaged Property and the due dates of each required installment, and the payment of taxes;
- Credit bureaus or credit reporting companies to provide credit reports on Borrowers or persons who have applied to assume Mortgage Loans;
- Construction companies, contractors and laborers to provide labor, materials and supplies necessary to protect, preserve and repair Mortgaged Property, as required hereunder;
- Lock box providers or payment processing administrators to provide payment processing services; and
- Property insurance servicing companies to provide periodic reports as to the amount of property insurance premiums due on any Mortgaged Property and the due date of each required premium payment.

4. Reporting Requirements

This section covers the investor reporting requirements.

A. Monthly Accounting Reports (Updated 11/1/2023)

The Monthly Accounting Reports for MAP cover the period including the first Business Day of the month through the last Business Day of the month.

All Monthly Accounting Reports must be completed and forwarded to the Master Servicer no later than 5:00pm Eastern Time on the fifth (5th) Calendar Day of the month following the reporting month. If the 5th Calendar Day is a Saturday, Sunday, or holiday then reporting is due on the next business day. (See Investor Reporting Calendar – Exhibit N)

Servicers must submit the Monthly Accounting Reports by uploading them to Mr. Cooper Master Servicing Secure File Exchange (SFX) "<https://servicerupload.nationstarmtg.com/>". Servicers should contact the Master Servicer for assistance with preparing and/or submitting the Monthly Accounting Reports.

The Servicer must complete and forward to the Master Servicer all forms and reports required by this MAP Servicing Guide to be included in the Monthly Accounting Report, together with such additional forms or reports reasonably requested by the Master Servicer.

The Monthly Accounting Report forms include, but are not limited to, the following:

- Monthly Remittance Report; and
- Any other report reasonably requested by the Master Servicer in order to understand the Monthly Remittance.

1. Electronic Format (Updated 5/17/2021)

Electronic reporting of monthly data must be complete, usable and loadable loan level data file formats which are acceptable to the Master Servicer.

Electronic reports can be uploaded directly to the Master Servicer's website SFX "<https://servicerupload.nationstarmtg.com/>". Servicers should contact the Master Servicer for assistance with the preparation of electronic reports.

2. Late Reporting Fee (Updated 11/1/2023)

A Monthly Accounting Report and Delinquent Mortgage Report (see 4.E below) filed incomplete or not filed by the applicable due date are considered late. Each occurrence of a late or incomplete Monthly Accounting Report or a late or incomplete Delinquent Mortgage Report will be subject to a late reporting fee.

A written notice of noncompliance will be sent by the FHLBNY to the Servicer for all instances of a late Monthly Accounting or Delinquent Mortgage report. In addition to the monetary late fees, beginning with the third late and/or incomplete report or transmission, as applicable, FHLBNY reserves the right to invoke additional remedies, which may include declaring an Event of Default as grounds for termination of the Servicer.

Late fees for Monthly Accounting Reports are assessed using an escalating scale that is based on the number of late and / or incomplete reports or transmissions in the most recent consecutive twelve (12) month period:

- One-hundred dollars (\$100) for the first occurrence of a late and / or incomplete report or transmission;
- Two-hundred-fifty dollars (\$250) for the second occurrence of a late and / or incomplete report or transmission;
- Five-hundred dollars (\$500) for the third and all subsequent occurrences of a late and / or incomplete report or transmission during the remainder of the consecutive twelve (12) month period beginning with the first occurrence.

A late fee of one hundred dollars (\$100) is assessed for each occurrence of a late or incomplete Delinquent Mortgage Report.

FHLBNY reserves the right to change the late reporting fees at any time and in its sole discretion.

B. Other Reports (Updated 12/1/2020)

When applicable, the Servicer must also complete the following forms and either retain the forms in the Mortgage Loan File or submit them in accordance with the specific instructions on each form:

- Property Inspection Report (Form MAP-510);
- Notice of Acquired Property (MAP-512);
- Request for Release of Documents (Form MAP-604);
- Property Insurance Loss Draft Notification (Form MAP-515);
- Mortgage Insurance Cancellation Notice (Form MAP-516); and
- Workout Worksheet (Form MAP-517).

C. IRS Reporting Requirements

The Servicer shall comply with all applicable IRS reporting requirements, including as applicable, a Statement for Recipients of Miscellaneous Income (IRS Form 1099-MISC), Mortgage Interest Statement (IRS Form 1098), and reports related to Foreclosure and abandonment (Section 6050) of the Internal Revenue Code).

1. Unique Reporting Situations (IRS Form 1099)

The Servicer will be responsible for completing certain forms or providing other information required under the Code, and/or by state taxing authorities for temporary loan modifications. If at any time, any debt, as defined by the Code or state authorities, is canceled, the Servicer shall forward to each Borrower and the IRS, such forms and information within the control of the Servicer as are required by the Applicable Laws.

The Servicer must comply with all applicable IRS reporting requirements, including IRS 1099 reporting requirements, on all short sales. The Servicer's filing must show the Servicer's loan number and MAP loan number for identification purposes.

The Servicer should carefully review and follow IRS instructions for completing and filing the applicable forms. Servicers who fail to timely file the correct IRS form(s) must pay any penalties the IRS may assess.

The Code requires information returns to be filed when a third party acquires property in satisfaction of the secured debt, or upon determination the property has been abandoned and/or upon cancellation of a prescribed amount of a borrower's mortgage debt. It is the Servicer's responsibility to know the applicable IRS limits, and to accurately and timely report such acquired properties, abandonments and cancellations. The Servicer filing must show the Servicer's name, address, and federal tax identification as well as the Servicer's loan number and the MAP loan number for identification purposes.

Servicers who fail to file an Acquisition or Abandonment of Secured Property (IRS Form 1099-A) or Cancellation of Debt (IRS Form 1099-C) or correction, when it is due, must reimburse FHLBNY for any penalties the IRS may assess.

D. Reporting to Credit Bureaus

The Servicer must provide a "full-file" credit status report to the four major credit bureaus each month (Innovis, Equifax, Experian, and TransUnion), indicating the exact status of each Mortgage Loan.

E. Delinquency and Foreclosure Reporting

The Servicer must report the current status of the certain Delinquent Mortgage Loans and Foreclosure proceedings to the Master Servicer on the monthly Delinquent Mortgage Report.

The Servicer must submit to the Master Servicer, by the fifth (5th) calendar day of each month (if the 5th calendar day is a Saturday or Sunday or holiday then the following business day), a Delinquent Mortgage Report (Exhibit L) containing the status of all Mortgage Loans that are thirty (30) or more days delinquent, in Foreclosure, Bankruptcy, Loss Mitigation or REO as of the last day of the preceding month.

If the Delinquent Mortgage Loan is a Government Mortgage Loan, the Servicer must also follow the applicable Government Agency's requirements for reporting Delinquencies.

1. Reporting to Mortgage Insurers

The Servicer must provide notice of Delinquency to the applicable provider of MI within the time frames and using the methods required by the insurer. The Servicer shall furnish to the insurer all reports requested by the insurer and/or as required in the MI policy.

F. Reporting Requirements for Temporary Modifications

This section covers the requirements for reporting a Temporary Modification Plan. The Temporary Modification Plan permits the Servicer to enter into a Loan Workout Plan or a Temporary Loan Payment Modification Agreement, as described below. Servicers should be aware of specific IRS reporting for certain types of loan modifications.

Reporting to the Master Servicer

The Servicer must notify the Master Servicer within two (2) Business Day following the execution by all parties of a Loan Workout Plan (Form MAP-523) or a Temporary Loan Payment Modification Agreement (Form MAP-519) with respect to a Mortgage Loan. During the period that the Temporary Modification Plan is

in effect, the Servicer must electronically report an Action Code of '12' in its Monthly Accounting Reports to the Master Servicer.

When the Temporary Modification Plan is terminated or expires, the Servicer must notify the Master Servicer within one (1) Business Day of the termination or expiration. The Servicer must remove the Action Code of '12' and report an appropriate Action Code or null in its Monthly Accounting Reports to the Master Servicer.

Credit Reporting Requirements

Servicers must continue reporting to the four credit bureaus during the Temporary Modification Plan. The Servicer should be reporting the modified Mortgage Loan as follows:

- If the Borrower is current when the Loan Workout Plan is executed and is making timely modified payments at the time of report, the Servicer should report the Borrower current but on a modified payment;
- If the Borrower is Delinquent when the Loan Workout Plan is executed, the Servicer should report in a manner to accurately report the Delinquency and the workout status according to usual and customary reporting standards; and
- If at any time the Borrower becomes Delinquent under the Temporary Modification Plan, the Servicer should accurately report the Delinquency and the termination of the workout or modification status as applicable.

Tax Reporting

- The Servicer will be responsible for completing certain forms or providing other information required under the IRS Code, and/or by state taxing authorities for temporary loan modifications. If at any time, any debt, as defined by the Code or state authorities, is canceled, the Servicer shall forward to each Borrower and the IRS, such forms and information within the control of the Servicer as are required by the Applicable Laws.

Disclosures and Notices

Some actions taken by Servicers in the context of reviewing and granting modifications may necessitate the use of certain federal or state required disclosures. Servicers are responsible for ensuring that all disclosures and notices required under Applicable Law (e.g. ECOA, TILA, RESPA, FCRA, and FDCPA) are provided to the Borrowers and other appropriate persons (e.g., an individual with an interest in the Mortgaged Property, an attorney representing a Borrower, a successor-in-interest to a Borrower, etc.).

5. Remittances

A. Actual/Actual Multiple Remittances for Mortgage Loans

The Servicer must deposit all required funds to the Servicer's DDA Account by the Remittance Date.

In addition to making the required funds available in the A/A Account for each Monthly Remittance, Servicers of Mortgage Loans with an Actual/Actual multiple remittance option are required to transfer funds from the P&I Custodial Account to the A/A Account on any Business Day where the balance of the P&I Custodial Account (excluding Servicing Fees and any other amounts not required to be deposited into the P&I Custodial Account) exceeds two thousand five hundred dollars (\$2,500). On the first Business Day of the following month, the Servicer must transfer all remaining funds from the P&I Custodial Account to the A/A Account, regardless of whether the amount exceeds two thousand five hundred dollars (\$2,500).

If the Servicer does not transfer the funds to the A/A Account by the applicable dates, FHLBNY may (in addition to exercising all other available remedies) charge the following compensatory fees:

- For the first instance of a late funds transfer: a fee that is determined by multiplying the calculated late transfer amount by the number of days the transfer is late, divided by three hundred sixty (360) and then multiplying that product by the sum of the prime interest rate published in The Wall Street Journal's prime rate index and three percent (3%). However, in no instance would the compensatory fee for late transfers for any given month be less than two hundred fifty dollars (\$250).
- For the second instance of a late funds transfer (if it occurs within one (1) year of the first instance): a fee that is determined by multiplying the calculated late transfer amount by the number of days the transfer is late, divided by three hundred sixty (360) and then multiplying that product by the sum of the prime interest rate published in The Wall Street Journal's prime rate index and three percent (3%). However, in no instance would the compensatory fee for late transfers for any given month in these circumstances be less than five hundred dollars (\$500).
- For subsequent instances of late funds transfers (if they occur within one (1) year of the most recent instance): a fee that is determined by multiplying the calculated late transfer amount by the number of days the transfer is late, divided by three hundred sixty (360) and then multiplying that product by the sum of the prime interest rate published in The Wall Street Journal's prime rate index and three percent (3%). However, in no instance would the compensatory fee for late transfers for any given month in these circumstances be less than one thousand dollars (\$1,000).

B. Remittances for Scheduled/Scheduled and Actual/Actual Single Remittance

The Servicer must deposit all required funds to the Servicer's DDA Account by the Remittance Date.

The Servicer is required to make the following funds available for FHLBNY to initiate a withdrawal (Monthly Remittance) from the Servicer's DDA by the eighteenth (18th) calendar day of each month, or on the preceding Business Day if the eighteenth (18th) is not a Business Day:

- For Actual/Actual Mortgage loans, all collected payments of principal (including prepayments of principal) and interest;

- For Scheduled/Scheduled Mortgage loans, advances on Monthly Payments made by the Servicer;
- Curtailment;
- All net Liquidation Proceeds and Insurance Proceeds, other than any portion of Insurance Proceeds to be applied to the restoration or repair of the Mortgaged Property or to be released to the Borrower in accordance with the Mortgage Documents, Applicable Law and Applicable Standards;
- Funds the Servicer must pay to complete a FHLBNY-approved repurchase of a Mortgage Loan; and
- All other funds required under this Guide to be remitted to FHLBNY.

C. Payoff and Liquidation Remittances (Updated 8/26/2024)

The Servicer must deposit all payoff and Liquidation Proceeds into the P&I Custodial Account within two (2) Business Day of receipt. All payoff and Liquidation Proceeds, including the funds from a short sale and the disposition of an REO or 3rd party sale proceeds, must be deposited in the Servicer's DDA or A/A Account by the Remittance Date.

The interest portion of Liquidation Proceeds payable to FHLBNY must be calculated as follows (all using the basis calculation stated in the related Note):

- For Mortgage Loans serviced under a Scheduled / Scheduled remittance option: the scheduled amount of interest due on the Note through the end of the month of such liquidation (30 / 360 day basis).
- For Mortgage Loans serviced under an Actual / Actual or Actual / Actual Single remittance option: the amount of monthly interest due on the Note (30 / 360 day basis) and partial month interest due up to, but not including, the date of payoff (actual days / 365 day basis).

Any remaining Escrow Funds must be refunded to the Borrower within thirty (30) days of the payoff date.

For Mortgage Loans being purchased or repurchased by the PFI/Servicer, see MAP Selling Guide section "7 Repurchase".

D. Modification Agreement Remittances

Remittance of payments by Borrowers subject to a modification agreement shall be made per the regular remittance schedule.

E. Government Mortgage Loan Losses

When there is a remaining Unpaid Principal Balance after repurchase, liquidation, or REO property sale, the Servicer must remit its own funds to reduce the remaining Unpaid Principal Balance of the Mortgage Loan to zero within the following time frames:

- Pay down the Mortgage Loan balance to zero upon completion of the Foreclosure sale within the accounting period in which the sale was completed;
- Pay down the Mortgage Loan balance to zero upon receipt of the initial claim payment within the accounting period in which the initial payment was received; or

- Pass through the initial claim payment as a Curtailment and pay down the Mortgage Loan balance to zero upon receipt of the final claim payment within the accounting period in which the final claim payment was received.

6. Curtailment

A. General

The Servicer may accept Curtailment, which must be deposited into the P&I Custodial Account and must be available on the Remittance Date. If a Mortgage Loan is Delinquent, funds received must first be applied to bring the Mortgage Loan current, and any excess funds may be applied as a Curtailment.

Except as provided in the Guide or unless for the purpose of correcting a prior error on the part of the Servicer, the Servicer may not reapply prior Curtailment for payment of subsequent installments. Payments made by the Borrower to satisfy future installments must be accounted for as prepaid installments of principal and interest.

A Curtailment may not be used to postpone the Due Date of any payment or reduce the Monthly Payment or the Note Rate for any Mortgage Loan, unless it meets the conditions in the Guide for re-amortization.

1. Re-amortization and Note Modification (Updated 3/30/2026)

Re-amortization and Note modification of a Curtailed Mortgage Loan may be completed only when all of the following conditions are met (failure to comply with these guidelines may result in the Seller being required to repurchase the affected Mortgage Loan):

- The minimum Curtailment payment applied to the Unpaid Principal Balance of the Mortgage Loan is the greater of \$5,000 or 10% of the current Unpaid Principal Balance, and the qualified Curtailment was applied to the Mortgage Loan within sixty (60) calendar days prior to the Note modification date. However, re-amortization cannot commence in the same month that the Curtailment is applied;
- The Note modification does not extend the term or change the Note Rate of the Mortgage Loan;
- The re-amortization and Note modification are in compliance with the applicable MI provider or Government Agency requirements;
- The Note modification provides for full amortization of the Mortgage Loan by the maturity date through regular, equal payments of principal and interest; and
- FNMA Form 181 or its equivalent must be executed fully by all parties to the original Note.

Within two (2) business days of the Borrower's signing the FNMA Form 181 the Servicer must notify the Master Servicer by uploading a copy of the executed modification agreement through Mr. Cooper Master Servicing Secure File Exchange (SFX) "<https://servicerupload.nationstarmtg.com/>".

The original signed modification agreement must be retained in the Mortgage Loan File.

2. Scheduled/Scheduled Mortgage Loans

For Mortgage Loans with a Scheduled/Scheduled remittance option, the Servicer must pay FHLBNY Curtailment Interest for the month in which a Curtailment is applied in an amount equal to thirty (30) days' interest calculated on the amount of the Curtailment at the related Note Rate (Curtailment Interest). This requirement only applies when the Curtailment is received after the beginning of the first

Scheduled Interest period. The payment of Curtailment Interest by the Servicer shall not be considered an advance and shall not be recoverable from the Liquidation Proceeds.

Curtailment received for Mortgage Loans with a Scheduled/Scheduled remittance option prior to the beginning of the first Scheduled Interest period may be:

- Reported to the Master Servicer with that month's normal month-end report on Curtailment, and remitted in the next scheduled remittance without Curtailment Interest; or
- Reported and remitted with the first scheduled payment and with Curtailment Interest.

3. Actual/Actual Mortgage Loans

Curtailment received on Mortgage Loans with an Actual/Actual remittance option must be reported and remitted in the accounting cycle when received. No Curtailment Interest is due for these remittance types.

B. Mortgage Loan Payoffs and Liquidation Proceeds (Updated 11/1/2023)

A Mortgage Loan may be paid in full by or on behalf of the Borrower at any time. Unlike purchase or repurchase situations, PFIs/Servicers are not required to obtain the FHLBNY's prior approval before processing a full payoff. The Servicer may not collect any prepayment penalties on any Mortgage Loan. The Servicer is responsible for calculating the amount required to pay off the Mortgage Loan, and all payoffs shall be calculated to the date the payoff is made. A partial month's interest and Servicing Fee will be pro-rated on a three hundred and sixty-five (365) day year per diem to the date of the payoff. A full month's payment will be based on a three hundred and sixty (360) day year calculation.

The Servicer must deposit all payoff funds or Liquidation Proceeds, including the funds from a short sale and the disposition of an REO property (sale and primary MI proceeds), into the P&I Custodial Account within two (2) Business Days after receipt, regardless of whether or not the Servicer has received proceeds from an MI claim.

The Servicer is also required to notify the appropriate MI carrier of the payoff within the time frame required by the insurer. The Servicer will be responsible for including any unpaid MI premiums in the Monthly Remittance. See also section 14 of this Servicing Guide for more information

Any remaining Escrow Funds must be refunded to the Borrower within thirty (30) days of the payoff date.

For Mortgage Loans being purchased or repurchased by the PFI/Servicer, see MAP Servicing Guide section "1.E Repurchases."

7. Accounting and Fiscal Responsibilities (Updated 5/4/22)

A. Maintenance of Loan Accounting Records

Permanent accounting records shall be maintained for each Mortgage Loan. The records shall indicate FHLBNY ownership of each Mortgage Loan, the MAP loan number, and the Servicer loan number. The Servicer shall maintain the accounting records in accordance with generally accepted accounting principles and Applicable Standards.

The Servicer's records system must be capable of producing for each Mortgage Loan an account transcript itemizing the following:

- Current Unpaid Principal Balance;
- Scheduled Principal Balance;
- Interest paid to date;
- Monthly Payment;
- Interest collected for each Monthly Payment;
- Principal collected for each Monthly Payment;
- Escrow Funds collected for each Monthly Payment;
- The date, amount, and distribution of each payment received;
- Curtailments;
- Current outstanding balances of:
 - principal and interest deposits,
 - advances,
 - taxes and insurance deposits,
 - and unapplied payments;
- Due Date;
- Amount and nature of each disbursement from the Escrow Custodial Account, including tracking of loss draft funds and payments for services rendered;
- Other transactions affecting the amounts due from or payable to the Borrower; and
- Any servicing reports or Mortgage Loan histories.

The system shall also provide for immediate disclosure of any overdraft and insufficiency in the Escrow Custodial Account.

All reports and correspondence submitted to FHLBNY or Master Servicer regarding a particular Mortgage Loan shall reference the corresponding MAP loan number.

1. Maintaining Outstanding Balances

The Servicer shall maintain accurate records of the outstanding balances for each Mortgage Loan. Each scheduled payment, whether collected singularly or together with all Monthly Payments on the same Mortgage Loan, shall be applied first to interest and then to principal according to the amortization schedule for the related Mortgage Loan. Late payments and/or Delinquencies shall not be capitalized into the Mortgage Loan's outstanding balance.

- **MAP Loan Number:** All reports and correspondence submitted to the FHLBNY Master Servicer regarding a particular Mortgage Loan shall reference the corresponding MAP loan number.

2. Release / Destruction of Records

The Servicer must retain canceled checks, bank statements, and all records and accounts in the Mortgage Loan File for the time period required by the applicable Government Agency or Applicable Law, but in no instance, for less than seven (7) years from the date the Mortgage Loan is paid in full, sold, Foreclosed, or otherwise liquidated. Electronic copies are acceptable in lieu of hard copies, provided that they meet the requirements of this MAP Servicing Guide.

B. Payment Collection and Accounting

The Servicer is responsible for the collection and accounting of the following amounts for each Mortgage Loan as further described in this MAP Servicing Guide:

- Monthly principal and interest payments;
- Escrow amounts for taxes, assessments, hazard insurance, flood insurance, mortgage insurance premiums, and any other required escrowed amounts;
- Curtailment;
- Prepayments; and
- Payments made pursuant to a modification agreement or bankruptcy plan.

The accounting cycle cut-off date is the last Business Day of the month prior to the month for which a remittance is being calculated.

C. Establishing Custodial Accounts (Updated 12/14/2021)

Any amounts held by the Servicer received in connection with or pertaining to the Mortgage Loans must be held in Custodial Accounts established with one of the following:

- A FHLB;
- A Federal Reserve Bank;
- An FDIC-Insured Depository; or
- An NCUA-Insured Depository.

If the Servicer is insured by the FDIC or NCUA, the Custodial Accounts may be established with the Servicer. The following language should be utilized in establishing accounts:

P&I Custodial Account: “[Servicer’s name], as trustee for the benefit of the Federal Home Loan Bank of New York, its successors and assigns”

Taxes and Insurance (T&I) Custodial Account: “[Servicer’s name], as trustee for the benefit of the Federal Home Loan Bank of New York, its successors and assigns and/or various Mortgagors

FHLBNY reserves the right to require a Servicer to transfer funds out of a depository institution or take other actions if FHLBNY determines that it is in its best interest to do so.

Custodial Accounts must be demand deposit accounts (DDAs). They may be interest-bearing accounts, provided that the accounts comply with the Applicable Standards and interest is paid separately to the Servicer and not deposited or commingled with funds in Custodial Accounts. Any interest paid with respect to Custodial Accounts will not be the property of FHLBNY.

1. Clearing Accounts

The Servicer may utilize clearing accounts, subject to the following requirements:

- The clearing accounts must be established with an institution that meets the requirements for Custodial Accounts;
- The titles of such accounts must reflect that they are custodial in nature;
- A single clearing account must not be utilized both as a collection and disbursement clearing account;
- A check drawn on funds transferred from a P&I Custodial Account or an T&I Custodial Account must be deposited to a disbursement clearing account before or at the same time as any checks on the clearing account are issued;
- The Servicer must maintain adequate records and audit trails to support all debits and credits of each Borrower’s payment records and accounts; and Collections deposited to a clearing account must be credited to the appropriate Custodial Account no later than two (2) Business Days following receipt by the Servicer.

2. Custodial Account Maintenance

The Servicer is required to maintain separate Custodial Accounts for each remittance type under which a Servicer (or Subservicer) reports, for Monthly Payments and Escrow Funds, as outlined in this chapter. In addition, separate Custodial Accounts are required for each Mortgage Product. Funds held in the Custodial Accounts for the Mortgage Loans may not be commingled with funds related to mortgage loans owned by another party. Any cash received related to a Mortgage Loan must be deposited into the appropriate Custodial Account within two (2) Business Days of receipt by the Servicer.

3. Custodial Account Location

For Mortgage Products (for Conventional Mortgage Loans and/or Government Mortgage Loans), required Custodial Accounts are as follows:

Type of Account	Account Location
P&I Custodial Account (Separate accounts for S/S and A/A)	Servicer or other acceptable depository institution as stated in this MAP Servicing Guide
Escrow Custodial Account	Servicer or other acceptable depository institution as stated in this MAP Servicing Guide

The Servicer must immediately notify FHLBNY in writing of any change in the account number of a Custodial Account, the title of the account, or those individuals who are authorized signers on the account.

4. P&I Custodial Accounts

Custodial Accounts established for the deposit of principal and interest (“P&I”) received in connection with the Mortgage Loans shall be titled as follows:

- P&I Custodial Account: “[Servicer’s name], as trustee for the benefit of the Federal Home Loan Bank of New York, its successors and assigns”

Required Deposits

The following funds must be deposited into the P&I Custodial Account:

- Principal collections from the Mortgage Loans, including payoffs and Curtailment, together with month-end Curtailment Interest, if applicable;
- Interest collections from Mortgage Loans (net of Servicing Fees);
- Liquidation and Insurance Proceeds (excluding funds held in the T&I Custodial Account or Escrow Account for the repair/restoration of the Mortgaged Property or for offsetting a deficit in the Escrow Account);
- Short sale proceeds; and
- REO disposition proceeds.

P&I advances for Mortgage Loans with a Scheduled/Scheduled remittance option must be deposited into the appropriate P&I Custodial Account by the Remittance Date.

Optional Deposits

The following funds may be deposited into the P&I Custodial Account:

- Late charges;
 - Penalty interest;
 - Assumption fees;
 - Unapplied (suspense) funds, if the Borrower is not required to maintain an T&I Custodial Account; and
 - Servicing Fees (may be deposited but must be withdrawn by month-end).
- The Servicer shall maintain separate accounting for each type of funds deposited into the P&I Custodial Account. The P&I Custodial Account may not be used as a collection clearing account.

Permissible Withdrawals

The Servicer may make withdrawals from a P&I Custodial Account solely for the following:

- Remittances to the Servicer’s applicable DDA or A/A Account with FHLBNY to fund Monthly Remittance drafts by FHLBNY;
- Reimbursement to itself for advances permitted to be reimbursed from subsequent collections under the terms of the Guide;
- Removal of amounts deposited in error;
- Removal of Servicing Fees and optional deposits; or
- Termination of the P&I Custodial Account.

5. Tax and Insurance (T&I) Custodial Account

Custodial Accounts established for the deposit of taxes and insurance (T&I) and other escrow amounts received in connection with Mortgage Loans shall be titled as follows:

- “[Servicer’s name], as trustee for the benefit of the Federal Home Loan Bank of New York, its successors and assigns and/or various Mortgagors

The following funds must be deposited into the T&I Custodial Account:

- Escrow Funds;
- T&I advances;
- Remaining balance of property insurance loss drafts;
- Unapplied (suspense) funds;
- Insurance Proceeds held for the repair/restoration of the Mortgaged Property; and
- Liquidation Proceeds that offset a deficit in the Escrow Account.

The Servicer must maintain records for identifying the funds deposited into the T&I Custodial Account for each Mortgage Loan.

Permissible Withdrawals

The Servicer may make withdrawals from the T&I Custodial Account for the following reasons, provided the Escrow Funds available for T&I for an individual Mortgage Loan never become overdrawn:

- Escrow Payments on behalf of the Borrower;
- Refunds to the Borrower for excess Escrow Funds;
- Recovery of advances made by the Servicer for escrow items on Borrower’s behalf;
- Payment of interest, if required, to the Borrower on Escrow Funds;
- Removal of deposits made in error; or
- Termination of the Custodial Account.

6. Principal & Interest Advances

The Servicer must make P&I advances for Scheduled/Scheduled remittances unless a P&I advance is determined to be eventually nonrecoverable from any Insurance Proceeds, Liquidation Proceeds, or the Borrower. P&I advances are not required for Actual/Actual remittances.

The Servicer must, from its own funds, advance and deposit to the P&I Custodial Account on or before each Remittance Date an amount equal to the difference between the total principal and interest due, and the total amount on deposit in the Servicer’s P&I Custodial Account with respect to each Mortgage Loan as to which the Scheduled/Scheduled remittance option applies. P&I advances will be recoverable only from:

- Subsequent Monthly Payments;
- Insurance Proceeds; or
- Liquidation Proceeds.

The Servicer must continue to make monthly P&I advances during litigation, bankruptcy proceedings, Foreclosure proceedings pertaining to the Mortgage Loan, and through the REO property process, unless otherwise required in the Guide. Advances will terminate upon completion of the liquidation of a property from REO or Foreclosure sale to a third party.

7. Non-recoverable Advances (Updated 9/1/2021)

If the Servicer determines an advance to be non-recoverable from Insurance Proceeds, Liquidation Proceeds, or other payments with respect to a Mortgage Loan, the Servicer shall seek FHLBNY's written approval to stop the advances. Email AMATeam@FHLBNY.com and include the following information:

- MAP loan number
- Borrower name(s)
- Property Address
- Explanation as to why advances are nonrecoverable and any supporting documentation.

8. Failure to Advance

The failure of the Servicer to advance the required funds is an Event of Default and cause for termination of the Servicer. If the Servicer fails to advance the required funds, FHLBNY may debit such amount from the Servicer's DDA in accordance with the terms of the Program Documents for the payment of claims against the Servicer.

9. Custodial Account Reconciliation (Updated 12/1/2020)

The Servicer and depository institution holding the Custodial Accounts shall execute a custodial account agreement for each Custodial Account and submit the original to FHLBNY.

Custodial bank accounts must be reconciled monthly using the following forms:

- P&I Custodial Account Reconciliation (Form MAP-505 or Form MAP-506);
- T&I Custodial Account Reconciliation (Form MAP-507 or Form MAP-508); and

Reconciliations must include copies of the Custodial Account bank statements, proof of cash, and documentation supporting the reconciled items. Upon request, the Servicer must forward copies of all reconciliations to MAPInvestorReporting@FHLBNY.com.

D. Use of Amortization Method of Accounting

The amortization method of individual loan accounting, with interest calculated in arrears, shall be used. In this method, allocation of an individual payment of principal and interest is determined by first calculating the interest portion and applying the balance of the payment as a principal reduction. The interest at the Note Rate is calculated by using the Principal Balance after application of the preceding payment. The interest computed applies to the thirty (30) day period preceding the due date of the installment being applied. The interest must be calculated and adjusted for any Curtailment, payoffs, and liquidations.

The calculated interest portion is subtracted from the Monthly Payment to obtain the principal portion to be applied to the Unpaid Principal Balance of the Mortgage Loan.

Where computations involve multiple installments (such as for Delinquent installments), each installment is calculated in succession using an Unpaid Principal Balance resulting after the prior thirty (30) day calculation and principal application. Similarly, a method which strictly applies payments in accordance with an amortization schedule is also acceptable. All monthly calculations shall be made using a thirty (30) day month, and a three hundred and sixty (360) day year. The dollar amount of any interest payment shall be

carried out to ten (10) decimal places. A partial month's interest and Servicing Fee will be pro-rated on a three hundred and sixty-five (365) day year per diem to the date of the payoff. A full month's payment will be based on a three hundred and sixty (360) day year calculation.

The amortization of each Mortgage Loan must reduce the Unpaid Principal Balance of such Mortgage Loan to zero at maturity pursuant to the terms of the Note. Capitalization of interest is not permitted.

E. Application of Mortgage Loan Payments

The Servicer will collect all Monthly Payments due under the terms of the Mortgage Loan. The Monthly Payments include payments toward interest, principal, and escrow items (if an Escrow Account is established for the Mortgage Loan). The Servicer shall apply as of the day of receipt all payments under each Mortgage Loan to respective interest, principal, escrow, and any late charges and other outstanding fees, in that order, unless otherwise provided for in the Mortgage Documents.

The Servicer must credit each periodic payment to the Mortgage Loan as of the date of receipt, except when a delay in crediting does not result in any charge to the Borrower or another consumer or in the reporting of negative information to a credit bureau. A "periodic payment" as used in this paragraph, is an amount sufficient to cover principal, interest, and escrow (if applicable) for a given billing cycle. A payment qualifies as a periodic payment even if it does not include amounts required to cover late fees, other fees, or non-escrow payments the Servicer has advanced on a consumer's behalf.

The Servicer shall not impose any late fee or delinquency charge for a payment if:

- Such a fee or charge is attributable solely to failure of the consumer to pay a late fee or delinquency charge on an earlier payment; and
- The payment is otherwise a periodic payment received on the due date, or within any applicable courtesy period.

F. Partial Payments

The Servicer must hold partial payments as "unapplied funds" in the T&I Custodial Account, if permitted by Applicable Law and if holding such funds would not jeopardize any Foreclosure proceedings. Once sufficient "unapplied funds" have been received to equal the amount of a full principal, interest, taxes, and insurance ("PITI") payment, the Servicer must apply the funds as a payment against the Mortgage Loan.

The Servicer must only deposit full payments to the Servicer's DDA or A/A Account.

G. Prepayments

A Borrower who is current on his or her payments may make any of the following two types of prepayments:

- Borrower may make a full Monthly Payment (or payment in multiples thereof) in advance of the Due Date to create a "cushion" against the possibility of missing future payments; and
- Borrower may make a payment to reduce the Unpaid Principal Balance of the Mortgage Loan. In this alternative, the prepayment is applied to the Mortgage Loan's Unpaid Principal Balance to reduce the term of the Mortgage Loan. Interest is then calculated on the basis of the new remaining Unpaid Principal Balance.

The Servicer should contact the Borrower if there is a question as to how the Borrower wishes a prepayment to be applied.

H. Escrow Payments

This section covers the guidelines for maintaining an Escrow Account and handling Escrow Funds.

1. Escrow Account Maintenance

Each Mortgage Loan must have an Escrow Account if required under the Mortgage Loan terms, unless the Servicer waives the escrow requirement, or unless Applicable Law prohibits the collection of Escrow Funds. Escrow items may include all regular, special assessments, or supplemental real estate taxes and assessments, mortgage insurance premium, property insurance premiums, and/or any other insurance premiums required when the Mortgage Loan was closed (e.g. earthquake, flood insurance, etc.). The Servicer must conduct an analysis of the Escrow Account at least annually to determine the required monthly Escrow Payment based upon reasonable projections of the expenses to be paid from the Escrow Account. An annual Escrow Account statement must be provided to the Borrower in accordance with Applicable Law. When a deficiency exists in the Escrow Account, the Borrower may be requested to pay the shortage in full or the shortage may be taken into consideration in establishing the amount of the monthly deposit for the following year. When an escrow analysis reveals that excess funds are being held on deposit, the surplus may be applied as payment of one or more full installments of principal and interest or as a curtailment, or returned to the Borrower, provided such actions are consistent with applicable law and the terms of the Mortgage Loan documents.

Subject to the Applicable Standards, the Escrow Account balance must be sufficient to affect the payment of all projected escrow items when due. The Servicer must pay interest to the Borrower on escrow deposits at, or above, the rate required by Applicable Law.

In the event of late payment of any escrow items, any late interest, charges, or penalties caused by the Servicer will be paid from the Servicer's funds and not charged to the Borrower.

2. Escrow Waiver

Subject to the Applicable Standards, the Servicer may waive the requirement for an Escrow Custodial Account only if a Borrower has a savings history, credit history, and/or income to pay for the escrow items when due. Servicers are required to follow the applicable Government Agency and MI company guidelines regarding waiving and reinstating Escrow. The Servicer may not waive the requirement to escrow MI premiums.

In order to be eligible for an escrow waiver, the Borrower must meet the following requirements:

- Applicable law allows or does not prohibit the Servicer to discontinue collecting escrow.
- The principal balance for the Mortgage Loan must be less than 80% of the original appraised value of the Mortgage Property.
- Not have made any payments that were thirty (30) days or more past due in the twelve (12) months prior to the escrow waiver request date.
- Not have made any payments that were sixty (60) days or more past due within the twenty-four (24) months prior to the escrow waiver request date.

- The Borrower has not received a prior Mortgage Loan modification.
- The Borrower has not previously been approved for an escrow waiver and failed to make all payments timely, as required.

The Servicer must monitor and require proof of payment of all taxes, ground rents, assessments, insurance premiums, and other items that could be considered escrow to ensure that the Borrower pays the items on time. If the Borrower fails to pay any item on time, the Servicer must advance its own funds to pay amounts due that would typically be considered escrow items.

The Servicer must retain the right to re-impose an Escrow Account for any Mortgage Loan if the Borrower fails to pay on a timely basis any items that were previously escrowed.

3. Deposit of Funds

All Escrow Funds collected by the Servicer shall be held in the T&I Custodial Account.

4. Escrow Account Records

The Servicer must maintain records to show the balance of the escrow account, Escrow Funds credited to the account, disbursements made from the account, and (if applicable) the interest due on the account to the Borrower.

5. Advances by Servicer

The Servicer shall pay promptly to the proper entities' premiums when due for property insurance and/or mortgage insurance, flood insurance, tax installments, and special assessments. The Servicer may not release such premiums to the Borrower or any other individual or party.

If the funds held in the Borrower's Escrow Account are insufficient to pay escrow items when due, the Servicer shall advance its own funds in an amount sufficient to make the full payment due. The Servicer may collect the deficiency from the Borrower as permitted under Applicable Law.

The advances may never be recovered from the Scheduled Principal or Scheduled Interest collections or from another Borrower's Escrow Funds. During litigation, bankruptcy proceedings, Foreclosure proceedings pertaining to a Mortgage Loan, or during the REO property process, the Servicer must continue to make required T&I advances until the Mortgage Loan or REO property is liquidated. Advances with respect to an REO property must be made as if the Mortgage or other Security Instrument and Note remained in effect.

6. Accounting for Transfer of Servicing

The Assuming Servicer, if approved by FHLBNY, is required to maintain Custodial Accounts in accordance with the Guide and is required to maintain separate Custodial Account for FHLBNY for which it acquires Subject Servicing Rights.

The Assuming Servicer will be responsible for monthly loan accounting and reporting commencing on the first (1st) day of the month reported by the Selling Servicer in the transaction validation process. Mortgage Loan reporting by the Assuming Servicer should use the Assuming Servicer's regular PFI

number, if one has previously been assigned by another FHLB. Assuming Servicers not previously assigned a PFI number or a Non Member Servicer (NMS) must use the Servicer ID number assigned by FHLBNY. The Master Servicer must use the Servicer ID number assigned by FHLBNY.

The Assuming Servicer shall remit funds to an A/A Account or DDA Account as FHLBNY directs.

8. Insurance Requirements

A. Property Insurance

Servicers must ensure that insurance requirements established by the applicable Government Agency are met for Government Mortgage Loans.

The Servicer shall monitor the insurance coverage which the Borrower is required to maintain for each Conventional Mortgage Loan and each Government Mortgage Loan. If the Servicer discovers that a Borrower does not have adequate insurance coverage, the Servicer must obtain and maintain at its own expense the required insurance coverage on the related Mortgaged Property. To the extent permitted by Applicable Standards, the Servicer may initiate forced-placed coverage with respect to such Mortgaged Property and thereafter attempt to recover such expenses from the related Borrower. The Servicer shall deliver all notices and observe all waiting periods required by Applicable Law before initiating force-placed insurance coverage. The Servicer also shall terminate forced-placed coverage when required to do so by Applicable Law. Any forced-place premium cannot be capitalized or added to the Unpaid Principal Balance.

The Servicer must ensure that the Mortgaged Property is adequately covered when vacant and obtain a vacancy permit endorsement, where available. If the Servicer determines that the Mortgaged Property is abandoned, the Servicer must take all necessary actions to protect the property from waste, damage, and vandalism, including by registering the Mortgaged Property with the appropriate authorities when required by Applicable Law.

For all Government Mortgage Loans and Conventional Mortgage Loans, the Servicer shall during the period any Mortgaged Property is Real Estate Owned or REO (i.e., the Property is vested in the Servicer's name on behalf of FHLBNY), keep in force fire and extended coverage insurance, of the type that provides for claims to be settled on a replacement cost basis, upon the Mortgaged Property regardless of whether the Mortgaged Property is vacant or occupied. Property insurance policies that limit or exclude from coverage (in whole or in part) windstorm, hurricane, hail damages, or any other perils that are normally included under an extended coverage endorsement are not acceptable.

1. Insurer Qualifications

All insurers (and reinsurers, if applicable) must be licensed or authorized to do business in the jurisdiction where the Mortgaged Property is located and must meet one of the following requirements:

1. The insurer meets any of the following ratings:
 - A.M. Best
 - Financial Performance Index of 6 or higher per Insurance Reports—Property/Casualty or Key Rating Guide—Property/Casualty;
 - Rating of B/III or higher per Insurance Reports—Property/Casualty or Key Rating Guide—Property/Casualty; or
 - Rating of A/VIII or higher per Insurance Reports—International
 - Demotech, Inc.
 - Rating of a minimum of “A” per First Rate/P&C Financial Stability Ratings
 - S&P Global Ratings
 - Rating of BBBq per Insurer Solvency Review—Property/Casualty Edition;

- Rating of BBB or higher per Insurer Solvency Review—Property/Casualty Edition; or
 - Rating of AAisi or higher per International Confidential Rating Service or International Solvency Report Service.
2. The insurer’s coverage is guaranteed by another company (“reinsurer”) that meets all of the following requirements:
 - The reinsurer has a minimum rating of:
 - A. M. Best — B/III or (for non-U.S. insurers) A/VIII; or
 - S&P Global Ratings — BBB or AAisi.
 - Both the insurer and the reinsurer execute an assumption of liability endorsement or equivalent endorsement that provides for:
 - One hundred percent (100%) reinsurance of the primary insurer’s liability for any covered loss payable but unpaid by the insurer for reasons of insolvency;
 - The reinsurer to give ninety (90) days written notice to the policyholder and the Originator before canceling or terminating the guarantee; and
 - The above endorsements are attached to each property insurance policy accepted by the Originator on account of the endorsements.
 3. The insurer is a syndicate formed at Lloyd’s of London;
 4. A non-admitted insurance company whose current rating is at least one of the following:
 - A. M. Best – A; or
 - S&P Global Ratings – AA-
 5. A carrier whose coverage is guaranteed under the National Flood Insurance Program (NFIP). Insurance underwritten by any of the following is acceptable, provided it is the only insurance coverage available for the Mortgaged Property and it is adequately funded by the applicable state:
 - A state’s Fair Access to Insurance Requirements (FAIR) plan; or
 - State insurance plans covering specific geographic areas.

If any insurer’s rating decreases below the minimum requirement after a policy is issued or is subsequently renewed, the Servicer must ensure that an acceptable replacement policy from an eligible insurer is obtained, unless the Servicer maintains mortgage impairment or mortgagee interest insurance.

2. Property Insurance Coverage Requirements

An All Risk Coverage property insurance policy is required for any properties maintaining an individually held insurance policy. If any hazards normally covered under the All Risk Coverage policy are limited or excluded, then a supplemental insurance policy for the limited/excluded hazard is required.

The property insurance policy must meet the minimum amount required, which is the lower of:

- One hundred percent (100%) of the replacement cost of the insurable improvements; or
- The unpaid Principal Balance of the Mortgage Loan, provided that it is at least equal to 80% of the insurable value of the improvements.

The amount of coverage must be sufficient to prevent the application of any co-insurance contribution or prevent any loss.

3. Deductibles

The maximum permitted deductible is five percent (5%) of the applicable amount of coverage of the insurance policy. The deductible clause may apply to either fire, extended coverage, or both. This limit also applies to each blanket or master policy maintained by a PUD or condominium homeowners association (HOA), each supplemental policy maintained, and deductibles for damage to the insured improvements.

4. Mortgagee Clause

All insurance policies obtained must include the insurance industry's standard mortgagee clause and must name the Servicer as the mortgagee. Neither FHLBNY nor the Master Servicer should appear as the mortgagee unless the policy coverage would be impaired. The mortgagee clause must contain an endorsement to fully protect the named mortgagee's interest and the interest of the Servicer where applicable.

The mortgagee clause must include the Servicer's name, the Servicer's street address or box number, and the Servicer's city, state, and zip code. The Servicer's name must be followed by the phrase "its successors and/or assigns." The mortgagee clause must provide that the insurer will notify the named mortgagee at least ten (10) days prior to any reduction in coverage or cancellation of the policy.

In deed-of-trust jurisdictions, the mortgagee should be designated as "[Name of Servicer], its successors and/or assigns, beneficiary."

When a mortgagee clause is not appropriate (e.g., in a separate comprehensive general liability policy), the insurer must provide a certificate of insurance to the Servicer. This certificate must contain the information required for certificates or other evidence of insurance.

The Servicer must arrange for all insurance drafts, notices, policies, invoices, or other correspondence to be delivered directly to the Servicer. The Servicer should have procedures in place to ensure the most updated contact information is provided to the insurer and/or HOA.

5. Evidence of Insurance

Evidence of all required property insurance coverage must be maintained in the Mortgage Loan File.

Evidence of insurance coverage must be in one of the following forms:

- An original or copy of the property insurance policy and any related endorsements (including the PUD or condominium HOA's master or blanket policy), except if a mortgage impairment or mortgagee interest insurance policy is maintained in lieu of maintaining individual loan insurance; or
- A certificate of insurance or evidence or declarations of insurance that contains the following information:
 - Named insured and mortgagee (for PUD or condominium units, the named insured association, unit owner, and unit owner mortgagee);
 - Address of the Mortgaged Property;
 - Type of coverage;
 - Amount of coverage;
 - Effective dates of coverage;

- Deductible amount and coverage to which each deductible applies;
- Any endorsement or optional coverage obtained and made part of the original policy;
- Insurer's agreement to provide written notice to the mortgagee and Borrower (or applicable unit owner mortgagee if for a PUD or condominium unit) at least ten (10) days prior to any reduction in coverage or cancellation of the policy; and
- Signature of an authorized representative of the insurer, if required by Applicable Law.

6. Data Files

In lieu of an original insurance policy, the insurer may provide a data file. Data files are acceptable, provided they meet the following requirements:

- The data file contains sufficient information about the insurance policy, the Mortgaged Property, and the Borrower to allow the Servicer to monitor and maintain property insurance in accordance with MAP requirements;
- The Servicer's errors and omissions insurance policy must provide coverage for electronic data transfers and provide full protection for the Servicer and FHLBNY against losses incurred as the result of erroneous data files or transfers;
- The insurance carrier must provide the Servicer written confirmation that the data file is equivalent to a printed policy;
- The Servicer must have adequate procedures in place to mitigate risk exposure associated with not having an original hard copy of the policy. These procedures may include requiring the insurer to certify to the accuracy of the information; and
- The Servicer must be able to produce legible hard or electronic copies of the actual insurance policies and proof of premium payments if requested by FHLBNY.

7. Mortgage Impairment or Mortgagee Interest Insurance

If the Servicer elects not to maintain the required property or flood insurance documentation, it must carry mortgage impairment or mortgagee interest insurance that meets the following requirements:

- The policy is underwritten by an insurer currently rated B / IV or better in Best's Insurance Reports. Policies issued by syndicates at Lloyd's of London are also acceptable. The insurer is licensed or otherwise authorized by law to do business in the jurisdiction where the Mortgaged Property is located;
- The policy provides coverage for FHLBNY and / or the Servicer;
- The policy provides coverage in scope and amounts no less than those required by MAP for fidelity and E&O insurance;
- The policy provides for written notice to FHLBNY and/or the Servicer, no less than one hundred and eighty (180) days prior to canceling or terminating the coverage; and
- The policy is approved by any regulatory authority to which the Servicer is subject, if such approval is required.

In addition to all other remedies of FHLBNY provided for in the Program Document, the Servicer will indemnify FHLBNY for any loss FHLBNY incurs due to the Servicer's failure to substantiate that the required insurance is in force on the Mortgaged Property. This indemnification obligation of the Servicer shall not be limited to the amount of coverage in force under a mortgage impairment or mortgagee interest policy.

8. Other Insurance

Where the Servicer is aware that a Mortgaged Property is exposed to any recognizable hazard against which All Risk Coverage or fire and extended coverage insurance does not afford protection, the Servicer must notify the FHLBNY of the nature of such hazard and the additional insurance coverage, if any, which should be obtained or which the Servicer has obtained. The Master Servicer may require at its discretion that the Servicer obtain appropriate additional coverage.

B. Additional Insurance Requirements for Condos and PUDs

In addition to the insurance requirements for single family residences, units in condominiums or PUDs must maintain additional property insurance as described in this section.

Premiums for any insurance policies required to be maintained by the HOA must be paid by the HOA as a common expense. The HOA must have funds in its reserves specifically designated for each deductible.

The HOA for all condominium and PUD projects must maintain a blanket or master policy that provides for All Risk Coverage to protect the buildings, common elements, fixtures, equipment, and common personal property owned by the HOA. Self-insurance for the subject condominium project or an insurance policy covering unaffiliated condominium associations or projects is not permitted.

Unless acceptable mortgage impairment or mortgagee interest insurance is provided, the Servicer must verify that the Mortgaged Property is covered at all times by a blanket fire insurance policy that provides coverage for the individual units in the condominium or PUD project. The blanket fire policy must have extended coverage insuring against hazard losses.

The blanket or master policy maintained by the condo or PUD HOA must provide coverage at least equal to the lesser of:

- The aggregate of the unpaid principal balances of all mortgage loans secured by units in the condominium or PUD project; or
- One hundred percent (100%) of the insurable value of the project improvements, including all individual units.

The HOA must be the named insured on the blanket or master policy. An exception is made for condominium projects where the legal documents allow the policy to designate an authorized representative of the HOA, including the insurance trustee, as the named insured. The named insured for each policy maintained by the HOA must be similar in form and substance to the following:

- "Association of Owners of the [Name of Condominium Project or PUD] for use and benefit of the individual Condominium or PUD Unit owners" (designated by name, if required).

Each insurance policy must contain the standard mortgagee clause endorsed to provide that any disbursements will be paid to the HOA for the use and benefit of mortgagees as their interests may appear, or otherwise endorsed to fully protect the interest of FHLBNY.

The blanket or master policy must require that the insurer provide written notice to the HOA and each mortgagee at least ten (10) days prior to cancelling or reducing the insurance coverage.

The following special endorsements are also required for the condominium project:

- An Inflation Guard Endorsement, when it can be obtained;
- Building Ordinance or Law Endorsement;
- Steam Boiler and Machinery Coverage Endorsement, if the project has central heating or cooling. (This endorsement should provide for the insurer's minimum liability per accident to at least equal the lesser of two million dollars (\$2,000,000) or the insurable value of the boiler or machinery and building(s) housing the boiler or machinery); and
- Special Condominium Endorsement, which must provide that any Insurance Trust Agreement will be recognized, the right of subrogation against unit owners will be waived, the insurance will not be prejudiced by any acts or omissions of individual unit owners that are not under the control of the owners' association, and the policy will be primary, even if a unit owner has other insurance that covers the same loss.

If there is a construction code provision that would require changes to undamaged portions of the building in which a Mortgaged Property is located even when only part of a building is destroyed by an insured hazard, the Servicer must ensure that each insurance policy contains the necessary construction code endorsements.

If the PUD project's blanket or master policy does not provide coverage for each unit, then the Borrower must maintain an individual property insurance policy.

If the condominium blanket or master policy does not cover the individual condominium units (including interior improvements), then the Borrower must maintain an HO-6 policy with sufficient coverage to fully restore the condo to its prior condition in the event of a hazard loss.

1. Liability Insurance

The HOA association for a PUD or condominium project must maintain a comprehensive general liability insurance policy covering the entire project including all common areas, public ways, commercial space that is owned by the HOA, even if they are leased to others, and any other areas that are under the supervision or control of the HOA. The commercial general liability insurance policy should provide coverage for bodily injury and property damage that result from the operation, maintenance, or use of the project's common areas and elements.

The amount of coverage should be at least one million dollars (\$1,000,000) for bodily injury and property damage for any single occurrence.

The policy must contain a severability of interest endorsement preventing the insurer from denying the claim of a condominium or PUD unit owner because of negligent acts of the HOA or other unit owners. The policy must include any other coverage or endorsement generally required by Applicable Standards.

The policy should provide for at least ten (10) days' written notice to the HOA before the insurer can cancel or substantially modify it.

2. Fidelity Insurance

All condominium projects and PUD projects consisting of more than twenty (20) units that contain only attached dwellings must have blanket fidelity insurance coverage for anyone who handles (or is responsible for) funds held or administered by the HOA, whether or not that individual receives compensation for services. The insurance policy should name the homeowners association as the

insured and the premiums should be paid as a common expense by the HOA. The policy for a condominium project must include a provision that calls for ten (10) days' written notice to the HOA before the policy can be canceled or substantially modified for any reason.

A management agent that handles funds for the HOA should be covered by its own fidelity insurance policy, which must provide the same coverage required of the HOA. The management agent must furnish proof of such coverage to the HOA.

The fidelity insurance policy should cover the maximum funds that will be in the custody of the HOA or its management agent at any time while the policy is in force. Where the condominium or PUD project's legal documents require that it or its management agent adhere to at least one of the following financial controls, the minimum amount of fidelity insurance coverage only needs to be equal to the sum of three (3) months of assessments on all units in the project:

- Separate depository accounts are maintained by the HOA or management agent for the association's working account and the reserve account(s), each with appropriate access controls, and the HOA receives copies of the monthly account statements directly from the institution where the accounts are maintained;
- The management agent maintains separate records and depository accounts for each HOA using its services, and does not have authority to draw checks on, or to transfer funds from, the reserve account(s) of the owners' association; or
- Two or more members of the Board of Directors are required to sign any checks written on the reserve account(s).

In a state that has statutory fidelity insurance requirements, MAP will accept the state's requirements in place of those of MAP's.

C. Flood Insurance

Flood insurance is required for any Mortgaged Property where any part of the principal structure is located in a Special Flood Hazard Area ("SFHA"), as delineated on flood maps issued by the Federal Emergency Management Agency ("FEMA"). In addition, flood insurance is required for any residential detached structure that is located in an SFHA and serves as part of the security for the Mortgage Loan. If detached non-residential buildings—such as standalone garages, sheds, or greenhouses—are located in an SFHA, but the principal structure is not in an SFHA, then flood insurance is not required.

The Servicer must comply with all provisions of the National Flood Insurance Program (NFIP), as authorized by the National Flood Insurance Act of 1968, the Flood Disaster Protection Act of 1973 and the 1994 National Flood Insurance Reform Act, the Flood Insurance Reform Act of 2004, the Biggert-Waters Flood Insurance Reform Act of 2012, the Consolidated Appropriations Act of 2014, and the Homeowner Flood Insurance Affordability Act of 2014. During the term of the Mortgage Loan, the Servicer must ensure that flood insurance is maintained, or added if the Servicer becomes aware that the Mortgaged Property subsequently becomes part of an SFHA. The Servicer must have procedures to monitor all Mortgaged Properties annually to determine if any Mortgaged Property status has changed and take appropriate actions as changes occur. If the Servicer determines that the Mortgaged Property status has changed and is now located in an SFHA, the Servicer must notify the Borrower of the flood insurance requirements in accordance with the provisions of the Guide. If the Servicer does not receive proof of flood insurance after forty-five (45) days from the original notification to the Borrower, the Servicer must force-place the flood insurance coverage. If

the Servicer determines that the Mortgaged Property's status has changed, and that it is no longer in a SFHA, the Servicer must not require flood insurance.

Flood insurance should be in the form of the standard policy issued under the NFIP. A Policy Declaration page is acceptable evidence of flood insurance coverage.

The Servicer must maintain in the Mortgage Loan File all flood insurance documents necessary to comply with Applicable Law.

1. Flood Insurance for One- to Four-Unit Properties

The minimum amount of flood insurance required for one- to four-unit properties is the lowest of:

- 100% of the replacement cost of the insurable improvements;
- The maximum insurance available under the NFIP; or
- The unpaid Principal Balance of the Mortgage Loan.

The minimum coverage requirements for one- to four-unit properties also apply to individual PUDs and detached condominium units.

Refer to the NFIP for current limits. The deductible for coverage on a single-family property must not exceed the maximum deductible amount permitted under the NFIP.

2. Flood Insurance for Condos

Separate flood insurance policies are not required for the individual units in a condominium project. The HOA is required to obtain appropriate flood insurance for each building that is located in an SFHA. The flood insurance policy maintained by the HOA must be at least equal to the lowest of:

- One hundred percent (100%) of the full replacement cost of the insurable improvements;
- The maximum insurance available from the NFIP; or
- The aggregate of the unpaid principal balances of all mortgage loans secured by units within the condominium project.

If the unpaid principal balance is the lowest of the three options, the flood insurance policy must equal at least eighty percent (80%) of the replacement costs of the insurable improvements.

If the minimum coverage requirements for the master policy are met, but the master policy does not meet the minimum coverage requirements for one-to four-unit residences, then the unit owner may obtain a flood insurance policy to cover the difference.

The HOA must maintain contents coverage for the building, which must equal 100% of the insurable value of the contents that HOA members own in common.

Unless a higher maximum deductible amount is required by state law, the deductible amount for policies covering condominium common areas and condominium common elements must not exceed the maximum deductible amount permitted under the NFIP. Funds to cover this deductible amount should be included in the HOA's operating reserve account.

3. Flood Insurance for PUDs

The policy for a PUD project should cover any common element buildings and any other common property located in an SHFA. Flood insurance for individual PUD units (attached and detached) must meet the flood insurance coverage requirements for one- to four-unit properties (as described above).

Unless a higher maximum deductible amount is required by state law, the deductible amount for policies covering PUD common areas must not exceed the maximum deductible amount permitted under the NFIP. Funds to cover this deductible amount should be included in the HOA's operating reserve account.

4. Coastal Barrier Resources System or Otherwise Protected Area

Properties located in the Coastal Barrier Resources System or an Otherwise Protected Area under the NFIP must maintain flood insurance. If the community does not participate in the Coastal Barrier Resources System or Otherwise Protected Area, flood insurance coverage in accordance with MAP Underwriting Guidelines must be maintained for the Mortgaged Property. The flood insurance coverage may be a private policy or an NFIP policy.

D. Property Damage/Loss Procedures

The Servicer shall promptly take appropriate action to protect FHLBNY's interest in the event of a hazard, flood, or other property damage loss, obtaining details of the damage, confirming that the Borrower is filing timely claims, monitoring timely completion of repairs, controlling disbursements of settlement funds, and documenting actions and the basis for its decisions in the Mortgage Loan File.

More specifically, the Servicer's responsibilities include the following:

- Notifying the Master Servicer of the loss and recommending appropriate action;
- Performing a property inspection and providing the results of the inspection to the Master Servicer upon request. If the property is abandoned or vacant, the Servicer must secure it from vandalism and the elements;
- Complying with the provisions in the Mortgage or other Security Instrument relating to insurance settlements;
- Receiving reports of property damage insurance losses, ensuring that proof of loss statements are properly filed, helping the Borrower determine needed repairs, obtaining necessary bids, reviewing and approving final plans for repair, and being named as payee on all insurance loss drafts (subject to Applicable Standards);
- If the Servicer is unable to contact the Borrower (or it appears that the Mortgaged Property has been abandoned), the Servicer should determine the general extent of the damage and the required repairs, take appropriate measures to protect the Mortgaged Property from further damage, and contact the insurance carrier to determine whether the Borrower has submitted a claim. If the Borrower has not filed a claim, the Servicer should file a proof of loss under the standard mortgagee clause and collect the Insurance Proceeds and apply such payments as provided in the Mortgage or other Security Instrument and this Guide;
- Collecting, endorsing, and disbursing the Insurance Proceeds, providing progress inspections and payment, as necessary, and assuring that repairs are completed in a workmanship like

manner according to final plans and that the pre-loss value of the Mortgaged Property is restored, as necessary;

- Any funds not disbursed to the Borrower should be escrowed in an interest-bearing account for the Borrower's benefit. The account must yield an amount of interest that is equivalent to the interest that the Borrower could expect to obtain from a passbook savings account or a money market account and must be in a depository institution that meets this Guide's eligibility criteria for Custodial Account depositories. The depository account also must provide for all interest earned on the funds to be credited to the account at least quarterly. The Servicer must pay the accumulated interest to the Borrower at the end of the property reconstruction period, unless the Borrower requests an earlier disbursement;
- Complying with all applicable mortgage insurer/guarantor requirements pertaining to the filing of claims and the settlement of insurance losses so that the mortgage insurance or guaranty is not jeopardized, including filing all required notices and making a part of the individual loan record any mortgage insurer/guarantor letter of assurance that the insurance or guaranty will continue in full force and effect;
- Ensuring that the priority of the lien of the Mortgage or other Security Instrument is preserved by complying with all lien laws. Such precautions should include arranging for and authorizing the restoration or rehabilitation work, assuring through the receipt of Borrower affidavits, repair contract copies, and lien waivers that the priority lien of the Mortgage Loan is maintained, and that all other actions necessary to avoid materials or mechanics' liens being filed against the Mortgaged Property are done;
- Applying the Insurance Proceeds to reduce the Unpaid Principal Balance of the Mortgage Loan with the excess, if any, paid to the Borrower, if restoration or repair is not economically feasible or if the security of the Mortgage Loan would be impaired; and
- Causing the insurance companies to deliver all insurance loss drafts, notices, policies, billings, and other documents directly to Servicer.

The Servicer shall not enter into, nor incur legal expenses for litigation, with regard to a claim without the written consent and direction of the FHLBNY.

If the Servicer fails to discover loss or damage that reasonably should have been discovered and fails to act in a timely manner, it will be liable for any resulting additional damage or loss.

1. Personal Property Losses

Insurance Proceeds obtained as a result of a claim for the loss of personal property, when no damage has been sustained to the Mortgaged Property, should be sent back to the Borrower via an endorsed check.

2. Notice to Master Servicer

The Servicer is required to submit Form MAP-515 (Property Insurance Loss Draft Notification) to the Master Servicer within five (5) Business Days of discovering damage to the Mortgaged Property, regardless of the extent or amount of the loss.

3. Release of Insurance Proceeds

Generally, property damage Insurance Proceeds should be applied to the restoration and repair of the damaged Mortgaged Property, and the Insurance Proceeds balance should be deposited into one or more separate Escrow Accounts, so that the balance on deposit in such accounts is fully insured at all times. If the Insurance Proceeds will not be applied to the repair and restoration of the Mortgaged Property, then the Insurance Proceeds must be deposited into the respective P&I Custodial Account. The Servicer shall report settlements to the Master Servicer on a Property Insurance Loss Draft Notification form (Form MAP-515), together with a summary of the disposition of the proceeds. If the loss exceeds \$40,000, then the Master Servicer's written approval is required prior to disposition of the proceeds.

4. Loss Settlement Approval

If the Mortgage Loan was current at the time of the loss, the Mortgaged Property is occupied and has not sustained a total or near total loss, the insured improvements are repairable, and the security has not been lessened, then the Servicer is responsible for making the decision as to disposition of property and flood Insurance Proceeds. The Servicer should assess the extent and impact of the damage and, after consulting with the Borrower to ensure that the damage will be appropriately repaired, determine the amount and timing of disbursements. If the property damage exceeds \$40,000, then the Master Servicer's written approval is required prior to disbursement of the Insurance Proceeds, and the Servicer is required to conduct property inspections in accordance with a repair and rehabilitation plan.

The amount of the Insurance Proceeds, the contractor's estimate, the prevailing down payment amount being requested by contractors, and the length of time for repairs to be completed, should all be considered by the Servicer in deciding whether to disburse the proceeds for the repairs and restoration in a single payment or in a series of progress payments as work is completed. The Servicer should also decide whether it is necessary to monitor the progress of the repair work through periodic property inspections and whether it is necessary to conduct a final inspection to ensure all repairs are completed.

5. Total or Near Total Loss

After discussing with the Borrower plans for repairing the Mortgaged Property, the damage should be reported to the Master Servicer on the Property Insurance Loss Draft Notification form (Form MAP-515), including the Servicer's recommendation to either initiate repair of the Mortgaged Property or apply the proceeds to reduce the Unpaid Principal Balance of the Mortgage Loan. If the Borrower is willing to repair the Mortgaged Property and the restoration or repair is economically feasible, the Servicer must follow either option (1) or (2) below:

1. If the Insurance Proceeds exceed the total amount due on the Mortgage Loan (including unpaid principal, accrued interest and any advances), the excess should be disbursed to the Borrower; or
2. If the Insurance Proceeds do not exceed the total amount due on the Mortgage Loan (including unpaid principal, accrued interest and any advances), the Servicer may release up to \$40,000 to the Borrower. If the Insurance Proceeds exceed \$40,000, then the Master Servicer's written approval is required prior to disbursement of the funds.

In both instances the contractor's estimate should be reviewed to determine the method of disbursement for the remaining funds. Progress and completion of the repair work should be monitored through property inspections, including a final inspection to confirm that all repairs are completed. The final disbursement should be made payable to both the Borrower and the contractor.

However, the Servicer must recommend to the Master Servicer an appropriate action if the Mortgage Loan is in Foreclosure or the Mortgaged Property has been abandoned.

In most cases, the Servicer should disburse the Insurance Proceeds to the Borrower and the repair contractor when the restoration or repairs have been completed and inspected, although progress payments can be made as portions of the work have been completed and inspected. All actions should be properly documented in the Mortgage Loan File.

If the improvements on the Mortgaged Property have been completely destroyed and the Insurance Proceeds equal or exceed the Unpaid Principal Balance of the Mortgage Loan, the Servicer shall obtain the Master Servicer's approval to liquidate the Mortgage Loan. If the Note or the Mortgage or other Security Instrument for the Mortgage Loan requires the Insurance Proceeds to be used to repair, restore, or reconstruct the improvements on the Mortgaged Property, then the Servicer must liquidate the Mortgage Loan by purchasing or repurchasing it.

6. Natural Disasters

Servicers should make every effort to work with Borrowers who are victims of natural disasters to prevent Delinquencies and to avoid Foreclosures for the Mortgage Loans they service. Servicers may temporarily discontinue reporting Delinquencies to credit bureaus if they are aware that the Borrower's Delinquency is attributable to hardships incurred from a natural disaster. Servicers are also encouraged to waive late payment charges if the Borrower is late because of additional expenses or loss of income from the natural disaster.

Because of the extent of damage caused by many natural disasters, contractors may require the Borrower to advance funds for materials needed to repair property damages. When a Borrower asks a Servicer to immediately release property (or, if applicable, flood or earthquake) Insurance Proceeds for this purpose, the Servicer should first determine whether the Mortgaged Property can be legally rebuilt. If the Mortgaged Property cannot be legally rebuilt, any Insurance Proceeds shall be used to reduce the amount of the Unpaid Principal Balance of the Mortgage Loan. If the Mortgaged Property can be legally rebuilt, the Servicer's actions should be based on the status of the Mortgage Loan, the amount of the Insurance Proceeds, and the length of time required to repair or reconstruct the Mortgaged Property.

When the Mortgage Loan is in Foreclosure before the disaster, the Servicer shall release Insurance Proceeds directly only to the verified licensed contractor in the form of progress payments with periodic property inspections as directed above.

7. Uninsured Disaster Losses

When a disaster or Borrower vandalism results in uninsured losses, the Servicer shall take action to protect FHLBNY's interest as follows:

- Promptly ascertain the extent of the damage to the Mortgaged Property and whether value still exists;
- Protect abandoned property against vandalism and the elements when value still exists and in cases where little or no value exists, secure or raze the Mortgaged Property so it does not constitute an attractive nuisance or a threat to public safety;
- Forward a completed report of its findings and send by email to the Master Servicer along with recommendations as to any action that should be taken to protect the interest of FHLBNY and the Borrower;
- Closely communicate with the Borrower(s), counsel them, provide assistance through forbearance or modification where warranted, and familiarize them with any disaster relief programs available, and
- For Government Mortgage Loans, comply with all requirements of the applicable Government Agency.

If the Servicer receives a “notice of intent” letter from an MI carrier regarding the insurer’s intent to reduce a claim due to damage or general condition of the Mortgaged Property, the Servicer must promptly notify the Master Servicer and provide the following items to the Master Servicer:

- A copy of the MI carrier’s letter indicating notice of intent to curtail or reduce the claim;
- A copy of the property inspection report indicating damage;
- A copy of a recent broker’s price opinion indicating damage (if available);
- A copy of repair bids (supplied by MI carrier);
- A copy of the MI checklist (if applicable);
- A copy of the original appraisal;
- A copy of the hazard claim;
- A copy of the hazard claim results (if available);
- A copy of the collection efforts for the past twelve (12) months; and
- A payment history for the past twelve (12) months.

The Master Servicer will provide a recommendation to the FHLBNY when a reduction in a MI claim is required; FHLBNY may approve this claim reduction. The MI carrier will stop paying interest on the claim after ten (10) days from the date the notice of intent was issued and will not resume paying interest until it has received the decision regarding the claim reduction. Any interest lost due to the Servicer’s negligence or delay in forwarding hazard loss information to the Master Servicer will result in such loss being borne by the Servicer.

Once the Servicer receives the Master Servicer’s decision, the Servicer is responsible for communicating the decision to the MI carrier. Acceptance of the claim reduction by the Master Servicer does not represent approval for the hazard loss.

E. Title Insurance

The Servicer must ensure the Title Policy for each Mortgage Loan is maintained until the Mortgage Loan is paid in full. The Servicer shall not reduce the amount or change the scope of coverage under any Title Policy, or otherwise do or authorize any act or omission that would affect the coverage of any Title Policy, unless the Servicer has received written direction from the Master Servicer specifying the amount(s) or scope to which the coverage is to be changed.

The Servicer must perform and comply with all requirements and conditions of each Title Policy for each Mortgage Loan and the related Mortgaged Property that are to be performed or observed by the “insured” or obligee as a condition to maintaining and keeping it in force or making a claim.

The Servicer must notify the Master Servicer simultaneously with the making of any Title Policy claim. The Servicer shall be named as a payee on all Title Policy loss drafts. Upon receipt of funds, the Servicer shall credit the funds to the P&I Custodial Account up to an amount equal to the sum of:

- The Unpaid Principal Balance of the Mortgage Loan and any accrued interest;
- Any outstanding advances; and
- Any expenses owed by the Borrower.

Any remaining funds shall then be deposited into the T&I Custodial Account. The Servicer must disburse the proceeds of any settlement in accordance with the FHLBNY approval.

9. Mortgage Insurance/Guaranty

This section describes the requirements for servicing Mortgage Loans with mortgage insurance/guaranty.

A. Required Coverage

The Servicer must ensure that the mortgage insurance/guaranty coverage required when the Mortgage Loan was purchased remains in effect for as long as required under MAP by paying all renewal premiums when due.

For Conventional Mortgage Loans, mortgage insurance is required if the LTV at origination exceeds eighty percent (80%).

For Government Mortgage Loans, the Servicer shall require each Borrower to keep in force the mortgage insurance or guaranty provided by the applicable Government Agency. The Servicer must follow the applicable Government Agency's guidelines for notifying it of the sale of the Mortgage Loan to FHLBNY.

B. Mortgage Insurance Cancellation for One-Unit Properties & Second Homes (Updated 8/26/2024)

1. Introduction

Conventional Mortgage Loans are subject to the Homeowners Protection Act (HOPA). HOPA provides for the automatic termination of borrower paid conventional MI and borrower-requested cancellations of borrower paid MI for certain mortgages closed on or after July 29, 1999, as well as those provisions which define the equity requirements for borrowers requesting cancellation of their MI. MAP's MI termination policy is that all Mortgage Loans secured by single family, single unit owner-occupied dwellings, regardless of their origination date, and whether modified or not, shall be administered in accordance with HOPA requirements (such as the definition of an acceptable payment history).

Servicers must comply with the Guide and Applicable Laws when cancelling or terminating MI, including the provisions of the HOPA and applicable state law, and shall not use any criteria for such terminations or cancellations that are in violation of the HOPA or applicable state law.

Servicers should note that where the Mortgaged Property is located in the State of New York and New York mandates that MI either not apply, or shall be terminated on a date earlier than that provided for under HOPA or the Program Documents, the requirements of the State of New York will apply.

2. Borrower-Requested Cancellation

i. Borrower-Requested Cancellation Based on Original Property Value

The Borrower may request in writing to cancel MI when either (i) the Scheduled Principal Balance of the Mortgage Loan reaches 80% of the original value of the Mortgaged Property (regardless of the current Unpaid Principal Balance) based on the initial amortization schedule; or (ii) the Unpaid Principal Balance reaches 80% of the original value of the Mortgaged Property, based on actual payments.

The Mortgage Loan must be current at the time MI cancellation is requested, meaning all arrears and the Monthly Payment for the month prior to the date of the cancellation request must have been paid.

The Borrower: (a) must not have been Delinquent in the prior twelve (12) months, or (b) had payments that were sixty (60) days or more past due within the first twelve (12) months of the last two (2) years prior to the date the Borrower requests cancellation. There are no requirements for a Mortgage Loan's seasoning before the Borrower may request cancellation; however, if the Mortgage Loan is seasoned less than two (2) years, the payment history criteria must be applied to the length of time since the Mortgage Loan's origination.

For example, a Mortgage Loan that qualifies for Borrower requested cancellation that is seasoned six (6) months is eligible for cancellation so long as there have not been any Delinquencies on that Mortgage Loan. As another example, a Mortgage Loan that qualifies for Borrower requested cancellation that is seasoned fifteen (15) months is eligible for cancellation so long as there have not been any Delinquencies within (12) months of the request, or and no payments sixty (60) days or more past due in the thirteen to fifteen (13-15) months prior to the request.

The Servicer is required to obtain evidence that the value of the Mortgaged Property has not declined below the original property value. The property valuation may only be used to determine whether the value of the Mortgaged Property has declined below the original value. The Servicer may pass on the property valuation fee to the Borrower.

The Borrower must certify that his or her equity in the Mortgaged Property is not subject to any subordinate lien.

The Servicer may not require further MI premiums more than thirty (30) days after the earlier of the date a valid and complete Borrower request is received, or the date on which Borrower satisfies the requirements for establishing current value and certification as to subordinate liens.

ii. Borrower-Requested Cancellation Based on Current Property Value

The Borrower may also request in writing to cancel MI based on the current appraised value of the Mortgaged Property if the Mortgage Loan is a one-unit primary residence or second home that is:

- Seasoned less than two (2) years if the Borrower has made improvements to increase the value of the Mortgaged Property, the appraisal specifies the improvements that were made and contains commentary on their effect on value, and the LTV is 75% or less, based on the current appraised value.
- Seasoned between two (2) and five (5) years with an LTV ratio of seventy-five percent (75%) or less, based on the current appraised value.
- Seasoned five (5) years or more with an LTV ratio of eighty percent (80%) or less, based on the current appraised value.

The loan must be current at the time MI cancellation is requested, meaning the payment for the month prior to the date of the cancellation request must have been paid. The Borrower: (a) must not have been Delinquent in the prior twelve (12) months, or (b) had payments that were sixty (60) days or more past due within the first twelve (12) months of the last two (2) years prior to the date the Borrower requests cancellation. If the Mortgage Loan is seasoned less than two (2) years, the payment history criteria must be applied to the length of time since the Mortgage Loan's origination.

The Borrower must certify that his or her equity in the Mortgaged Property is not subject to any subordinate lien.

The Servicer must obtain a new appraisal with an interior and exterior inspection that meets the appraisal requirements in the MAP Underwriting Guide and must receive the results directly from the appraiser. The Servicer may pass on the appraisal fee to the Borrower.

3. Automatic Termination

Pursuant to HOPA, the Servicer must automatically terminate borrower paid MI if the Borrower is current when the Scheduled Principal Balance of the Mortgage Loan is first scheduled to reach 78% of the original value of the Mortgaged Property (regardless of the current Unpaid Principal Balance) based on the initial amortization schedule. If the Borrower is not current on the date the MI is scheduled to automatically terminate, then the MI must be cancelled on the first day of the first month following the date that the Borrower becomes current. The Servicer may not charge the Borrower further MI premiums more than thirty (30) days after the termination date. The Servicer may not charge the Borrower a fee for MI cancellation.

4. Final Termination

If the MI was not previously terminated automatically or at the Borrower's request, the Servicer must terminate borrower paid MI by the first day of the month immediately following the date that is the midpoint of the Mortgage Loan's amortization period based on the initial amortization schedule, if on that date, the Borrower is current. If the Borrower is not current on that date, the MI must be terminated when the Borrower becomes current on the loan. The Servicer may not charge the Borrower further MI premiums more than thirty (30) days after the termination date.

5. Lender-Paid MI

For Mortgage Loans with lender-paid MI, the Servicer must provide notice to the Borrower not later than thirty (30) days after the date when the Scheduled Principal Balance of the Mortgage Loan is first scheduled to reach 78% of the original value of the Mortgaged Property (regardless of the current Unpaid Principal Balance) based on the initial amortization schedule, that the Borrower may wish to review financing options that could eliminate the requirement for MI.

6. Other Servicer Obligations

The Servicer is responsible for providing disclosures and notices required under HOPA, including annual disclosures, notice of MI cancellation and notice of grounds for denial of MI cancellation.

In all cases when MI has been cancelled or terminated, the Servicer must notify the MI carrier and advise the Borrower(s) that no further escrow deposits for MI premiums will be due. Within forty-five (45) days of cancellation or termination, the Servicer must return any unearned MI premium received from the MI carrier to the Borrower(s).

Within five (5) Business Days of cancelling or terminating MI for any Mortgage Loan, the Servicer must report the MI cancellation or termination to the Master Servicer using the MI Cancellation Notice (Form MAP-516).

C. Mortgage Insurance Cancellation for Owner-Occupied Two- to Four-Unit Properties (Updated 9/1/2021)

Borrower-requested MI cancellation for two- to four-unit properties follows the same guidelines as borrower-requested MI cancellation for one-unit properties with the exception that regardless of the age of the loan, the LTV ratio must be seventy percent (70%) or less based on either the original or current value and the Mortgage Loan must be seasoned for at least two years.

MI must be automatically terminated on the first day of the month immediately following the date that is the midpoint of the Mortgage Loan's amortization period based on the initial amortization schedule, if on that date, the Borrower is current.

The Servicer must follow all applicable disclosure requirements.

D. Replacement Coverage

When MAP removes an MI carrier from its approved MI carriers list, the applicable MI policy does not need to be replaced, provided that the amount and scope of coverage does not change, and the insurer remains licensed in all pertinent jurisdictions and meets the requirements for licensed primary mortgage insurers in those jurisdictions.

In the event it becomes necessary to replace original or existing MI with substitute coverage, it must be provided by an insurer on MAP's then-current approved MI carriers list, and the premium for any replacement MI policy shall not exceed the premium for the discontinued MI policy.

E. Mortgage Insurance Claim

The Servicer is required to provide the Master Servicer with copies of all notices, MI explanation of benefits forms, claims forms, and any other documents received from or sent to any MI carrier or guarantor.

1. Government Mortgage Loan Insurance Claims

The Servicer must file the mortgage insurance claim for Government Mortgage Loans, naming the Servicer as payee and instructing Insurance Proceeds to be sent directly to the Servicer. The Servicer must follow the applicable Government Agency procedures for filing claims.

2. Conventional Mortgage Loan Insurance Claims

The Servicer must take all necessary steps to ensure the payment of the maximum benefits payable under the terms of the MI policy. The Servicer shall prepare and file MI claims in accordance with the timing requirements specified by the applicable MI carrier. All allowable to date expenses are to be paid by the Servicer and included in the Servicer's initial claim to the insurer.

The Servicer must inform the applicable insurer of any listing agreement or purchase offers received prior to the final disposition of the claim. If an REO property is covered by an MI policy that will not provide coverage up to one hundred percent (100%) of losses, the Servicer must obtain the Master Servicer's approval for listing and marketing the REO property.

Hazard insurance premiums and HOA dues will accrue as an expense to the Servicer only subsequent to the Servicer acquiring the Mortgaged Property via the Foreclosure sale. To the extent provided by Applicable Laws, HOA dues prior to the Foreclosure sale are not an obligation of the mortgagee and are discharged by the Foreclosure sale. Therefore, only those dues incurred after the Foreclosure sale are allowable and are paid directly by the Servicer to the HOA.

If the MI carrier is settling its MI claims with a combination of an upfront cash payment and a deferred payment obligation (DPO), the Servicer must:

- Complete the Calculation of the Realized Loss or Gain (Form MAP-511);
- Assign the DPO to FHLBNY in accordance with the MI company's requirements;
- Retain records of, track, and manage the receipt and payout of both assigned and unassigned DPO payments;
- Forward to FHLBNY the quarterly reports from the applicable MI companies that inform the Servicer of its outstanding DPOs; and
- Send all DPO related information and documentation in its possession to any Subservicer it uses.

The Servicer is responsible for working with each MI carrier to determine whether such insurer will settle the claim by taking title to the Mortgaged Property in question or in some other manner. The Servicer must notify the Master Servicer immediately in writing of any decision made by the applicable insurer relative to a claim. The Servicer must also provide the Master Servicer with copies of all notices, MI explanation of benefits forms, claims forms, and other papers sent to or received from the applicable insurer.

The Servicer must deposit any Insurance Proceeds from MI into the appropriate P&I Custodial Account immediately upon receipt.

After final disposition of the Mortgaged Property, the Servicer must submit a Calculation of the Realized Loss or Gain (Form MAP-511) to the Master Servicer for defaulted Conventional Mortgage Loans.

3. Loss Due to Untimely Claim

The Servicer shall indemnify FHLBNY against losses resulting from the Servicer's failure to submit a Notice of Delinquency claim to the applicable MI insurer/guarantor within the time limits specified in the MI policy.

4. Loss Due to Insufficient Coverage

The Servicer shall indemnify FHLBNY against any uninsured loss resulting from Servicer's maintenance of insurance in an amount less than the amount required in the Guide. Alternatively, FHLBNY may determine that the Servicer may be required to purchase or repurchase the Mortgage Loan.

5. Loss Due to Lapsed, Canceled, or Contested Policy

The Servicer shall indemnify at their own expense FHLBNY against any uninsured loss resulting from failure of the Servicer to comply with the terms and conditions of an MI policy or to maintain or cause to be maintained mortgage insurance/guaranty as required by the Guide. Alternatively, the Servicer may be required to purchase or repurchase the Mortgage Loan at its Unpaid Principal Balance and all interest due to date of repurchase.

6. Failure to Comply

Failure to file an MI claim within the time period required by the Government Agency or MI insurer is considered to be a breach of the Program Documents by the Servicer.

7. Loss Claims Forms

The Servicer is responsible for contacting the MI insurer to determine the applicable reporting and claim filing forms.

8. Claim Adjustments by Mortgage Insurer

The amount by which any MI claims have been adjusted (i.e., the claim amount has been reduced) by the insurer or guarantor by reason of a servicing deficiency will be paid by the Servicer to make FHLBNY whole. The Servicer shall pay the amount of the reduced or adjusted claim to FHLBNY within sixty (60) days of demand.

10. Delinquencies

A. General

Servicers are expected to assist all Borrowers who are facing default or are in default in avoiding Foreclosure on their home in the shortest possible time, by providing them with the most appropriate, long term home retention or liquidation option that is available under MAP.

The Servicer's collection staff must be sufficiently skilled in financial counseling and mortgage servicing techniques to assist a Borrower while at the same time protecting the interest of FHLBNY.

Servicers are required to abide by all requirements of Applicable Laws, including CFPB servicing rules, when dealing with Delinquent Mortgage Loans.

B. Servicing Requirements for Delinquent Mortgage Loans

This section describes the guidelines for servicing Delinquent Mortgage Loans.

1. Collection Efforts

The Servicer should treat each Mortgage Loan as an individual case, based upon the Servicer's knowledge of the Borrower, the location and type of Mortgaged Property, and the extent of the Delinquency. The Servicer should make use of notices, letters, emails, telephone and personal contacts, and in general all collection methods normally employed by the industry and as required and permitted under Applicable Law, including CFPB servicing rules.

The Servicer may only initiate a Foreclosure action in accordance with Applicable Law, including CFPB servicing rules.

2. Contacting Borrowers

The Servicer must contact Borrowers with Delinquent Mortgage Loans as soon as required or permitted under Applicable Laws. Specifically, the Servicer shall establish contact with the Borrower as permitted by Applicable Law by establishing or making a good faith effort to establish live contact with Borrowers by the thirty-sixth (36th) day of Delinquency to determine the cause of the Delinquency and to promptly inform Borrowers, where appropriate, that loss mitigation options are available. By the forty-fifth (45th) day of Delinquency, the Servicer is also expected to provide such Borrowers with written notice of information about loss mitigation options.

The Servicer is expected to continue to contact the Borrower as permitted by Applicable Laws, until

- Mortgage Loan is current or Borrower is paying pursuant to a loss mitigation plan;
- Applicable law requires discontinuance of outbound contact attempts; or
- Applicable Law no longer requires the servicer to review the borrower for loss mitigation options."

The Servicer must maintain policies and procedures that ensure that on or before the 45th day of Delinquency, a Single Point of Contact (SPOC) is assigned and made available to the Borrower to assist with any loss mitigation options.

The Servicer must send a Borrower a written notice on or before the forty-fifth (45th) day of Delinquency that encourages the Borrower to contact the Servicer, provides the Servicer's telephone number and address to access the assigned SPOC, describes examples of loss mitigation options that may be available (if applicable), provides loss mitigation application instructions or advises how to obtain more information about loss mitigation options, and lists either the CFPB's or HUD's website to access a list of homeownership counselors or counseling organizations and HUD's toll-free number to access homeownership counselors or counseling organizations.

3. Notices and Disclosures

The Servicer shall send all the required statements and notices regarding Delinquency and loss mitigation options, including Late Notices, Notices of Default, and Breach Letters, as required by the Applicable Standards, including the CFPB servicing rules. If the Servicer fails to provide the proper notices or disclosures to the Borrower and such failure results in a delay to initiate Foreclosure, the Servicer shall reimburse FHLBNY all interest lost by reason of not being covered under any private mortgage insurance, or at FHLBNY's option, repurchase the Mortgage Loan.

4. Records

The Servicer is required to maintain all collection related records for the period of time required by Applicable Law.

5. Property Inspections

If there have been no satisfactory arrangements made to cure the Delinquency, the Servicer shall inspect the Mortgaged Property on or before the sixtieth (60th) day of Delinquency to determine occupancy and the condition of the Mortgaged Property and to secure it as necessary. The Servicer is required to continue inspecting the Mortgaged Property monthly until the Delinquency is cured or the Mortgage Loan is liquidated. All required property inspections are at the Servicer's expense. The Servicer shall retain all Property Inspection Reports (Form MAP-510) and forward to the Master Servicer upon request. In addition, the Servicer must comply with all applicable MI insurer or guarantor requirements concerning property inspections.

If a Mortgaged Property is found to be unoccupied, the Servicer must immediately attempt to contact the Borrower to determine the reason for the vacancy. If the Servicer determines that the Mortgaged Property has been abandoned, the Servicer must take all actions necessary to protect the Mortgaged Property from waste, damage, and vandalism. The Servicer is responsible for advancing funds for the protection and preservation of the Mortgaged Property.

If a Mortgaged Property is vacant, abandoned, or non-owner occupied, or if evidence of an environmental issue or hazardous waste is found on the Mortgaged Property, the Servicer shall immediately report the results of the inspection in writing to the Master Servicer. In addition, if a

property inspection indicates emergency repairs are required to protect the Mortgaged Property, or address public safety issues, the Servicer should immediately contact the Master Servicer.

Where the Mortgaged Property has been abandoned and a loss is caused by vandalism, or where damage caused by fire or other hazard is not covered by the required property insurance, the Servicer shall indemnify FHLBNY for all loss arising from the failure of the Servicer to comply with the Applicable Standards, as enumerated in section of this Servicing Guide.

Fines or penalties imposed as a result of the Servicer's failure to comply with Applicable Laws regarding inspecting properties or securing vacant or abandoned properties shall be the sole responsibility of the Servicer and may not be included in the Calculation of Realized Loss or Gain (Form MAP-511).

6. Costs and Expenses

Unless a cost is reimbursable pursuant to the Guide (including reimbursable expenses on the Form MAP-511) all expenses related to servicing and collection of the Mortgage Loans shall be borne solely by the Servicer and shall not be recoverable by the Servicer from FHLBNY or from Liquidation Proceeds, Insurance Proceeds, payments on the Mortgage Loan, or any other source relating to the Mortgage Loan or the related Mortgaged Property. In addition, the Servicer may, subject to the Applicable Standards, recover such expenses, including legal expenses, recording or similar costs or expenses, from the Borrower.

7. Advances

For Scheduled/Scheduled remittance Mortgage Loans, the Servicer must advance its own funds to cover the full amount of the scheduled Monthly Payment, such that no Delinquency arises. This requirement applies even if the Servicer and the Borrower have agreed to a forbearance plan.

8. Primary Mortgage Insurance

The Servicer must be familiar with and satisfy all requirements of applicable primary MI policies with respect to each Delinquent Mortgage Loan.

9. Escrow Items

The Servicer is responsible for ensuring that all escrow items are paid when due until liquidation of the Mortgage Loan.

C. Natural Disaster Assistance

This section covers the guidelines for offering assistance to Borrowers affected by natural disasters. Although the definition of a Natural Disaster as used in this Guide only includes counties, municipalities or parishes identified as a Declared Disaster area by the Federal Emergency Management Agency (FEMA) (see www.fema.gov), and does not include state or local declared disasters, Servicers should use their knowledge of particular geographic areas to determine when to submit a request to FHLBNY and the Master Servicer to apply the requirements of this Guide to those situations. Servicers should reach out to FHLBNY and/or the

Master Servicer (as applicable) when they encounter a particular situation they wish to address that does not meet MAP disaster related requirements.

1. Statement of Policy

As soon as the Servicer learns of a natural disaster (e.g., earthquake, flood, hurricane) which may impact any Mortgage Loans it is Servicing, the Servicer should make every effort to work with Borrowers whose income was affected by a disaster, or whose property is located in a Natural Disaster area to prevent Delinquencies and to avoid Foreclosures. Servicers must obtain information on each affected Borrower's situation, including determining the extent of the Borrower's loss of income, assessment on all property damage and working with the Borrower on the assessment of all property insurance claims.

The Servicer must inform the Master Servicer and recommend appropriate action to protect the Mortgaged Property and assist the Borrower.

The Servicer must not take any action that would jeopardize the full recovery of a property, flood, or other insurance settlement.

2. Offering Assistance to the Borrower

For all Borrowers whose property is located in a Natural Disaster area and has incurred damage, Servicers must:

- Consider waiving late fees for 90 days;
- Not file negative reports to the credit repositories for any payments not made for 90 days;
- Suspend all collection and foreclosure proceedings during the first 90 days if in doubt about the effect of the disaster on the condition of the property or the Borrower's employment status until the status can be verified;
- Assess the extent of the damage and its effect on the Borrower's ability to sustain their mortgage payment;
- Provide guidance to the Borrower with respect to available relief provisions and/or loss mitigation alternatives; and
- Ensure that insurance claims are filed and settled promptly.

Servicers are authorized to grant a forbearance plan or temporarily suspend mortgage payments for up to 90 days. Following the first 90-day period, with Master Servicer authorization, Servicer may extend the forbearance plan or payment suspension for an additional 90 days, but Servicers must also complete an assessment of each Mortgage Loan to determine the appropriate workout alternative that best fits the Borrower's circumstances.

When determining the appropriate relief provisions to offer, the Servicer shall take into consideration any uninsured losses, extended unemployment, or extraordinary expenses related to the disaster and their potential impact on the Borrower's ability to pay his or her loan payment. Servicers may grant relief for longer terms than those generally allowed under MAP, subject to the MI company's or Government Agency's written approval, as applicable, and the Master Servicer's written approval.

Servicers under the Scheduled/Scheduled remittance option are expected to continue to make required P&I advances.

3. Mortgage Insurer/Guarantor Prior Approval

The Servicer shall ensure that any action it takes to enter into relief provisions or to postpone Foreclosure proceedings will not affect its right to file an MI or guaranty claim in the future. Specifically, the Servicer shall obtain the prior written approval of the MI company or Government Agency before delaying any Foreclosure proceedings. The Servicer shall document in the Mortgage Loan File all servicing actions taken during this time to ensure that any future MI or guaranty claims will not be adversely affected.

4. Foreclosure Action

When a natural disaster significantly damages a Mortgaged Property and the Borrower's employment, or income is seriously affected as the result of the disaster, the Servicer should base its actions on the status of the Mortgage Loan, subject to the approval of the MI insurer or guarantor, as applicable:

- If the Mortgage Loan was current or less than sixty (60) days Delinquent before the disaster occurred, the Servicer generally should not begin (or continue) any Foreclosure action during the next ninety (90) days from the date of the declaration. Instead, the Servicer should work closely with the Borrower to develop a formal repayment plan that will cure the Delinquency as soon as possible without imposing undue hardship on the Borrower. Servicers should also grant relief to Borrowers who are unable to continue scheduled payments under an existing bankruptcy payment plan. If a viable repayment plan cannot be worked out, the Servicer may consider accepting a Deed-in-Lieu of Foreclosure or agreeing to a short sale in accordance with standard MAP procedures (subject to the MI insurer's or guarantor's prior written approval). When Foreclosure appears to be the only alternative, Servicers may begin (or continue) Foreclosure proceedings. Regardless of which action the Servicer takes, it shall ensure that the specific action will not jeopardize its ability to recover damages under the hazard or, if applicable, flood or earthquake insurance policy; or
- If the Mortgage Loan was Delinquent sixty (60) or more days when the disaster occurred and was not under some form of repayment plan, the Borrower's chances of curing the default may not have been greatly affected. In such cases, the Servicer shall evaluate each case. Whenever possible, the Servicer may consider accepting a Deed-in-Lieu of Foreclosure or offering one of the other alternatives for mitigating losses. However, if the Servicer believes that the Foreclosure is warranted, it may begin (or continue) Foreclosure proceedings.

If a Servicer has any doubt about the effect of the disaster on the condition of a Mortgaged Property or the Borrower's employment or income status, it should suspend or discontinue any legal action in process until it can determine the true status, and then make its final decision on the appropriate course of action based on its findings. In reaching its final decision about a specific Delinquency, the Servicer should not:

- Take any action (including the initiation or completion of Foreclosure proceedings) if it will jeopardize the full recovery of a hazard, flood, or earthquake insurance settlement; nor

Initiate (or complete) Foreclosure proceedings related to a Mortgaged Property that has been destroyed until it evaluates the economic feasibility of pursuing the Foreclosure. If the Insurance Proceeds will exceed the Unpaid Principal Balance of the Mortgage Loan, it may be more practical to use the Insurance Proceeds to satisfy the debt and let the Borrower retain title to the damaged Mortgaged Property.

D. Early Delinquency Review (EDR) (Updated 8/26/2024)

An Early Delinquency Review (EDR) is where a Conventional Mortgage Loan becomes delinquent within the first twelve (12) months of the Borrower's first payment due date as specified in the Note and subsequently becomes ninety (90) days past due. This definition only applies to a Conventional Mortgage Loan that becomes ninety (90) days past due within fourteen (14) months of the Borrower's first payment due date as specified in the Note. The Servicer should pay particular attention to a Delinquency which occurs during the first twelve (12) months and must make every effort to contact the Borrower as soon as Applicable Law permits in order to try to cure the Delinquency.

The Servicer is required to perform a QC review for all EDRs. In addition, FHLBNY will perform a QC review for all EDRs the month after the Mortgage Loan first reaches EDR status.

E. Elevated Concern (EC) Mortgage

This section covers the guidelines for determining if a Mortgage Loan is an EC Mortgage and the requirements for servicing any Mortgage Loan that is classified as an EC Mortgage.

1. EC Determination

An EC Mortgage is defined as:

- An Early Delinquency Review (EDR) Mortgage with an estimated Realized Loss, including accrued interest, of \$5,000 or more; or
- Any other Conventional Mortgage Loan that subsequently becomes 90 days delinquent with an estimated Realized Loss, including accrued interest, of the greater of \$20,000 or 20% of the original property value.

Servicers are required to conduct EC determinations on an ongoing basis beginning at REO acquisition until REO disposition or liquidation, as expenses grow, or circumstances indicate a reduction in property value. If at any time a Mortgage Loan is determined to be an EC Mortgage, the Servicer must reclassify it as an EC Mortgage on the Delinquent Mortgage Report.

The Elevated Concern Mortgage Notification (Form MAP-513) must be submitted timely to the Master Servicer, so the EC Mortgage determination must be made by the Servicer as soon as possible in order to meet the form's claim filing requirements.

The Servicer must submit the EC Mortgage Loan File with a completed EC Mortgage Notification (Form MAP-513) and/or field review appraisal to FHLBNY's Default Servicing Department for an EC Mortgage review within sixty (60) days of determining that the Mortgage Loan is an EC Mortgage, but no later than the date Form MAP-511 is submitted. The required contents of the EC Mortgage Loan File and the required field review appraisal forms are listed on Form MAP-513.

A loss claim on an EC Mortgage will not be settled until the completion of the required EC Mortgage review.

Failure to submit the EC Mortgage File or the field review appraisal will result in the Servicer forfeiting its right to file a claim under the Program Document.

The FHLBNY reserves the right to defer any future payment of MPA to preserve its right of recovery for any EC Mortgages with expected losses greater than \$20,000 that have been purchased at a Foreclosure sale by the Servicer and are in the process of REO marketing for the purpose of filing a Form (MAP-511) for a loss.

2. EC Mortgage Review Exceptions

Certain EC Mortgages that are not EDRs are exempt from EC Mortgage review requirements.

- Conventional Mortgage Loans with a satisfactory result from previous loan eligibility review at 120 days delinquent.
- Conventional Mortgage Loans with a satisfactory result from previous MAP Quality Control review only require a field review appraisal.

3. EC Field Review Appraisals

In certain instances, as noted above, Mortgage Loans that are exempt from an EC Mortgage review require a field review appraisal. A field review appraisal must be:

- Written on one of the following forms, based on the property type:
- One-Unit Residential Appraisal Field Review Report (FNMA Form 2000 / FHLMC Form 1032); or
- Two-to-Four Unit Residential Appraisal Field Review Report (FNMA Form 2000A / FHLMC Form 1072).
- Performed by a qualified, appropriately licensed or certified appraiser independent of the original appraiser or appraisal firm and unaffiliated with the Originator or Servicer.

4. Early Eligibility Review at 120 Days Delinquent

The FHLBNY reserves the rights to conduct an early eligibility review of any Conventional Mortgage Loan on the first occurrence of the loan reaching 120 days delinquent.

The FHLBNY will review each Mortgage loan selected for an early eligibility review to verify that it meets the definition of investment quality and complies with the Guides and the Applicable Agreements.

The Servicer will be notified in writing to submit specified EC Mortgage Loan documents to the FHLBNY for an early eligibility review at 120 days delinquent. The Servicer must send the requested information to the address contained on the notification.

F. Repurchase of Delinquent Government Mortgage Loans (Updated 11/1/2023)

With respect to all Government Mortgage Loans, the Servicer must comply with applicable Government Agency requirements for Delinquency, collection efforts, loss mitigation, and required approvals.

The Servicer or its designee, with the Master Servicer's approval, may request repurchase any Government Mortgage Loan that has (3) consecutive non payments, for an amount equal to one-hundred percent (100%) of the Mortgage Loan's then-current Scheduled Principal Balance plus interest as follows (all using the basis calculation stated in the Note):

- For all Government Mortgage Loans with a Scheduled/Scheduled remittance option, Scheduled Interest due on the Mortgage Loan through the end of the month of liquidation.
- For all Government Mortgage Loans with an Actual/Actual remittance option, Scheduled Interest due on the Mortgage Loan plus interest through the month of Liquidation calculated based on actual/365 days.

Any remaining Escrow Funds must be refunded to the Borrower within thirty (30) days of the payoff date.

The principal amount of the repurchased Government Mortgage Loan must be reported to the Master Servicer for the reporting month of the repurchase and remitted by the Remittance Date of the subsequent month.

For Mortgaged Properties located in federally designated disaster areas, FHLBNY may authorize the Servicer to repurchase Government Mortgage Loans secured by Mortgaged Properties that have been directly damaged by the disaster. Such Mortgage Loans do not have to be Delinquent before they can be repurchased. Repurchases will be for an amount equal to one-hundred percent (100%) of the Mortgage Loan's then Scheduled Principal Balance. If FHLBNY does issue such an authorization, the Servicer must request written permission from the Master Servicer to purchase such Mortgage Loans and submit such request within six (6) months from the date FHLBNY issues its authorization to repurchase.

G. Repurchase of Early Payment Default (EPD) Mortgage Loans (Updated 8/26/2024)

With respect to any Mortgage Loan, if the related Mortgagor fails to make the first, second, third or fourth Monthly Payments due to FHLBNY after the related Settlement Date by the last day of the calendar month in which such Monthly Payment is due, the Seller shall, at FHLBNY's option, repurchase such Mortgage Loan as set forth in the MAP Selling Guide, within thirty (30) days of notification by FHLBNY of its determination to exercise such option. Such obligation to FHLBNY shall survive any sale or assignment of the related Mortgage Loan by FHLBNY to any third-party and shall be independently enforceable by FHLBNY.

11. Bankruptcy of Borrower

A. Bankruptcy Proceedings

The Servicer must handle all bankruptcy notifications in a timely manner, in accordance with the Bankruptcy Code. When a bankruptcy notification has been received and confirmed, all collection and Foreclosure actions must cease immediately. Collection actions include any outbound phone calls, default related notices or letters, monthly billing statements (except to the extent allowed under CFPB servicing rules), and other attempts to collect the debt evidenced by the Note. In the event a Borrower calls in, the Servicer is permitted to respond to Borrower inquiries, but no collection efforts may be made.

Borrowers may voluntarily continue to make Monthly Payments and other payments in accordance with the terms of the Mortgage Loan, or as required by a bankruptcy repayment plan.

A bankruptcy notification (under Chapters 7, 11, 12, or 13 of the Bankruptcy Code) can be received through one of the following sources:

- Electronically, from Electronic Bankruptcy Noticing (EBN) or Public Access to Court Electronic Records (PACER®);
- By mail; or
- Verbally from either the Borrower or the Borrower's attorney.

Once notification of a bankruptcy filing has been received, the Servicer must verify the information using PACER and send the matter to its bankruptcy attorney firm. The Servicer must keep record of written notice of bankruptcy and send monthly default file.

If the Mortgage Loan was in Foreclosure prior to the bankruptcy filing and/or there is a Foreclosure Sale pending, the Servicer must notify the Foreclosure attorney/trustee and stop the sale, unless or until relief from the automatic stay under the Bankruptcy Code has been obtained.

The Servicer's Mortgage Loan servicing system should be updated with the appropriate bankruptcy status code, chapter filing information, and other relevant information known to the Servicer.

When a Chapter 7 bankruptcy is filed during Foreclosure, the bankruptcy attorney must immediately file a Motion for Relief from Stay. Coordination by the Servicer with the Foreclosure attorney/trustee is necessary.

In accordance with the Bankruptcy Code, Servicers may keep bankrupt customers informed as to the status of their Mortgage Loan. Monthly information statements and other legally required communications, with clear language approved by the Servicer's legal counsel communicating that the communication is not an effort to collect on their Mortgage Loan, must be provided to Borrowers. Borrowers in Chapter 7 bankruptcy proceedings have the option to reaffirm their Mortgage Loan debt with a documented reaffirmation agreement. Once the reaffirmation agreement is executed and filed with the bankruptcy trustee, normal servicing routines, including collection calls, billing statements, etc., may resume. A fully executed reaffirmation agreement is required prior to any Mortgage Loan modification.

B. Selection of Bankruptcy Attorneys

The Servicer must retain licensed attorneys experienced to handle bankruptcy cases in the applicable jurisdiction.

In all cases, the Servicer must advise the attorney to whom the referral is made if FHLBNY or any other investor or securitized the Mortgage Loan being referred.

The Servicer may not enter into or participate in any arrangements with an outsourcing company or third-party vendor pursuant to which the Servicer receives a direct or indirect benefit of any kind (e.g., a lower charge for services or a payment) for referring a bankruptcy matter to a particular attorney. Outsourcing companies or third-party vendors must not be permitted to directly or indirectly select (or influence the selection of) the attorneys.

C. Bankruptcy Management

The Servicer must have established bankruptcy management procedures to address at a minimum:

- Proactively monitoring bankruptcy filings in order to identify bankruptcies at the time Borrowers actually file them;
- Establishing a case status and portfolio performance tracking system to permit the proper reporting and analysis of activity for individual cases and to monitor the overall bankruptcy management process;
- Maintaining an individual case file for each Mortgage Loan that is involved in bankruptcy proceedings;
- Referring the case to its bankruptcy attorney promptly;
- Filing a proof of claim—the circumstances under which it is required, how to prepare it, time frame for filing, etc.;
- Reviewing proposed payment plans and analyzing the results of the bankruptcy attorney's negotiations to determine whether they represent adequate bankruptcy resolution provisions;
- Pursuing legal action to obtain early dismissal of the case, stay relief, plan objection, or other relevant proceedings if negotiations have failed;
- Determining when the prerequisites for filing motions for bankruptcy relief have been met;
- Establishing and maintaining a legal events record to define the status of a case at various times throughout the bankruptcy proceedings and to identify when conditions for additional legal proceedings have been met;
- Establishing procedures to ensure that the bankruptcy court and the Chapter 13 bankruptcy trustee are promptly and appropriately notified when a Mortgage Loan for which a Chapter 13 bankruptcy has been filed is included in a servicing transfer;
- Establishing and maintaining a payment compliance record to define the Borrower's and/or bankruptcy trustee's compliance with any payment plan or other court-ordered arrangement, to identify when conditions for additional legal proceedings have been met, and to take appropriate action if the Borrower fails to make payments under the plan (including filing a motion to have the automatic stay lifted if the Borrower becomes sixty (60) days delinquent under the plan);
- Ensuring that the debtor's counsel and bankruptcy trustee are notified upon a change in payment amount due to an escrow analysis when necessary or appropriate;
- Initiating Foreclosure proceedings or finalizing a Foreclosure prevention alternative, if appropriate, promptly following the completion of the bankruptcy proceedings; and
- Ensuring compliance with the automatic stay and the co-debtor stay.

1. Filing Proof of Claim

The Proof of Claim (POC) establishes the claim against the Borrower and includes a right to payment and claims against the Borrower's property in a bankruptcy proceeding. The POC must be filed within the deadlines set by the court, which is usually noted on the bankruptcy notice.

Amended POCs (APOCs) must be filed promptly when needed. The Servicer is responsible for the following:

- Referring Mortgage Loans to the appropriate attorney once bankruptcy has been filed;
- Working with the assigned attorney firm to ensure POCs are filed in accordance with timelines set by the bankruptcy court; and
- Monitoring the attorney firm to ensure all POCs are completed within the required timeline.

2. POC Amendments

A POC may require an amendment due to one or more of the following reasons:

- Incorrect or missing fees, costs, escrowed amounts, and/or loan documents;
- Compliance with Borrower, trustee, or court requests; and
- Mutual agreement by both parties to adjust the pre-petition claim amounts,

When it has been determined that an APOC is required, the Servicer must request that the attorney firm file the APOC. Once the APOC is filed, the attorney firm will provide the Servicer with appropriate information to update the Mortgage Loan File. The Servicer is responsible for the following:

- Requesting an APOC from the approved attorney firm;
- Monitoring the request to ensure the attorney firm processes the APOC within the required time frame; and
- Updating the Mortgage Loan File.

3. Challenging Bankruptcy Reductions

If the bankrupt debtor or bankruptcy trustee proposes to:

- Reduce the Unpaid Principal Balance of a Note;
- Reduce the related Note Rate;
- Extend the final maturity of the Note;
- Bifurcate the claim into "secured" and "unsecured" portions (with the "unsecured" portion equal to the difference between the Unpaid Principal Balance and the value of the Mortgaged Property); or
- Reduce the level of any monthly payment on the Note;

The Servicer must:

- Challenge any such modification on a timely basis;
- Refer the case to a bankruptcy attorney competent to handle such cases;
- Notify the Master Servicer immediately; and
- Follow the Master Servicer's instructions regarding the bankruptcy proceedings, and in the absence of explicit instructions, exercise reasonable judgment to protect the interests of the owner of the Mortgage Loan.

4. Bankruptcy Adjustments

If the action of any court results in a deficient valuation or reduced Monthly Payment, the Servicer must calculate the effects of such modification and notify the Master Servicer of the new principal balance, interest rate, final maturity, or monthly payment of the Mortgage Loan. The Servicer must modify its records to reflect such changes, and verify that payments are being made in accordance with the plan approved in the related bankruptcy proceedings. A copy of the court's order and the approved plan must be retained in the Mortgage Loan File.

5. Cramdowns

If a bankruptcy court confirms a reorganization plan that provides for a Cramdown of a Conventional Mortgage Loan, the Servicer must provide the Master Servicer with a copy of the bankruptcy court Cramdown order. A copy of the order of the bankruptcy court must be maintained in the Mortgage Loan File.

If a bankruptcy court confirms a reorganization plan that provides for a Cramdown of a Government Mortgage Loan, the applicable Government Agency requirements regarding notification and reporting must be followed. Cramdowns for Government Mortgage Loans that are not covered by Government Agency insurance or guaranty become part of the Servicer's Unreimbursed Servicing Expenses.

D. Bankruptcy Plan Payments

The Servicer shall hold payments made on arrearage pursuant to a plan in bankruptcy until an entire regular Monthly Payment has accrued.

12. Loss Mitigation

The loss mitigation options described in this section are the only loss mitigation options available under MAP. The Servicer must obtain any necessary approvals from the applicable MI insurer or guarantor and the Master Servicer before agreeing to a loss mitigation option.

A. General Loss Mitigation Requirements

All attempts should be made to bring a Delinquent Mortgage Loan current to avoid Foreclosure. If the reason for default appears to be long term, the Servicer is required to explore all loss mitigation alternatives permitted under MAP, as described more fully in this Guide, for the purpose of Foreclosure prevention.

While Servicers have discretion to extend appropriate relief options to Borrowers encountering a hardship, they are required to seek the Master Servicer's approval for some options, such as a Deed-in-Lieu of Foreclosure or a short sale, and they are required to comply with all Applicable Laws, including CFPB servicing rules, insurer requirements, and the requirements of the Guide as they pertain to loss mitigation alternatives and efforts.

The Servicer must maintain policies and procedures to ensure compliance with any and all applicable "dual tracking" restrictions.

Any relief requiring prior approval of the Master Servicer must be adequately documented by the Servicer using the Workout Worksheet (Form MAP-517), all required supporting documentation as indicated on the Workout Worksheet, and the Borrower Hardship Certification (Form MAP-520). The Servicer may charge the Borrower for any recording or similar costs associated with workout options.

B. Government Mortgage Loan Modifications

FHA Mortgage Loans repurchased in compliance with the policies of this chapter may be modified in accordance with FHA's loss mitigation requirements and re-sold to FHLBNY. FHA Loans repurchased from a 3rd party other than FHLBNY may not be sold to FHLBNY. Modified FHA Loans brought current must meet all the eligibility criteria for FHA Loans. The modified FHA Loan's term may not be greater than three-hundred sixty (360) months from the due date of the first installment payable under the modification agreement. The Servicer must ensure that the modified FHA Loans constitutes a first lien, which may require a subordination agreement from any junior lienholder and/or an endorsement to the Title Policy. The Servicer must determine whether the modification agreement must be recorded in order for the full amount of the FHA Loan to be insured or guaranteed by the FHA. The Servicer should contact the FHLBNY for delivery information.

C. Forbearance Plan

Under a forbearance plan, the Servicer can agree to reduce the Borrower's monthly payments for a period not to exceed twelve (12) months. After the forbearance period, the Borrower must fully reinstate the Mortgage Loan, enter into a repayment plan with the Servicer, or pay off the Mortgage Loan.

Forbearance should be considered in circumstances such as:

- A Borrower's or co-Borrower's death, or the death of a family member who made a significant contribution toward the monthly payment;
- Illness or some natural disaster the Borrower was not insured against; or
- A substantial reduction in income the Borrower could not prevent.

The Servicer does not need to request approval from the Master Servicer prior to entering into a forbearance plan with a Borrower, unless the forbearance plan exceeds three (3) months. The Servicer must request approval from any applicable primary MI insurer prior to entering into a forbearance plan with a Borrower.

The Servicer must submit the following supporting documentation to the Master Servicer prior to entering into a forbearance plan with a Borrower that exceeds three (3) months:

- Workout Worksheet (Form MAP-517) and all required supporting documentation as indicated on the Workout Worksheet;
- A copy of the proposed Forbearance Plan; and
- The Borrower Hardship Certification (Form MAP-520).

The forbearance plan must be in a written agreement signed by both the Servicer and Borrower prior to the effective date of the forbearance plan. No specific format or form agreement is required; however, the agreement must be legally binding and enforceable under all Applicable Laws and, if the forbearance plan exceeds three (3) months, the written agreement must include the following statement: "Failure to abide by the terms of this agreement will result in the termination of the forbearance plan and commencement of foreclosure".

D. Repayment Plan

Under a repayment plan, the Borrower agrees to make payments in excess of the regular monthly payments over a period not to exceed twelve (12) months in order to cure a Delinquency, unless the Master Servicer and, where applicable, the primary MI insurer, consent to a longer period of time. The Servicer must consider a repayment plan when the Delinquency resulted from a temporary hardship that appears to be resolved. The Servicer must ensure that the priority of the lien of the Mortgage Loan remains in effect and is not adversely affected, and that the applicable primary MI policy remains in full force and effect.

The Servicer does not need to request approval from the Master Servicer prior to entering into a repayment plan with the Borrower, unless the repayment plan exceeds three (3) months and the Mortgage Loan is not covered by MI. When the repayment plan requires the Master Servicer's prior approval, the Servicer must complete and submit the Workout Worksheet (Form MAP-517) and the Borrower Hardship Certification (Form MAP-520).

If the repayment plan requires the Master Servicer's approval or if the Mortgage Loan is more than sixty (60) days past due, then the repayment plan must be stated in a written agreement executed by both the Borrower and the Servicer.

The Servicer must report the terms of any repayment plan to the Master Servicer.

E. Short Sale

Occasionally, when none of the Servicer's efforts to cure a Delinquency are successful, the use of relief provisions may not be feasible, and a short sale may be appropriate. A short sale is a sale of Mortgaged Property prior to Foreclosure, where the sale may result in insufficient proceeds to pay the total indebtedness. A short sale should be considered if the sale would reduce the loss that would otherwise be incurred from foreclosing on the Mortgaged Property.

If a Mortgage Loan is covered by primary MI, the Servicer must not agree to a short sale unless the Servicer has obtained the MI insurer's written approval.

If the proceeds from a short sale and the primary MI settlement are greater than or equal to the total indebtedness, resulting in FHLBNY being made whole, the Servicer may negotiate and complete the sale without seeking the Master Servicer's prior approval. However, if the proceeds from the short sale and the primary MI settlement will be less than the total indebtedness, the Servicer must obtain the Master Servicer's approval prior to agreeing to the short sale by submitting the Workout Worksheet (Form MAP-517) and all required supporting documentation as indicated by the Workout Worksheet.

The Servicer is required to deposit all short sale proceeds into the appropriate P&I Custodial Account within one (1) Business Day of receipt. Within two (2) Business Days of receipt, the Servicer must submit to the Master Servicer copies of the buyer and seller's settlement statements, closing statements or escrow instructions, and an estimate of total advances made to date.

For insured Mortgage Loans, the Servicer shall file an MI claim with the MI company. The Servicer shall simultaneously provide the Master Servicer with a copy of any claim filed. The Servicer is required to file a Notice of Delinquency claim to the applicable MI insurer/guarantor within the time limits specified in the applicable MI policy.

For reimbursement of servicing related expenses, the Servicer must prepare and submit a Calculation of Realized Loss or Gain (Form MAP-511).

All other refunds for overpayment of taxes or hazard insurance received by the Servicer after completion of the short sale are to be forwarded to FHLBNY.

1. Government Mortgage Loans

For Government Mortgage Loans, the Servicer shall make FHLBNY whole, paying all principal and interest through the payoff date. No deduction for MI premiums, or any other debits or charges may be excluded from the one hundred percent (100%) payoff amount due FHLBNY.

The Servicer will not be required to obtain FHLBNY's approval to proceed with a short sale even though it may result in a short payoff as the short sale will not reduce the payoff amount due FHLBNY.

If the Servicer determines the Borrower is eligible for a short sale under criteria established by the respective Government Agency and the Borrower elects to pursue this option, the Servicer must report the status change on the monthly Delinquent Mortgage Report (Exhibit L). The Servicer is also required to notify the Master Servicer of the sale within two (2) Business Days of the settlement date by emailing a copy of the buyer and seller's settlement statements, closing statements or escrow instructions, and an estimate of total advances made to date.

The Servicer must ensure that the steps required by the Government Agency are followed prior to filing a claim, including assignments and notifications. The Servicer shall then file an MI or guaranty claim with the applicable Government Agency ensuring all proper parties are identified pursuant to the applicable Government Agency's guidelines. If the remaining Unpaid Principal Balance of a Mortgage Loan has not been recovered by FHLBNY at the time of the short sale, then the Servicer must remit from its own funds an amount which will reduce the Unpaid Principal Balance of the Mortgage Loan to zero within the appropriate time frames, regardless of Servicer's receipt of the MI or guaranty claim payment.

Any expenses the Servicer incurs in connection with the foregoing and which are not reimbursed by the insurer or guarantor are part of its Unreimbursed Servicing Expenses, and must be absorbed by the Servicer. Unreimbursed Servicing Expenses are all advances made by the Servicer pursuant to the Guide or advances the Servicer is required to make to obtain the benefit of the applicable Government Agency's insurance or guaranty. Such expenses may include property maintenance and rehabilitation expenses, legal fees, reconveyance expenses and losses, "no-bids", certain interest advances, and losses with respect to repurchased Government Mortgage Loans.

2. Conventional Insured Loans

The Servicer shall not agree to a short sale on an insured Conventional Mortgage Loan unless the Servicer has obtained the respective MI insurer's written approval.

The Servicer may negotiate and complete the short sale without seeking the Master Servicer's approval if the sale proceeds and MI claim proceeds are greater than or equal to the total indebtedness.

If the short sale and MI settlement proceeds will be less than the total indebtedness, then the Servicer must obtain the Master Servicer's approval prior to accepting an offer. The Servicer shall indemnify FHLBNY against any loss of principal and interest, or other deduction in the MI claim payment arising from the Servicer's breach of the MI policy or the Applicable Standards.

The Servicer must report the status change on the Delinquent Mortgage Report (Exhibit L). The Servicer is also required to notify the Master Servicer within two (2) Business Days of the close of the sale by submitting copies of the buyer and seller's settlement statements, closing statements or escrow instructions, an estimate of total advances made to date, and a copy of the proceeds check.

The Servicer is required to deposit all short sale proceeds to the P&I Custodial Account within one (1) Business Day of receipt.

The Servicer shall then file an MI claim in the Servicer's name so as to cause claim proceeds to be paid directly to the Servicer. The Servicer has the obligation to maintain the record and produce upon request.

F. Deed-in-Lieu of Foreclosure

The Servicer must obtain the Master Servicer and applicable MI insurer or guarantor's written authorization to accept a voluntary Deed-in-Lieu of Foreclosure. The Servicer must submit the Workout Worksheet (Form MAP-517) and all required supporting documentation as indicated by the Workout Worksheet to the Master Servicer prior to accepting a Deed-in-Lieu of Foreclosure.

The Servicer may consider a Deed-in-Lieu of Foreclosure from a Delinquent Borrower who is experiencing financial hardship, assuming all other relief measures or loss mitigation alternatives have been explored and proven unworkable. However, the Servicer should always make every effort to collect some portion of the Delinquent installments from the Borrower in order to reduce the loss. The Servicer shall require the Borrower to submit a letter requesting a Deed-in-Lieu, along with documentation of the Borrower's financial hardship (Form MAP-520). In addition, the Servicer should consider the results from any property inspections in determining whether a Deed-in-Lieu of Foreclosure should be accepted.

The Servicer may accept a Deed-in-Lieu of Foreclosure if:

- There are legal impediments to pursuing a routine Foreclosure;
- The Deed-in-Lieu complies with all the requirements of the applicable primary MI insurer and does not and will not violate or contravene any restriction or prohibition of the applicable MI policies, or otherwise result in any loss of benefits or reduction in the coverage under either policy;
- Borrower can convey clear, marketable, and insurable title (a title commitment and insurance policy will be required) to:
 - The Servicer or its approved designee for REO for all Conventional Mortgage Loans and all RHS Section 502 Mortgage Loans;
 - The Secretary of HUD for FHA Loans and HUD Section 184 Mortgage Loans; and
 - The Secretary of the VA for VA Mortgage Loans.
- Borrower receives no cash consideration;
- The Mortgaged Property is in good condition (reasonable wear and tear excepted);
- The Mortgaged Property is vacant, or if the property is occupied, the MI insurer or guarantor and the Master Servicer have agreed to accept an occupied property. If the Mortgaged Property is occupied by a renter, Borrower must provide an assignment of rents and a copy of the rental/lease agreement;
- The Servicer has obtained written acknowledgement from the Borrower accepting the Deed-in-Lieu of Foreclosure; and
- The Mortgaged Property is not subject to liens (subordinate or otherwise) held by others, judgments, attachments, affordability covenants, resale restrictions, claims, encumbrances, attachments, reservations, or any other restrictive agreements affecting marketability, unless such restrictions were already in effect at the time the Mortgage or other Security Instrument's lien was placed on the property.

Within 24 hours of acquiring such Mortgaged Property, the Servicer shall promptly notify the Master Servicer using the Notice of Acquired Property form (Form MAP-512) and shall notify the applicable MI insurer/guarantor. Title shall be conveyed directly from the Borrower to the Servicer or applicable Government Agency.

G. Temporary Loan Payment Modification Plan

1. Description

The intent of a loan modification is to eliminate the arrearage and provide the Borrower, who is in default or facing imminent default, with a monthly loan obligation that is affordable and sustainable.

A temporary loan payment modification plan (Modification Plan) may be an appropriate loss mitigation option only after all other loss mitigation options have been exhausted or determined to be ineffective given the Borrower's circumstances.

2. Temporary Loan Payment Modification Plan Eligibility

This section describes the eligibility and other requirements that must be met prior to offering a Modification Plan.

i. Prior Approvals

In addition to ensuring the Modification Plan meets all requirements in this chapter, the Servicer must obtain approval from the applicable primary MI insurer prior to the Borrower's execution of the modification agreement. In addition, the Servicer must obtain written approval from the Master Servicer prior to sending the modification agreement to the Borrower for signature.

Under no circumstances will a modification be approved which adversely affects FHLBNY's first lien.

ii. Mortgage Loan Eligibility

To be eligible for a Modification Plan, the Mortgage Loan must be:

- A Conventional Mortgage Loan;
- In default or in imminent danger of default because the Borrower's income has involuntarily declined and/or expenses have unexpectedly increased;
- Not previously modified except for modifications allowed in accordance with the Guide for re-amortizations and Note modifications;
- In first lien position, as verified by a title search, and remain in first lien position during and after the Modification Plan;
- Current on all property taxes or assessments; and
- Unencumbered by any recent subordinate liens.
- If the Borrower recently obtained a subordinate mortgage, the Servicer must determine the purpose of the subordinate mortgage, the status of the mortgage proceeds and whether the proceeds may be used to cure or reduce the Delinquency on the Mortgage Loan.

iii. Mortgaged Property Eligibility

To be eligible for a Modification Plan, the Mortgaged Property must be:

- A Primary Residence; and
- Not condemned.

The Servicer is required to complete a property inspection to validate the occupancy status of the Mortgaged Property within thirty (30) days of the Modification Plan request.

iv. Borrower Eligibility

To be eligible for a Modification Plan:

- The Borrower(s) must be the same Borrower(s) that signed the original Note; or
- The individual executing the Modification Plan must have acquired his or her interest in the Mortgaged Property as a result of a transfer of ownership that was exempt from the Due-On-Sale Clause.

v. EDR Loans

The Servicer must obtain FHLBNY approval prior to pursuing a Modification Plan for any EDR Mortgage Loan by submitting the FHLBNY Quality Control Department's quality control review report showing a determination that the Mortgage Loan was eligible for sale under MAP and was of investment quality.

vi. Required Documentation

The Servicer must collect the following documentation and permanently retain it in the Mortgage Loan File:

- Workout Worksheet (Form MAP-517);
- Borrower Hardship Certification (Form MAP-520);
- Income verification in accordance with the requirements described in the MAP Underwriting Guide;
- IRS Form 4506-T executed by the Borrower;
- Borrower's tax return transcripts obtained from the IRS;
- Asset documentation in accordance with the MAP Underwriting Guide and any other documentation necessary to fully document the Borrower's financial situation;
- A new credit report that meets the requirements in the MAP Underwriting Guide;
- Reaffirmation agreement or approval from the bankruptcy trustee if the Borrower was previously in bankruptcy in accordance with "Bankruptcy of the Borrower";
- Approval to pursue a Modification Plan from FHLBNY if the Mortgage Loan is an EDR; and
- Any other documentation used to process and evaluate the Modification Plan request, including but not limited to, documentation of the causes of a Borrower's hardship, such as medical bills, divorce decree, etc.

3. Underwriting the Modification Plan

The Servicer is required to analyze the Modification Plan request from a Borrower to determine whether a modification would feasibly permit the Borrower to cure or avoid a Delinquency. The goal of a modification is to provide a payment, which under the Borrower's current circumstances, is affordable and sustainable. Therefore, the Borrower's monthly housing expense ratio (calculated in the manner described in the MAP Underwriting Guide) should not exceed 31%, including any subordinate financing payments.

In situations where a Borrower does not meet the requirements for a Modification Plan, the Servicer should deny the Borrower's modification request. However, if the Servicer feels special consideration is warranted, the Servicer may submit a proposed alternative to FHLBNY, clearly indicating that the proposal is outside the requirements of the Modification Plan and specifying terms the Servicer proposes.

Where the Borrower's current housing expense ratio exceeds 31%, the Mortgage Loan is in default or facing imminent default, and a Modification Plan appears feasible to cure or avoid a Delinquency, the Servicer will need to consider several modification terms in order to achieve a target housing ratio of 31% under the Modification Plan, cumulatively if necessary, in the exact following order:

1. If the Borrower is able to make a cash contribution, it must be applied pursuant to the Note and Applicable Law.

2. Capitalize remaining Delinquent interest (costs, fees or escrow items should not be capitalized) by adding it to the Unpaid Principal Balance. However, if this capitalization would result in an Unpaid Principal Balance exceeding the original principal balance funded by FHLBNY, all the Delinquent interest should be written off.

The Servicer must submit a Calculation of Realized Loss or Gain (Form MAP-511) to request reimbursement of any Delinquent interest write offs, which will be treated as a Realized Loss in accordance with the terms of the Master Commitment.

3. Reduce the Monthly Payments for up to thirty-six (36) months, based on an amortization schedule up to 40 years (480 months) from the original Note date. At the end of the thirty-six (36) month term, the original Monthly Payments stated in the Note are reinstated, unless another Modification Plan is approved. The full Unpaid Principal Balance of the Mortgage Loan, including any capitalized interest, will be due and payable on the original loan maturity date. Please note that the Scheduled payments do not fully amortize the modified Mortgage Loan and will result in a balloon payment being due at maturity.
4. Reduce for up to thirty-six (36) months the interest rate in 0.125% increments below the original Note Rate, to a floor rate of 3.00%.

If the Borrower has any subordinate loans that are owned by the Seller, the Servicer or their respective affiliates, the subordinate loan must also be modified to an equivalent of the terms of the Modification Plan, until the target 31% housing expense ratio is met. If the Borrower's total debt ratio exceeds 50% after the Mortgage Loan has been modified, the Servicer must require credit counseling for the Borrower through a HUD-approved agency.

4. Modification Plan Terms

This section covers the terms for each Modification Plan.

i. Document Execution

Prior to implementing a Modification Plan, the Servicer must complete, but not sign, the following documents:

- Loan Workout Plan (Form MAP-523), which implements an initial three (3) month trial period;
- Temporary Loan Payment Modification Agreement (Form MAP-519);
- Workout Worksheet (Form MAP-517); and
- All Borrower disclosures required by Applicable Law.

The Servicer must submit all necessary documentation to the Master Servicer for review and approval prior to sending any documentation to the Borrower for signature.

Once the Master Servicer approves the Modification Plan, the Servicer must send two (2) originals each of Forms MAP-523 and MAP-519 for the Borrower's signature. After the Borrower returns the signed forms, the Servicer must then sign the Form MAP-523 and provide a copy of the signed form to the Borrower and a copy to the Master Servicer and FHLBNY.

ii. Initial Trial Period

Once the Loan Workout Plan (Form MAP-523) and the Temporary Loan Modification Agreement (Form MAP-519) are executed by the Borrower, and the Loan Workout Plan (Form MAP-523) is executed by the Servicer, the Borrower will be given a trial period of three (3) months, during which

their new modified payments must be made on time as described in the Loan Workout Plan (Form MAP-523). The Servicer must hold the modified trial period payments in suspense status as “unapplied funds” in the T&I Custodial Account, until all three (3) payments are made as agreed, at which point the Servicer must apply the three (3) payments to the Mortgage Loan in accordance with the terms of the Temporary Loan Modification Agreement.

If the Borrower fails to make any of the trial period payments on time or fails to meet any other requirements of the trial period as stipulated in the Loan Workout Plan (Form MAP-523), the Modification Plan will be immediately terminated, which includes cancellation of any proposed capitalization or write-off of Delinquent interest and a return to the original Note Rate and terms, Monthly Payments and amortization schedule.

If the Borrower meets all the requirements of the trial period as stipulated in the Loan Workout Plan (Form MAP-523), the Servicer can modify the Monthly Payments for the next thirty-three (33) months.

iii. Temporary Plan Period

After successful completion of a trial period, the Servicer can modify the Monthly Payments for an additional thirty-three (33) months by signing both originals of the Temporary Loan Payment Modification Agreement (Form MAP-519), sending one fully executed original Form MAP-519 and any required disclosures to the Borrower, and retaining one fully executed original Form MAP-519 in the Mortgage Loan File.

The three (3) trial period payments held in suspense must be applied in accordance with the Temporary Loan Payment Modification Agreement (Form MAP-519) terms.

If the Borrower fails to make a timely payment or fails to meet any other requirements of the Modification Plan as stipulated in the Temporary Loan Payment Modification Agreement (Form MAP-519) at any point during this additional thirty-three (33) month period, they are not eligible for another Modification Plan.

If the Borrower successfully makes all payments on time and meets all other requirements of the Modification Plan as stipulated in the Temporary Loan Payment Modification Agreement (Form MAP-519) during the thirty-three (33) month period, then the Borrower may be reviewed for one additional thirty-six (36) month Modification Plan.

No later than six (6) months prior to the expiration of the thirty-three (33) month period, the Servicer must analyze the loan history and the Borrower’s current circumstances to determine which of the following three (3) options to pursue:

1. Allow the Modification Plan to expire and return the Mortgage Loan to the original Note Rate provided on the Note, Monthly Payments and amortization schedule;
2. Recommend to the Master Servicer that the Borrower be considered for an additional thirty-six (36) month Modification Plan; or
3. Offer the Borrower some other loss mitigation option.

The analysis must be completed prior to the expiration of the thirty-three (33) month period to ensure transition from the expiring Modification Plan to the next stage without any lapse.

iv. Extension of the Modification Plan

The Master Servicer must approve any requests for an additional thirty-six (36) month Modification Plan. The Servicer must submit a file updated with the Borrower's current information, including completed Forms MAP-523, MAP-519 and MAP-517, along with all documents as stated in the Required Documentation section, to the Master Servicer for review and approval prior to sending to the Borrower for signature.

If the Master Servicer does not approve the additional thirty-six (36) month Modification Plan, the Servicer must allow the Modification Plan to expire and return the Mortgage Loan the original Note Rate provided on the original Note, Monthly Payments and amortization schedule.

v. Servicer Obligations

If the Mortgage Loan is covered by primary MI, the Servicer is required to notify the MI company of the loan modification in accordance with MI company requirements and obtain the approval of the MI company to the modification. The Servicer must ensure the MI is maintained and pay any MI premiums based on the Unpaid Principal Balance.

Once the Modification Plan is executed, the Servicer must collect Escrow Funds from the Borrower. If the Borrower does not have an Escrow Custodial Account, one must be established and in place for the remaining life of the Mortgage Loan.

Any late charges incurred by the Borrower prior to the implementation of the Modification Plan must be waived.

No referral compensation or the payment of anything of value to a referring person, as defined by RESPA, are allowed in connection with Modification Plans.

vi. Recording Requirements

When completed, Form MAP-519 must be in recordable form, but only needs to be recorded if:

- State or local law requires modifications to be recorded in order to be enforceable; or
- if the modification includes an assignment of rents/lease provisions then the Servicer must also obtain a title endorsement or similar Title Policy product to insure first lien protection for the modified Mortgage. If the Servicer is unable to obtain a Title Policy endorsement, the Servicer may not implement the Modification Plan.

The Servicer is not authorized to modify Form MAP-519 in any way, other than as required to comply with Applicable Law. In the event that compliance with Applicable Law requires making substantive changes to Form MAP-519, the Servicer may not implement the Modification Plan.

The Servicer must obtain subordination agreements from other lien holders when recordation is required to maintain first lien position. If the Servicer is unable to obtain all necessary subordination agreements, the Servicer may not implement the Modification Plan.

The Servicer shall satisfy all requirements of the mortgage insurer and shall forward a copy of the Temporary Loan Payment Modification Agreement (Form MAP-519) to the applicable MI insurer.

vii. Reporting to the Master Servicer

The Servicer must notify the Master Servicer within one (1) Business Day following the execution by all parties of the Loan Workout Plan (Form MAP-523) or the Temporary Loan Payment Modification

Agreement (Form MAP-519). During the period that the Modification Plan is in effect, the Servicer must electronically report an Action Code of '12' in their Monthly Accounting Reports to the Master Servicer.

13. Foreclosure Procedure

A. Servicer Responsibility

The Servicer must process Foreclosures in accordance with the provisions of the Mortgage or other Security Instrument, Applicable Law, the requirements of the MI insurer or guarantor, and the requirements as set out in the Guide. The Servicer must provide written notification to the Master Servicer no later than ten (10) days after the start of Foreclosure proceedings. The Servicer is expected to administer Foreclosure proceedings on behalf of FHLBNY in a competent, highly professional manner and be diligent in monitoring its vendors and contractors to assure the same standard of professional conduct and competency.

Most Mortgage Loans will carry some form of MI or guarantee. The Servicer is required to provide written notification to the applicable MI insurer/guarantor no later than ten (10) days after the start of Foreclosure proceedings. The Servicer must know and comply with the procedures established by the applicable MI insurer or guarantor. In case of conflict between the MI insurer's procedures or guarantor's procedures, and the Guide, the more restrictive procedures should be followed.

The Servicer is responsible for ensuring Foreclosures are initiated and completed within the allowable time frames. Failure to meet an applicable time frame will result in curtailment of reimbursable Foreclosure related expenses. See Form MAP-511 for additional information.

For Government Mortgage Loans, the Servicer must be aware of and follow any specific requirements the applicable Government Agency has for the Foreclosure process, including timelines and required approvals.

1. Federal and State Law

The Servicer is required to follow all Applicable Law, including applicable CFPB rules.

2. Foreclosing in Proper Name

Foreclosures should be initiated in the name of the Servicer. However, the jurisdiction in which the property is located will dictate the name in which the Foreclosure must be brought, and the Foreclosure proceeding is to be conducted. The Servicer and its Foreclosure law firm must determine the proper name in which to Foreclose in each jurisdiction.

The Servicer must ensure its law firm obtains title to any Foreclosed property, generally with legal title in the name of the Servicer with equitable ownership vested in FHLBNY's name in a manner that will not result in the imposition of a transfer tax.

For Mortgage Loans on MERS, MERS will show as the beneficiary or mortgagee of record. The Servicer is responsible for obtaining an Assignment of Mortgage or any required intervening assignment from MERS to the proper entity prior to initiating the Foreclosure process. The Assignment obtained must be recorded if the Mortgaged Property is located in a state that requires such assignments to be recorded. The MERS system must be updated to reflect against the Mortgage Identification Number (MIN) that the MIN has been deactivated and that the status is "Deactivation Assigned from MERS for Default or Bankruptcy." The Servicer should consult its Foreclosure attorney to determine if any other legal

requirements apply when conducting Foreclosures on Mortgage Loans in which MERS is the prior beneficiary or mortgagee of record.

The Servicer must provide written notification to the Master Servicer and applicable primary MI insurers no later than ten (10) days after the start of the Foreclosure proceedings. The Master Servicer may direct the Servicer to stop the Foreclosure action.

The Servicer is also required to provide the Master Servicer with an electronically transmitted copy of the Deed or Trustee's Deed Upon Sale (TDUS), to include county recording information no later than thirty (30) calendar days following the Foreclosure sale date. The Servicer or its trustee will submit a copy of the recorded TDUS to the Master Servicer.

3. Servicemembers Civil Relief Act of 2003 (SCRA)

Foreclosure proceedings cannot be commenced (or continued) against an eligible servicemember unless he or she has given written consent to the proceedings, a court authorizes commencement of proceedings, or a court authorizes the re-commencement of proceedings that were authorized previously. The Servicer must attempt to ascertain the military status of the Borrower before initiating Foreclosure proceedings on any loan to make sure it does not begin proceedings against a servicemember who is eligible for relief under SCRA or state laws providing similar protections, other than in compliance with the SCRA, without the servicemember's written permission. The Servicer is responsible for complying with the SCRA and any similar state or local laws.

B. Repurchase Requirement (Updated 11/1/2023)

1. FHLBNY Initiated Repurchase Request

At FHLBNY's option, the Servicer may be required to repurchase any loan regardless of MI insurer/guarantor, if a Foreclosure is prevented, delayed, or judicially denied because of any defect in the Mortgage or other Security Instrument or Note. This repurchase requirement is binding, should FHLBNY exercise its option herein, even if the defect was caused by the Servicer's predecessor or the loan originator.

2. Voluntary Repurchase Request - Subordinate Liens

During the Foreclosure process, the Servicer may submit a request to the FHLBNY to voluntarily repurchase a Mortgage Loan if it holds a subordinate lien interest in the Mortgaged Property that it is trying to mitigate losses for.

C. Foreclosure Referral

This section describes the requirements for referring a Mortgage Loan to Foreclosure.

1. Attorney/Trustee Referral

When commencing a Foreclosure proceeding, the Servicer shall submit a complete referral package to a qualified, experienced attorney/trustee who will perform in accordance with Applicable Law, and professional standards of conduct. The Servicer is expected to monitor the attorney/trustee it chooses to retain to ensure the Foreclosure is completed in a timely and cost-effective manner.

The Servicer is required to keep the attorney/trustee advised of any significant negotiations for modifications, repayment plans or workout agreements under consideration, so as not to impair or impede the Foreclosure process in the event the plan fails, and Foreclosure must be resumed.

2. Allowable Time Frames

The Servicer must begin the Foreclosure process the day after the Mortgage Loan reaches the 120th day of Delinquency, unless a different time frame is required by Applicable Law, including the CFPB servicing rules. Failure to meet the appropriate time frame will result in curtailment of allowable Foreclosure related expenses. See Form MAP-511 for additional information.

3. Expense Limitations

During the Foreclosure process, the Servicer shall advance funds to cover Foreclosure costs and related expenses, some of which may be recovered through the MI claims process after the Foreclosure has been completed.

The Servicer is required to make these advances unless it is reasonably determined that:

- Such Foreclosure advances will not increase the proceeds of the Mortgage Loan after reimbursement of the Servicer for its expenses; or
- Such expenses will be eventually nonrecoverable from any Insurance Proceeds, Liquidation Proceeds, or the Borrower.

The Servicer must obtain the FHLBNY approval prior to stopping advances.

All Foreclosure fees and expenses shall be consistent with mortgage industry standards and shall not exceed those permitted under the applicable MI policy or the limitations outlined in Form MAP-511.

If a Foreclosure is stopped before completion (as a result of reinstatement, bankruptcy filing, or workout agreement), the attorney/trustee's fee should be pro-rated to directly reflect the actual work performed up to that point. Excess fees and non-customary fees must receive prior, written approval from the Master Servicer and applicable MI insurer.

The Servicer is responsible for all fees incurred during the Foreclosure process that exceed the allowable limits imposed in the Guide and Form MAP-511 unless such fees are reimbursable under the applicable MI policy.

D. Demand Letter

All demand letters and other required notices must be sent in accordance with the CFPB servicing rules and other Applicable Laws.

E. Partial Payments

Unless otherwise required by law, no partial payments may be accepted after a demand letter has been sent without the Master Servicer's prior approval.

F. Postponements of Foreclosure Sale

If the Borrower is pursuing any loss mitigation or Foreclosure prevention alternatives, the Servicer shall postpone the Foreclosure sale per Applicable Laws (e.g., CFPB servicing rules) and shall immediately notify the Master Servicer. Postponements of more than twenty-four (24) hours require the FHLBNY prior approval except in the case of a court ordered stay.

G. Reinstatements

The Servicer can accept full reinstatement of a Mortgage Loan, even if Foreclosure proceedings have already begun, up to and including the scheduled Foreclosure sale date. A full reinstatement includes payment of:

- All Delinquent loan payments (bearing interest at the rate applicable on the date they became due);
- Late charges on the Delinquent payments;
- Any funds the Servicer advanced for protection of the security or to pay taxes, insurance premiums, etc.;
- The costs of performing the pre-foreclosure property inspections, if permitted under the terms of the Security Instrument; and
- All legal fees (including attorney or trustee fees) that were actually incurred in connection with the Foreclosure proceedings.

Except as otherwise required by the Applicable Standards, the Servicer may not accept less than the full amount from a Borrower without the prior written approval from the FHLBNY and applicable MI insurer(s). Upon accepting the reinstatement, the Servicer must immediately notify the appropriate Foreclosure attorney or trustee to avoid incurring additional costs or fees.

Upon receipt of reinstatement funds from a Borrower, the Servicer must:

- Notify the Master Servicer and, if applicable, the primary and/or secondary MI insurer of the reinstatement;
- Return the Note and other related Mortgage Documents to the Document Custodian to be returned to the Collateral File; and
- Immediately apply the reinstatement funds to pay the expenses enumerated above.

If an Assignment has been recorded from MERS to the Servicer and the Borrower reinstates the Mortgage Loan prior to completion of the Foreclosure proceedings, the Servicer need not re-assign the Mortgage to MERS nor re-register it with MERS. Any such action will be at the discretion and expense of the Servicer.

H. Foreclosure Sale

This section addresses the guidelines for servicing a Mortgage Loan that has gone to a Foreclosure sale.

1. Setting Foreclosure Sale Date

State law will dictate whether non-judicial Foreclosure is authorized in any jurisdiction. If the Servicer is judicially foreclosing, after the Servicer obtains a judgment for possession or sale, the presiding court will issue a writ (authorization) to sell the real property and will direct the levying official (often the county sheriff) to conduct the sale. The levying official will then give a notice of sale within the mandated time before the sale. The amount of time between the date of the notice of sale and the sale date varies by state law.

If the Foreclosure is in a non-judicial state, the Foreclosure sale shall be scheduled not later than thirty-five (35) days following the end of the applicable pre-publication period, or one hundred and twenty-five (125) days following the recording of the demand letter, if permitted under applicable state and federal law. The Servicer will indemnify FHLBNY against any uninsured loss (including loss of interest) resulting from the Servicer's or its sub-contractor's failure to schedule the trustee sale within the thirty-five (35) day allowable period.

It is the Servicer's responsibility to ensure that the party conducting the sale correctly forecloses, and if the Servicer is the successful bidder at the sale, issues the Foreclosure Deed in the name of Servicer. After the Foreclosure sale, the Foreclosure Deed is to be recorded in the name of the Servicer subject to the standards enumerated under section 13.A.2 of this Servicing Guide. The Servicer shall also provide the Master Servicer and applicable MI insurer/guarantor of appropriate advance notice of pending Foreclosure sales. Such notice must include the date, location, and time of the Foreclosure sale. The Servicer shall instruct its foreclosing attorney, trustee, or other responsible party to provide direct and separate mailing of the Foreclosure sale to the Master Servicer and any applicable MI insurer/guarantor.

2. Bidding Instructions (Updated 11/1/2023)

For uninsured Conventional Mortgage Loans, bidding instructions must be obtained from the Master Servicer.

For insured Conventional Mortgage Loans, bidding instructions must be obtained from the primary MI insurer. If the MI insurer issues specific instructions to enter a bid of less than one hundred percent (100%) of the total mortgage indebtedness, the Servicer must obtain the Master Servicer's approval prior to submission to the Foreclosure attorney.

The Servicer must submit the following information to the Master Servicer in order to obtain approved bidding instructions:

- The Brokers Price Opinion (BPO) or the estimated market value from the appraisal report if an appraisal is required by Applicable Law;
- The amount of the total indebtedness; and
- If the Mortgage Loan is covered by a primary MI policy, the bid amount approved by the primary MI insurer.
- The Servicer must provide the Master Servicer the Bid amount as recommended by Servicer's legal counsel

3. Foreclosure Sale Results

The Servicer is required to notify the Master Servicer of Foreclosure sale results within two (2) business days of conducting the public sale.

4. Rescission of Foreclosure Sale

The Servicer must notify the Master Servicer as soon as it receives notice that the Foreclosure sale may be rescinded. The Servicer is to provide the following information when requesting that the Master Servicer approve a rescission of a Foreclosure sale:

- The date and time of the Foreclosure sale;
- If a bankruptcy was filed the same day as the Foreclosure sale was held, the bankruptcy filing with the date and time. If the party filing the bankruptcy was not the Borrower, then the Servicer must provide documentation to show the transfer of ownership from the Borrower to the party filing Bankruptcy;
- If there is another reason for the Foreclosure sale not to be valid: incorrect notice of default, termination of service or some other documentation regarding the Foreclosure sale; and
- When the Servicer found out about the possible rescission.

I. Foreclosure Proceedings Property Inspections

This section covers the guidelines for performing property inspections before and during the Foreclosure process.

1. General Property Inspection Requirements

All inspections must be documented on the Property Inspection Report (Form MAP-510), retained in the Mortgage Loan File, and made available to the Master Servicer upon request. The results of any inspection should be considered by the Servicer in determining whether Foreclosure is appropriate.

It is the contractual obligation and duty of the Servicer to report any such findings in writing to the Master Servicer where the Servicer learns of, or finds evidence of environmental issues, including potential hazardous toxic waste, or property damage claimable under a property insurance policy. The Servicer shall postpone pending Foreclosure action unless the Master Servicer provides written authorization for the Servicer to proceed. Should the Servicer acquire a property where there is evidence of environmental issues or hazardous waste or substantial property damage, such acquisition shall be for the Servicer's own account. The Servicer will be required to remit to FHLBNY the Unpaid Principal Balance of the Mortgage Loan, together with all accrued but unpaid interest. In such case, the Servicer's actions shall be its own, and not as agent for the Master Servicer or FHLBNY.

Should the Servicer fail to conduct property inspections which results in unknown property damage or causes FHLBNY to incur any loss, Servicer shall indemnify FHLBNY for that loss. The extent of Servicer indemnification shall include, but is not limited to, attorney fees, legal fees, fines, penalties, and cost of correction or cleanup.

2. Pre-referral Inspection

Prior to referring a loan to the Foreclosure attorney/trustee, it is the responsibility of the Servicer to conduct a thorough property inspection to: 1) determine if the property improvement is a manufactured home and to so advise the attorney/trustee, 2) to ascertain any material damage to the property which may be covered by hazard insurance, 3) to identify any public safety or hazardous condition with respect to the property, and 4) to identify any evidence or obvious signs of adverse environmental conditions (i.e., hazardous waste, toxic substances, mold, lead paint, or other contamination).

3. During Foreclosure

After initiation of the Foreclosure process, the Servicer shall conduct an inspection of the property every thirty (30) days until the Foreclosure is complete and ownership is transferred. However, if the Borrower enters into a payment arrangement with the Servicer and the pre-foreclosure referral inspection was satisfactory, the Servicer may discontinue monthly inspections unless and until such time as the Borrower defaults under the curative agreement, at which time the Servicer should resume regular property inspections.

4. Pre-Sale Inspection

Not sooner than thirty (30) days prior to the scheduled Foreclosure sale date, the Servicer must perform an additional property inspection.

J. Servicing During Foreclosure

The Servicer should not foreclose on a Delinquent Mortgage Loan if there is a reasonable chance of avoiding Foreclosure. If the reason for default appears to be long term or too serious for short term relief measures to be effective, the Servicer should consider permanent Foreclosure prevention alternatives. Any loss mitigation plan proposed by the Servicer after initiating Foreclosure will require the Master Servicer's review and written approval. However, the Servicer may not pursue Foreclosure while still pursuing loss mitigation options with the Borrower.

1. Taxes and Insurance

The Servicer must pay all property taxes and/or property insurance premiums when due. The Servicer shall maintain property insurance in an amount sufficient to rebuild the improvements, and include a vacancy clause on the property.

2. Homeowners Association (HOA) Dues

For Mortgaged Properties that are located in states that provide for HOA assessment lien priority over a previously recorded mortgage document, the Servicer must take steps to protect the priority of the Mortgage lien. Necessary steps the Servicer must take include, but are not limited to:

- Payment of the amount due, generally the lowest of:
- The actual delinquent assessment balance and allowed costs;

- The maximum amount due from the foreclosing first mortgage entity based on the provisions in the project's declarations; or
- The maximum amount due from a foreclosing first mortgage entity under the relevant state statute.
- Clearing the priority lien within thirty (30) days after the Foreclosure sale date or acceptance of a Deed in Lieu of Foreclosure.

3. Reporting to the Master Servicer

The Servicer must report the current status of the Foreclosure proceedings to the Master Servicer on the monthly Delinquent Mortgage Report.

K. Release of Documents

The Servicer must complete the Request for Release of Documents (Form MAP-604) and submit it to the Document Custodian within five (5) calendar days of liquidation.

14. Post Foreclosure and REO Properties

A. Notification

The Servicer must notify the Master Servicer within two (2) business days of acquiring a Real Estate Owned (REO) property by submitting Form MAP-512 (Notice of Acquired or Conveyed Property).

In addition, the Servicer must prepare and file reports for foreclosure and abandonment in accordance with Section 6050J of the IRS Code.

B. Conveyance Documents

The Servicer is responsible for conveying the REO property to the appropriate entity.

Any conveyance of an REO property by a Servicer to the applicable MI insurer/guarantor shall be made by the form of deed commonly used in the particular jurisdiction where such property is located. The Servicer must prepare, if applicable, the necessary documents at least two (2) weeks prior to the expected date of sale at Foreclosure or confirmation of sale, if applicable, and must forward the documents to the Master Servicer for approval. After approval by the Master Servicer, the conveyance documents will be returned to the Servicer for execution and recordation.

The conveyance documents must not transfer the Mortgaged Property to FHLBNY or the Master Servicer unless the Servicer is explicitly instructed to do so by FHLBNY or the Master Servicer. If the Mortgaged Property is transferred to FHLBNY or the Master Servicer by the Servicer without explicit instructions to do so, the Servicer will be charged a one-hundred-dollar (\$100.00) fee for completion of an assignment, quitclaim deed or other conveyance document to transfer the property back to the Servicer or to any other party.

C. Third-Party Acquisition

This section covers the guidelines for handling property that has been acquired by a third party.

1. General

If a third party outbids the Servicer's credit bid at the Foreclosure sale, the Servicer shall notify the Master Servicer of the sale in writing as soon as possible and shall deposit the proceeds from the Foreclosure sale into the P&I Custodial Account within two (2) Business Days after receipt.

2. Hazard Insurance

The Servicer must cancel the property insurance on the Foreclosed property on the date of the Foreclosure sale and notify the third-party purchaser of the cancellation. Any returned premiums may be used to reimburse the Servicer for any property insurance payments it advanced.

3. Transfer of Ownership

The Servicer must coordinate with the attorney or trustee in Foreclosure to ensure the timely transfer of ownership of the Foreclosed property to the third-party purchaser within ten (10) calendar days.

In addition, the Servicer must prepare and file all reports regarding Foreclosure and abandonment which are required under the Code or the regulations of the IRS.

D. REO Property Acquisition

This section covers the guidelines for handling REO property that has been acquired by the Servicer.

1. All Mortgage Loans

The Servicer must market the property and complete the sale of the REO per the directions from the MI insurer, if applicable, and the Master Servicer. The Servicer must ensure that any action taken with respect to the sale of an REO property does not jeopardize the maximum benefits available under any applicable MI or guaranty policy.

Within ten (10) Business Days after receipt of recorded foreclosure deed to any REO property, the Servicer must submit the following documents to the Master Servicer and applicable MI insurer:

- Evidence of title to the REO property in the name of the Servicer or Servicer's designee;
- Estimated time required to dispose of the REO property;
- Refurbishing bids as necessary to make the REO property marketable;
- Copies of all correspondence with the applicable mortgage insurer, the foreclosure attorney and the Master Servicer;
- A recommendation for the most effective manner to dispose of the REO property (i.e.: the REO action plan) based on a market analysis and appraisal which is not more than 60 days old;
- Income and expense documentation, if not already sent to the Master Servicer, which may include:
 - Any details of any force-placed hazard insurance and, if applicable, flood insurance;
 - Real estate tax bills;
 - Special assessments;
 - Maintenance contracts;
 - HOA dues; and
 - Utility bills.
- Details of steps taken to secure the REO property;
- An updated Title Policy showing changes following the Foreclosure (if available); and
- Plat map or house location survey.

The Servicer must retain copies of the following documentation in the Mortgage Loan File and provide the documentation to the Master Servicer or applicable MI insurer upon request:

- Force-placed property insurance policy or flood insurance policy, if applicable;
- Maintenance contracts; and
- Contractor bids relating to the rehabilitation of the REO property.

The Servicer must retain any invoices relating to expenses incurred in the administration of REO properties. Upon request, the Servicer must provide the invoice to the Master Servicer. Unless otherwise directed by the Master Servicer, the Servicer shall implement each REO property action plan in an expeditious manner. The Master Servicer may direct the Servicer to modify any action plan. The Servicer shall provide the Master Servicer with written monthly progress reports regarding each action plan detailing the status of the related REO property and the progress achieved in implementing the plan.

For all Mortgage Loans serviced under the Scheduled/Scheduled remittance option, Monthly Payments must be advanced until the Mortgage Loan is liquidated.

For all Mortgage Loans serviced under an Actual/Actual remittance options, Monthly Payments are not advanced monthly, but upon liquidation, the Servicer must remit the Liquidation Proceeds of the Mortgage Loan with interest to the date of liquidation.

2. Government Mortgage Loans

The Servicer is required to pay down the Unpaid Principal Balance to zero for all Government Mortgage Loans acquired by the Servicer as a result of Foreclosure. The Servicer must:

- Pay down the Unpaid Principal Balance to zero upon completion of the Foreclosure sale within the accounting period in which the sale was completed;
- Pay down the Unpaid Principal Balance to zero upon receipt of the initial claim payment within the accounting period in which the initial payment was received; or
- Pass through the initial claim payment as a Curtailment and pay down the Unpaid Principal Balance to zero upon receipt of the final claim payment within the accounting period in which the final claim payment was received.

If the Insurance Proceeds from the insurance or guaranty claim are insufficient to pay the Unpaid Principal Balance of the Mortgage Loan down to zero, then the Servicer must remit its own funds to reduce the Unpaid Principal Balance to zero.

Upon paying the Unpaid Principal Balance down to zero or in no case later than ninety (90) calendar days following the Foreclosure sale date, the Servicer must record the grant deed conveying title to:

- The Servicer or its approved designee for REO properties for all RHS Section 502 Mortgage Loans;
- The Secretary of HUD for FHA Loans and HUD Section 184 Mortgage Loans; and
- The Secretary of the VA for VA Mortgage Loans.

The Servicer must maintain sufficient property insurance to adequately protect the REO property during the interim period until the REO property can be conveyed to the MI insurer or guarantor. The Servicer must then submit its claim with the applicable insurer or guarantor for reimbursement of the Servicer's Foreclosure costs and related expenses.

3. Insured or Uninsured Conventional Mortgage Loans

Marketable title for the REO property must be conveyed to the Servicer or its approved designee. The Servicer must dispose of the REO property and, by the next Remittance Date, must make available in the

Servicer's applicable DDA or A/A Account all Liquidation Proceeds, liquidation interest, any unpaid MI premium, and all other funds due as a result of the disposition of the REO property.

The liquidation interest payable to FHLBNY is calculated as follows:

- Scheduled / Scheduled: Liquidation interest payable to FHLBNY is the Scheduled Interest due on the Mortgage Loan through the end of the month of liquidation (30 / 360-day basis).
- Actual / Actual: Liquidation interest payable to FHLBNY is the monthly interest due from the Borrower (30 / 360 day basis) and partial month interest due up to but not including the date of payoff (actual days / 365 day basis).
- Ineligible loans (regardless of remittance option): Liquidation interest payable to FHLBNY shall be calculated in accordance with the repurchase provisions in the Guide.

For all Mortgage Loans serviced under the Scheduled/Scheduled remittance option, Monthly Payments must be advanced until the Mortgage Loan is liquidated.

For all Mortgage Loans serviced under any Actual/Actual remittance options, Monthly Payments are not advanced monthly, but upon disposition the Servicer must liquidate the Mortgage Loan with interest to the date of liquidation as calculated above.

The Servicer must submit the Calculation of Realized Loss or Gain (Form MAP-511) for expense reimbursement.

The REO property should be liquidated within thirty (30) days of disposition. Allowable related expenses on Form MAP-511 will be curtailed if that time frame is not met.

E. REO Property Servicing

1. Change of Property Insurance Policy

For all Government Mortgage Loans and Conventional Mortgage Loans, during the period any Mortgaged Property is REO (property is vested in the Servicer's name on behalf of FHLBNY), the Servicer shall keep in force fire and extended coverage insurance, of the type that provides for claims to be settled on a replacement cost basis, upon the Mortgaged Property, regardless of whether the Mortgaged Property is vacant or occupied. Property insurance policies that limit or exclude from coverage (in whole or in part) windstorm, hurricane, hail damages, or any other perils that are normally included under an extended coverage endorsement are not acceptable.

On the date of the Foreclosure sale, the Servicer must notify the current property insurance carrier of the change in title and require that the policy on the Mortgaged Property be amended to name the Servicer as property owner and insured. The Servicer shall also require that the property insurance include a "vacancy permit endorsement" as protection in the event of vandalism. Should the existing property insurance carrier refuse the Servicer's request, the Servicer shall cancel the existing policy and obtain the required coverage. If the Servicer maintains a form of "blanket" coverage or "master" policy, the Servicer's coverage must extend to the Mortgaged Property while title is temporarily held by the Servicer. The Servicer shall monitor and maintain insurance with extended coverage (to include the vacancy permit endorsement) in force until the REO property is liquidated.

The Servicer shall be liable for damage sustained by a Mortgaged Property which otherwise would be recoverable under an insurance claim, if the Servicer fails to maintain the required hazard insurance. The Servicer must provide evidence of a property insurance policy to the Master Servicer upon request.

2. Property Management

The Servicer must arrange for the proper securing, routine inspection, and maintenance of the REO property until the REO property is liquidated. The Servicer is required to inspect the REO property at least once every thirty (30) days and complete the Property Inspection Report (Form MAP-510) for each inspection.

The Servicer is responsible for advancing all maintenance and management costs of the REO property.

3. Rehabilitation Advance

The Servicer must advance funds to cover any necessary rehabilitation work and ensure that the work is done efficiently and properly. The Servicer is required to make such advances unless it is determined that the rehabilitation will not increase the proceeds available for payment of the Mortgage Loan after reimbursement of the Servicer for its expenses. In addition, the Servicer is not required to advance funds for rehabilitation work if the advances will not be recoverable from Insurance Proceeds, Liquidation Proceeds, or the Borrower. The Servicer must obtain the Master Servicer's approval prior to stopping rehabilitation advances.

If a Mortgaged Property has become REO and the related Mortgage Loan is covered by primary MI, the Servicer is expected to notify the applicable primary MI insurers of such rehabilitation plans and obtain approval before the completion of the MI claim(s) to ensure reimbursement from the primary MI insurers.

The Servicer must obtain the Master Servicer's approval for rehabilitation work according to the following schedule:

- Cumulative repair expenses totaling less than \$2,500: The Master Servicer's approval is not required;
- Cumulative repair expenses totaling \$2,500 - \$5,000: The Master Servicer's prior approval and one independent bid are required; and
- Cumulative repair expenses totaling \$5,000 or more: The Master Servicer's prior approval and two independent bids are required.

4. Foreclosure Deed Upon Sale

The Servicer shall take the necessary steps to ensure that the Mortgaged Property is conveyed by deed to the Servicer within ten (10) days of the Foreclosure sale date. Servicers are to ensure that the deed correctly vests title to Servicer. Failure to convey title to the Servicer within the time frame given will cause property taxes to accrue at the expense of the Servicer.

5. Escrow Items

The Servicer is responsible for paying timely all taxes, insurance, and other escrow items until the Mortgage Loan is liquidated.

F. REO Property Marketing

The Servicer must begin to market an REO property as soon as marketable title is acquired. The Servicer shall seek to obtain the best market price while disposing of the REO property in a timely and efficient manner.

Unless otherwise directed by the Master Servicer, the Servicer shall dispose of such REO property within eighteen (18) months after its acquisition. If the Servicer is unable to sell the REO property, the Servicer must auction the REO property to the highest bidder in an auction reasonably designed to bring a fair price before the end of the eighteen (18) month period. The Servicer must consult with the Master Servicer prior to holding an auction. Failure to meet this time frame will result in curtailment of allowable related expenses. See Form MAP-511 for additional information.

The Servicer must deposit all REO property disposition proceeds into the P&I Custodial Account within two (2) Business Days after receipt.

G. Failure to Administer REO Property

If a Servicer's actions or omissions result in damage to an REO property or failure to sell an REO property within a reasonable time, the FHLBNY may remove the servicing of the REO property from the Servicer and assume or transfer responsibility for management, control, maintenance, security, rehabilitation and disposition of the REO property. In such instances, the Servicer will remain responsible for:

- Paying when due all insurance premiums, property taxes and assessments, and other amounts that would constitute escrow;
- Filing when due all claims for benefits under applicable insurance policies; and
- Fulfilling any other related responsibilities required by the Master Servicer or FHLBNY.

The Servicer must compensate FHLBNY for any damages caused as a result of the Servicer's breach of its obligation to properly service an REO property. Any damages suffered as a result of the Servicer's errors in managing an REO property may not be quantified in advance of the Master Servicer assuming or transferring responsibility for such REO property.

H. Realized Losses or Gain

This section covers the guidelines for obtaining reimbursement of certain servicing related expenses, by submitting a Calculation of Realized Loss or Gain for a defaulted Conventional Mortgage Loan (Form MAP-511).

1. Submitting Form MAP-511

The Servicer must complete and submit a Calculation of Realized Loss or Gain form and applicable supporting documents (collectively "Form MAP-511") to the Master Servicer within the following time frames:

- For Conventional Mortgage Loans without PMI or coverage: within ninety (90) days of the date the Guide requires for liquidation; and
- For Conventional Mortgage Loans with PMI: within ninety (90) days of the date of the PMI settlement;

The REO property should be liquidated within thirty (30) days of disposition. Allowable related expenses will be curtailed if that time frame is not met.

If additional claimable items are received after a Form MAP-511 is submitted, they must be provided to the Master Servicer no later than forty-five (45) days after the initial claim is approved, using a supplemental Form MAP-511. A supplemental Form MAP-511 should not show a cumulative loss or gain calculation. It should only include claimable items received after the initial Form MAP-511 was submitted.

Failure to submit the Form MAP-511 on time to the Master Servicer will result in the Servicer forfeiting its right to file a claim.

If the Mortgage Loan is covered by PMI and the MI company is settling its MI claims with Insurance Proceeds that are a combination of an upfront cash payment and a deferred payment obligation (DPO), the Servicer must:

- Immediately upon acquisition of the Mortgaged Property as REO or liquidation, notify the MI company that FHLBNY is the investor/owner of the Mortgage; and
- Complete and submit the Form MAP-511.

The Master Servicer may deny or curtail any late submission.

2. Calculating Realized Losses or Gains (Updated 12/1/2020)

For purposes of the Form MAP-511, the Realized Loss or Reported Gain is calculated as follows:

- THE SUM OF:
 - The actual Unpaid Principal Balance;
 - Unpaid interest accrued at the Note Rate, which includes Servicing Fees;
 - Attorneys' fees and other Foreclosure expenses advanced by the Servicer;
 - Taxes and other nontax charges advanced by the Servicer;
 - Property maintenance expenses advanced by the Servicer;
 - Hazard insurance premiums advanced by the Servicer;
 - Hazard loss expenses advanced by the Servicer;
 - Field Review Appraisal Fee; and
 - Other expenses.
- MINUS THE SUM OF:
 - The balance of the Escrow Custodial Account;
 - Any refund of property insurance premiums;
 - Gross rental income received by the Servicer;
 - Property loss Insurance Proceeds;
 - Mortgage Insurance Proceeds (if applicable, as described in this chapter);
 - Net proceeds from sale of the REO or liquidation of the Mortgaged Property; and
 - Any amounts received by the Servicer from the Borrower or pursuant to bankruptcy or insolvency proceedings.

Servicers must familiarize themselves with the additional limitations imposed on certain expenses and certain time frames in the Guide and in Form MAP-511.

Any Realized Loss will be allocated in accordance with the terms of the Master Commitment based on the requirements of MAP and the Member Performance Account.

If a Reported Gain is reported on Form MAP-511, then FHLBNY agrees to make the amount of the Reported Gain available to reduce any subsequent reported Realized Loss for that Master Commitment beginning in the month of the Reported Gain. The Servicer should report the full amount of any Realized Loss/Reported Gain for each Mortgage Loan without regard to any prior Reported Gain. FHLBNY will ensure any previous Reported Gain amounts are appropriately applied to Realized Losses subsequently allocated under the terms of the Master Commitment.

3. Mortgage Insurance Proceeds

Mortgage Insurance Proceeds must be reported on the Form MAP-511 as follows:

- Primary MI proceeds / cash proceeds amount as shown on the explanation of benefits (EOB) from the MI company: include in the calculation of the Realized Loss/Reported Gain; and
- Primary MI proceeds / DPO amount (if applicable) as shown on EOB from the MI company: do not include in the calculation of the Realized Loss/Reported Gain.

4. Master Servicer Approval of Form MAP-511

- Servicers are expected to make every effort to reduce servicing related expenses in a manner consistent with any limitations imposed in the Guide or the Form MAP-511, and where no such limitations are provided, Applicable Standards and Applicable Law.
- The Master Servicer will review all submitted Form MAP-511s and will provide the Servicer with a final determination as to the Realized Loss or Reported Gain. If a Form MAP-511 is not submitted timely, is not complete, reflects expenses that exceed the maximum allowable amount, or reflects activities that have occurred outside allowable time frames, the Master Servicer may deny or curtail the request, as more fully described in Form MAP-511.

5. Reimbursement of Servicing Expenses

Servicers are responsible for advancing their own funds to cover all expenses incurred as a result of servicing Mortgage Loans. Once the Mortgaged Property is disposed of, the Servicer may seek reimbursement from FHLBNY for certain servicing related expenses by submitting a Form MAP-511 to the Master Servicer as more fully detailed in this Guide and in the instructions for Form MAP-511.

15. Legal

Lawsuits

A. Notice of Legal Action

The Servicer is not authorized to accept service of legal process on behalf of FHLBNY and shall so advise anyone attempting to serve FHLBNY through the Servicer.

FHLBNY reserves the right to direct litigation involving a Mortgage Loan, and the Servicer and any law firm retained to handle the litigation must cooperate fully with FHLBNY in the prosecution, defense, or handling of the matter.

In instances in which the Note and/or Mortgage or other Security Instrument provides for the Borrower to reimburse any legal fees and costs incurred by FHLBNY or the Servicer, the Servicer shall instruct its legal counsel to notify the Borrower about his or her responsibility for such expenses. The Servicer's legal counsel should attempt to handle such matters by stipulation or any other expeditious manner that will reduce the fees and costs that the Borrower has to pay.

Additionally, if the Mortgage or other Security Instrument has MERS as the mortgagee of record, as nominee for lender, or as the named beneficiary, and MERS is named in the action or proceeding, the Servicer shall immediately notify MERS and otherwise comply with all MERS requirements in regard to such litigation, as more fully set forth in MERS rules. In particular, the Servicer should be aware of Rule 14 MERS System Rules of Membership, which requires notification to MERS regarding "Legal Filings" that raise certain MERS-related challenges as detailed therein.

B. Notification Time Frames

The Servicer shall provide appropriate notice of any legal action in accordance with the time frames below.

The Servicer must forward two notices of any of the following to the FHLBNY at 101 Park Ave, 7th Floor, New York, NY 10017. Attention: Director of Mortgage Asset Program and General Counsel, within five (5) Business Days of receipt by the Servicer:

- A petition or complaint in a lawsuit naming the Servicer as defendant which involves the origination or servicing of any Mortgage Loan, or which alleges that the Servicer has failed to comply with any Applicable Laws in its mortgage origination or servicing activities;
- A petition or complaint in a lawsuit attempting to establish the existence of a class of plaintiffs that includes mortgagors whose mortgage loans are being serviced by the Servicer or mortgagors whose mortgage loans were originated by the Servicer;
- Correspondence involving a Mortgage Loan that threatens legal action or alleges violation by the Servicer or any other person of any Applicable Laws with respect to a Mortgage Loan; or
- Correspondence from a state or federal regulator involving the alleged violation by the Servicer of any Applicable Laws in its mortgage origination or servicing activities.

The Servicer must forward any of the following to the FHLBNY [101 Park Avenue, 7th Floor, New York, NY 10017; Attention Muriel Brunken and General Counsel], within two (2) Business Days after receipt by the Servicer:

- A petition or complaint in a lawsuit naming FHLBNY or the Master Servicer as a party to the lawsuit; or
- A petition or application for temporary injunction or other temporary equitable relief which involves the mortgage servicing activities of the Servicer.

The Servicer must forward to the Master Servicer, within three (3) Business Days after receipt by the Servicer, a copy of any motion or pleading of any type in a Foreclosure or bankruptcy action which asserts a counterclaim or alleges the right to recover damages from the Servicer or FHLBNY.

C. Servicer Initiating Litigation

The Servicer shall not initiate litigation on FHLBNY's behalf (except as otherwise provided in the Guide), unless it obtains prior written consent from FHLBNY.

D. Retained Counsel

If the Servicer is made aware that FHLBNY, the Servicer, or the Seller that sold the Mortgage Loan to FHLBNY is a named defendant in a lawsuit related to a Mortgage Loan it is servicing, the Servicer shall contact FHLBNY. FHLBNY will either approve the Servicer's retaining counsel or require that the case be turned over to FHLBNY for referral to the counsel of FHLBNY's choice. Whenever the Servicer retains counsel on behalf of FHLBNY, it shall do so in accordance with the Guide.

In situations where an attorney must be retained immediately to protect FHLBNY's interests, such as to oppose an ex parte application for a temporary restraining order, and FHLBNY approval cannot be obtained timely, the Servicer may retain counsel on FHLBNY's behalf, to appear and oppose the application. FHLBNY shall immediately be advised, and copies of all pleadings shall be forwarded to FHLBNY's Office of General Counsel.

If a case is to be handled by the Servicer's legal counsel, the Servicer will notify FHLBNY's Legal Department to whom their counsel shall report. The Servicer's legal counsel shall cooperate, coordinate, and follow the direction of the FHLBNY's in-house counsel, and report to FHLBNY's in-house counsel at frequent intervals, depending on the progress of the case.

The Servicer should provide FHLBNY with copies of all pleadings, motions, responses, replies and briefs with sufficient time in advance of any deadline to review and comment upon the proposed filings.

The Servicer of a Mortgage Loan that is the subject of litigation should notify retained counsel if it intends to offer any Mortgage Loan modification or other Foreclosure-avoidance alternative and provide retained counsel with sufficient opportunity in advance of the solicitation to review and provide comments in connection with any solicitation materials.

E. Counsel Selected and Retained by Servicer

All Counsel selected and retained by the Servicer to represent FHLBNY shall:

- Be knowledgeable and experienced in the applicable field of law;
- Be financially responsible; and
- Immediately advise FHLBNY's in-house counsel of any actual, potential, or apparent conflict of interest.

F. Referring to Other Counsel

If at any time during the progress of the case, FHLBNY determines the case should be referred to other counsel, the Servicer will be advised in writing.

G. Attorney's Fees

FHLBNY will review the Servicer's legal counsel's bills in relation to the reports made to FHLBNY's staff attorney by the Servicer's legal counsel. FHLBNY will reimburse the Servicer only for fees determined by FHLBNY to be reasonable, and which have actually been paid by the Servicer. The fees charged shall not exceed those charged by the legal counsel retained by the Servicer or others for the same or similar legal services and representation. To the extent allowed by law, the Servicer's legal counsel shall endeavor to recover all costs and fees from the Borrower, or other responsible party.

H. Notice of Lien

The Servicer shall take all reasonable actions to prevent new liens that would be superior to the lien of the Mortgage from being attached against the Mortgaged Property. When it becomes aware that any new superior lien has been attached, the Servicer shall notify the Master Servicer.

I. HOA Liens

For Mortgaged Properties that are subject to an HOA and that are located in states that provide HOA assessment lien priority over a previously recorded mortgage loans, the Servicer must take all steps necessary to protect the priority lien of the Mortgage. In states where particular actions or steps are required to receive notices of Foreclosure action taken by the HOA or others, the Servicer must ensure all such actions or steps are taken.

J. Property Forfeitures and Seizures

Various federal statutes (including the Controlled Substances Act) provide for the civil or criminal forfeiture of certain types of property (including real estate) that are used, or are intended to be used, to commit or to facilitate the commission of certain violations of federal law. If the Servicer receives notice of any lien, seizure, or forfeiture, it shall immediately notify FHLBNY about all deadlines and requirements specified in the notice, and promptly send FHLBNY a copy of the notice and any accompanying documents.

16. Amendment of Mortgages or Other Security Instruments

A. General

The Servicer is responsible for ensuring the instruments used in connection with changes affecting Mortgage Loans are in proper form, and that all requirements under Applicable Laws are met.

Any monies received and applied to the Mortgage Loan for a release, easement, or other amendment or modification shall be set forth in the Mortgage Loan File. If appropriate, the Servicer should inform the taxing authority of the release of real property and request an adjustment of any taxes levied or be levied. A certified copy of the instrument used to complete the transaction must be sent to the appropriate mortgage insurer.

B. Removal of a Co-Borrower

The Servicer must evaluate all co-Borrower release of liability requests. Generally, no requests to remove a co-Borrower may be considered within twelve (12) months of the Mortgage Loan's closing date. Thereafter, the Servicer may consider requests on a case-by-case basis, if the requirements in this section are met.

Release agreements must be prepared by the Servicer and executed by all parties. The Servicer is responsible for ensuring the statements in the release are accurate, and that the release complies with Applicable Laws.

1. Release of Liability

The removal of a Borrower with a release of liability is acceptable if the following conditions are met:

- The transfer of ownership of the Mortgaged Property is exempt from enforcement of the due-on-sale-clause;
- Supporting documentation for the release of liability is provided by the Borrower;
- The current market value of the Mortgaged Property has not decreased from the property value at origination. Depending on the original loan-to-value ratio, the age of the Mortgage Loan, and other circumstances, the Servicer may require a complete new appraisal report (cost paid by the remaining Borrower);
- The remaining Borrower has been deemed creditworthy in accordance with underwriting requirements in the MAP Underwriting Guide;
- The security of the Mortgage or other Security Instrument will not be impaired by the release of liability;
- The remaining Borrower was a signer on the original Note;
- Pre-approval by the MI insurer has been obtained, if applicable;
- Copies of any agreement between Borrowers is retained in the Mortgage Loan File;
- The terms of the Mortgage or other Security Instrument and the Note will remain the same, other than removing the liability of a co-Borrower;
- The Servicer follows all Applicable Laws related to executing a release agreement or other transfer of ownership;
- The Servicer advises the property insurance company, tax authorities, and if applicable, the flood insurance company and other interested parties; and

- If the Mortgage or other Security Instrument has MERS as the mortgagee of record or the nominee for the lender, as the named beneficiary, the Servicer must remove the one Borrower and enter the remaining Borrower information on the MERS system.

2. No Release of Liability

The removal of a Borrower without a release of liability is acceptable if the following conditions are met:

- The specific reason for the removal is provided by the Borrower;
- Copies of any agreement between Borrowers are retained in the Mortgage Loan File;
- A Copy of the instrument transferring title is retained in the Mortgage Loan File; and
- A Copy of notification to the MI insurer, if applicable, is retained in the Mortgage Loan File.

If the Mortgage or other Security Instrument has MERS as mortgagee of record or the nominee for the lender, as the named beneficiary, and a Borrower is removed, the Servicer is responsible for removing the one Borrower and entering the remaining co-Borrower information on the MERS system.

C. Addition of Co-Owner

Generally, no requests for partial transfers of any right, title, or interest in a Mortgaged Property will be considered within twelve (12) months of the Mortgage Loan's closing date. Thereafter, requests will be considered on a case-by-case basis. Partial transfers are generally allowed only to a new spouse of the Borrower who will hold title either as a joint tenant or as community property.

D. Unauthorized Transfers

When a Servicer becomes aware of an unauthorized transfer, the Servicer shall notify the Master Servicer and applicable primary MI insurer immediately. Upon written authorization by the Master Servicer and the applicable primary MI insurer, the Servicer shall accelerate the Mortgage Loan pursuant to the Due-on-Sale clause of the Mortgage or other Security Instrument.

E. Transactions Exempt from Due-On-Sale Clause

Under the Garn-St. Germain Depository Institutions Act of 1982, the Servicer shall not enforce the Due-On-Sale clause for certain types of transfers or related transactions. In the following cases when the Mortgaged Property is occupied or is to be occupied by the Borrower or transferee, the Servicer shall not enforce the Due-On-Sale clause:

- A transfer of the Mortgaged Property to a relative as a result of the Borrower's death;
- A transfer of the Mortgaged Property to the Borrower's spouse or child/children;
- A transfer of the Mortgaged Property by devise, descent, or operation of law on the death of a Borrower who is a joint tenant or tenant by the entirety;
- A transfer of the Mortgaged Property to a spouse under a divorce decree or legal separation agreement or from an incidental property settlement agreement;
- A transfer of the Mortgaged Property into an inter vivos trust, as long as the Borrower will be the beneficiary of the trust and will remain the occupant of the Mortgaged Property;
- The creation of a subordinate lien, as long as it does not relate to a transfer of rights of occupancy in the Mortgaged Property;

- The creation of a purchase money security interest for household appliances; and
- The granting of a leasehold interest in the Mortgaged Property with a term of three (3) years or less, that does not provide an option to purchase.

F. Partial Property Releases

This section addresses the requirements for processing partial release requests.

1. General

All partial releases of the Mortgaged Property, easements, requests to substantially alter the Mortgaged Property, and any other changes affecting the Mortgaged Property must have prior written approval from the applicable MI insurer or (for Government Mortgage Loans) Government Agency.

The Servicer must review applicable legal documents for the proposed partial release and ensure that any requirements specified in the Mortgage or other Security Instrument related to granting a partial release or easement are met.

The Servicer may decline a partial release request without obtaining the Master Servicer's prior approval if it is determined that the partial release would adversely affect the value or use of the Mortgaged Property.

Prior approval from the Master Servicer is required for processing a partial release unless the following conditions are met:

- The Borrower's Monthly Payment is current and has not been Delinquent more than once in the last twelve (12) month period;
- The Mortgage lien will remain in first lien position and not be affected by any claims of subordinate lien holders;
- The reduction in the value of the remaining Mortgaged Property is not greater than the amount of cash consideration, and the remaining Mortgaged Property adequately secures the Unpaid Principal Balance of the Mortgage Loan;
- The portion of the Mortgaged Property to be released does not contain any improvements that are material to the residential improvements on the remaining Mortgaged Property; and
- The remaining LTV after release will not exceed sixty percent (60%).

If any of the following apply, a new interior/exterior inspection appraisal is required and must show separate values for the land and for the improvements, and must indicate the market value of the Mortgaged Property before and after the proposed release:

- The current LTV of the Mortgage Loan, based on the original value, is greater than sixty percent (60%);
- The value of the released property is estimated by the Servicer to be ten thousand dollars (\$10,000) or greater;
- The Borrower receives a consideration greater than five percent (5%) of the original value of the Mortgaged Property, or there is no consideration received; or
- The transaction is not at arm's length.

If the current LTV exceeds sixty percent (60%) and/or the Borrower receives a consideration greater than five percent (5%) of the original value, the full amount of the consideration must be applied to the Unpaid Principal Balance.

2. Mortgage Electronic Registration System (MERS)

If the Mortgage or other Security Instrument has MERS as the mortgagee of record or the nominee for the lender, as the named beneficiary, the appropriate information on MERS should be updated.

G. Condemnation or Eminent Domain

The Servicer shall immediately notify the Master Servicer and the MI insurer upon learning of any planned or impending taking by condemnation or eminent domain of any Mortgaged Property. The Servicer is instructed to take the necessary steps to prevent the loss of MI insurance by reason of eminent domain.

H. Release of Oil, Gas, or Mineral Rights

The Servicer may process requests for release of oil, gas, or mineral rights, provided the granting of such rights meets the following requirements:

- The request is of the type commonly granted by private institutional mortgage investors and lenders in the area of the Mortgaged Property, and it will not jeopardize the mortgage insurance coverage;
- The exercise of such rights will not result in damage to the Mortgaged Property or impairment of the use or marketability of the Mortgaged Property for residential purposes or expose the residents to health or safety hazards; and
- At least one (1) of the following conditions is met and documented in the Mortgage Loan File:
 - There is no right of surface or subsurface entry within five-hundred (500) feet of the residential structure;
 - There is a comprehensive endorsement to the title insurance policy that affirmatively insures FHLBNY against damage or loss due to the exercise of oil, gas, or mineral rights; or
 - The Mortgaged Property is insured by a homeowner's insurance policy that affirmatively insures FHLBNY against damage or loss due to the exercise of oil, gas, and mineral rights.

If the above requirements are not met and the Servicer processes a release of oil, gas, or rights, then the Servicer must either repurchase the Mortgage Loan or indemnify FHLBNY for any loss incurred by FHLBNY that can be attributed to the exercise of oil, gas, or mineral rights.

17. Assumptions of Defaulted Loans and Unauthorized Transfers

Mortgage Loans may be assumed only by individuals meeting the current MAP eligibility and underwriting requirements. The Servicer may permit the assumption of a defaulted Mortgage Loan to prevent a Foreclosure or Deed-in-Lieu of Foreclosure if the Servicer believes the default is unlikely to be cured with a loss mitigation workout option.

Mortgage insurer approval is required on all assumptions as outlined below. The liability of the original Borrower(s) is not released except where the Note requires such release. When release of liability is required by the Note, the respective MI release in writing is required, as applicable.

All assumptions must be reported to the Master Servicer via email at FHLBNY@MrCooper.com. If the Mortgage or other Security Instrument has MERS as mortgagee of record or the nominee for the lender, as the named beneficiary, and a Borrower is added and assumes the outstanding mortgage debt, the Borrower would sign the MERS required form of Assumption Agreement. The Servicer is responsible for entering the new Borrower information on the MERS system.

A. Unauthorized Assumptions

When a Servicer becomes aware of an unauthorized assumption, the Servicer must notify the Master Servicer and applicable primary MI insurer immediately. Upon written authorization by the Master Servicer and the applicable primary MI insurer, the Servicer shall accelerate the Mortgage Loan pursuant to the Due-on-Sale clause of the Mortgage or other Security Instrument.

B. Junior Lien Assumption

Non-qualifying junior lien holders are not authorized to assume any Mortgage Loans or hold title subject to any Mortgage Loan after Foreclosure of the junior lien. The Servicer shall require payment in full of any Mortgage Loan within ten (10) days of the junior lien holder's Foreclosure sale. Failure by the junior lien holder to pay the Mortgage Loan in full is a transfer without the Servicer's consent.

The Servicer shall accelerate the Mortgage Loan upon notification that a junior lien holder has acquired the Mortgaged Property. In the event the foreclosing junior lienholder is a nonprofit or government entity, the Servicer shall inform FHLBNY within three (3) days of the junior lienholder's Foreclosure sale for direction on how to proceed.

C. Permitted Fees and Charges

Servicers are permitted to charge the Borrower an assumption fee.

D. Approval Process

The Servicer will process the request for an assumption by underwriting the Mortgage Loan according to that loan's qualifying requirements, as set out in the MAP Underwriting Guide, and otherwise in compliance with the Mortgage or other Security Instrument and the requirements of the MI insurer.

All other qualifying documents necessary to protect the Mortgage's lien, including the updated MI certificate, are the responsibility of the Servicer.

18. Transfers of Servicing (Updated 12/1/2020)

This chapter covers transfers of servicing made after the associated Mortgage Loans have been sold under MAP. This chapter also applies when servicing activity occurs after the Mortgage Loans have been sold to FHLBNY but prior to the effective servicing transfer date. For Servicing released options, send email request to AMATeam@fhlbny.com.

A. Assuming Servicers

Transfers of servicing may be made to a Servicer who is a member of an FHLB or a Non-Member Servicer (NMS).

The Servicer may not sell or transfer the Servicing Rights of any Mortgage Loan without the prior written consent of FHLBNY. The Servicer selling its Servicing Rights is considered a Selling Servicer, and the Servicer acquiring the Servicing Rights is considered an Assuming Servicer.

The Servicer must submit all requests for the sale or transfer of its servicing portfolio (all or substantially all of the Mortgage Loans it is servicing) in writing to FHLBNY. The Assuming Servicer must be an existing Servicer, or must meet the Guide's eligibility criteria to become a Servicer and be approved by FHLBNY. It is the Selling Servicer's responsibility to verify that the Assuming Servicer is approved to acquire servicing for MAP.

FHLBNY must receive all supporting documentation at least forty-five (45) days prior to the requested date of transfer.

No modifications may be made to the applicable Master Commitments without the prior written consent of FHLBNY.

Assuming Servicers may be limited to specific remittance type(s) and/or certain product types of the Mortgage Loans for which it would be eligible to acquire the Servicing Rights. Additionally, FHLBNY may set a portfolio limit for the Mortgage Loans the Assuming Servicer is acquiring, which may be increased, decreased, or terminated at the discretion of FHLBNY.

The Assuming Servicer's Servicing Rights are subject to the rights of FHLBNY as provided for in the Guide.

1. Compensation and Fees

The Assuming Servicer shall be compensated in accordance with the standard Servicer compensation policies in this MAP Servicing Guide.

Seller Servicer MPA account is not transferable through the Servicer Initiated Transfer of Servicing process.

A servicing transfer fee of five hundred dollars (\$500) is assessed per servicing transfer transaction and must be received by FHLBNY at least forty-five (45) days prior to the requested date of transfer.

2. Sale of Servicing Contract

The Selling Servicer and the Assuming Servicer will enter into a Sale of Servicing Contract in form and substance acceptable to FHLBNY in order to transfer servicing, unless such obligation is waived by FHLBNY.

FHLBNY will not be party to the Sale of Servicing Contract and it shall have no liabilities under the Sale of Servicing Contract, and shall not owe any fees to the Selling Servicer or the Assuming Servicer in connection with the transfer of the servicing. Any compensation payable by the Assuming Servicer to the Selling Servicer in connection with the transfer of the Subject Servicing shall be as provided in the Sale of Servicing Contract.

In the event of a conflict between the Guide and the Program Documents, on the one hand, and the Sale of Servicing Contract on the other hand, the Guide and the Program Documents will control. However, to the extent that the Sale of Servicing Contract addresses matters solely between the Selling Servicer and Assuming Servicer which do not impact FHLBNY's rights with respect to the Mortgage Loans and the Subject Servicing Rights, then the Guide and the Program Document shall have no applicability to such matters.

3. Agreements and Warranties

The sale or transfer of servicing does not amend, modify, impair, limit, or otherwise affect the rights and obligations of the Selling Servicer (and any designee, if applicable) or FHLBNY under other agreements in place between those parties, except as otherwise provided in a written consent.

For example, none of the Selling Servicer's obligations, liability for indemnification, or responsibility for servicing prior to and up to the servicing transfer date shall be waived, limited, or impaired because of the transfer. In addition, none of the Selling Servicer's other obligations to FHLBNY (such as in its capacity as a Seller originator to MAP) shall be waived, limited, or impaired because of the transfer.

4. Selling Servicer Covenants

In addition to the representations and warranties in the Guide and the Program Document, by selling the servicing of Mortgage Loans on the servicing transfer date, the Selling Servicer represents and warrants that for each Mortgage Loan transferred:

- The Selling Servicer is the sole and lawful owner of the Servicing Rights;
- The Selling Servicer has the full right and power to transfer the Servicing Rights to the Assuming Servicer, once the transfer is approved by FHLBNY;
- Except for the Sale of Servicing Contract and the Guide and the Program Documents, the Servicing Rights are not subject to any contract or other agreements of the Selling Servicer;
- If the Selling Servicer is a Seller to MAP, the terms of the Master Commitment(s) remain in full force and effect; and
- The Selling Servicer's Program Document remains in full force and effect.

Additionally, if the Selling Servicer sold the Mortgage Loans to FHLBNY, the Selling Servicer shall remain liable for:

- All origination obligations relating to the Mortgage Loans;

- All ongoing Seller obligations relating to the Mortgage Loans;
- Realized Losses applicable to the Seller's Member Performance Account (MPA)
- Delivery of the Mortgage Loan Documents to the Document Custodian in accordance with MAP requirements; and
- The Servicer that is transferring the servicing to another party shall also be obligated for its outstanding obligations, including any violations of its servicing obligations that occur prior to the servicing transfer date.

5. Conflict between Selling Servicer and Assuming Servicer

If the Selling Servicer and Assuming Servicer disagree about liability for violations of representations, warranties, covenants or any other servicing requirements hereunder, FHLBNY has the right, in its sole discretion, to determine which party or parties are liable for such violations, and any relative proportions, if applicable.

B. Assuming Servicer Covenants

In connection with any transfer of servicing to be performed by the Assuming Servicer, the Assuming Servicer must comply with the following requirements:

- The Assuming Servicer must perform all servicing of the Mortgage Loans in accordance with the Program Documents, the Sale of Servicing Contract, and the Guide;
- The Assuming Servicer shall take such actions as FHLBNY may deem necessary or advisable, at its sole discretion, to enable FHLBNY to monitor:
- All transfers of Mortgage Loan Files;
- The processing and handling of all information regarding the Mortgage Loans with loss mitigations plans or loan modifications in process at the time of the transfer of servicing;
- The Assuming Servicer's and the Selling Servicer's compliance with all Applicable Laws and the Guide relating to transfers of servicing and with the terms of the underlying Mortgage Loans; and
- All quality control review results relating to the Mortgage Loans, whether performed by the Assuming Servicer, the Seller Servicer (or a predecessor) or otherwise.
- To the extent there are any Mortgage Loans which, at the time of the transfer of the related servicing, are subject to existing loss mitigation agreements or have loan modification agreements in process, the Assuming Servicer shall:
 - Honor and abide by the terms of such agreements, or propose options that are no less beneficial to the Borrower than such agreements; and
 - Take such actions as may be reasonably necessary to obtain all information required to complete such loan modification agreements.
- The Assuming Servicer shall provide to FHLBNY such information as FHLBNY may deem necessary or advisable to evaluate the current and potential effects of the transfer of servicing on the Borrowers, including, without limitation, any effects such transfer may have on Borrowers with in-process Mortgage Loan workouts, bankruptcies, or litigation;
- The Assuming Servicer shall require in writing all third-party service providers, vendors, and other entities it may engage in connection with the transfer of servicing to comply with the Guide;
- The Assuming Servicer agrees to make and provide FHLBNY with such additional reports as may be reasonably requested by FHLBNY with sufficient advance written notice; and

- Under the terms of the Program Documents or the Guide, the Assuming Servicer may be required to purchase Mortgage Loans in certain circumstances. If, however, an Assuming Servicer is not required to purchase a Mortgage Loan and if a Selling Servicer or Seller is required to repurchase such Mortgage Loan from FHLBNY for any reason, FHLBNY shall notify the Assuming Servicer of such repurchase request. The Assuming Servicer shall assist FHLBNY with the repurchase, and the Assuming Servicer will continue to service such Mortgage Loan until it is repaid, liquidated, or FHLBNY notifies the Assuming Servicer that the Mortgage Loan has been sold.

FHLBNY may request the Assuming Servicer to purchase any Mortgage Loan which does not meet the requirements of the Guide, whether such condition is due to the Selling Servicer's breach of any of its originator or servicing obligations with respect to such Mortgage Loan. Without waiving its rights against the Selling Servicer, the Assuming Servicer shall effect such purchase, provided:

- The Selling Servicer has not filed nor has a filing been made against the Selling Servicer under the Bankruptcy Code;
- Neither a receiver nor a conservator has been appointed for the Selling Servicer;
- FHLBNY assigns its rights against the Selling Servicer with respect to such Mortgage Loan to the Assuming Servicer; and/or
- The Assuming Servicer is subrogated to the rights of FHLBNY against the Selling Servicer with respect to such Mortgage Loan.

All Mortgage Loans for which a repurchase determination is made prior to the 15th of any month, or the prior Business Day if the 15th is not a Business Day, shall be reported as repurchased for the end of the accounting cycle (the last Business Day) of the month with funds to be transferred on the following month's Remittance Date.

C. Transfer Requests (Updated 12/1/2020)

After receiving consents from FHLBNY, the Selling Servicer and the Assuming Servicer must complete and submit the Servicing Transfer Notice (Form MAP-518) and a copy of the proposed Sale of Servicing Contract to FHLBNY and, if they are a member of an FHLB, provide copies to their FHLB along with a non-refundable servicing transfer fee of five hundred dollars (\$500) per transfer transaction for the account of FHLBNY.

The servicing transfer date shall always occur on the first (1st) calendar date of the month and shall be no sooner than the first (1st) calendar day of the second (2nd) calendar month following FHLBNY's receipt of the Servicing Transfer Notice and not later than ninety (90) days after submitting the transfer request file. The servicing transfer date must be acceptable to FHLBNY.

The Selling Servicer will be required to send to AMATeam@fhlbny.com, a transfer request file containing the list of MAP loan numbers corresponding to the Mortgage Loans for which Servicing Rights are being transferred.

The FHLBNY will review and validate the transfer request file and approve the transfer.

In addition:

- The Selling Servicer must send the transfer request file at least forty-five (45) days prior to the requested transfer; and

- The Servicing Transfer Notice (Form MAP-518) and a copy of the proposed Sale of Servicing Contract must be provided to FHLBNY, along with the non-refundable servicing transfer fee, at least forty-five (45) days prior to the requested transfer.

1. Transfer of Individual Loan Files

Unless otherwise provided for under Applicable Law, no later than the servicing transfer date, the Selling Servicer shall deliver to the Assuming Servicer all funds for the Borrowers or FHLBNY that are being held by the Selling Servicer in connection with the Subject Servicing Rights, as well as the individual Mortgage Loan File for each Mortgage Loan included in the transfer. If both the Selling Servicer and the Assuming Servicer agree, Mortgage Loan File information may be provided on any suitable, secure electronic means. Among other things that may be required by Applicable Law, the individual Mortgage Loan File should include a history of loan payments received and escrow disbursements made for the Mortgage Loan during the current year and the two preceding years (making additional historical information available if the Assuming Servicer requests it), including the most recent escrow analysis and appropriate supporting documentation, copies of any current assumption or payoff statements, any pertinent related information that will avoid delays in processing a subsequent payoff or in refunding the Borrower's escrow balance, a copy of the notice that was sent to advise the Borrower of the pending transfer of servicing (known as "404 Notices" or "Hello/Goodbye Letters" as required under RESPA), copies of all the correspondence or notices related to the servicing transfer that were sent to the Borrower, any MI insurer and any Government Authority or interested third party. Servicers that use a single letter, or any other media or electronic method to notify third parties about a transfer of servicing may provide this information to the Assuming Servicer in a master file rather than having to copy it for individual Mortgage Loan Files.

2. Transfer of Loans in Foreclosure, Bankruptcy, or Loss Mitigation

The Selling Servicer must deliver to the Assuming Servicer information and records for any Mortgage Loans that are in Foreclosure, bankruptcy, or loss mitigation status and for any Mortgaged Properties that were acquired by Foreclosure or acceptance of a Deed-in-Lieu.

The Selling Servicer must provide the Assuming Servicer a list of each Mortgage Loan that is in the process of Foreclosure or for which the Borrower has filed bankruptcy, showing the loan number and the name and address of the attorney (or trustee) handling the Foreclosure or bankruptcy.

The Selling Servicer must provide the Assuming Servicer all pertinent information related to the status of a Mortgage Loan for which loss mitigation is being pursued.

The Selling Servicer must provide the Assuming Servicer a list of any acquired Mortgaged Properties for which it is performing administrative functions such as paying taxes and insurance premiums, performing property maintenance functions, etc., if the responsibilities for these functions will be transferred to the Assuming Servicer. The list should identify each Mortgaged Property by loan number and include a history of the Selling Servicer's actions from the date the Mortgaged Property was acquired (including information about expenditures, receipts, and management and marketing activities), and provide any appropriate documentation.

The Selling Servicer must inform the Assuming Servicer if any of the Mortgage Loans (or acquired Mortgaged Properties) being transferred are the subject of litigation (including court filings, disclosure requests and responses, and preliminary rulings).

The books and records that the Selling Servicer turns over to the Assuming Servicer should be complete so the Assuming Servicer will be able to service the transferred Mortgage Loans without interruption as of the effective date of the transfer of servicing. The Selling Servicer and the Assuming Servicer should agree to procedures that will enable the Assuming Servicer to obtain any other information related to the transferred Mortgage Loans that was not turned over as of the effective date of the transfer.

D. Delivery Process (Updated 9/6/2023)

No later than the servicing transfer date, the Selling Servicer shall transfer or deliver to the Assuming Servicer:

- All funds held in connection with the Subject Servicing Rights for the benefit of the Borrowers or FHLBNY;
- Mortgage Loan Files and data related to the Subject Servicing Rights necessary to service the Mortgage Loans in accordance with Applicable Standards including, but not limited to:
- Any notification of a borrower enrollment in a state Address Confidentiality Program in compliance with all applicable state requirements and the legal mailing address provided;
- Loss mitigation requests received in process of being reviewed; and
- All Borrower notices pertaining to transfer of the Servicing Rights in accordance with Applicable Standards and the Sale of Servicing Contract.

The Selling Servicer must retain a copy of all data and documents which are forwarded to the Assuming Servicer and which it would otherwise be required to retain under the record retention requirements in the Guide in order to respond to document requests.

As of the servicing transfer date, the Assuming Servicer shall be responsible for the servicing of the Mortgage Loans in accordance with the Guide and Applicable Standards. The Assuming Servicer shall accept the Subject Servicing Rights despite any Selling Servicer breach of Sale of Servicing Contract or any breach by the Selling Servicer of its obligations under the Guide or the Program Documents.

1. Notifying the Borrower

The Selling Servicer and the Assuming Servicer are each responsible for sending specific notices to the Borrowers whose Mortgage Loans are being transferred. All notices provided to Borrowers must be made in accordance with Applicable Law, including the provisions of RESPA, the FDCPA, and any other federal or state law requirements. Both the Selling Servicer and the Assuming Servicer must provide each other with essential information to include in the required notification letters to the Borrowers, such as the Servicer's name, address, and telephone number (either a toll-free number or authorization to include a statement that "collect calls are acceptable") and the name and telephone number of a contact person (or department) that can answer the Borrower's questions, plus any other information required by Applicable Law.

2. Assuming Servicer Responsibilities

As of the servicing transfer date, the Assuming Servicer shall be responsible for the Subject Servicing the related Mortgage Loans in accordance with the Guide, the Applicable Standards, the Program Documents, and the Sale of Servicing Contract.

The Assuming Servicer shall accept the Subject Servicing Rights despite any Selling Servicer breach of Sale of Servicing Contract or any breach by the Selling Servicer of its obligations under the Guide or the Program Documents.

The Assuming Servicer shall be responsible for all funds collected from or on behalf of the Borrowers under the Mortgage Loans for the benefit of FHLBNY.

If FHLBNY reverses funding of a Mortgage Loan for which the servicing has been transferred in order to correct loan data, and subsequently issues a new funding confirmation for the Mortgage Loan, the Assuming Servicer shall service the Mortgage Loan in accordance with the new funding confirmation.

3. MI Notification

If the Mortgage Loans involved in the servicing transfer are insured under an MI policy, the Selling Servicer must notify the MI company of servicing transfer and if necessary, obtain the approval of the MI company.

It is the responsibility of the Selling Servicer and the Assuming Servicer to adhere to all requirements of the applicable MI policy.

E. Custody Documents

The custodial documents for the Mortgage Loans shall continue to be held by the Document Custodian used by the Selling Servicer. NMS must use the Document Custodian approved for MAP.

Unless MERS is the mortgagee of record, the Selling Servicer must prepare and record an Assignment of Mortgage to the Assuming Servicer for each Mortgage Loan in the form required by Applicable Law. The Assignment of Mortgage must be prepared in accordance with the requirements in the Guide. If MERS is the mortgagee of record, the Selling Servicer must register the transfer of servicing with MERS by providing the correct organization identification number for the Assuming Servicer.

1. Certification with the Document Custodian

The Selling Servicer is responsible for the Custodian Certification of the Collateral Files, resolving issues with the Document Custodian, and payment of all fees imposed for uncertified documents or custodial exceptions. All Mortgage Loans that do not meet the Custodian Certification requirements prior to the servicing transfer date must be repurchased immediately by the Selling Servicer. The Selling Servicer may request and obtain the Collateral File from the Document Custodian in order to correct certification exceptions until the servicing transfer date.

2. Quality Control

The originating Seller is responsible for conducting the quality control reviews in accordance with MAP requirements.

If a Mortgage Loan for which the Servicing Rights were transferred is selected for MAP quality control review, the current Servicer at the time the Mortgage Loan is selected shall be responsible for providing copies of the required documents upon request from FHLBNY.

F. Remittances for Transfer of Servicing

The Assuming Servicer shall service each Mortgage Loan based on the remittance type specified in the applicable Master Commitment. Remittances must be made in accordance with the Guide. If the remittances are not made as required, the amount of loss or damages to FHLBNY, in addition to the amount of the remittances due, shall be as provided for in the Guide.

G. Unreimbursed Servicing Expenses

When servicing is transferred to a NMS, the Selling Servicer is responsible for Unreimbursed Servicing Expenses for Government Mortgage Loans until FHLBNY notifies the Selling Servicer and NMS in writing of the effective date this obligation transfers to the NMS.

The NMS will assist in administering the reimbursement process of such expenses in accordance with the following requirements:

- The NMS shall promptly provide written notice to FHLBNY upon making any demand to a Selling Servicer for reimbursement of Unreimbursed Servicing Expenses and for the cost of maintaining the government insurance or guaranty as set forth in the Sale of Servicing Contract;
- The NMS shall provide written notice to FHLBNY in the event that reimbursement payment was not made by the Selling Servicer in accordance with Sale of Servicing Contract. Each such notice from the Servicer to FHLBNY shall provide an itemization of the amounts demanded and a total;
- Upon request of FHLBNY, the NMS shall provide satisfactory documentation as determined and required, to prove any amount itemized in any demand for reimbursement from a Selling Servicer; and
- The NMS shall coordinate with FHLBNY in pursuing and exercising its rights and remedies against the Selling Servicer under the Sale of Servicing Contract.

H. Termination of Servicing

Except as otherwise provided in the Program Document or the Guide, the servicing of Mortgage Loans (including the related Servicing Rights) may be terminated for the reasons and in the manner as provided below and in the Guide. In all such cases, the Servicer will continue servicing the Mortgage Loans as required in the Program Document and the Guide, until the Servicing Rights for the Mortgage Loans are transferred to a successor servicer approved by FHLBNY. In such case, FHLBNY shall determine servicing termination transfer date.

Termination of the Servicer's right to service Mortgage Loans under the Program Document shall terminate the Servicer's Subject Servicing without separate notice to the Servicer. Such termination shall not relieve the Servicer of its obligation to transfer all funds, Mortgage Loan Files and data for the Mortgage Loans in its possession to the party designated by FHLBNY as transferee, nor relieve the Selling Servicer of its obligations related to the MPA.

From and after the servicing termination transfer date specified for each Mortgage Loan, the Servicer shall not be entitled to compensation for further services for the Mortgage Loans but shall be paid all compensation accruing to such servicing termination transfer date and shall be reimbursed for all outstanding servicing advances for the Mortgage Loans in accordance with the Guide. In the event of a termination of the Servicer's Servicing Rights for any reason, the Servicer and FHLBNY agree to cooperate in taking such action as is necessary to effect the transfer of servicing of the Mortgage Loans, including, without limitation taking the steps described above for voluntary transfers of Servicing Rights, including, without limitation:

- Transferring at the written direction of FHLBNY, to a successor Servicer, all Mortgage Records, data, property, documents and complete records of the FHLBNY then in the custody or possession of the Servicer; and
- Executing documents that are necessary to accomplish the transfer of Servicing Responsibilities and obligations to a successor Servicer. Notwithstanding any provision to the contrary in the Program Document or Guide, herein, any transfer of Servicing pursuant to this section shall comply with all Applicable Law, including without limitation any requirements regarding notification of each Borrower under the Real Estate Settlement Procedures Act (RESPA)

In connection with a termination of the Servicer's Servicing Rights for cause by FHLBNY, all reasonable out-of-pocket costs and expenses (including attorneys' fees) incurred by FHLBNY in connection with the transfer of servicing following termination shall be paid by the Servicer upon presentation of reasonable documentation of such costs and expenses. In connection with a termination of the Servicer's Servicing Rights without cause, the party that initiated the termination shall pay all reasonable out-of-pocket costs and expenses (including attorneys' fees) incurred by the other party in connection with the transfer of the Servicing Rights upon presentation of reasonable documentation of such costs and expenses. In connection with a termination of the Servicer's Servicing Rights by mutual consent, the parties shall pay their own respective out-of-pocket costs and expenses (including attorneys' fees) incurred in connection with the transfer of servicing duties.

I. Non-Servicer Initiated Transfers

FHLBNY may, in its sole discretion, direct a Servicer to sell to a party designated by FHLBNY the Servicing Rights of any and all Mortgage Loans if the aggregate Unpaid Principal Balance of the Mortgage Loans serviced by the Servicer is less than \$10 million.

The purchase price of such Servicing Rights shall equal their fair market value, which will be mutually agreed to by the Servicer, FHLBNY, and the designated buyer.

J. Non-Compliant Transfers

Any unauthorized servicing transfer or any servicing transfer that is found to be non-compliant with any requirement of the Guide may be the basis for terminating the participation of both the Selling Servicer and the Assuming Servicer in MAP.

Instead of terminating the participation of both the Selling Servicer and the Assuming Servicer in MAP, FHLBNY under its applicable MAP agreements, has the discretion to impose sanctions, compensatory fees, demand repurchase, or other available remedies when a Servicer participated in an unauthorized servicing transfer or a servicing transfer that is found to be non-compliant with any requirement of these Guide. In addition to any other remedy imposed on the Servicer by FHLBNY, any Servicer that participates in an unauthorized servicing transfer or a servicing transfer that is non-compliant with any requirement of these Guide, will be held liable for any losses, liabilities, or other expenses FHLBNY incur as the result of the unauthorized transfer.

19. Non-Member Servicers (NMS)

In addition to the requirements applicable to Assuming Servicers, NMS must follow the additional the requirements outlined in this section.

To become a NMS and purchase Servicing Rights from a Selling Servicer under the provisions of this chapter, the NMS must meet the Servicer and NMS eligibility criteria in the MAP Selling Guide.

When FHLBNY approves the NMS as a Servicer, the NMS will be assigned a Servicer ID number by FHLBNY that must be used by the Selling Servicer and the new NMS as required.

In addition to the requirements in the Guide expressly required of NMS, any reference in the Guide:

- To a requirement of a Servicer also applies to any NMS;
- To a requirement of a Seller with respect to servicing also applies to any NMS; and
- To a Program Document with respect to a Servicer shall mean the applicable NMS Servicing Agreement with respect to a NMS.

Any expressly stated rights of FHLBNY in the Guide in relation to Servicers are to be understood to belong to FHLBNY in relation to NMS, unless otherwise stated in the Guide or the related Program Documents.

The NMS must service Mortgage Loans in accordance with the Program Documents and relevant portion(s) of the Guide, as may be modified by any supplement or addendum.

A. Grant of Security Interest

When servicing is transferred to a NMS, the NMS hereby assigns, transfers, and pledges to FHLBNY and grants to it a first priority security interest in the Servicing Rights for each Mortgage Loan serviced by the NMS, as such Servicing Rights may be now owned, or existing or hereafter owned by the NMS, and all general intangibles, instruments, and agreements related thereto and all proceeds of, and substitutions and replacements for, the Servicing Rights.

The NMS hereby authorizes FHLBNY to create and file such Uniform Commercial Code financing statements in such jurisdictions and to take such other action from time to time as may be deemed necessary or appropriate to perfect and maintain the perfection of its security interest and rights. Further, the NMS agrees, at its cost, to (i) execute and deliver to FHLBNY such specific pledge or security agreement as required by FHLBNY from time to time, (ii) execute, deliver and file such Uniform Commercial Code financing statements and (iii) take such other action from time to time as FHLBNY may reasonably request to perfect and maintain the perfection of FHLBNY's security interest and rights. FHLBNY shall have all other rights available at law or in equity with respect to its security interest in the Servicing Rights for each Mortgage Loan. The perfection and priority of any security interest granted by the NMS to secure the NMS's obligations under the applicable NMS Servicing Agreement (and any addendum thereunder) shall be governed by the laws of the relevant jurisdiction determined in accordance with the applicable provisions of the Uniform Commercial Code as in effect in the State of New York.

B. No Liens on Servicing Rights

When a NMS purchases Servicing Rights, the NMS represents, warrants, and covenants to FHLBNY that at all times each such Servicing Right shall be free and clear of any lien in favor of any third party (other than those of FHLBNY or another FHLB) and shall not become subject to any security interest, encumbrance, assignment, pledge, hypothecation or any other lien, interest, or transaction whatsoever in favor of any third party.

The NMS shall not sell, assign, pledge, or designate another person or entity to perform or to be responsible for all or substantially all of its duties or obligations under the NMS Servicing Agreement, including without limitation shall not pledge, convey or otherwise transfer, cause any lien or other claim to encumber any of the Servicing Rights relating to Mortgage Loans, without first obtaining FHLBNY's written consent, which consent may be granted or withheld by FHLBNY in its sole discretion.

The Servicing Rights for the Mortgage Loans are subject to and subordinate in all respects to all rights, powers, and prerogatives of the FHLBNY including without limitation the right to terminate the NMS's servicing of the related Mortgage Loans and rights to service.

20. Compliance With Applicable Laws

A. Introduction

1. PFI's Compliance Obligations

PFIs are required to comply with Applicable Law as defined in the MAP Guide, whether they are originating or acquiring Mortgage Loans, selling Mortgage Loans to FHLBNY, or servicing Mortgage Loans.

PFIs must have policies and procedures to ensure compliance with all Applicable Laws. Such policies and procedures should include methods and processes for both training current and new employees, and for ensuring that compliance is re-evaluated periodically both to reflect changes in Applicable Law, and to optimize the PFI's practices. The policies and procedures should apply from pre-marketing and origination, through servicing and pay off or liquidation (including REO management). PFIs are encouraged to think holistically to ensure that their technology, organizational structure and business practices are oriented toward ensuring compliance with Applicable Laws. PFIs must also ensure that their vendors and service providers are in compliance with all Applicable Laws insofar as they relate to the work being performed for the PFI. The policies and procedures of PFIs, including those relating to vendor management, should be structured accordingly. All policies and procedures of PFIs are subject to audit by FHLBNY or its designee at any time.

2. Applicable Law (Updated 1/1/2025)

Without limitation of the MAP Guide's definition of "Applicable Law," PFIs are advised that FHLBNY takes the view that Applicable Law includes all applicable federal, state and local laws, ordinances, regulations, orders and regulator guidance with respect to each stage of a mortgage loan's existence and management, including, without limitation, each of the following:

- a) The Truth-in-Lending Act, as amended
- b) The Real Estate Settlement Procedures Act, as amended
- c) The Fair Debt Collections Practices Act, as amended
- d) The Fair Credit Reporting Act, as amended
- e) The Equal Credit Opportunity Act, as amended
- f) The Homeowners Protection Act, as amended
- g) Titles VI and VIII of the Civil Rights Act, as amended
- h) Section 527 of the National Housing Act, as amended
- i) The Gramm-Leach-Bliley Financial Modernization Act, as amended
- j) The U.S. Bankruptcy Code, as amended
- k) The Servicemembers Civil Relief Act, as amended
- l) The Dodd-Frank Wall Street Reform and Consumer Protection Act, as amended
- m) Section 5 of the Federal Trade Commission Act, as amended, and similar laws that prohibit unfair or deceptive acts or practices
- n) The foreign assets control regulations, 31 C.F.R. Chapter V, as amended
- o) The Bank Secrecy Act, the Money Laundering Control Act and Title III of the USA PATRIOT Act, as amended

- p) The Electronic Signatures in Global and National Commerce Act, as amended, and the state-implemented versions of the Uniform Electronic Transactions Act, as amended
- q) The Fair Lending Act, as amended

The applicable regulations, regulator guidance and bulletins are to be incorporated into the foregoing, together with decisional case law applicable to these matters. PFIs must acquaint themselves with the Applicable Laws relating to their business, taking the same expansive view that FHLBNY takes in interpreting what is within the ambit of “Applicable Laws.” At the same time, PFIs must take a detailed approach to establish, and document in an auditable way, compliance with each requirement. PFIs may not assume that, because they are in compliance with explicit requirements published in the MAP Guide, they are therefore in compliance with all Applicable Laws.

PFIs are reminded that their contractual relationship with FHLBNY includes an indemnification by the PFI for all losses arising out of the PFI’s violation of any Applicable Law. Violations of Applicable Law may be grounds for FHLBNY to impose additional sanctions on PFIs, including possible suspension of its eligibility under MAP, withdrawal or transfer of servicing rights, or termination from participation in MAP.

B. Specific Requirements

1. Fair Lending, Equal Opportunity and Diversity

FHLBNY requires strict adherence to all Applicable Laws relating to fair lending, equal opportunity and diversity. Applicable Laws in these areas include both those that are consumer-facing, and those that are internal to the operations of the PFI.

With respect to consumer-facing laws, PFIs should evaluate the specific Applicable Laws in relation to their business and operations and ensure that procedures are established for employees, agents and contractors to interact with consumers and the public in a manner that is in compliance with Applicable Laws. Interactions may be covered by one or more of the specific laws enumerated in Section 1.B above.

With respect to internal operations of the PFI, Applicable Laws may include regulations adopted by the Federal Housing Finance Agency pursuant to the Housing and Economic Recovery Act of 2008, as amended (“HERA”). In accordance with those regulations, each PFI must:

1. Practice the principles of equal employment opportunity and non-discrimination in all its business activities
2. Contractually require each subcontractor that the PFI engages to provide services to FHLBNY in connection with MAP to practice the principles of equal employment opportunity and non-discrimination in all its business activities, and
3. Upon request, provide FHLBNY with information and appropriate certifications regarding:
 - The diversity status of the PFI
 - The diversity status of subcontractors the PFI engages to provide services to FHLBNY in connection with MAP
 - The amounts FHLBNY pays to the applicable Servicer for servicing under MAP

- The amounts the applicable Servicer pays to subcontractors to provide services to FHLBNY in connection with MAP, and
- Any other information FHLBNY requests to comply with HERA and applicable diversity and inclusion regulations

2. Predatory Lending

Applicable Laws relating to predatory lending may apply to both origination and servicing, and have been implemented by many states. FHLBNY regards predatory lending practices as entirely inconsistent with MAP and requires PFIs to be in compliance all anti-predatory lending Applicable Laws. PFIs should note that FHLBNY requires compliance with all state-based Applicable Laws relating to predatory lending without regard to possible federal preemption. PFIs that believe that compliance with Applicable Laws at both the state and federal level (or with pronouncements or requirements of the applicable regulator(s) for such PFI) should discuss their concerns with FHLBNY *before* originating or selling any Mortgage Loans under MAP. Any discussions with FHLBNY after the origination or sale of Mortgage Loans under MAP will be without prejudice to FHLBNY's rights under the MAP Guides and the PFI Seller Agreement.

PFI sourcing loans from correspondent lenders for sale under MAP are required to establish policies and procedures, including documented auditable evaluations, to ensure that Mortgage Loans originated by third parties are in compliance with all Applicable Laws, including without limitation, applicable anti-predatory lending laws.

3. OFAC Screening (Updated 5/17/2021)

PFIs must establish and maintain an effective, written OFAC compliance program that ensures compliance with OFAC regulations. OFAC regulations may apply during any stage of origination and servicing, through pay off or liquidation, including REO. PFIs must have adequate policies and procedures in place to ensure compliance with OFAC regulations and the USA PATRIOT Act, including without limitation documentation obtained to verify the Mortgagor's identity as required in the MAP Guides and by Applicable Law.

PFIs underwriting and selling Mortgage Loans to FHLBNY must screen each Mortgagor against OFAC's current list of Specially Designated Nationals and Blocked Persons (the "SDN List") prior to delivery to FHLBNY. If a Mortgagor is on the SDN List, the Mortgage Loan is ineligible for sale to FHLBNY. PFIs acting as Servicer must periodically screen the Mortgage Loans that it services for FHLBNY against the SDN List, with the frequency of such screening determined by the OFAC compliance program established by such PFI. Any PFI that identifies a valid Mortgagor match against the SDN List must notify FHLBNY via e-mail as soon as practicable and in any event within 24 hours of identifying such match. Such e-mail notification must include the Mortgagor's name, the MAP loan number, and the PFI's (and, if different, the Servicer's) contact information. PFIs must cooperate with FHLBNY as to any potential next steps, which may include, but are not limited to, the blocking and/or segregation of Mortgage-related funds and ceasing certain servicing-related activities.

Notifying FHLBNY of a confirmed match against the SDN List is an obligation under MAP, and does not relieve the PFI of any of its responsibilities under Applicable Law including OFAC regulations.

4. Fraud, Anti-Terrorism and Anti-Money Laundering (AML) Compliance

The USA PATRIOT Act applies to all PFIs. Accordingly, among other requirements, all PFIs must establish and maintain, and abide by, a Customer Identification Program (“CIP”) compliant with Applicable Law. PFIs subject to the AML provisions of the Bank Secrecy Act are expected to establish and maintain a compliance program that ensures compliance with the applicable provisions of the Bank Secrecy Act and implementing federal regulations including, where applicable, those issued by the Financial Crimes Enforcement Network (“FinCEN”).

All PFIs, including those not subject to the AML provisions of the Bank Secrecy Act, must develop internal controls, policies and procedures designed to detect suspicious activity, and to report such suspicious activity to FHLBNY via e-mail as soon as practicable and in any event within 24 hours. Suspicious activity in connection with Mortgage Loans includes:

- Theft of custodial funds, lack of collateral, non-remittance of pay-off funds or multiple deliveries of the same Mortgage Loan
- Actual or possible terrorist financing or ongoing or possible money laundering schemes or activity
 - In addition, PFIs must report the following to FHLBNY as soon as practicable and in any event with five (5) business days:
- Non-compliance or compliance failures related to CIP, applicable AML and FinCEN or Bank Secrecy Act regulations
- The imposition or notice of the proposed imposition (including receipt of a “show cause” letter or similar communication) of sanctions on the PFI in connection with non-compliance or compliance failures related to CIP, applicable AML and FinCEN or Bank Secrecy Act regulations
- Notification by law enforcement of an investigation or prosecution for fraud relating to one or more Mortgage Loans sold to FHLBNY by the PFI (whether or not under MAP) or to another Federal Home Loan Bank, or relating to a board member, officer, employee or contractor of the PFI

PFIs must follow the confidentiality restrictions of applicable AML and FinCEN or Bank Secrecy Act regulations. The report to FHLBNY must not include sharing with FHLBNY any Suspicious Activity Report (“SAR”) or the existence of a SAR. Whether or not a SAR is required to be filed by a PFI is governed by Applicable Law, and not the MAP Guide.

5. Electronic Signatures

Mortgagors cannot be required to sign documents electronically.

PFIs proposing to use electronic signatures must familiarize themselves with Applicable Law relating to the use and enforceability of electronic signatures. Applicable Laws in this area include:

- The Electronic Signatures in Global and National Commerce Act (“E-SIGN”)
- As a federal law, preemption issues must be understood by PFIs, including the limitations on such preemption and relevant case law
- The Uniform Electronic Transactions Act (“UETA”)
- Including all non-uniform provisions where adopted by various states. For example, the California version of UETA contains non-uniform provisions

- State legislation not based on UETA, such as the New York Electronic Signatures and Records Act (“ESRA”)

Electronic signatures are permitted to be used on documents delivered to or to be signed by Mortgagors in the origination and servicing of loans delivered under MAP, subject to the following:

- Electronic signatures are not permitted on the Note, Security Instrument, Assignment, Note endorsement, or any document modifying or supplementing the Note or Security Instrument
- Electronic signatures are not permitted for any notice of default, acceleration, repossession, foreclosure, eviction, or the right to cure
- The guarantor, insurer or Government Agency (as applicable) for the related Mortgage Loan permits the use of electronic signatures, their requirements for the use of such electronic signatures are met, and the document is otherwise permitted to be electronically signed pursuant to these requirements
- The PFI (and Servicer, if different) and their processes, must be in full compliance with all Applicable Laws relating to the use of electronic signatures
- The documented process for use of electronic signature must result in a contract that is valid under Applicable Law and must, at a minimum:
 - address and establish the intent of the signer
 - address and establish the consent to conduct business electronically
 - provide association of the signature with the record
 - provide for retention of the record in a manner allowing for accurate reproduction of the record
- The Mortgage Loan File must contain appropriate evidence of:
 - the parties’ agreement to the use of the electronic record and/or electronic signature in a way that creates a binding electronic record under E-SIGN, UETA, ESRA or other Applicable Law
 - the signer’s execution of a particular electronic signature
 - attribution of the electronic signature to the signer
 - any required disclosures made before obtaining the signer’s consent and the signer’s consent to receiving subsequent disclosures electronically
 - the borrower’s ability to receive the electronic disclosures for which consent was provided
- The PFI (and Servicer and Custodian, if different) and their processes are responsible for ensuring that any electronic record includes all of the information that would have been required had the record been in paper document form, including:
 - the name of the person and related entity, if applicable, who signed each document in the Mortgage Loan File
 - the signer’s consent for the use of any electronic signature or disclosure
 - the method by which the document was signed
 - any associated information that can be used to verify the electronic signature
- The PFI’s process and the Mortgage Loan File must contain sufficient evidence and attribution information to permit FHLBNY to conduct a thorough post-purchase quality control review of the Mortgage Loan, which, for example, means that the evidence of a Mortgagor’s electronic signature for employment verification must permit the FHLBNY to reverify information from the employer
- The PFI (and Servicer, if different) must determine the most appropriate procedures and controls to use in connection with the use of electronic signatures and electronic records given the nature of their operations and their business, but at minimum, their processes

must ensure the integrity of any electronic record is maintained, must permit reproduction of electronic records in paper or other format if requested and full compliance with E-SIGN, UETA, ESRA or other Applicable Law.

Because the property sale contract in a purchase mortgage transaction is viewed as being signed outside of the loan transaction, a PFI acting as originator is not required to comply with the provisions of this section as they relate to electronic signatures, but is required to retain a copy of the sales contract and take reasonable steps to determine that the sales contract is validly signed by the correct parties in all required places (i.e. the same steps the Originator would follow for a non-electronic sales contract). PFIs should also note that Applicable Law may impose requirements on PFIs as originators with respect to the use of electronic signatures and electronic records with respect to property sale contracts.

By delivering or servicing Mortgage Loans with electronically signed documents, the PFI ((and Servicer, if different) will be deemed to have represented to FHLBNY that they understand and agree that FHLBNY will rely conclusively on the accuracy, authenticity, integrity, and validity of the electronic records (including any delivery instructions) and that FHLBNY is under no obligation to verify or authenticate inaccuracies or inconsistencies through any communication, review or authentication method.

All other documents must be 'wet ink' signed.

6. Vendors; Privacy Obligations

PFIs must make themselves familiar with privacy requirements set forth in state and federal law, including:

- the California Consumer Privacy Act of 2018, as amended, and its implementing regulations or guidance provided by the California Attorney General (collectively, the "CCPA")
- the Gramm-Leach-Bliley Act, 15 U.S.C. §§ 6801 *et seq.*, the Federal Trade Commission's Privacy Regulations, 16 CFR Part 313, and Standards for Safeguarding Customer Information, 16 CFR Part 314 (collectively, the "GLBA")

PFIs may from time to time utilize vendors to provide services (the "Services") to PFI in connection with MAP. In the course of providing the Services, such vendors may obtain Personal Information (as defined in CCPA) in the vendor's capacity as a service provider to the PFI. While FHLBNY takes the view that the Personal Information FHLBNY provides to PFIs is not subject to the GLBA's privacy provisions, or the CCPA, FHLBNY nevertheless wishes to provide consumers many of the protections the GLBA and CCPA would otherwise afford those consumers. Accordingly, in addition to abiding by Applicable Laws relating to privacy matters that apply to the PFI, each PFI must establish and maintain procedures and contractual restrictions with certain vendors, including audit rights, designed to ensure that vendors abide by the requirements set forth below. The vendors the subject of these requirements are those that are provided Personal Information by or at the direction of FHLBNY or its affiliates in connection with MAP, or which such vendor otherwise receives or collects in the course of such vendor's performance of the Services (collectively, "Applicable Personal Information"). The requirements are as follows:

- Each such vendor must comply with all Applicable Laws (including, without limitation, any state-specific privacy laws) in its collection, receipt, transmission, storage, disposal, use and disclosure of the consumer's Applicable Personal Information

- Each such vendor must that the terms and conditions herein shall apply with respect to its collection, receipt, transmission, storage, disposal, use and disclosure of any Applicable Personal Information
- Each such vendor must comply with any applicable requirements regarding consumer requests for information or deletion requests as communicated by FHLBNY or PFI on its behalf, subject to any exceptions set forth in the CCPA
- Each such vendor must:
- Keep and maintain all Applicable Personal Information in strict confidence, using the degree of care appropriate to avoid unauthorized access, use or disclosure of Applicable Personal Information
- Not sell Applicable Personal Information
- Not access, use, disclose or share Applicable Personal Information in violation of any Applicable Laws
- Not retain, use or disclose Applicable Personal Information for any purpose other than the specific and exclusive purpose of performing the Services, and for which the Applicable Personal Information, or access to it, is provided
- Not retain, use, sell, rent, transfer, distribute, or otherwise disclose or make available Applicable Personal Information for its own purposes or for the benefit of anyone other than FHLBNY and its affiliates
- Not, directly or indirectly, disclose Applicable Personal Information to any person other than:
- Employees
- Sub-contractors, vendors, agents, outsourcers and auditors whose use or engagement has been approved in writing by FHLBNY in advance, who have a need to know or otherwise access Applicable Personal Information to enable Vendor to perform the Services, and who are bound in writing by confidentiality and data security obligations sufficient to protect Applicable Personal Information in accordance with these requirements