

# Seller approval requirements overview

**Please note:** The tangible equity requirements stated in this overview document below are one of several factors considered when determining Seller program approval. Other considerations include profitability, cash flow, liquidity, leverage, trending, loan performance and credit quality. Meeting the tangible equity requirement alone may not qualify a Seller for individual program participation.

Product/program	Wells Fargo Funding requirements
<b>Delegated underwriting</b>	
Conventional Conforming Loans	<ul style="list-style-type: none"> <li>• \$2.5 million tangible equity.</li> <li>• Three months quality control summary reports and management responses to findings.</li> </ul>
<b>Government underwriting</b>	
Government Loans (FHA, VA, USDA)	<ul style="list-style-type: none"> <li>• \$1 million tangible equity.</li> <li>• Must be approved by the appropriate government agency (FHA, VA, USDA).</li> <li>• FHA, VA, and USDA Loans must be underwritten by the Seller; Wells Fargo Funding does not offer government Loan underwriting.</li> <li>• Minimum of 15 FHA case numbers closed and insured within the last 90 days.</li> <li>• FHA Direct Endorsement (DE), VA automatic authority, or USDA approval letter.</li> <li>• Neighborhood Watch compare ratios must be acceptable.</li> </ul>
<b>Mandatory</b>	
All Loans	<ul style="list-style-type: none"> <li>• \$2.5 million tangible equity.</li> <li>• Delegated underwriting approval is required.</li> <li>• Copy of Contract with Third Party Hedge Firm.</li> <li>• Pipeline Report.</li> <li>• Secondary Market Risk Management Policy and Procedures.</li> </ul>
<b>Third-party originated (TPO)</b>	
All product types	<ul style="list-style-type: none"> <li>• \$3 million tangible equity for Loans third- party originated by a mortgage broker.</li> <li>• \$7.5 million tangible equity for Loans third-party originated as correspondent prior approval TPO (Loans originated and Closed in the name of a TPO, underwritten by Seller).</li> <li>• \$25 million tangible equity for Loans third-party originated as Correspondent TPO (Sellers who delegate underwriting to their correspondents.).</li> </ul>

## Additional Wells Fargo Funding requirements

<b>Bank regulatory capital requirements</b>	Capital ratios must be in compliance with regulatory requirements.
<b>Experience levels</b>	<ul style="list-style-type: none"><li>• Review two years of operational history.</li><li>• Review resumes of key principles (e.g., president, chief executive officer, chief financial officer, secondary marketing, underwriting, and quality control).</li><li>• Background checks on company, owners, and key principles.</li></ul>
<b>Insurance</b>	<p>\$300,000 minimum for each policy type.</p> <ul style="list-style-type: none"><li>• Fidelity bond.</li><li>• Errors and omissions.</li></ul>
<b>Quality control procedures</b>	Maintain written quality control plan that meets HUD and Agency requirements.
<b>Other requirements</b>	<ul style="list-style-type: none"><li>• Two years audited financial statements for Seller and parent company, if applicable.</li><li>• Most recent interim unaudited financial statements are required.</li><li>• Applicant must maintain one or more warehouse lines of credit, except self-funded bank/thrift/credit union entities.</li><li>• Review loan performance (Investor Scorecards).</li><li>• Reference checks (warehouse banks, and investors).</li><li>• Compliance screening, including mortgage loan originator compensation, Secure and Fair Enforcement for Mortgage Licensing (SAFE) Act, Appraiser Independence Requirements, and Fair Lending.</li><li>• Ability to collect and service borrower first payments.</li><li>• If you choose to submit Uniform Closing Dataset (UCD) files to Fannie Mae, a relationship must be established in their UCD portal to enable transfer capability.</li><li>• For conventional Loans, Fannie Mae/Freddie Mac approval preferred, but not required.</li></ul>

