



Correspondent Jumbo Seller Guide

VERSION 5/05/2023

CONFIDENTIAL DOCUMENT

Stronghill Capital must give prior written permission for this work, or any part thereof, to be used, reproduced, or transmitted in any form or by any means, by or to any party outside of Stronghill Capital, its regulators and investors.

CONTENTS

CH. 1	Doing Business With Stronghill Capital	4
1.1	General Information.....	4
1.2	Approval Overview	5
1.3	Minimum Requirements	6
1.4	Process for Approval & Documentation.....	7
1.5	Seller Responsibility	8
CH. 2	Representations, Warranties & Covenants.....	12
2.1	State Licensing	12
2.2	Quality Control	12
2.3	Fair Lending Policy.....	12
2.4	State and Federal High-Cost Loans	13
2.5	Regulatory Compliance	13
2.6	Ability to Repay (ATR)	13
2.7	Home Mortgage Disclosure Act (HMDA)	14
2.8	Fee Policy	14
2.9	Prepayment Penalty.....	14
2.10	Loans with prepayment penalties are not eligible under this program. Repurchases	14
2.11	Early Payment Default (EPD).....	15
CH. 3	Commitment Pricing Overview	16
3.1	Lock Policy – Flow delivery.....	16
3.2	Lock Desk and Pricing - Flow	17
3.3	Rate Lock Programs - Flow	17
CH. 4	Loan Delivery.....	21
4.1	Closed Loan Delivery	21
4.2	The Non-Delegated Program	21
4.3	Post Close File Delivery	28
4.4	Initial Collateral Document Delivery	29
4.5	Post Close File Delivery	30
4.6	Fees	30
4.7	General Post Close File Delivery Requirements	32
CH. 5	Purchasing and Funding	37
5.1	Loan Purchase Procedures	37
5.2	Purchase Advice	37
5.3	Wire Instructions.....	37
5.4	Trailing Document Delivery.....	38
5.5	Post-Purchase Adjustments	39
5.6	MERS Registration and Transfer	39
CH. 6	Servicing	40

6.1	Servicing Transfer Instructions	40
6.2	Servicer to Servicer Transfers.....	41
6.3	Stronghill Capital Assisted Transfers	42
6.4	Non-Sufficient Funds (NSF) Payments.....	43
6.5	Automated Clearing House (ACH) Payments	43
6.6	Borrower Contact Consent Form	44
6.7	Forwarding Tax and Insurance Bills.....	44
6.8	Supplemental Tax Bills	44
6.9	Flood Certificates	44
6.10	Tax Tracking	44
6.11	Mortgagee Change Requirements	44
6.12	Loss Draft Requirements.....	45
6.13	Year End Tax / IRS Reporting.....	45
6.14	Payoffs.....	45
CH. 7	Non-Agency Jumbo	47
7.1	Product Matrices.....	47
7.2	Eligible Products.....	47
7.3	QUALIFYING Payment	47
7.4	Ineligible Product Types	47
7.5	Loan Amounts	47
7.6	Minimum Credit Score	48
7.7	Private Mortgage Insurance.....	48
7.8	Loan Documentation.....	48
7.9	Age Of Document Requirements	48
7.10	Borrower Eligibility.....	49
7.11	Transaction Types	53
7.12	Credit.....	57
7.13	Assets	61
7.14	Income	62
7.15	Property Eligibility	65
CH. 8	Appendix: GLOSSARY.....	77
8.1	Terms and Definitions	77
CH. 9	Appendix: Forms	80
9.1	Allonge – Sample.....	80
9.2	Appraisal Review Guide	81
9.3	Automatic Payment Authorization (ACH) Form	83
9.4	Borrower Contact Consent Form	84
9.5	Collateral Shipping Instructions	85
9.6	Condominium Project Questionnaire	87
9.7	New Servicer Reference Guide.....	91
9.8	Occupancy Certification	93
9.9	Pre-Close Eligibility Checklist – Delegated	94
9.10	Pre-Close Eligibility Checklist – Non-Delegated	95
9.11	Security Release Form.....	96

9.12	Stacking Order Pre-Purchase Review	97
9.13	Taxpayer Consent Form	98
9.14	Stronghill Capital Contact Form	99
CH. 10	Appendix: Matrix.....	100
CH. 11	Appendix: Version Control	101

Collateral Underwriter®, CU®, are all registered trademarks of Fannie Mae.

Comergerence® is a registered trademark for Optimal Blue.

DRIVE® Report is a registered trademark of Data Verify.

Loan Collateral Advisor® is a registered trademark of Freddie Mac.

MERS® is a registered trademark of Mortgage Electronic Registration Systems.

The Work Number® is a registered trademark of TALX Corporation, a wholly owned subsidiary of Equifax.

CH. 1 DOING BUSINESS WITH STRONGHILL CAPITAL

1.1 GENERAL INFORMATION

Stronghill Capital, LLC (also known as “Stronghill Capital” or the “Company” through this seller Guide) is setting forth the loan purchase and underwriting guidelines applicable to each Seller correspondent entity (a “Seller”) that submits a residential mortgage loan to Stronghill Capital for purchase under the Company’s Jumbo Loan Programs.

The purpose of these underwriting guidelines is to ensure each mortgage loan meets Stronghill Capital’s quality standards. A loan meets Stronghill Capital quality standards if the legal documents, borrower’s credit, income documentation, quality of the collateral (subject property), and compliance with all applicable state and federal laws are consistent with the loan program under this Guide.

All loans must be manually underwritten in accordance with this Guide. Stronghill Capital does not originate mortgage loans and acts solely as a secondary market purchaser. By locking a loan with, or submitting a loan to Stronghill Capital for purchase, the Seller acknowledges and agrees that: (1) any pre-close or non-delegated purchase eligibility determination is not a decision or recommendation to extend or deny credit by Stronghill Capital; and (2) the Seller has made, or is making, its own credit decision with respect to the loan to the borrower, regardless of whether Stronghill Capital wishes to or actually does purchase, or decline to purchase the loan; and (3) neither Stronghill Capital, nor any of affiliates and its affiliates’ directors, officers, employees, agents, or contractors has influenced, or will influence, the Seller’s credit decision with respect to the loan to the borrower by indicating whether it will purchase the loan if the Seller originates and closes the loan.

Stronghill Capital’s credit philosophy is intrinsic to our acquisition platform and includes a practical application of the guidelines when analyzing a loan for purchase. Our focus is on aligning the interest of the borrower and limiting layered risk through a combination of:

- Verified employment, income, assets, and reserves;
- Borrower credit and housing history; and
- Value of collateral used to secure the loan.

Exceptions to published guidelines are considered by Management on a case-by-case basis. Loans requiring an exception are reviewed in full, taking into account the risk factors noted above. Regardless of the exception type, the loan must demonstrate strong compensating factors to support granting an exception. All exception requests must be submitted by the Seller to Stronghill Capital. Our decision to grant or reject any exception request is based on our role as a potential investor in any related mortgage loan. This decision is not intended to serve as advice regarding any decision to extend credit. The Company is responsible for ensuring that all exceptions are fair, equitable and compliant with fair lending laws.

Stronghill Capital’s decision to purchase or deny to purchase any mortgage loan will be based on a full credit, compliance and property review conducted by an independent, third-party due diligence firm and legal collateral review by our custodian. Our decision to purchase, or deny to purchase, any mortgage loan will be based on the results of such due diligence review and our own internal policies and procedures.

The Seller and any third-party originator or broker engaged by the Seller must fully comply with all federal, state, and local laws applicable to the origination, closing, funding and sale of mortgage loans (“Applicable Law”). It is the Seller’s sole responsibility to ensure that all loans it originates comply with Applicable Law.

The Seller Guide in Chapter 1 and the Mortgage Loan Purchase Agreement, as amended periodically, together govern the business relationship and constitute the entire agreement between Stronghill Capital and the Seller. Stronghill Capital may suspend or terminate its relationship with the Seller at any time, with or without notice upon any failure to meet the requirements under this Guide.

1.1.1 HOLIDAYS

The federally recognized holidays at the time of publication of this Guide are:

New Year's Day

Martin Luther King, Jr. Day

President's Day

Memorial Day

Juneteenth

Independence Day

Labor Day

Columbus Day

Veteran's Day

Thanksgiving Day

Christmas Day

In addition to the above Federal Holidays Stronghill Capital will be closed on the following days:

Friday after Thanksgiving

Day After Christmas

On federal holidays and on those days when federal holidays are observed, banks and the US Postal Service do not operate, and wire transfers do not occur. Any funds due for wiring on the above days will be wired on the following business day.

1.1.2 SELLER ELIGIBILITY

This Eligibility section outlines requirements for becoming an approved Seller and for maintaining that eligibility in Good Standing. Stronghill Capital has engaged Comerence® to streamline the process. All Sellers with an NMLS license must submit their applications using Comerence®.

1.2 APPROVAL OVERVIEW

The Company rigorously manages its Seller approval and oversight process. Sellers must apply and meet certain standards to be approved to do business with the Company. To apply, a Seller must submit an online application through the Comerence website.

Stronghill Capital will review the Seller's information and request for approval to determine the Seller's eligibility. At the discretion of Stronghill Capital, eligibility standards may be waived or modified; however, the subsequent enforcement by Stronghill Capital will not be affected.

To become an approved Seller to Stronghill Capital Mortgage Capital, the applicant must:

- Subscribe/be set up in Comerence®.
- Receive an invitation initiated by Stronghill Capital through Comerence®.
- Satisfy all Stronghill Capital's eligibility requirements.
- Accurately and fully complete all required applications and provide all necessary documentation.
- Execute the applicable Mortgage Loan Purchase Agreement ("MLPA"), in addition to other agreements, documents, forms or requirements that may be applicable to the approval requested.

1.2.1 COMERENCE®

Comerence® is an online due diligence screening firm used by Stronghill Capital. The Comerence® portal makes applying to Stronghill Capital easier and safer, using an electronic application to streamline the approval process. Comerence® provides a proprietary combination of background due diligence with ongoing compliance surveillance, all of which makes the entire management process easier, safer, and completely secure for all parties. NMLS registered mortgage loan originator companies must use the streamlined process to apply to Stronghill Capital easily and securely. Once Seller is approved by Stronghill Capital, the profile is kept current and available for easy recertification with Stronghill Capital.

1.3 MINIMUM REQUIREMENTS

All applicants must:

- Be a duly organized, valid entity and in good standing under the laws of the jurisdiction of the organization.
- Possess and maintain all required licenses necessary to conduct business in each jurisdiction in which loans are originated.
- Be in compliance with all applicable Federal, State, and Local regulations and laws.
- Have been actively engaged in residential mortgage lending as a Broker/Lender for a minimum of two (2) years preceding the submission of an application to become an approved Seller with Stronghill Capital.
- Have at least five (5) years of substantial residential mortgage lending experience by the Company owners or key Company decision makers. In cases where the Company has not been actively engaged in residential mortgage lending as a Broker/Seller for at least five (5) years, the company owners or key company decision makers must have at least seven (7) years of substantial residential mortgage lending experience.
- Provide the resumes for all principal owners and Executive Management including the Company's President, CEO, CFO, COO, Head of Production, Chief Credit Officer *or* Head of Underwriting, and Head of Secondary Marketing. The experience level for each of these positions must be acceptable to Stronghill Capital as outlined above.
- Not have any bankruptcies, foreclosures, or unsatisfied tax liens by the principals within the last four (4) years.
- Have a minimum audited HUD-adjusted net worth of \$1,500,000.
- Provide two (2) years of fiscal year-end statements prepared by an independent auditing firm.
- Have Operational Risk Results at an acceptable level.
- Maintain Errors and Omissions (E&O) insurance and a fidelity bond in a form and with an insurance carrier that: (1) is acceptable to Stronghill Capital, (2) covers investor losses with a minimum coverage of \$300,000 for each loss, and (3) has a deductible of no more than \$100,000 or 5% of the coverage amount per occurrence. Stronghill Capital must be named as the loss payee.
- Have an acceptable Quality Control plan in compliance with FNMA, FHLMC, FHA, USDA, and Stronghill Capital, as applicable. This Quality Control plan and management reports must be maintained in accordance with agency guidelines and provided to Stronghill Capital upon request.
- Maintain warehouse line(s) of credit or a funding source acceptable to Stronghill Capital.
- Resolve or satisfactorily explain to Stronghill Capital any issues arising from the application review. If the issue cannot be resolved, Stronghill Capital will determine the materiality of the issue.
- Notify Stronghill Capital of the compliance tool (e.g., ComplianceEase/Mavent) and Fraud Tool Manager used by the company.
- Not be listed on any exclusionary lists provided by the GSEs including but not limited to the following (or HUD and must not be under investigation or suspended by any government agency):
 - Office of Foreign Assets Control ("OFAC") Specially Designated Nationals ("SDN") List;

- System of Award Management (“SAM”);
- U.S. Department of Housing and Urban Development (“HUD”) Limited Denials of Participation (“LDP”) List; and
- Freddie Mac’s exclusionary list; and
- Not be listed on any public or non-public commercial watch list or database that reports cases of misrepresentation or failure to honor contractual obligations.

1.4 PROCESS FOR APPROVAL & DOCUMENTATION

Correspondent Sellers will need to apply for partnership with Stronghill Capital using the Comerence® platform:

- <https://comerence.com/#/partners/all/40981>

Contact your Account Executive to request a free code to access the application.

Upon payment or receipt of a Comerence® invitation from Stronghill Capital, please complete the application process. This will include completing and/or updating the online application, completing a questionnaire, and uploading specific documents as outlined by the Comerence® System.

Sellers will have 60 days to complete the three steps in Comerence®. Upon completion of the application by Seller, Stronghill Capital will be notified that the application is ready for processing. During the review process, Stronghill Capital will contact the applicant and discuss any missing items, clarify any questions, and request any additional items needed for review.

The following sections outline the various documents that may be applicable to the application process and can be provided by uploading them in the Comerence® System. Please upload any specific requests related to litigation, repurchases, loans held for investment or other loan specific listings in an excel format with the appropriate labeling.

1.4.1 FINANCIALS

- Last two (2) years of audited financials
- Year-to-date (YTD) and most recent month’s interim financials: Profit and Loss Statement and Balance Sheet.
- On or before March 31 each year, the Seller must provide audited financials for the previous year. If their recertification date is within 60 days of March 31, financials may be submitted as part of recertification.

1.4.2 GENERAL LIST OF DOCUMENTS

- Legal entity creation documents;
- Corporate Organization chart including names of persons in key roles;
- Corporate Resolution evidencing signatory authority;
- Non-disclosure Agreement;
- IRS form W-9;
- Copy of the Company’s IT Disaster Recovery and Business Continuity Plan;
- Copy of the Company’s Anti-Money Laundering Policy;
- Copy of the Company’s Appraisal Independence Requirements (“AIR”) policy;

- Acknowledgment regarding Fair Lending policy, Privacy requirements and Zero Tolerance for Loan Fraud;
- A List of branch locations along with corresponding license numbers (if applicable);
- MERS Information;
- Current Insurance policies evidencing coverage such as Errors and Omissions (E&O), Fidelity, Directors and Officers Liability (D&O), Professional Liability, Cyber Security and Mortgage Bankers.
- Investor Score cards (most recent available)
- Policies and procedures for approval, on-boarding, and monitoring of correspondents if applicable;
- Resumes: Executive Management (CEO, CFO, COO, etc.) and Department Heads (e.g., Operations, Secondary, Underwriting, Production, Compliance/QC);
- Operational Policies and Procedures;
- Summary from any Investor, State, HUD, or GSE audit with management responses completed in the previous 24 months or are currently in process. If the state audits are confidential, please provide the date of the audit, date of the final findings, and if you are in “good standing.”;
- Wiring Instructions for Warehouse banks providing funding for Jumbo loans including phone number to verify. A copy of the standard bailee letter for our review and confirmation is highly recommended. A complete contact listing of individuals who will require access to our Website, Pricing and/or Delivery portals;
- Additional supporting documentation that may be necessary based on responses on the application-questionnaire should be uploaded as part of the optional documents within Comerence®. Examples include, but are not limited to:
 - Litigation supporting documentation;
 - Explanations to questionnaire responses;
 - List of loans held for investment or repurchases; and
 - Approval Letters (Fannie Mae, Freddie Mac, Ginnie Mae, FHA, VA, USDA) as applicable.
 - These documents will be reviewed and assessed for eligibility. Based on review of applicant information provided Stronghill Capital may request additional documentation.
- Upon final review and decision, the applicant will be notified in writing of the decision, any follow up documentation needed and the contract (MLPA and associated addenda) for final signature.
- After approval, the Seller will be contacted by their Account Executive to schedule a Welcome Call to review programs, processes, policies, systems demonstrations, and confirm the necessary contacts from the Seller, needed to begin the registration, locking and loan delivery process.
 - During the initial Seller set-up, Sellers will be prompted for a list of users who need access to the Stronghill Capital online portal and pricing engine.
 - If sellers use the LoanNex pricing engine, they can contact Stronghill Capital directly for authorization to add Stronghill Capital’s products to their pricing information.

1.5 SELLER RESPONSIBILITY

1.5.1 MAINTAINING ELIGIBILITY

Once approved to be a Seller to Stronghill Capital Mortgage, the Seller must continue to meet the eligibility requirements as set forth herein in order to maintain its eligibility and approval to participate.

1.5.2 NOTIFICATION OF SIGNIFICANT CHANGES

A Seller must provide written notice of any contemplated change in its organization, including copies of any filings with, or approvals from, its regulators, new licenses, as applicable. Stronghill Capital requires written notice immediately, but no later than seven (7) calendar days, after the finalization of significant changes relating to the Seller that include, but are not limited to:

- Any mergers, consolidations, or reorganizations.
- Any direct or indirect material change in ownership. An indirect change in ownership includes any change in the ownership of the Seller's parent, any owner of the parent, or any beneficial owner of the Seller that does not own a direct interest in the Seller.
- Any change in corporate name.
- Any change from a federal charter to a state charter (or vice versa) if the Seller is a savings and loan association (S&L) or a bank.
- A materially adverse change in financial condition.
- Any change in authority evidenced by the Corporate Resolution or in banking relationships, including warehouse lines of credit/wire instructions.
- Any change in Agency approval.
- Any change in fiscal year end-date.
- Any change in management or key personnel or persons who oversee the key Seller departments.
- Use of a new or different fictitious name.
- Any changes to systems, servicer, etc.
- Any change to active and approved Users of Stronghill Capital specific systems.
- Any changes to warehouse lender relationships or settlement wire instructions.
- Any State or Federal Sanctions, Consent Orders, ect.

1.5.3 GOOD STANDING

All approved Sellers must remain in "Good Standing" with Stronghill Capital to maintain the required eligibility to sell loans. Failure to remain in Good Standing could result in Stronghill Capital terminating the Agreement with cause.

To remain an approved Seller in Good Standing, the Seller must:

- Actively participate in the products and programs described in this Seller Guide.
- Be in full compliance with all terms of the Agreements and this Seller Guide, which is a contractual document by reference in the Agreements.
- Complete and submit, within required timeframes, all requested documents as part of the Annual Recertification process.

1.5.4 OVERSIGHT AND ANNUAL RECERTIFICATION

The Company monitors its Seller's performance throughout the engagement. Specifically, the Company maintains a software tool, which reviews and validates licensing status of the Seller and mortgage loan originator through NMLS on each loan application at the time of submission and again prior to funding. The tool also performs exclusionary list checks on all interested parties, including the Seller and mortgage loan originator.

The Company reviews a representative sample of the mortgage loans received from the Seller to ensure that those originations meet investor and Agency standards for loan quality. The Company conducts discretionary reviews of the Seller's production, which include, but are not limited to, property location, LTV ratios, mortgage product types, borrowers' credit scores, and the Seller's past performance. If applicable, the Company will complete a full file review on a sample of loan files and analysis of data and documents prior to acquisition.

The Company tracks material conditions and/or issues discovered post-submission on a log for trending purposes. The Company also tracks correspondent to monitor and evaluate performance. Relevant information may include the following:

- Rejection rates and the reason for rejection;
- Cancellation rates and the reason for cancellation;
- Underwriting and re-underwriting summaries (patterns of conditions and exceptions);
- Results of pre- and post- closing quality control reviews;
- Early payment defaults and delinquencies;
- Later defaults and delinquencies;
- Consumer complaints; and
- Timeliness of responses.

If a Company employee suspects or knows that a third-party originator or one of its agents or employees is engaging in fraudulent activity or failing to properly perform its duties, the Company employee must immediately notify the Company's Compliance Department or Executive Management so that corrective action can be promptly taken. Further, the Company's Compliance Department monitors consumer complaints regarding third party originators and alerts Executive Management of any identified or suspected performance issues so that they may be mitigated.

As previously mentioned, Stronghill Capital consistently monitors the performance of each Seller. In addition to ongoing performance monitoring, Stronghill Capital will perform a comprehensive review of each Seller's financial, industry, credit, and overall performance on an at least annual basis. Sellers will receive a notification that recertification is due through Comerence® and requesting the submission of an updated application and questionnaire as well as a minimum set of documents.

The Company requires Sellers to submit due diligence materials for annual review to ensure continued compliance with Company policies and procedures, as well as applicable law and guidelines, and to ensure the Seller has a current license. Areas of intermittent and annual review include, but are not limited to:

- Financial standing;
- Loan quality;
- Loan performance;
- Locked loan pull-through ratios;
- Submitted loan pull-through ratios;
- Repurchase activity;
- Quality control audit findings;
- Compliance with the Company's and Agency/investor procedures and guidelines.

Within 60 days of the request for Annual Renewal information, the Seller must submit, via Comerence®, the following documentation:

- Most recent full year Audited financial statements with all appropriate schedules and attachments.
- Current year to date, unaudited financial statements no older than four (4) months.
- Updated/current organization chart.
- Resumes on any new management-position changes since the last approval.
- Copy of the renewal of Fidelity Bond and E&O Insurance.
- Re-confirm active and approved contacts to Stronghill Capital specific systems.
- Any other additional certifications or information requested by Stronghill Capital.

Additionally, the Company continually monitors its Seller's compliance by utilizing such tools as internet searches, FHA Compare Ratio, GSA Excluded Parties lists, HUD Limited Denial of Participation list, and HUD Neighborhood Watch.

If findings from the recertification process or any other performance monitoring activity expose a violation of consumer financial protection laws and/or Company policies and procedures, the Company will take prompt and appropriate corrective action, including termination of the relationship as necessary. Further, as previously mentioned, a Seller must notify the Company of any material changes to its operations promptly and within seven (7) calendar days of a change.

Upon completion of the submission through Comerence[®], Stronghill Capital will complete the recertification analysis and provide written confirmation of Seller's recertification result.

1.5.5 WIRE INSTRUCTIONS

Wiring Instructions for each of the Seller's warehouse banks must be on file with Stronghill Capital and independently verified prior to the purchase of any loan. As these may change during the relationship it is important to provide these and the sample bailee letter(s) to prevent any delays in future purchases.

CH. 2 REPRESENTATIONS, WARRANTIES & COVENANTS

In addition to the Representations, Warranties & Covenants outlined in the MLPA, Stronghill Capital will publish updates to any required changes through the Seller Guide in this section.

By locking a loan with, or submitting a loan to Stronghill Capital for purchase, the Seller acknowledges and agrees that: (1) any pre-close or non-delegated purchase eligibility determination is not a decision or recommendation to extend or deny credit; and (2) the Seller has made, or is making, its own credit decision with respect to the loan to the borrower, regardless of whether Stronghill Capital wishes to or actually does purchase, or declines to purchase the loan; and (3) neither Stronghill Capital, nor any of affiliates and its affiliates' directors, officers, employees, agents, or contractors has influenced, or will influence, the Seller's credit decision with respect to the loan to the borrower by indicating whether it will purchase the loan if the Seller originates and closes the loan.

Sellers are always responsible for confirming the accuracy of the information in the system, even when transferring files directly from an outside source. Any discrepancies uncovered in the due diligence process or post-purchase will affect pricing up to and including the repurchase of the sold loan by the Seller, plus any expenses incurred. Please take the time to verify that all information is correct and that all required documentation has been provided. Stronghill Capital will not be responsible for any errors made by the Seller.

2.1 STATE LICENSING

The Seller must comply with all applicable state license and registration requirements in connection with mortgage loan origination and any other related business activities, which include without limitation:

- Ensuring that each loan officer/originator/broker involved in the origination of loans delivered to Stronghill Capital is appropriately licensed.
- Maintaining appropriate organizational licensure based on the type and location of the activities it engages in.

2.2 QUALITY CONTROL

Stronghill Capital applies its Quality Control Policy and Procedures to loans originated by Sellers, and then reports findings as appropriate to Sellers for their use in the prevention of similar occurrences. Stronghill Capital requires that Sellers have in place and use Quality Control Policies and Procedures and perform monthly pre-funding and post-closing quality control reviews to ensure the quality of loans submitted to Stronghill Capital for underwriting and purchase. Quality control is an integral part of the Company's operation.

If any irregularities or discrepancies are discovered during Stronghill Capital's routine review, Stronghill Capital will expand the scope of the quality control reviews on the Seller's loans to ensure that all problem areas are identified.

The Company also maintains a Quality Control Policy.

2.3 FAIR LENDING POLICY

Stronghill Capital strictly complies with all applicable federal, state, and local requirements related to fair lending, including the Equal Credit Opportunity Act and the Fair Housing Act (together, the "Fair Lending Requirements"). Accordingly, in connection with its decision to purchase loans, Stronghill Capital will not discriminate on any prohibited basis. Stronghill Capital will also not knowingly purchase loans from Sellers engaged in practices that

violate Fair Lending Requirements. To the extent a Seller is found to be engaging in practices that may violate Fair Lending Requirements, Stronghill Capital may terminate its contractual relationship with such Seller or take any other action that it deems appropriate.

The Company also maintains a Fair Lending Policy.

2.4 STATE AND FEDERAL HIGH-COST LOANS

Stronghill Capital does not purchase loans that are subject to the Home Ownership and Equity Protection Act of 1994 (HOEPA), also known as “federal high cost” mortgages.

Further, with the exception of loans that comply with N.Y. Banking Law § 6-M (New York Subprime), Stronghill Capital does not purchase mortgage loans that meet the definition of “high cost,” “high risk,” “covered,” “subprime,” or any similar designation under state or local law.

The Company will compare the annual percentage rate (“APR”) and fees for each loan to applicable HOEPA thresholds. The Company also checks each loan against applicable state high-cost home loan statutes to ensure that the loan has not exceeded any thresholds. The Company utilizes third party software to assist in these reviews. If it is determined that at any point during the pre-purchase review, a loan is a HOEPA Section 32 loan or a high-cost loan, the Company will review to determine if the loan is eligible to purchase. This determination shall be made only upon proper review of all applicable federal and state laws, and all applicable insurer and investor guidelines.

2.5 REGULATORY COMPLIANCE

Sellers and any of their sub-servicers must be in compliance with all federal, state, and local laws including without limitation, all statutes, regulations, ordinances, administrative rules, and orders that have the effect of law, and judicial rulings and opinions, that apply to any of their origination, selling, or servicing practices or other business practices and related technology.

The Seller must comply with any applicable law that addresses fair housing, fair lending, equal credit opportunity, truth in lending, wrongful discrimination, appraisals, real estate settlement procedures, borrower privacy, data security, escrow account administration, mortgage insurance cancellation, debt collection, credit reporting, electronic signatures or transactions, predatory lending, anti-money laundering, terrorist activity, ability to repay, state community and marital property, or the enforcement of any of the terms of the mortgage.

Each Seller will establish appropriate facilities and processes for monitoring applicable legal developments and implementing appropriate measures to stay in compliance with applicable law and will be able to demonstrate satisfactory performance of its legal compliance upon Stronghill Capital’s request. The Seller may be required to repurchase a mortgage loan that is in breach of the requirements of this section at any time.

2.6 ABILITY TO REPAY (ATR)

All loans subject to the general Ability to Repay Rule (“ATR”, (12 C.F.R 1026.43(c)) require a creditor to make a reasonable, good-faith determination that the consumer has a reasonable ability to repay the loan prior to or at consummation. A reasonable, good-faith ATR evaluation must consider the following eight underwriting factors based on available information in the mortgage loan file using reliable third-party records:

- Income or assets used to repay the loan

- Employment status
- Monthly mortgage payment on the subject loan (fully indexed, fully amortizing)
- Monthly payments for any simultaneous loans secured by the subject property
- Monthly payments for property taxes, hazard insurance, HOA fees, or ground rents
- Debts (reported by a credit bureau or disclosed by the consumer), alimony, and child support obligations
- Monthly DTI or residual income
- Credit history

2.7 HOME MORTGAGE DISCLOSURE ACT (HMDA)

The Seller is required to comply with the Home Mortgage Disclosure Act (HMDA), including without limitation all data collection, recordkeeping, and reporting requirements in connection with the Seller's credit decision on each loan file delivered to Stronghill Capital. The Company reviews each file for completeness in terms of the data required to be reported under HMDA and accuracy of entry of such data into the Company's loan origination system.

The Company also maintains a HMDA Policy.

2.8 FEE POLICY

Fees charged by the Seller must be in compliance with all applicable requirements, including those governing permissible fees, maximum fee amounts, timing, and disclosures.

2.9 PREPAYMENT PENALTY

2.10 LOANS WITH PREPAYMENT PENALTIES ARE NOT ELIGIBLE UNDER THIS PROGRAM. REPURCHASES

The repurchase price for loans subject to a Repurchase Obligation pursuant to the Mortgage Loan Purchase Agreement (MLPA) shall be as follows, unless otherwise determined by Stronghill Capital:

- The original purchase price of the loan, less principal reduction since the original purchase of the loan by Stronghill Capital, **plus**
- All interest accrued but unpaid on the principal balance of the loan from the paid-to-date of the loan through and including the last day of the month in which the repurchase is made, **plus**
- All expenses, including but not limited to: reasonable fees and expenses of counsel incurred by Stronghill Capital in enforcing the Seller's obligation to repurchase the loan and/or resulting from any breaches of the Seller's representations and warranties under this Agreement, **plus**
- The original servicing release premium paid by Stronghill Capital for the loan, **plus**
- Any unreimbursed advances of taxes, insurance, or property preservation made by Stronghill Capital with regard to the loan as of the date of repurchase

Upon any such repurchase of loans by the Seller, Stronghill Capital shall endorse the promissory note (without recourse) and shall assign any security interest (without recourse and in recordable form) to the Seller. If the mortgaged property securing the loan has been acquired by Stronghill Capital by agreement with the owner of record or by foreclosure to mitigate its loss, then the repurchase price pursuant to the Agreement, notwithstanding the amount of Stronghill Capital's credit bid, shall be:

- The original purchase price of the loan, less principal reduction since the original purchase of the loan by Stronghill Capital, **plus**
- All interest accrued but unpaid on the principal balance of the loan from the paid-to-date of the loan through and including the last day of the month in which the foreclosure sale occurs, **plus**
- All costs and expenses, including but not limited to: fees, costs, and expenses incurred by Stronghill Capital as owner of the property, reasonable fees and expenses of counsel incurred by Stronghill Capital in connection with the foreclosure or acquisition and in enforcing the Seller's Repurchase Obligations, and/or resulting from any breaches of the Seller's representations and warranties under this Agreement, **plus**
- The original servicing release premium paid by Stronghill Capital with regard to the Loan, **plus**
- Any unreimbursed advances of taxes, insurance, or property preservation made by Stronghill Capital with regard to the loan as of the date of repurchase, **plus**
- Interest on the amounts set forth in paragraphs (1) through (5) above at the loan rate from the end of the month in which the foreclosure sale occurred until and including the date of repurchase by the Seller

If the mortgaged property securing the loan has been sold at foreclosure and purchased by a third party, the amount that the Seller shall pay Stronghill Capital to fulfill its Repurchase Obligation pursuant to the Agreement is as follows:

- The original purchase price of the loan, less principal reduction since the original purchase of the loan by Stronghill Capital, **plus**
- All interest accrued but unpaid on the principal balance of the loan from the paid-to-date of the loan through and including the last day of the month in which the foreclosure sale occurs, **plus**
- All costs and expenses, including but not limited to: reasonable fees and expenses of counsel, incurred by Stronghill Capital in enforcing the Seller's Repurchase Obligations and/or resulting from any breaches of the Seller's representations and warranties under this Agreement, **plus**
- The original servicing release premium paid by Stronghill Capital for the loan, **plus**
- Any unreimbursed advances of taxes or insurance made by Stronghill Capital with regard to the loan as of the date of repurchase, **plus**
- Interest on the amounts set forth in paragraphs (1) through (5) above at the loan rate from the end of the month in which the foreclosure sale occurred until and including the date of repurchase by the Seller, **less**
- The net proceeds of the foreclosure sale (sale price minus costs and expenses, including but not limited to reasonable fees and expenses of counsel, incurred by Stronghill Capital in connection with the foreclosure sale)

2.11 EARLY PAYMENT DEFAULT (EPD)

Early Payment Default (EPD) loans that become delinquent after the loan sale date to Stronghill Capital are subject to repurchase by the Seller pursuant to the EPD language in the Correspondent Mortgage Loan Purchase Agreement.

CH. 3 COMMITMENT PRICING OVERVIEW

The Stronghill Capital Lock Policy outlines the terms by which Sellers can commit loans for purchase to Stronghill Capital. When Sellers lock a loan with Stronghill Capital, the interest rate, pricing, and terms are protected through the lock expiration. Sellers are required to deliver a complete closed loan package before the expiration of the rate lock. This includes the three-day right of rescission required on refinance transactions. Any loan that closes or disburses after the expiration date may be subject to a relock at worst-case pricing.

3.1 LOCK POLICY – FLOW DELIVERY

Stronghill Capital offers best efforts locks and provides interest rate protection for the purpose of pricing a mortgage application for the borrowers. Once Sellers lock a loan with Stronghill Capital, they are obligated to make the best professional effort to close the loan. Once a loan is closed under Stronghill Capital's best efforts lock program, delivery becomes mandatory.

The Lock Desk hours of operation are:	8:30am to 7pm (CT)
The Lock Window hours are:	10am to 7pm (CT)
The e-mail address for the Lock Desk is:	LockDesk@stronghill.com
The phone number for the Lock Desk is:	(512) 413-4120

3.1.1 REGISTRATION, RATE LOCK, AND LOCK CONFIRMATION

Sellers register and lock loans in the TPO Portal. Rate locks are priced based on the rates in effect at the time a lock is confirmed. The system displays the confirmed lock, which may be printed or downloaded. Sellers must review the confirmation upon receipt and contact the Lock Desk regarding any discrepancies. All rate locks are borrower and property specific.

A loan may be locked at any point in the loan process. However, we strongly advise that the Seller's loan is locked with Stronghill Capital after the seller has issued underwriting approval.

See [Section - Locking Loans](#) for details regarding locking loans with Stronghill Capital.

Note: Confirmation of a rate lock does not constitute a decision to purchase by Stronghill Capital. All loans must meet Stronghill Capital lending criteria and the product matrix eligibility guidelines.

3.1.2 PIPELINE MANAGEMENT

- Loans which have been registered for 90 days or more and have not been submitted will be closed for incompleteness.
- Locked loans which are about to expire are identified in the "expiring soon" section of the TPO Portal.
- As an aid for managing pipeline activity, dashboard information can be exported to excel for each view within the TPO Portal. See "How-To" User Guides online at <https://stronghill.com/residential-loans/>
- If loans registered and locked greater than 90 days have funded by the Seller but not delivered to Stronghill Capital, they may be subject to a pair-off fee.

3.1.3 CANCELLATIONS

Sellers must notify the Stronghill Capital Lock Desk as soon as possible when a locked loan is canceled along with the reason for cancellation. Failure to maintain an acceptable pull through will impact Seller eligibility.

3.1.4 PREPARING TO SUBMIT FOR UNDERWRITING

All loans must be registered or locked before Stronghill Capital underwrites the file.

3.2 LOCK DESK AND PRICING - FLOW

3.2.1 DAILY PRICING

Rate sheets are distributed daily, generally by 10am Central Time, Monday through Friday. Stronghill Capital reserves the right to change rates at any time. Rates will be published in the Portal, provided to the various pricing engines, and distributed via email. Each rate sheet will provide the effective date and time.

3.2.2 INTRA-DAY PRICE CHANGES

Stronghill Capital reserves the right to change pricing without notice at any time, which may also include after-market close re-prices. Stronghill Capital Secondary Marketing makes its best effort to notify Sellers of new pricing when there is an intra-day price change; however, Sellers will receive the pricing that is effective when loans are locked on the portal. Sellers are responsible for verifying the lock confirmation form as soon as it is received and must contact the Lock Desk immediately if there is a discrepancy. Intra-day price changes will be emailed and published in the system.

3.3 RATE LOCK PROGRAMS - FLOW

Stronghill Capital offers the Sellers competitive pricing. Specific information regarding rate locks, extensions, and renegotiations is provided as follows:

3.3.1 GENERAL RATE LOCK INFORMATION

General information regarding the available duration of rate locks, cost and length of extensions, adjusters, and all matters related to pricing are found on the daily rate sheet. At the time of writing, Stronghill Capital offers 30, 45, and 60-day initial locks and extensions in 1-day increments, up to 30-days total with a max of 3 extensions allowed. Sellers should rely on the most recent rate sheet for all pricing and rate extension information (or the rate sheet at the time of lock for extensions and worst-case pricing). Information on the rate sheet will take precedence over the information in this manual.

3.3.2 LOCKING LOANS

- Stronghill Capital maintains a TPO Seller Portal at <https://stronghill.com/residential-loans/> for locking and delivery of loans for purchase. Rate lock confirmations and “Purchase Advice” details are also accessed through this portal. See “How-To” User Guides online in the Forms & Resources section at <https://stronghill.com/residential-loans/> for more information.
- Loans are registered in the Portal by entering data through the user interface or by importing a MISMO 3.4 file to the system. Data required for pricing and locking varies by program and users are prompted to enter

the required information. Loans requiring lock extensions beyond the maximum extension period, or loans requiring cumulative lock periods in excess of 60 days are subject to worse-case pricing, which is defined as the lower of (i) current rate sheet pricing and (ii) the existing lock price. If the existing lock is to be extended, applicable lock extension fees will be applied after the determination of worse-case pricing. If the new rate sheet is the worst price, no lock extension fee needs to be applied for the relock, which will be a 15-day lock, subject to extension fees thereafter.

- Property address changes are only permitted on registrations. Property address changes on locked loans must be made by the Stronghill Capital Lock Desk.

3.3.3 RATE EXTENSIONS

- Extension fees are posted on the Stronghill Capital Seller rate sheet.
- Lock extensions are available for active locks. Expired locks may not be extended; they can only be relocked.
- Locks may be extended in increments of 1-day.
- Three (3) lock extensions may be requested; however, the cumulative lock extension maximum may not exceed 30 days from the initial expiration date. The cumulative lock period including extensions may not exceed 75 days. Loans requiring lock extensions beyond the maximum extension period, or loans requiring cumulative lock periods in excess of 75 days are subject to worse-case pricing, which is defined as the lower of (i) current rate sheet pricing or (ii) the existing lock price. If the existing lock is to be extended, applicable lock extension fees will be applied after the determination of worst-case pricing. If the new rate sheet is the worst price, no lock extension fee needs to be applied for the relock, which will be a 15-day lock, subject to extension fees thereafter.
- Lock extensions are not available for delivered files.

3.3.4 RATE LOCK RENEGOTIATIONS

Only active, unexpired locks are eligible for renegotiations.

- Rate renegotiations are evaluated on a case-by-case basis only. Any rate renegotiation must be for the betterment of the consumer.
- Renegotiations must be demonstrated to be for the benefit of the borrower only, either by: (1) increasing credit, or (2) reducing the rate.
- Only one (1) lock renegotiation per loan is allowed. Expiration terms are not amended.
- Once a lock has been renegotiated, the delivery becomes mandatory without price improvement.
- The loan must be moving to "Clear to Close" or greater status within 24 hours and must close within 15 days.
- Secondary Marketing approval is required for renegotiation on relocked loans.

3.3.5 RATE RELOCKS

- Any lock that has expired may be relocked for 15 days as follows: The loan is re-priced using worse case pricing described below and charged a 25-basis point relock fee. Any fees, including extension costs, will remain in effect.
- Worse case pricing is determined by comparing the rate sheet from the lock date to the rate sheet from the relock date (current rates).

- For rate-based programs, worse case pricing is determined by using the rate sheet with the higher base rate.
- For price-based programs, worse case pricing is determined by using the rate sheet with the lower price.
- The loan will be relocked for 15 days. If additional days are needed, contact the Stronghill Capital Lock Desk to request an extension. Standard fees will apply.
- Executing a relock is an irreversible transaction and results in mandatory delivery subject to a pair off fee.
- Any lock that has expired or has been cancelled by the Seller is eligible for current market pricing after 30 days.

3.3.6 PAIR-OFF FEES

If a pair-off fee must be assessed, the fee will be calculated as the greater of:

- The market difference, or
- An admin fee of 0.25% multiplied by the locked loan amount.

If applicable, any third-party diligence costs incurred by Stronghill Capital must be reimbursed by the seller.

3.3.7 RATE LOCKS AND DELIVERY

- All files must be closed, delivered, and rescission completed by the lock expiration date.
- Locks with weekend or holiday expiration dates expire on the first business day following the stated expiration date; this becomes the effective expiration date.
- If the file is not delivered by the lock expiration date, the loan will be subject to a pricing change.
- The original Note must be received within three (3) business days after the lock expiration date.
- Stronghill Capital reserves the right to return a closed loan file and its associated collateral at any time for poor quality and/or inconsistency with program guidelines.
- Stronghill Capital reserves the right to price expired loans outside of the matrix above based on market conditions.
- Stronghill Capital reserves the right to assess a pair-off fee if a closed loan is not purchased by Stronghill Capital.
- Stronghill Capital only purchases non-seasoned loans.
- Stronghill Capital publishes a maximum price and a minimum price on the daily rate sheets. Loans that price below the minimum are subject to additional price adjustments at Stronghill Capital's discretion. Contact the lock desk for additional information.
- Sellers will be responsible for clearing all credit, compliance, collateral, or any other due diligence conditions by the earlier of (a) 15 calendar days after the lock expiration date, or (b) 15 calendar days after the date of the initial review results are released via the Stronghill Capital Seller Portal (the "Cure Period Expiration Date").
- Any loan with open due diligence condition(s) as of the Cure Period Expiration Date will be subject to a 2.5 bp per calendar day reduction in price assessed from the Cure Period Expiration Date up to and including the final cure date. To the extent conditions are not cleared by close of business on the 15th calendar day following the Cure Period Expiration Date, the purchaser may, at its option, reprice the loan to current market or cancel the commitment.

3.3.8 BULK BID PROCESS

- Requests for bids on bulk loan packages can be submitted to Stronghill Capital directly via e-mail at lockdesk@stronghill.com. Your account executive can assist with this process.
- Our capital markets team can provide the desired bid tape format if needed.
- Once evaluated, bulk bid pricing will be provided directly by our capital markets team or through your account executive.
- When a bid is accepted, the Secondary Markets manager will reach out with an e-mail message containing next steps (including but not limited to collateral and file delivery timelines, etc.).
- If the Seller initiates the review with the third-party diligence provider (i.e., Reliance Letter), the third-party diligence provider must include the final credit package upon completion of diligence.
- Generally, all loans in a bulk transaction should be purchased as one settlement. Occasionally it may be necessary to trail fund loans, but Stronghill Capital limits trail funding to one (1) per bulk transaction.
- When loans have cleared collateral and Credit, they can be approved and submitted for purchase.
- At this point, we will reach out for all information necessary to accommodate the purchase including the current pay history.
- Funds are wired according to the bailee letter direction for each individual loan in the pool.

CH. 4 LOAN DELIVERY

4.1 CLOSED LOAN DELIVERY

4.1.1 CONDITION CLEARING REQUIREMENTS

If a loan is deemed to be eligible, the Pre-Purchase Review Summary may or may not include conditions. If conditions are present, the Seller is required to resolve the condition(s). See [Section 3.3.7 – Rate Locks and Delivery](#) for required time periods to clear conditions. The Seller will receive an updated Review Summary once all conditions have been cleared.

4.1.2 PRE-CLOSE REVIEWS

Sellers are always responsible for confirming the accuracy of the information in the system, even when transferring files directly from an outside source. Any discrepancies uncovered in the due diligence process or post-purchase will affect pricing up to and including the repurchase of the sold loan by the Seller, plus any expenses incurred. Please take the time to verify that all information is correct and that all required documentation has been provided. Stronghill Capital will not be responsible for any errors made by the Seller.

4.2 THE NON-DELEGATED PROGRAM

When utilizing non-delegated pre-close eligibility review, the Seller is responsible for identifying a loan product, taking the loan application, providing the required initial disclosures, and collecting the employment, income, asset, and property related documentation. The Seller then submits the “processed” loan file to Stronghill Capital which underwrites the file for the specific program and identifies any documents or information still needed to complete the loan review. During this eligibility review, Stronghill Capital will not review/determine if the loan complies with federal, state, or local laws, constitutional provisions, regulations, or ordinances. This will be performed as part of the post-closing TPR review process and will require appropriate adjustments by the Seller to meet compliance and salability requirements.

The eligibility findings reached by Stronghill Capital are dependent upon receiving complete and accurate data, documents and completed conditions from sellers via the TPO Portal Registration and Lock and all required loan documentation in the submission package and the final closing package. To complete its eligibility review, Stronghill Capital requires that the Seller supply all documents listed in the “File Submission Requirements for Non-Delegated File Review”.

Stronghill Capital will receive loans from the Seller and perform the following Non-Delegated File Review. The Seller must demonstrate that a processor review has been rendered on the loan at the time of submission to Stronghill Capital by delivering a complete credit package and, at a minimum, ALL the unexpired documents listed in the Initial Underwriting Submission Checklist. It is assumed Stronghill Capital will receive files that meet the minimum file requirements for the submitted loan product/program. If the file does not meet the minimum file requirements the file will be fully reviewed and placed in suspense and the seller issued a list of conditions required to complete a full review. A loan that is suspended will no longer follow the prescribed SLAs for these review types and condition clearing deadlines.

Stronghill Capital will provide an initial Conditional Commitment with a review status and applicable eligibility credit conditions. Sellers are required to satisfy all open eligibility conditions prior to delivery to Stronghill Capital for post-close purchase.

4.2.1 UNDERWRITING REVIEW

The review will assess and validate that the documentation supplied is sufficient to meet the required criteria under the applicable product/program guidelines according to the submitted loan registration/lock in the TPO Portal. The following outlines the processes performed by Stronghill Capital during the eligibility review.

4.2.2 CREDIT APPLICATION (URLA)

- The application (URLA) is substantially completed including current mailing address if property is investment and applicant(s) phone numbers;
- All known borrower-owned properties are disclosed on the Real Estate Owned Section of the application;
- Applicant's employment history is present;
- Application reflects borrower assets and liabilities;
- Application includes loan terms, occupancy, and reason for any cash out if applicable;
- Demographic information section is complete in terms of the data required to be reported under HMDA;
- Declarations section of the loan application is complete; and
- Loan Originator information section of the loan application is complete.

4.2.3 CREDIT

- A verified credit report or alternative credit history as applicable to loan type is present for each applicant;
- All the monthly consumer debt payments for use in the applicable DTI calculation have been disclosed in the file;
- Comparison of the credit report against application to ensure that no undisclosed debts exist;
- Review all liabilities not listed on the credit report such as alimony or child support payments, lease payments, HELOCs, maintenance payments;
- Fraud Check:
 - All applicants must be included in the fraud analysis performed by an automated fraud and data check vendor solution (i.e., Fraud Guard, CoreLogic, DataVerify, TransUnion TLOxp, LexisNexis: SmartLinx, Instant ID, or other industry recognized fraud and data validation vendor). A copy of the findings report from the third party vendor must be provided in the loan file with all "high" alerts, or "red flags" must be addressed and/or cleared by the seller (lender). If a fraud report is not provided at time of underwriting review, Stronghill will pull report to analyze.
 - Any fraud alerts on the applicant's credit report must be addressed. Must verify that all red flags and alert messages were addressed and documented in the loan file.
- Must confirm applicant's social security number was validated. File documentation should address any discrepancies and/or include explanations. Any discrepancies must be addressed by validating the applicant's social security number with the Social Security Administration. All SSN verification and documents must be in compliance with the U.S.A. Patriot Act and the Company's identity theft prevention policy and procedures. Verify payment histories, judgments/collections and bankruptcy and foreclosure timelines meet applicable guidelines for the product/program;
- Review for applicant's personal data consistency with the application and loan type;

- Determine valid decision score and minimum trade lines;
- Confirm housing and mortgage related payment history;
- Review Bankruptcy, Foreclosure, Short-sale &/or Deed-In-Lieu dates if provided on the credit report; and
- Review Forbearance, Modification, or deferral documentation.

4.2.4 EMPLOYMENT AND INCOME

- Verify the income used to qualify the loan was calculated in accordance with guidelines for the applicable product/program; and
- Verify residual income meets minimum requirements of applicable product/program.

Note: Documentation verifying employment and income will be deemed acceptable if it is a third-party document as required by applicable product/program guidelines as set forth within this Seller Guide and may include but not be limited to:

- Verbal or Written Verification of Employment;
- Pay stubs;
- W-2 forms;
- Tax returns;
- Financial statements, including bank statements, P&L's & CPA letter;
- Award letters; and
- IRS Tax Transcripts (compared to Tax Returns submitted by Borrower(s))

4.2.5 ASSET REVIEW

Documentation verifying assets for down payment, closing costs, prepaid items and reserves may include but not be limited to:

- Verification of Deposit;
- Depository account statements;
- Stock or security account statements;
- Gift funds; and
- Settlement statement or other evidence of conveyance and transfer of funds for any sale of assets

4.2.6 HAZARD/FLOOD INSURANCE/TAXES/HOA

Verify that hazard insurance on the property securing the loan meets the minimum required amount of coverage in the product/program guidelines as set forth within this Seller Guide.

The Seller must ensure that the property secured by the loan is adequately protected by flood insurance when required. Flood insurance is required when a loan is secured by a property located in a Special Flood Hazard Area (SFHA), or a Coastal Barrier Resources System (CBRS) or Otherwise Protected Area (OPA). The Seller must determine whether or not the property is located in an SFHA by using the Standard Flood Hazard Determination form endorsed by FEMA. All flood zones beginning with the letter "A" or "V" are considered SFHAs.

- A hazard insurance policy declaration page;

- For condominium properties, confirm that the blanket policy meets the minimum amount of hazard insurance (and flood insurance, as applicable) coverage to meet product/program guidelines;
- Confirm that the flood certificate is for the correct borrower, subject property, lender, and loan number and includes a “Life of Loan” certificate;
- For properties in a flood zone per the flood certificate, confirm that flood insurance meets product/program guidelines including, the minimum required amount of coverage, flood insurance policy declaration page;
- Confirm that the mortgagee clause lists the lender’s name and “its successors and assigns”;
- Confirm that the premium amount on both the hazard and flood insurance match what was used in the DTI calculations; and
- Calculating Real Estate Tax Payment:
 - Applies to DTI transactions;
 - For purchase and construction-related transactions, the Seller must use a reasonable estimate of the real estate taxes based on the value of the land and the total of all new and existing improvements. This policy also applies to properties in jurisdictions where a transfer of ownership typically results in a reassessment or revaluation of the property and a corresponding increase in the amount of taxes. For properties located in the state of California 1.25% of the purchase price should be used to determine real estate taxes; and
 - For refinance transactions the Seller must base the determination of real estate taxes on no less than the current assessed value.
- Calculating HOA monthly, quarterly or annual fees
 - Applies to DTI transactions;
 - PUD
 - If there are mandatory HOA fees, on a refinance, borrower to provide a copy of the most recent statement to confirm payment and when due;
 - Existing property (Purchase) – Title or Escrow Company to provide a resale certification to confirm payment and when due;
 - New Construction – Title Company, Escrow Company or Builder to provide documentation to confirm payment and when due; may also confirm amount from appraisal
 - Condo
 - Verify HOA dues and how often payment due from Condo questionnaire

4.2.7 PRELIMINARY TITLE COMMITMENT

The title policy must be written on one of the following forms:

- the 2006 American Land Title Association (ALTA) standard form;
- an ALTA short form if it provides coverage equivalent to the 2006 ALTA standard form and does not materially impair protection to the Company;
- in states in which standard ALTA forms of coverage are, by law or regulation, not used, the state-promulgated standard or short form which provides same coverage as the equivalent ALTA form, provided that those forms do not materially impair protection to the Company.

The title insurance policy must ensure that the title is generally acceptable and that the mortgage constitutes a lien of the required priority on a fee simple or leasehold estate in the property. The title policy also must list all other liens and state that they are subordinate to the Company's mortgage lien.

The Company must also review the following items for accuracy with regard to the preliminary title commitment:

- The amount of title insurance coverage must at least equal the original principal amount of the mortgage;
- All files must contain a 24-month title history. Transfer date, price, and buyer and Seller names should be provided for any transfers that occurred within the past 24 months.
- Confirm current vesting (if a purchase, the seller; if a refinance, the borrower) and requested vesting is eligible;
- Review for assessments, covenants, conditions, and restrictions
- Review/confirm or condition to ensure HOA lien (super lien) issues have been identified and addressed, have been conditioned for or documented in the file accordingly;
- Review/confirm or condition to ensure foreclosures, bankruptcies have been documented in the loan file accordingly, have been conditioned for or documented in the loan file accordingly;
- Review/confirm or condition to ensure prior mortgage liens, judgment liens including but not limited to state and federal tax liens (including delinquent taxes that are not-liens), and environmental liens have been conditioned for or documented in the file accordingly.

4.2.8 PROPERTY ELIGIBILITY REVIEW

The security property must be located in the United States (including the District of Columbia).

Stronghill Capital Underwriter will completely underwrite the appraisal and validate comparables or additional property data as warranted prior to issuing a clear to close. In addition, the following will be performed during the review:

- Confirm the property type and ensure it is eligible under applicable product/program guidelines;
- The highest and best use of the property as improved (or as proposed per plans and specifications), and the use of the property must be legal or legal non-conforming use;
- The mortgaged premises is readily accessible by roads that meet local standards;
- The mortgaged premises is served by utilities that meet community standards;
- The mortgaged premises is suitable for year-round use;
- The mortgaged premises is safe, sound, and structurally secure;
- Review of comments regarding lot size, zoning and well and septic conditions as well as legal use restrictions;
- Perform a comparable sales analysis including age, distance, and adjustments;
- Analysis of the photos to verify clarity, conformity to property description and to review for external negative factors;
- Verification of appraiser licensing and that appropriate appraisal services were used as required in seller guidelines;
- Review of zoning concerns;
- Property description review including flood zoning, adverse physical conditions, easements, and best use;
- Review of sales comparison approach to include bracketed values, seasoning of comparable properties and active listings;
- Review of Appraiser comments for areas of concern or inconsistency;

- Review to ensure use of acceptable Appraisal source per guidelines;
- Complete a comparison of Appraisal Review product to appraisal to ensure performed on the same property and to note value discrepancy outside of seller tolerances or for any comments or concern;
- Confirm Appraisal Review Product is obtained from an acceptable source (e.g., Proteck ARR or Clear Capital per guidelines); and
- Determine if the subject property is in a FEMA Declared Disaster area with Individual Assistance designation. If the appraisal is dated after the disaster declaration date, confirm the appraisal states 'no impact' from the disaster. If the appraisal is dated prior to the disaster, require an updated appraisal or PDI report to confirm 'no impact' to subject property.

ACCEPTABLE DWELLING TYPES

Dwelling units for security properties may be detached, attached, or semi-detached.

Properties may be located

- on an individual lot,
- acreage up to 20 acres, non-rural,
- in a condo project,
- in a planned unit development (PUD) or subdivision project.

Properties located in a condo, or PUD project must meet Fannie Mae's project standards requirements (see Chapter B4-2, Project Standards).

INELIGIBLE PROPERTIES

The Company does not purchase or securitize mortgages on:

- vacant land or land development properties;
- properties that are not readily accessible by roads that meet local standards;
- agricultural properties, such as farms or ranches;
- units in condo or co-op hotels (see B4-2.1-03, Ineligible Projects), for additional information;
- properties that are not secured by real estate such as, houseboats, boat slips, timeshares, and other forms of property that are not real estate (see B4-2.1-03, Ineligible Projects), for additional information;
- boarding houses or properties that are not suitable for year-round occupancy regardless of location.

CREDIT REVIEW DATA COMPONENTS

The reviewer will also validate the following fields in the system as compared to the documentation submitted as applicable to the product/program submitted.

- | | | |
|--|-----------------|----------------------|
| • Stronghill Capital Program and Product | • Loan Amount | • Credit Score |
| • Borrower Name/Entity Name | • Property type | • Documentation Type |

- Loan Purpose
- Occupancy
- Consumer or Business Purpose
- Subject value
- Loan To Value/Combined Loan To Value
- Debt To Income Ratio
- Assets/Reserves
- Residual Income

4.3 POST CLOSE FILE DELIVERY

4.3.1 COLLATERAL DELIVERY

CUSTODIAN: COMPUTERSHARE – ALL LOANS	
Custodian Name & Physical Address:	Notification of Transfer:
Computershare Trust Company, N.A. Attn: Biniam Merid 1015 10 th Ave SE Minneapolis, MN 55117	Please notify the Transaction Manager and the Collateral Acquisition Team with the anticipated date of the transfers, the number of loan files to be shipped, and the tracking information.

Shipping instructions: The following are also located on the [Collateral Shipping Instruction Form](#):

- ✓ Documents must be placed in a legal size file folder .
- ✓ Labels must be affixed to the upper right-hand corner of the legal-size pocket file folder, reflecting the Loan # from the data tape that was issued to the Custodian, as well as the Previous Loan # (if any) and the Borrower name(s).
- ✓ Loan files must be placed in sequential, numerical loan number order inside the archive boxes.
- ✓ A packing list, consisting of a list of the loans and the box number, must be included in each box.
- ✓ Each box must be marked on the outside to identify its contents as follows:

Stronghill Capital-Initial / Seller / Funding Date / Box 1 of __, Ln # 100000 - 100200.

4.3.2 BAILEE LETTER

When delivering original promissory notes, the Seller must provide either a Bailee Letter or [Security Release Form](#).

BAILEE LETTER REQUIREMENTS

- Must accompany the original promissory note delivered to the custodian (see [collateral delivery instructions](#))
- A bailment arrangement is only established if a bailee letter is delivered with the original promissory note
- Allow 2 business days, following receipt, for custodian processing to make bailee letter available to Stronghill Capital for wire account setup of the loan's purchase proceeds
- Does not require execution by Stronghill Capital and/or custodian; original note delivery under a bailee is sufficient notification of the bailee arrangement
- Must sufficiently describe the subject loan(s) so Stronghill Capital can identify the correct mortgage loan(s)
- Should contain the following information:
 - Seller's name
 - Either the Seller or Stronghill Capital loan number
 - Borrower name
 - Note amount
 - Wire instructions

4.3.3 SECURITY RELEASE FORM REQUIREMENTS

- Seller (generally Financial Institutions) fund loans without a warehouse line arrangement
- [Security Release Form](#) must be executed by an authorized signer of the Seller
- Must be included in each applicable imaged file uploaded by seller to the TPO Portal using document type Final Closing Package
- Must sufficiently describe the subject loan so Stronghill Capital can identify the correct mortgage loan(s).
- Must be delivered to Stronghill Capital within 24 hours after delivery of the closed loan file.
- Should contain the following information:
 - Seller's name
 - Either the Seller or Stronghill Capital loan number
 - Borrower's name
 - Note amount
 - Wiring or payment instructions

4.4 INITIAL COLLATERAL DOCUMENT DELIVERY

A Closed Loan delivery package, containing credit and closed loan document images, is required to be submitted to Stronghill Capital, prior to shipping the original Note, Allonge, and supporting collateral file documents to the custodian. Collateral delivery to the custodian is due the next business day following an imaged closed loan file submission to Stronghill Capital, but no later than 3 days following the lock expiration. Sellers who use a warehouse line for funding must arrange for prompt delivery of the original Note and Bailee Letter to the Custodian.

Place collateral documents in a legal size file folder - one (1) for each loan. Ensure the following information is reflected on the upper right-hand corner of each file folder:

- Stronghill Capital Loan ID
- Seller Loan ID
- Borrower name(s)

Custodian Stacking & Packaging Instructions for [Collateral Delivery](#):

- Place loan files in sequential loan number order inside shipping package/box.
- Include a packing list/manifest, consisting of a list of the loans; if multiple boxes, specify the box number for each loan.
- Mark the exterior of each box to identify its contents as follows:
 - **Stronghill Capital-Initial/Seller Name/ Box 1 of __, Ln # 100000– 100200.**
- Stack documents in the following order:
 - Bailee Letter (or Security Release Form if applicable) - **DO NOT STAPLE OR CLIP TO NOTE**
 - Original Note with an original signature, fully executed
 - Original allonge, endorsing the Note from Your Company Name to Blank (See [Allonge](#) Example).
 - Original intervening endorsements, if applicable, for an unbroken chain of title from originator to seller.
 - If not a MERS MOM loan:
 - Original Unrecorded Assignment from Seller to Blank in fully executed and recordable form
 - Original Executed Power of Attorney, or a copy of the original sent for recordation (if applicable) for new originations, or if seasoned, the recorded version
 - Any other documents as may be applicable relevant to program, property, or business entity as borrower (Example: Original Guaranty, Loan Agreement, UCC, etc.)
- Place collateral documents in a legal size file folder; one folder per loan
- Ensure the following information is reflected on the upper right-hand corner of each pocket-file folder reflecting:

- Stronghill Loan ID
- Seller Loan ID

4.4.1 REQUIREMENTS FOR NEWLY ORIGINATED LOANS (<120 DAYS FROM NOTE DATE)

A copy of the unrecorded mortgage and title commitment are required for loan sale/purchase settlement eligibility. Deliver the preliminary documents to Stronghill Capital, as follows:

- Upload images via the TPO Portal (delivery portal) using document type 'Final Closing Package.
- Delivery of the recorded/final versions to the custodian is required within 180 days the note date.
- See Trailing Document Delivery instructions for details.

4.4.2 COLLATERAL EXCEPTIONS

Sellers are required to deliver a complete and accurate Collateral package. Collateral exceptions (if any) must be resolved prior to funding, but no later than the third day following the expiration of the rate lock. See [Section - Rate Locks and Delivery](#) for the full details.

Collateral exceptions (if any) are communicated to Sellers via the TPO Portal. It is the responsibility of Sellers to monitor the TPO Portal for collateral exceptions that require resolution prior to funding.

4.5 POST CLOSE FILE DELIVERY

4.5.1 SUBMISSION OF IMAGED PACKAGE

To ensure that we have all the necessary documentation needed to review your file effectively and efficiently, we have compiled a stacking order and checklist that should be used to confirm that your loan packages contain all the required documentation. Although the checklist is a representation of typically required documentation, the list is not exhaustive. It is the Seller's responsibility to provide all applicable documentation needed to confirm compliance with guidelines and all regulatory requirements (both state and federal) and to render a sound credit decision.

The submission checklist, with preferred stacking order, should be included with the submitted file, and can be found in the [Stacking Order](#) at the end of this Delivery Guide.

Once a closed loan file has been received and reviewed by a due diligence partner, the Seller will receive notification that either the file is acceptable, or a list of missing documents/conditions to be addressed will be provided.

4.6 FEES

Fees will be deducted at the time of loan funding and will be reflected on the Purchase Advice. Unpaid fees associated with loans not purchased may be netted from future funding.

FEES	
Funding Fee	\$475

TAX SERVICE FEE	
Loan Balance	Fee

Non-Delegated Underwriting	\$550	< \$499,999	\$76
Pre-Close Limited Review Fee (if requested)	\$475	+\$10 for every \$100,000 increase above	
Condition Clearing Fee (applies to all loans)			
<p>Sellers will be responsible for clearing all credit, compliance, collateral, or any other due diligence conditions by the earlier of (a) 15 calendar days after the lock expiration date; or (b) 15 calendar days after the date of the initial review results are released via the Stronghill Capital Seller Portal (the "Cure Period Expiration Date").</p> <p>Any loan with open due diligence condition(s) as of the Cure Period Expiration Date will be subject to a 2.5 bp per calendar day reduction in price assessed from the Cure Period Expiration Date up to and including the final cure date. To the extent conditions are not cleared by close of business on the 15th calendar day following the Cure Period Expiration Date, the Purchaser may, at its option, reprice the loan to current market or cancel the commitment.</p>			

4.7 GENERAL POST CLOSE FILE DELIVERY REQUIREMENTS

4.7.1 AUTOMATED CLEARING HOUSE (ACH) PAYMENTS

Sellers are strongly encouraged to use the Stronghill Capital Automatic Payment Authorization (ACH) Form at closing to establish automated payments for the borrower. Borrowers may select a draft date within the grace period stated on the Note.

Payment and bank account data along with the imaged ACH enrollment form must be provided to the New Servicer as part of the servicing transfer.

Borrowers may need to make a manual payment if the first payment(s) are due to the Seller.

Borrowers may also contact the New Servicer directly to establish automated payments after the transfer.

A copy of the ACH enrollment form must be included in the closed loan submission package to Stronghill Capital.

Click here to see the [Automatic Payment Authorization \(ACH\) Form](#).

4.7.2 BORROWER CONTACT CONSENT FORM

Sellers are required to provide accurate borrower contact information to Stronghill Capital. For many borrowers, their preferred method of contact is by email, mobile phone, and text. These forms of communication require special authorization from the borrower.

Sellers are encouraged to incorporate the Stronghill Capital Borrower Contact Consent Form in the borrower's closing package and include the form in the closed loan submission package to Stronghill Capital.

Click here to see the [Borrower Contact Consent Form](#).

4.7.3 INTEREST CREDIT

Loans closed within the first five (5) days of the month may reflect an interest credit to the borrower.

4.7.4 PRINCIPAL CURTAILMENT

A principal curtailment is the application of funds that are used to reduce the unpaid principal balance of the mortgage loan. The Company permits certain curtailments prior to loan delivery provided that the delivery data reflects the curtailment as indicated below.

Acceptable Curtailments:

If the borrower receives more cash back than is permitted for limited cash-out refinances, the Seller can apply a curtailment to reduce the amount of cash back to the borrower to bring the loan into compliance with the maximum cash-back requirement. The maximum amount of the curtailment cannot exceed the lesser of \$2,500 or 2% of the original loan amount for the subject loan.

Documentation:

If the curtailment is made at the time of closing, the amount must be clearly documented on the settlement statement. If the curtailment is applied after closing, but before delivery, the mortgage loan file (or servicing file) must be documented with the amount of the curtailment and the reason or source of the curtailment (for example, lender refund or borrower-initiated), and include any modification agreement used to reduce the monthly payment following the application of the curtailment.

4.7.5 ASSUMABILITY

Fixed Rate loans are not assumable. ARM loans with assumability language are acceptable if the assumption is at the lender's discretion. In any case, the wording in the Note and Closing Disclosure must match.

4.7.6 PROPERTY INSURANCE

COVERAGE REQUIREMENTS

Property insurance for loans must protect against loss or damage from fire and other hazards covered by the standard extended coverage endorsement. The coverage must provide for claims to be settled on a replacement cost basis. Extended coverage must include, at a minimum: wind, civil commotion (including riots), smoke, hail, and damage caused by aircraft, vehicle, or explosion.

Policies that limit or exclude from coverage (in whole or in part) windstorm, hurricane, hail damage, or any other perils that normally are included under an extended coverage endorsement are not acceptable. Borrowers may not obtain property insurance policies that include such limitations or exclusions unless they are able to obtain a separate policy or endorsement from another commercial insurer that provides adequate coverage for the limited or excluded peril, or from an insurance pool that the state has established to cover the limitations or exclusions.

The hazard insurance coverage should be equal to the lesser of:

- Replacement Cost Estimator from the property insurer or a 3rd party source (i.e., CoreLogic), if provided
- Estimated cost to replace the dwelling from a recent appraisal, if provided
- The unpaid principal balance of the mortgage

FLOOD INSURANCE

The seller must ensure that the property securing the mortgage loan is adequately protected by flood insurance when required. Flood insurance coverage is required when a mortgage loan is secured by a property located in

- a Special Flood Hazard Area (SFHA), or
- a Coastal Barrier Resources System (CBRS) or Otherwise Protected Area (OPA). (See below for additional information.)

The seller/servicer must determine whether or not the property is located in an SFHA by using the Standard Flood Hazard Determination form endorsed by FEMA. All flood zones beginning with the letter "A" or "V" are considered SFHAs.

The following table describes how to evaluate a property to determine if flood insurance is required. For the purpose of these requirements, the "principal structure" is the primary residential structure on the property securing the mortgage loan.

If...	Then flood insurance is...
any part of the principal structure is located in an SFHA,	required.
the principal structure is not located in an SFHA, but a residential detached structure attached to the land that serves as part of the security for the mortgage loan is located within the SFHA	required for the residential detached structure.
the principal structure is not located in an SFHA, but a non-residential detached structure attached to the land that serves as part of the security for the mortgage loan is located within the SFHA	not required on either structure.
the principal structure is not located in an SFHA, but a detached structure attached to the land that does not serve as part of the security for the mortgage loan is located within the SFHA	not required on either structure.

ACCEPTABLE FLOOD INSURANCE POLICIES

The flood insurance policy must be one of the following:

- a standard policy issued under the NFIP; or
- a policy issued by a private insurer as long as the terms and amount of coverage are at least equal to that provided under an NFIP policy based on a review of the full policy issued by a private insurer.

4.7.7 TITLE POLICY REQUIREMENTS

Each loan delivered to Stronghill Capital Mortgage Capital must include a title insurance policy. If the file contains the Commitment for Title Insurance, it must indicate the policy will be issued upon payment of the premium. By delivering a mortgage loan to Stronghill Capital, the Seller represents and warrants that the loan is covered by the required title policy, issued by a licensed insurer, and includes any required endorsements. The title insurer and policy must conform to Fannie Mae® requirements.

TERMS OF COVERAGE

The title insurance policy must ensure the title is acceptable and that the mortgage represents a first lien on a fee simple estate in the property. The title policy must also list all other liens and reflect they are subordinate. The title insurance policy must be updated with Its Successors and/or Assigns ISAOA language. When the borrower is an Entity, the title insurance policy must provide protection regarding whether the signatories had the authority to validly execute the mortgage document. The policy must be written on one of the following forms:

- The 2006 American Land Title Association (ALTA) standard form.
- An ALTA short form if it provides coverage equivalent to the 2006 ALTA standard form.
- In states in which standard ALTA forms of coverage are, by law or regulation, not used, the state-promulgated standard or short form which provides the same coverage as the equivalent ALTA form.
- For Adjustable-Rate Mortgages, the policy must include ALTA Endorsement 6-06.

EFFECTIVE DATE OF COVERAGE

The effective date of the title insurance coverage written on forms that do not provide the gap coverage included in the 2006 ALTA policies may be no earlier than the later of the date of the final disbursement of loan proceeds or the date the mortgage was recorded.

Because the 2006 ALTA forms provide protection for the time between loan closing and recordation of the mortgage, policies written on those forms may be effective as of loan closing.

AMOUNT OF COVERAGE

The amount of title insurance coverage must at least equal the original principal amount of the mortgage.

MORTGAGE ELECTRONIC REGISTRATION SYSTEM (MERS)

If a mortgage is registered with MERS and is originated naming MERS as the original mortgagee of record, solely as nominee for the Seller named in the security instrument and the Seller's successors and assigns, then the "insured mortgage" covered by the title insurance policy must be identified in the title insurance policy as the security instrument given to MERS, solely as nominee for the Seller and Seller's successors and assigns. However, under no circumstances may MERS be named as the insured of a title policy.

OTHER REQUIREMENTS

The title insurance coverage must include an environmental protection lien endorsement (ALTA Endorsement 8.1-06 or equivalent state form providing the required coverage).

References are to the ALTA 2006 form of endorsement, but state forms may be used in states in which standard ALTA forms of coverage are, by law or regulation, not used, provided that those endorsements do not materially impair the protection to Stronghill Capital. As an alternative to endorsements, the requisite protections may be incorporated into the policy.

Title policies may not include the creditors' rights exclusion language that ALTA adopted in 1990.

CHAIN OF TITLE

All files must contain a 24-month title history. Transfer date, price, and buyer and Seller names should be provided for any transfers that occurred within the past 24 months.

CONDOMINIUM OR PLANNED UNIT DEVELOPMENTS (PUD)

The title insurance policy for a condominium or PUD unit mortgage must describe all components of the unit estate.

For condominium unit mortgages, an ALTA 4-06 or 4.1-06 endorsement or its equivalent is required. For PUD unit mortgages, an ALTA 5-06 or 5.1-06 endorsement or its equivalent is required. These endorsements must be attached to each policy or incorporated into the text of the policy.

If the unit owners own the common areas of the project as tenants in common, the policy for each unit's mortgage must reflect that ownership.

If the homeowners' association (HOA) owns the common elements, areas, or facilities of the project separately, the title insurance on those areas must insure that ownership.

This title policy must show that title to the common elements, areas, or facilities is free and clear of any objectionable liens and encumbrances, including any statutory or mechanic's liens for labor or materials related to improvements on the common areas that began before the title policy was issued.

The title policy must protect Stronghill Capital by insuring:

- that the mortgage is superior to any lien for unpaid common expense assessments. (In jurisdictions that give these assessments a limited priority over a first mortgage lien, the policy must provide assurance that those assessments have been paid through the effective date of the policy.)
- against any impairment or loss of title of the first lien caused by any past, present, or future violations of any covenants, conditions, or restrictions of the master deed for the project. (It must specifically insure against any loss that results from a violation that existed as of the date of the policy.)
- that the unit does not encroach on another unit or on any of the common elements, areas, or facilities. (The policy also must ensure that there is no encroachment on the unit by another unit or by any of the common elements, areas, or facilities.)
- that the mortgage loan is secured by a unit in a condominium project that has been created in compliance with the applicable enabling statutes.
- that real estate taxes are assessable and lienable only against the individual condominium unit and its undivided interest in the common elements, rather than against the project as a whole.
- that the owner of a PUD unit is a member of the homeowners' association, and that the membership is transferable if the unit is sold.

TITLE EXCEPTIONS

Stronghill Capital will not purchase or securitize a mortgage secured by property that has an unacceptable title impediment, particularly unpaid real estate taxes and survey exceptions.

If surveys are not commonly required in particular jurisdictions, the Seller must provide an ALTA 9 Endorsement. If it is not customary in a particular area to supply either the survey or an endorsement, the title policy must not have a survey exception.

MINOR IMPEDIMENTS TO TITLE

Title for a property that secures a conventional mortgage is acceptable even though it may be subject to the following conditions, which Stronghill Capital considers minor impediments:

- Customary public utility subsurface easements that were in place and completely covered when the mortgage was originated, as long as they do not extend under any buildings or other improvements.
- Above-surface public utility easements that extend along one or more of the property lines for distribution purposes or along the rear property line for drainage purposes, as long as they do not extend more than 12 feet from the property lines and do not interfere with any of the buildings or improvements or with the use of the property itself.

CH. 5 PURCHASING AND FUNDING

5.1 LOAN PURCHASE PROCEDURES

Stronghill Capital requires a review of the closed loan file prior to purchase. The review consists of three (4) parts: Credit, Closing Package, Collateral and Payment History. The collateral package is reviewed by our document custodian. The payment history is reviewed for accuracy and confirmation that the loan is current. Loan funding occurs after the following:

- The funding conditions reviewed, doc expiration dates are not expired, and all conditions have been cleared.
- All collateral documents have been reviewed and all conditions have been cleared.
- A review of the payment history unpaid principal balance, next payment due date and escrow impounds has been performed by Stronghill Capital.

Upon completion of these three (3) steps, a Purchase Advice will be generated and delivered to the Seller.

5.2 PURCHASE ADVICE

Stronghill Capital will purchase a scheduled principal balance. The first payment date due to Stronghill Capital and the Servicing Transfer Date will be specified on the Purchase Advice.

Interest to be credited or debited at the time of loan purchase is based upon a 30/360 calendar.

Stronghill Capital will provide a notification when a Loan Purchase Advice is ready for review.

The Seller may review the Purchase Advice in its entirety within the TPO Portal. If there are any questions about the Purchase Advice, reply to the Stronghill Capital notification or contact the Stronghill Capital Lock Desk.

Once the funds are received, the Seller should reconcile the wire amount to ensure that the appropriate funds were received. If a discrepancy is identified, the Seller must notify the Lock Desk within five (5) days of the loan purchase. The Seller must provide documentation supporting the discrepancy.

5.3 WIRE INSTRUCTIONS

Wiring Instructions for each of the Seller's warehouse bank must be on file with Stronghill Capital prior to funding.

5.4 TRAILING DOCUMENT DELIVERY

Sellers are responsible for the submission of original recorded documents, free of exceptions, to the Custodian after the loan has been purchased.

CUSTODIAN: COMPUTERSHARE TRUST COMPANY
Custodian Name & Physical Address:
Computershare Trust Company, N.A. ATTN: Biniam Merid 1015 10 th Ave SE Minneapolis, MN 55117

Stronghill Capital requires the submission of these final documents in a timely manner but no later than 180 days after the note date.

Monthly trailing-document status reports will be delivered to Sellers via the TPO Portal to aid in trailing document management and exception resolution. It is the Seller's responsibility to reconcile the trailing-document status reports to its delivery records for discrepancies. Communicate discrepancies for research to Collateral@Stronghill.com; include the Stronghill Capital loan ID, Seller loan ID, shipping date, shipping address, and courier tracking number.

5.4.1 TRAILING DOCUMENTATION

The following documents must be submitted as trailing documents on all newly originated loans (due prior to purchase for loans seasoned > 180 days from note date):

- Recorded Security Instrument and all applicable riders
- Title Policy, with all endorsements*
- Other documents as may be applicable, some examples:
 - Recorded Power of Attorney
 - Recorded Loan Agreement
 - Recorded UCC

* Fees for title policy endorsements are the responsibility of the Seller.

Stronghill Capital reserves the right to assess fees for documents not delivered to the Custodian, or document exceptions not resolved, as set forth in the Agreement. Any documents not provided, or exceptions not resolved, within this timeframe will be addressed by Stronghill Capital through other means at a cost to the Seller of \$75 per document. Stronghill Capital reserves the right to demand a repurchase of the loan according to the terms of the Purchase and Sale Agreement.

Preparing Trailing Documents for Delivery:

- Include a cover sheet with the Seller and Stronghill Capital Loan IDs for each trailing document or use a manifest to identify each document and its corresponding Seller and Stronghill Loan IDs. When using a manifest, the documents must be stacked in the same order as indicated on the manifest.

- Individual documents with multiple pages may be stapled or clipped together.
 - Do **NOT** staple/clip multiple documents together.
- Mark the exterior of the package(s)/box(es) to identify its contents as follows:

Custodian Delivery Address:

Computershare Trust Company, N.A.
Attn: Biniam Merid
1015 10th Ave SE
Minneapolis, MN 55117

SHC-Trailing Docs / Seller Name / Box 1 of __, Ln # 100000 - 100200.

5.5 POST-PURCHASE ADJUSTMENTS

It is the Seller's responsibility to review the Purchase Advice as soon as possible to ensure that the net funding is correct. Following the sale of a loan to Stronghill Capital, if there is a discrepancy between the loan data in the system and the Seller's loan records, a post-purchase adjustment may be required.

To initiate a post-purchase adjustment for a whole loan:

STEP	ACTION
1	Research the discrepancy and request a post-purchase adjustment via email to the Stronghill Capital lock desk. Requests exceeding 60 days will not be considered for post-purchase pricing adjustments.
2	Assemble documentation to support the post-purchase adjustment. Documentation should include:
	• Detailed explanation of the discrepancy and the corrective action requested.
	• Copy of the funding notification ('Purchase Advice').
3	• Additional documentation supporting your request, as applicable (i.e., HUD-1, CD etc.).
	Securely submit the request form and supporting documentation to PostPurchase@Stronghill.com . Stronghill Capital will research the request and provide a response within one (1) business week of receipt.

5.5.1 WHEN A POST-PURCHASE ADJUSTMENT OCCURS

- When a Seller submits a post-purchase data change to a price-impacted field and the resulting price is lower than the purchase price, the difference in price is billed to the Seller.
- When a Seller submits a post-purchase data change to a price-impacted field and the resulting price is higher than the purchase price, the difference in price is remitted to the Seller.

5.6 MERS REGISTRATION AND TRANSFER

The Seller must properly register the loan on the MERS® System at least 24 hours prior to a Stronghill Capital purchase and provide a copy of the mortgage loan registration screen in the closing/legal package.

The Seller is responsible for initiating the MERS® Transfer of Rights, within five (5) calendar days of the purchase date (i.e., purchase settlement), as follows:

- Investor: **1015170**
- Servicer: **1015170**

Sellers may contact Stronghill Capital's MERS desk for additional assistance at MERS@Stronghill.com.

Note: Stronghill Capital reserves the right to charge an administrative fee of \$25.00 for any loan not transferred accurately within five (5) calendar days.

CH. 6 SERVICING**6.1 SERVICING TRANSFER INSTRUCTIONS****6.1.1 INTERIM SERVICING RESPONSIBILITIES**

Loans sold to Stronghill Capital (“Purchaser”) require that the Seller sub-service the loans for the interim period between the Stronghill Capital purchase date and the servicing transfer date. In accordance with the Correspondent Mortgage Loan Purchase Agreement (MLPA), the Seller shall service and administer the mortgage loans on behalf of the Purchaser from the purchase date until the designated Servicing Transfer Date, as specified by Stronghill Capital.

The interim servicing obligations of the Seller shall include payment collection and escrow disbursements as well as responding to servicing-related inquiries including payoff statement requests from the borrower during the interim servicing period.

6.1.2 SERVICING TRANSFER CONTACTS

The Stronghill Capital Servicing Transfer Team will assist Sellers throughout the servicing transfer process.

STRONGHILL CAPITAL MORTGAGE CAPITAL - SERVICING TEAM CONTACT INFORMATION	
Servicing Manager	Henry Bieber henry@stronghill.com
Collateral Manager	Misty Millsap misty@stronghill.com
Collateral Shipping	Gabe Colasante gabe@stronghill.com
STRONGHILL CAPITAL MORTGAGE CAPITAL - SERVICING & COLLATERAL GENERAL BOXES	
Collateral Support Contact	Collateral@stronghill.com
Servicing Support Contact	ServicingTransfers@stronghill.com

6.1.3 SERVICING TRANSFER GENERAL INFORMATION

Servicing transfers occur on flow basis.

Loans will transfer too either

- The New Servicer name and new loan number are listed on the Stronghill Capital Purchase Advice; or
- The servicing transfer date is listed on the Stronghill Capital Purchase Advice.

The transfer process will comply with all RESPA laws and Consumer Financial Protection Bureau (CFPB) best practices.

6.1.4 SERVICING TRANSFER PROCESS

The servicing transfer process will follow one of these two methods:

- Servicer to Servicer transfer; or
- Stronghill Capital Assisted transfer

The best transfer method will be mutually agreed upon at the time of purchase.

6.2 SERVICER TO SERVICER TRANSFERS

Servicer to Servicer transfers are the Stronghill Capital preferred method.

If at the time of purchase the loans are currently serviced by a sub-servicer (“Current Servicer”), that servicer is responsible for providing loan boarding data, loan document images, and an updated payment history to the Stronghill Capital sub-servicer (“New Servicer”). Specific servicing transfer instructions will be provided by the New Servicer.

If the loans are currently serviced by the Seller, and the Seller’s servicing system can provide the required servicing data and images to the new servicer, then the Servicer-to-Servicer transfer process will apply.

Stronghill Capital will coordinate the transfer process with the Seller, the Current Servicer, and the New Servicer.

TRANSFER TIMELINE	TRANSFER DELIVERABLE
Prior to Sale of First Loan to Stronghill Capital	<ul style="list-style-type: none">• Stronghill Capital Servicing Team and Seller have an initial servicing call
Loan Purchase Date	<ul style="list-style-type: none">• Stronghill Capital purchases loan from Seller• The Purchase Advice is generated. The Purchase Advice identifies the New Servicer Name, New Loan Number and Servicing Transfer Date• The Current Servicer continues their interim servicing responsibilities
5 Days After the Purchase Date	<ul style="list-style-type: none">• The Current Servicer completes the MERS transfer
20 Days Prior to Transfer Date	<ul style="list-style-type: none">• The Current Servicer submits a sample Goodbye Letter to Stronghill Capital and the New Servicer• The Current Servicer provides preliminary servicing transfer data and images to the New Servicer
15 Days Prior to Transfer Date	<ul style="list-style-type: none">• The Current Servicer mails the approved Goodbye Letter
Servicing Transfer Date	<ul style="list-style-type: none">• The Current Servicer provides final servicing transfer data and images to the New Servicer• The Current Servicer sends escrow funds to the New Servicer• The New Servicer begins their servicing responsibilities
Within 15 Days After Transfer Date	<ul style="list-style-type: none">• The New Servicer mails their Welcome Letter

6.2.1 SERVICER TO SERVICER TRANSFERS – ESCROW

The Current Servicer is responsible for paying all taxes and insurance due prior to the servicing transfer date and for the 30 days following the transfer date. The Current Servicer must take advantage of any early payment discounts.

The Current Servicer will be responsible for the payment of any penalty and/or interest assessed due to non-payment or due to failure to forward tax or insurance bills to the New Servicer timely.

Penalties or interest incurred by the New Servicer due to Current Servicer's failure to pay tax or insurance disbursements as described above, may be billed back to the Seller.

The Current Servicer will transfer the remaining escrow funds to the New Servicer on the Servicing Transfer Date.

6.2.2 SERVICER TO SERVICER TRANSFERS – PAYMENTS RECEIVED AFTER THE TRANSFER DATE

The Current Servicer is responsible for collecting any payments that are due to them during the interim servicing period. The Current Servicer must stop collection efforts after the servicing transfer date.

If the Current Servicer receives a payment after the transfer date, they must forward the payment on to the New Servicer within 48 hours. Payments can be forwarded by wire or by check.

6.2.3 SERVICER TO SERVICER TRANSFERS – FORCE PLACED INSURANCE

If Force Placed Insurance is in effect at the time of servicing transfer, the Current Servicer will include in their transfer data a report of the Force Placed Insurance including the amount and date of the last disbursement.

The Current Servicer will cancel the policy on the transfer date.

6.3 STRONGHILL CAPITAL ASSISTED TRANSFERS

If the loans are currently serviced by the Seller, and the Seller's operating system cannot accommodate a servicing transfer, Stronghill Capital can assist with the transfer requirements. Contact the Stronghill Capital Servicing Team for the special arrangements with this process. **This does not relieve the Seller of the interim servicing obligations.**

6.3.1 STRONGHILL CAPITAL ASSISTED TRANSFERS - ESCROW

Escrow funds based on the scheduled purchase balance will be netted by Stronghill Capital at the time of purchase. The netted amount will be included on the Purchase Advice.

The Seller is responsible for paying all taxes and insurance due prior to the servicing transfer date and for the 30 days following the transfer date. The Seller must take advantage of any early payment discounts.

Stronghill Capital recommends that the Seller pay at closing any tax or insurance due within 60 days of the closing date to ensure there is no lapse in payment. If a tax bill or hazard renewal is not available at closing, but is due within 60 days of closing, the Seller should ensure that an adequate escrow deposit is collected at closing.

The Seller will be responsible for the payment of any penalty and/or interest assessed due to non-payment or due to failure to forward tax or insurance bills to the New Servicer timely.

Penalties or interest incurred by the New Servicer due to Seller's failure to pay escrow disbursements as described above, may be billed back to the Seller.

6.3.2 STRONGHILL CAPITAL ASSISTED TRANSFERS – PAYMENTS DUE TO THE SELLER

The Seller is responsible for collecting any payments that are due to them during the interim servicing period. Sellers must stop collection efforts on the servicing transfer date.

Sellers must self-report to Stronghill Capital if payments due to them in the interim servicing period are uncollected (delinquent) at the time of Servicing Transfer. Sellers must self-report to the Stronghill Capital Servicing Team at ServicingTransfers@Stronghill.com no later than five (5) days after the servicing transfer date. The Stronghill Capital Servicing Team will correct the scheduled balance and next due date with the New Servicer.

Sellers who receive a payment due to them after the 5-day self-reporting cutoff must forward the payment on to the New Servicer within 48 hours. Payments can be forwarded by wire or by check.

Stronghill Capital will then process a funding adjustment to reimburse the seller per the new scheduled balance.

For information on where to send the funds, click here to see the [New Servicer Reference Guide](#).

6.3.3 STRONGHILL CAPITAL ASSISTED TRANSFERS - PAYMENTS DUE TO STRONGHILL CAPITAL

All payments and/or curtailments collected by the Seller after the transfer date that are due to Stronghill Capital must be forwarded to the New Servicer within 48 hours of receipt. Payments can be forwarded by wire or by check.

For information on where to send the funds, click here to see the [New Servicer Reference Guide](#).

6.4 NON-SUFFICIENT FUNDS (NSF) PAYMENTS

If a payment due to the Seller is reported as Non-Sufficient Funds (NSF) or returned by the bank after the service transfer, the Seller or Current Servicer must provide supporting documentation and request payment reimbursement from the New Servicer and include the Stronghill Capital Servicing team at ServicingTransfers@Stronghill.com.

For information on where to send the request, click here to see the [New Servicer Reference Guide](#).

6.5 AUTOMATED CLEARING HOUSE (ACH) PAYMENTS

Sellers are strongly encouraged to use the Stronghill Capital Automatic Payment Authorization (ACH) Form at closing to establish automated payments for the borrower. Borrowers may select a draft date within the grace period stated on the Note.

Payment and bank account data along with the imaged ACH enrollment form must be provided to the New Servicer as part of the servicing transfer.

Borrowers may need to make a manual payment if the first payment(s) are due to the Seller.

Borrowers may also contact the New Servicer directly to establish automated payments after the transfer.

A copy of the ACH enrollment form must be included in the closed loan submission package to Stronghill Capital.

Click here to see the [Automatic Payment Authorization \(ACH\) Form](#).

6.6 BORROWER CONTACT CONSENT FORM

Sellers are required to provide accurate borrower contact information to Stronghill Capital. For many borrowers, their preferred method of contact is by email, mobile phone, and text. These forms of communication require special authorization from the borrower.

Sellers are encouraged to incorporate the Stronghill Capital Borrower Contact Consent Form in the borrower's closing package and include the form in the closed loan submission package to Stronghill Capital.

Click here to see the [Borrower Contact Consent Form](#).

6.7 FORWARDING TAX AND INSURANCE BILLS

After the Servicing Transfer Date, the Seller should forward all tax bills, insurance premium renewal notices, and insurance policy documents that they received to the New Servicer within one (1) business day.

For information on where to send trailing tax or insurance documents, click here to see the [New Servicer Reference Guide](#).

6.8 SUPPLEMENTAL TAX BILLS

Supplemental tax bills are the borrower's responsibility to pay. As most supplemental tax bills are mailed only to the borrower and are not escrowed, the New Servicer is not required to track or to pay the supplemental tax bills from the borrower's escrow account.

6.9 FLOOD CERTIFICATES

Stronghill Capital requires Life of Loan Flood Certificates for all first liens. The Stronghill Capital preferred flood certificate provider is CoreLogic Flood Services. A copy of the flood certificate must be included in the closed loan submission package to Stronghill Capital. Any loan requiring Flood Insurance must include: an insurance policy that is in compliance with HFIAA and an escrow/impound account for the insurance premium.

6.10 TAX TRACKING

Stronghill Capital requires fully transferrable and life of loan tax service on each first lien. The Seller should obtain this at closing. The Stronghill Capital required tax vendor is CoreLogic. The Seller must provide the tax certificate number to Stronghill at the time of purchase.

Loans that do not have a life of loan transferrable tax certificate number established will be charged the applicable CoreLogic new certificate set-up fee at the time of Stronghill purchase. For details, see [Section – Fees](#) of this Guide. The fee will be netted by Stronghill Capital at the time of purchase.

6.11 MORTGAGEE CHANGE REQUIREMENTS

The Seller will insure that policies are updated with Its Successors and/or Assigns ISAOA language

- Hazard insurance payee

- Flood insurance payee
- Taxing authority, or the Seller's tax service vendor
- Title insurance policy

6.12 LOSS DRAFT REQUIREMENTS

If a claim is in process prior to the Servicing Transfer Date, the Seller should continue to process the claim. On the Servicing Transfer date, any remaining undisbursed funds and all claim documentation received by the Seller for the claim should be forwarded to the New Servicer.

6.13 YEAR END TAX / IRS REPORTING

The Seller or Current Servicer is responsible for providing 1098 reporting to the mortgagor for the period they serviced the loan.

The New Servicer is responsible for providing 1098 reporting to the mortgagor for the period they serviced the loan.

6.14 PAYOFFS

6.14.1 PAYOFFS PRIOR TO SERVICING TRANSFER

Payoff requests received prior to the Servicing Transfer Date must be provided by the Seller or Current Servicer.

All payoff funds received before the Servicing Transfer Date should be wired within 24 hours to the New Servicer. Notification of payoffs should be sent to: ServicingTransfers@Stronghill.com.

For wire information, click here to see the [New Servicer Reference Guide](#).

6.14.2 PENDING PAYOFFS

If the Seller or Current Servicer has issued a payoff statement prior to the Servicing Transfer Date, then they must provide to the New Servicer a list of accounts with a valid payoff statement pending at the time of servicing transfer. Include the following information:

- Loan Number
- Payoff amount
- Good-through date

Copies of all valid payoff statements issued for which funds have not been received must be provided to the New Servicer.

For information on where to send trailing document images, click here to see the [New Servicer Reference Guide](#).

6.14.3 EARLY PAYOFF (EPO) PREMIUM RECAPTURE

Loans paying off early, as defined in the Seller's Mortgage Loan Purchase Agreement, will be subject to Premium Recapture.

CH. 7 NON-AGENCY JUMBO

7.1 PRODUCT MATRICES

(See attached Loan Matrices Document)

7.2 ELIGIBLE PRODUCTS

The following loan products are eligible for purchase by Stronghill:

Product	Index	Caps	
15 YR FIXED	NA	NA	
30 YR FIXED	NA	NA	
5/6 ARM	30-day average of SOFR	2/1/5	
7/6 ARM	30-day average of SOFR	5/1/5	
10/6 ARM	30-day average of SOFR	5/1/5	
Additional ARM Criteria			
Adjustment Reset Period	Lookback Period	Margin	Floor
6-months	45-days	See Rate Sheet	Margin

7.3 QUALIFYING PAYMENT

The qualifying payment is based upon the principal and interest payment along with 1/12th of the annual real estate taxes, property insurance, any other insurance, and any association dues.

- Fixed rate fully amortizing – The initial note rate.
- ARMS:
 - 5/6 - Higher of the fully indexed or initial note rate plus 2%.
 - 7/6 & 10/6 - Higher of the fully indexed or initial note rate.

7.4 INELIGIBLE PRODUCT TYPES

- Loans with an Interest Only feature
- Loans with balloon payments
- Loans that do not meet the definition of Qualified Mortgage
- Loan Terms in excess of 30 years
- Texas Home Equity 50(a)(6)

7.5 LOAN AMOUNTS

PRIME JUMBO	
Minimum Loan Amounts	
1 Unit	\$726,201
2 Units	\$929,851
3 Units	\$1,123,901
4 Units	\$1,396,801
For Properties in High-Cost Areas, the following apply:	
1 Unit	\$1,089,301
2 Units	\$1,394,776
3 Units	\$1,685,851
4 Units	\$2,095,201

7.6 MINIMUM CREDIT SCORE

PRIME JUMBO
680

7.7 PRIVATE MORTGAGE INSURANCE

Private Mortgage Insurance (PMI) is not required on any loan eligible for sale to Stronghill Capital.

7.8 LOAN DOCUMENTATION

For consumer loan transactions, the current version of the Uniform Residential Loan Application (URLA) should be used. The current mandatory usage date for the revised URLA is March 1, 2021. All loan applications taken on or after that date should use the new form.

Available Fannie Mae® security instruments, notes, riders/addenda, and special purpose documents can be used for owner-occupied or investment property loan documentation. The Fannie Mae® forms are available at <https://singlefamily.fanniemae.com/selling-and-servicing-guide-forms-and-communications>. Fannie Mae® documents may also be accessed from a document vendor, such as Doc Magic or Ellie Mae.

7.9 AGE OF DOCUMENT REQUIREMENTS

7.9.1 CREDIT REVIEW DOCUMENTATION

The following documents may not be more than 90 days old at closing (the date the Note is signed):

- Income verification / pay stubs
- Mortgage /rental verification
- Asset documents / bank statements

The following documents may not be more than 120 days old at closing (the date the Note is signed):

- Credit Report
- Title commitment / preliminary report / binder

Any credit review documents exceeding these timeframes must be updated.

7.9.2 APPRAISAL

The appraisal must be dated within 120 days of the Note date. An appraisal exceeding 120 days is not eligible and a new appraisal is required.

7.9.3 CLARIFICATION

It may be necessary for the applicant to explain or clarify information provided on the application or for a third-party to clarify information provided on a verification request form. This should be completed in writing and included in the underwriting file.

7.9.4 LOAN SEASONING

Loans seasoned beyond the second scheduled payment date due from the borrower are ineligible. Stronghill may, at its sole discretion, make exceptions regarding loan seasoning.

7.10 BORROWER ELIGIBILITY

7.10.1 RESIDENCY

US CITIZEN

Eligible without guideline restrictions.

PERMANENT RESIDENT ALIEN

An alien admitted to the United States as a lawful permanent resident. Lawful permanent residents are legally accorded the privilege of residing permanently in the United States.

- Acceptable evidence of permanent residency include the following:
 - Alien Registration Receipt Card I-151 (referred to as a green card).

- Alien Registration Receipt Card I-551 (Resident Alien Card) that does not have an expiration date on the back (also known as a green card).
- Alien Registration Receipt Card I-551 (Conditional Resident Alien Card) that has an expiration date on the back and is accompanied by a copy of the filed INS Form I-751 (petition to remove conditions).
- Non-expired foreign passport that contains a non-expired stamp (valid for a minimum of three years) reading “Processed for I-551 Temporary Evidence of Lawful Admission for Permanent Residence. Valid until [mm-dd-yy]. Employment Authorized.”
- Eligible without guideline restrictions.

NON-PERMANENT RESIDENT ALIEN

An alien admitted to the United States as a lawful temporary resident. Lawful non-permanent residents are legally accorded the privilege of residing temporarily in the United States.

- Legal Status Documentation
 - Visa types allowed: E-1, E-2, E-3, EB-5, G-1 through G-5, H-1, L-1, NATO, O-1, R-1, TN NAFTA.
 - Visa must be current. If the visa will expire within six (6) months following the close date, additional documentation is required: evidence that the proper extension steps have been followed per the USCIS website, along with proof of payment receipt and proof that the extension was done in the timeframe required by USCIS.
 - When applicable, a valid Employment Authorization Document (EAD) is required for US employment if borrower is not sponsored by a current employer. If the visa will expire within six (6) months of loan application, it is acceptable to obtain a letter from the employer documenting the borrower’s continued employment and continued visa renewal sponsorship. The employer on the loan application must be the same as on the unexpired visa.
- Credit and Income requirements:
 - Must have a valid Social Security Number.
 - Must have a minimum two (2) year U.S. credit history.
 - Must have a minimum of two (2) year employment history with a U.S. based employer. Income for qualifying purposes must be from the U.S.
 - Two years of U.S. tax returns required
 - Must have an established asset base in the U.S. for at least two (2) years. Funds from outside the U.S. are not acceptable.
- Any borrower not meeting the above criteria is not eligible.

7.10.2 NON-OCCUPANT CO-BORROWERS

Non-occupant co-borrowers are not allowed.

7.10.3 FIRST TIME HOME BUYERS

An individual is to be considered a first-time home buyer who (1) is purchasing the security property; (2) will reside in the security property as a principal residence; and (3) had no ownership interest (sole or joint) in a residential property during the three-year period preceding the date of the purchase of the security property. In addition, an individual who is a displaced homemaker or single parent also will be considered a first-time home buyer if he or

she had no ownership interest in a principal residence (other than a joint ownership interest with a spouse) during the preceding three-year time period.

The following requirements apply to first-time homebuyer transactions:

- Primary residence only.
- 12-month rental history is required, reflecting 0x30.
- Minimum 5% contribution from the borrower's own funds.
- Payment shock should not exceed 300% of the borrower's current housing payment unless the DTI is less than or equal to 36%. If payment shock exceeds this limit, the underwriter must provide justification of the borrower's ability to handle the increased payment.

Payment Shock = (Proposed Housing Payment / Present Housing Payment) * 100

7.10.4 INELIGIBLE BORROWERS

- Irrevocable Trust
- Land Trust
- Blind Trust
- Borrowers with diplomatic immunity or otherwise excluded from US jurisdiction
- Not-for-profit entity
- Any material parties (company or individual) to the transaction listed on HUD's Limited Denial of Participation (LDP) list, the federal General Services Administration (GSA) Excluded Party list, or any other exclusionary list.

7.10.5 TITLE VESTING AND OWNERSHIP

Ownership must be fee simple title. Title must be in the borrower's name (Owner-occupied property) at the time of application for refinance transactions.

Eligible forms of vesting are:

- Individuals
- Joint tenants
- Tenants in common
- Inter vivos revocable trust

Ineligible forms of vesting are:

- Land Trusts
- Blind Trusts
- IRA's

Title vesting in an inter vivos revocable trust is permitted when the requirements set forth in this section are followed. The Fannie Mae® requirements should be followed to the extent this section is silent.

The trust must be established by one or more natural persons, solely or jointly. The primary beneficiary of the trust must be the individual(s) establishing the trust. The trust must become effective during the lifetime of the person establishing the trust. If the trust is established jointly, there may be more than one primary beneficiary as long as the income or assets of at least one of the individuals establishing the trust will be used to qualify for the mortgage.

The trustee must include either:

- The individual establishing the trust (or at least one of the individuals, if two (2) or more).
- An institutional trustee that customarily performs trust functions in and is authorized to act as trustee under the laws of, the applicable state.

The trustee must have the power to hold the title, and mortgage the property. This must be specified in the trust. One or more of the parties establishing the trust must use personal income or assets to qualify for the mortgage.

The following documentation is required:

- If the trust was created under California law, a fully executed Certificate of Trust under Section 18100.5 of the California Probate Code.
- If the trust was created under the laws of a state other than California:
 - Attorney's Opinion Letter from the borrower's attorney or Certificate of Trust verifying all the following:
 - The trust is revocable.
 - The borrower is the settler of the trust and the beneficiary of the trust.
 - The trust assets may be used as collateral for a loan.
 - The trustee is:
 - Duly qualified under applicable law to serve as trustee.
 - The borrower.

- The settler.
- Fully authorized under the trust documents and applicable law to pledge, or otherwise encumber the trust assets.

7.10.6 OCCUPANCY CERTIFICATE

The file should contain an [Occupancy Certificate](#) similar to the exhibit in the forms section.

7.11 TRANSACTION TYPES

7.11.1 ELIGIBLE TRANSACTIONS

PURCHASE

- Proceeds from the transaction are used to finance the acquisition of the subject property.
- LTV/CLTV is based upon the lesser of the sales price or appraised value.
- The loan file must include a fully executed agreement (purchase contract) of sale and counteroffer (if applicable) reflecting the following:
 - The purchase contract cannot be expired
 - Borrower as the purchaser of the property
 - Seller as the vested owner on title
 - Correct sales price
 - Amount of down payment
 - Closing dates
 - Concessions and seller contributions

RATE/TERM REFINANCE

Proceeds from the transaction are used to:

- Pay off an existing first mortgage loan and any subordinate loan used to acquire the property.
- Pay off any subordinate loan not used in the acquisition of the subject property, provided one of the following apply:
 - Closed-end loan, at least 12 months of seasoning has occurred.
 - HELOC, at least 12 months of seasoning has occurred, and total draws over the past 12 months are less than \$2,000. (For business purpose transactions, any draw over the life of the loan may not have been used for personal use. Business purpose transactions will require a draw history schedule, along with an attestation from the

borrower, in the credit file, that none of the advances were used for personal/consumer use).

- Buy out a co-owner pursuant to an agreement.
- Pay off an installment land contract executed more than 12 months from the loan application date.

Other considerations:

- Cash back in an amount not to exceed the lesser of 2% of the new loan amount or \$5,000 can be included in the transaction.
- LTV/CLTV is based upon the appraised value.
- Refinance of a previous loan that provided cash out, as measured from the previous note date to the application date, and is seasoned less than 12 months, will be considered a cash out refinance.

CASH-OUT

- A refinance that does not meet the definition of a rate/term transaction is considered cash-out.
- See Loan/LTV Matrix for maximum cash-out amounts and restrictions.
- A mortgage secured by a property currently owned free and clear is considered cash-out.
- The payoff of delinquent real estate taxes (60 days or more past due) is considered cash-out.
- Cash-out not eligible to satisfy the reserve requirements for the transaction.
- A letter explaining the use of loan proceeds is required for all transactions.
- Loans not eligible for cash-out:
 - Properties listed for sale in the past six (6) months.
 - There has been a prior cash-out within the past six (6) months.
 - Land Contract/Contract for Deed.
 - Loans secured by property located in the following States: HI & TX.
 - Loan secured by a condominium in the State of FL limited to max LTV: 65%
- Cash-Out Seasoning is defined as the difference between application date of the new loan and the property acquisition date.
 - For properties owned 12 months or longer, the LTV/CLV is based upon the appraised value.
 - If the cash-out seasoning is less than 12 months, but greater than 6 months, the transaction property value is limited to the lower of the current appraised value or the property's purchase price plus documented improvements.
 - Cash-out seasoning of less than six (6) months is not allowed.

DELAYED FINANCING

- Delayed purchase financing is eligible when a property was purchased by a borrower for cash within 90 days of the loan application.
 - The source of funds for the purchase transaction are documented (such as bank statements, personal loan documents, or a HELOC on another property).
 - The maximum LTV/CLTV ratio for the transaction is based upon the lower of the current appraised value or the property's purchase price plus documented improvements.

- The preliminary title search or report must confirm that there are no existing liens on the subject property
- The transaction is considered cash-out, cash-out pricing adjustments apply
- The new loan amount can be no more than the actual documented amount of the borrower's initial investment subject to the maximum LTV/CLTV for cash-out transactions.

7.11.2 LISTING SEASONING

For all cash-out refinances, properties previously listed for sale must be seasoned at least six months from the listing contract expiration date to the loan application date.

7.11.3 NON-ARM'S LENGTH TRANSACTION

NON-ARM'S LENGTH TRANSACTION

A non-arm's length transaction occurs when the borrower has a direct relationship or business affiliation with subject property builder, developer, or seller. Examples of non-arm's length transactions include family sales, property in an estate, employer/employee sales, and flip transactions.

When the property seller is a corporation, partnership, or any other business entity, it must be ensured that the borrower is not an owner of the business entity selling the property.

A non-arm's length transaction is not intended to bail out a family member who has had difficulties making their mortgage payment. A thorough review of the title report in these cases is required, as well as the payment history pattern (verification of the Seller's mortgage (VOM)).

INTERESTED PARTY TRANSACTION

A Conflict-Of-Interest Transaction occurs when the borrower has an affiliation or relationship with the Mortgage Broker, Loan Officer, Real Estate Broker or Agent, or any other interested party to the transaction.

In the case of the Mortgage Broker, Loan Officer, or Real Estate Broker/Agent, extra due diligence must be exercised. For example, the Seller's real estate agent for the subject property may not act as the loan officer for the borrower(s) purchasing the same subject property. An examination of the relationship among the Mortgage Broker, Title/Escrow Companies, Appraiser and any other party to the transaction must be closely examined. A Letter of Explanation regarding the relationship between the parties is required.

ELIGIBLE NON-ARM'S LENGTH AND INTERESTED PARTY TRANSACTIONS

- Buyer(s)/Borrower(s) representing themselves as agent in real estate transaction.

- Commission earned by buyer/borrower cannot be used for down payment, closing costs, or monthly PITIA reserves.
- Seller(s) representing themselves as agent in real estate transaction.
- Renter(s) purchasing from landlord.
 - 24 months of cancelled checks to prove timely payments are required.
 - A verification of rent (VOR) is not acceptable.
- Purchase between family members.
 - Full documentation only.
 - Gift of Equity not eligible.
 - Must provide a 12-month mortgage history on the existing mortgage securing the subject property, confirming the Family Sale is not a foreclosure bailout.

NON-ARM'S LENGTH AND INTERESTED PARTY RESTRICTIONS

- Primary residences only.
- Borrower to provide a cancelled check verifying the earnest money deposit.
- Maximum LTV/CLTV of 80%.
- For-Sale-By-Owner (FSBO) transactions must be arm's-length.
- Employer to employee sales or transfers are not allowed.
- Property trades between buyer and Seller are not allowed.

7.11.4 INTERESTED PARTY CONTRIBUTIONS (SELLER CONCESSIONS)

OWNER OCCUPIED

- Maximum contribution: 6%

NON-OWNER OCCUPIED

- Maximum contribution: 2%

All Interested Party Contributions must be properly disclosed in the sales contract, appraisal, loan estimate and closing disclosure and be compliant with applicable federal, state, and local law.

Interested party contributions include funds contributed by the property seller, builder, buying or selling real estate agent/broker, mortgage lender, or their affiliates, or any other party with an interest in the real estate transaction.

Interested party contributions may only be used for closing costs and prepaid expenses (Financing Concessions) and may never be applied to any portion of the down payment or contributed to the borrower's financial reserve requirements. If an Interested Party Contribution is present, both the appraised value and sales price must be reduced by the concession amount that exceeds the limits referenced above.

7.11.5 ESCROW – IMPOUND ACCOUNTS

Escrow funds/impound accounts may be established for funds collected by the seller, originator or servicer as required to be paid under the security instrument. Escrow funds include, but are not limited to, taxes, insurance (hazard, flood, and mortgage) premiums, ground rents, or water/sewer taxes. If flood insurance is required, an escrow account must be established for the flood insurance premium.

7.11.6 SECONDARY FINANCING

Secondary financing must be institutional. Sellers must employ reasonable underwriting policies and procedures designed to determine whether the borrower has applied for another credit transaction secured by the same dwelling. Existing secondary financing must be subordinated and recorded or refinanced. HELOC CLTV must be calculated at the maximum available line amount unless the borrower can provide documentation showing the line of credit is past its draw period.

7.12 CREDIT

Credit can be defined as the relative expectation of performance given the characteristics of the loan. A borrower(s) past repayment pattern of financial obligations is one component of determining willingness to repay future obligations. In addition to repayment history, the credit report should be reviewed for the number of open accounts, length of credit history, utilization, types of accounts, inquiries, and newly opened accounts.

7.12.1 CREDIT REQUIREMENTS

The loan file must be manually underwritten using the Credit (Chapter B3-5) and Liability (Chapter B3-6) criteria from the FNMA Seller Guide dated 6/03/2020, with the exception of the following overlays.

7.12.2 CREDIT REPORTS

A credit report is required for each individual borrower, including any member of an entity providing a personal guaranty. The credit report should provide merged credit data from the three major credit repositories: Experian, TransUnion, and Equifax. Either a three-bureau merged report, or a Residential Mortgage Credit Report is required.

- The credit report used to evaluate a loan may not reflect a security freeze. If the borrower(s) unfreeze credit after the date of the original credit report, a new tri-merged report must be obtained to reflect current and updated information from all repositories.
- Inquiries: Recent inquiries within 90 days of the credit report date must be explained by the borrower.

7.12.3 GAP CREDIT

Gap credit: A gap credit or Undisclosed Debt Monitoring report is required no more than 10 days prior to loan closing or any time after closing. Any new debt must be included in determining the DTI ratio.

7.12.4 LOAN INTEGRITY AND FRAUD CHECK

Data integrity is crucial to quality loan file delivery and mitigation of fraud risk. All parties to the transaction (Borrower(s), Seller(s), Broker, Loan Officer, and Real Estate Agent(s) must be included in the fraud analysis performed by an automated fraud and data check vendor solution (i.e., Fraud Guard, CoreLogic, DataVerify, TransUnion TLOxp, LexisNexis: SmartLinx, Instant ID, or other industry recognized fraud and data vendor). A copy of the findings report from the vendor must be provided in the loan file with all “high” alerts, or “red flags” addressed and/or cleared by the seller (lender).

Sellers may clear “high” alerts or “red flags” directly through the vendor solution or with an attestation. The attestation must address each “high” alert, or “red flag” noted in the fraud report. Stronghill may request additional documentation to address high fraud risk.

7.12.5 CREDIT INQUIRIES

Creditor must obtain verification from borrower in the form of a signed statement attesting that their current obligations are accurate. Additionally, any credit inquiries listed on the report within 90 days of the report date must be explained. If new credit was extended, borrowers must provide documentation on the current balance and payment. If no credit was extended, borrower must state the purpose of the inquiry. Sellers must inform borrowers that they are obligated to inform the Seller of any new extension of credit, whether unsecured or secured, that takes place during the underwriting process and up to the consummation of the loan.

7.12.6 HOUSING HISTORY

MORTGAGE/RENTAL VERIFICATION

A current mortgage/rental history, for the most recent 24-month period, is required for all Stronghill programs. Current means the borrower has made all mortgage payments due in the month prior to the note date. If the credit report does not reflect the current payment history, one of the following additional documents is required:

- A loan payment history from the servicer or third-party verification service,
- A payoff statement (for mortgages being refinanced),
- The latest mortgage account statement from the borrower, or
- A verification of mortgage.

If a borrower's mortgage or rental history is not reported on the credit report, alternative documentation showing the most recent 24-month history (cancelled checks, mortgage/rental statements including payment history, etc.) must be provided. A VOM/VOR completed by a private-party Seller, or any non-institutional lender must be supported by cancelled checks. A borrower's combined mortgage/rental history is used for program or grade eligibility.

For properties owned free and clear, a property profile report or similar document showing no lien against the property should be provided in the credit file. Any balloon notes with an expired maturity date exceeding 30 days requires an extension to avoid being counted as delinquent.

LIVING RENT FREE

Borrowers who live rent-free or without a complete 24-month housing history are allowed, with the following restrictions:

- Primary residence only.
- Minimum 5% borrower contribution required.
- Demonstrate an ability to accumulate savings to offset payment shock.
- Rent free period resulting from the sale of a previous primary residence within 90-days of loan application date not subject to restrictions.

LAWSUITS

Any borrower that is a party to a lawsuit is ineligible.

7.12.7 BANKRUPTCY HISTORY

Recent bankruptcies are not allowed. All bankruptcies must be settled a minimum of 84 months. Evidence of bankruptcy resolution is required. The length of time is measured from the discharge/dismissal date to the Note date.

7.12.8 FORECLOSURE SEASONING

Foreclosures must be completed a minimum of 84 months. The length of time is measured from the settlement date to the Note date. In the case of a foreclosure which was included in a bankruptcy, the seasoning timeline will start from the earlier of the date of discharge of bankruptcy and the foreclosure completion date.

7.12.9 SHORT SALE / DEED-IN-LIEU SEASONING

Short Sales and Deeds-in-Lieu of Foreclosures must be completed a minimum of 84 months.

In the case of a short sale/deed-in-lieu which was included in a bankruptcy, the seasoning timeline will start from the earlier of the date of discharge of bankruptcy and the short sale/deed-in-lieu completion date.

7.12.10 FORBEARANCE, MODIFICATION, OR DEFERRALS

Forbearance, loan modifications, or deferrals are treated as a short sale / deed-in-lieu for eligibility and pricing purposes. This includes any loan in forbearance or a deferral due to COVID-19. Any loan payment history that appears to reflect the above may require additional documentation, such as canceled checks or bank statements to show payments were made.

7.12.11 CREDIT SCORE

Loan eligibility is based upon the representative credit score, also referred to as the Decision Credit score. A valid Decision Credit score requires at least one (1) borrower to have a minimum of two (2) credit scores. To determine a borrower(s) credit score use the lower of two (2) or middle of (3) credit scores. For loan files with multiple borrowers, use the lowest decision score amongst all the borrowers.

7.12.12 TRADELINES

STANDARD TRADELINES

For All Programs:

- At least three (3) tradelines reporting for a minimum of 24 months, with activity in the last 12 months; or
- At least one (1) mortgage reporting for 12 months and three (3) trades reporting open/closed in the past 12 months.

Borrowers who do not meet one of the above tradeline requirements, but have a minimum of two credit scores, can alternatively satisfy the tradeline requirement by meeting the below requirements:

- No fewer than eight (8) tradelines are reporting, one (1) of which must be a mortgage or a rental history.
- At least one (1) tradeline has been open and reporting for a minimum of twelve (12) months.
- The borrower has an established credit history for at least eight (8) years.
- Tradelines with recent serious adverse history are not acceptable.
- Student loans can be counted in credit depth as long as they are in repayment and not being deferred.

The following are not acceptable to be counted as tradelines:

- “non-traditional” credit as defined by Fannie Mae®
- any liabilities in deferment status
- accounts discharged through bankruptcy
- authorized user accounts
- charge-offs
- collection accounts
- foreclosures
- deed-in-lieu of foreclosure
- short sales
- pre-foreclosure sales

7.13 ASSETS

The following apply to all transactions unless otherwise stated.

7.13.1 ASSET REQUIREMENTS

Sufficient funds for down payment, closing costs, and reserves are required to be documented in each credit file. The documentation must cover a minimum two-month time period.

7.13.2 ASSET DOCUMENTATION

Assets must be documented based upon the FNMA Seller Guide dated 6/03/2020, Chapter B3-4 with the exception of the following overlays:

- Business funds may be used for down payment and closing costs. The borrower must be listed as an owner of the account, and the account needs to be verified according to the above requirements.
- Business funds are not eligible to satisfy reserve requirements.
- If business funds are used, the borrower must be the sole proprietor or 100% owner of the business.
- A cash flow analysis must be performed showing the transaction will not have a negative impact on the business.

7.13.3 DOWN PAYMENT

Sellers must require that the borrower state the source of the down payment and provide verification. If the Seller determines that the source of the down payment is another extension of credit, the Seller must then consider that loan as simultaneous secondary financing. Refer to the [Secondary Financing](#) section above.

7.13.4 RESERVES

- The Stronghill loan program requires minimum reserves as outlined on the Stronghill Product matrices.
- Proceeds from a cash-out transaction not eligible for reserves.
- Business assets cannot be used as reserves.
- For Adjustable-Rate Mortgages (ARM), the reserves are based upon the initial PITIA, not the qualifying payment.
- Proceeds from a 1031 Exchange cannot be used to meet reserve requirements.

7.13.5 GIFT FUNDS

Gifts of equity are ineligible. Gift Funds are acceptable if ONE of the following applies:

- 1) For Owner-occupied properties a 5% down payment has been made by the borrower from their own funds.
- 2) For Investment properties, a minimum of 10% of the down payment must be made by the borrower from their own funds.

ELIGIBLE DONORS AND DOCUMENTATION

Per current FNMA Seller Guide.

7.13.6 INELIGIBLE FUNDS

The following funds are not eligible sources for down payment, closing costs, and reserves:

- Cash-on-hand.
- Cryptocurrency.
- Sweat equity.
- Gift or Grant funds which must be repaid.
- Down payment assistance programs.
- Unsecured loans or cash advances.

7.14 INCOME

7.14.1 INCOME ANALYSIS

INCOME WORKSHEET

The loan file must include an income worksheet detailing income calculations. Income analysis for borrowers with multiple businesses must show income/loss details for each business separately, not in aggregate.

EMPLOYMENT / INCOME VERIFICATION

- A minimum two (2) year employment history is required to be documented on the loan application (1003). When the borrower has less than a two-year history of employment, the Seller must provide a written analysis to justify the stability of the income used to qualify the borrower.
- Any gaps in employment that span one or more months must be explained.
- Salary/Wage Earner – income derived from employment at a business. Compensation may be based upon a salary, hourly wage, bonus, commission, or overtime.
- Any borrower with a 25% or greater ownership interest in a business/entity or is paid using IRS form 1099 is considered self-employed.
- The following are common business structures:
 - Sole proprietorship
 - Limit Liability Company (LLC)
 - Partnerships
 - S-Corporation
- Corporation
- If any borrower is no longer employed in the position disclosed on the Form 1003 at the Stronghill purchase date, Stronghill will not purchase the loan.

7.14.2 DEBT-TO-INCOME (DTI) RATIO

Maximum DTI Ratio

- All transactions – 45%, if > 43% Rate Spread Safe harbor and Verification Safe Harbor must be satisfied.

The DTI ratio consists of two components:

- 1) Total monthly debt obligations, which includes the qualifying payment for the subject property mortgage loan and other long-term and significant short-term monthly debts.
- 2) Total monthly income of all borrowers, to the extent the income is used to qualify for the mortgage.

The subject property mortgage loan is defined as the borrower's housing payment and includes PITIA and/or principal and interest on any subordinate lien financing.

The property taxes, Homeowner's Insurance (HOI), Flood Insurance, and HOA dues of a primary residence that is owned free and clear will be considered in the borrower's housing history Grade determination and must remain current throughout the transaction.

7.14.3 IRS DOCUMENTATION

IRS FORM 4506-T OR 4506-C

A signed IRS Form 4506-T or 4506-C is required in every file for each borrower whose income is used to qualify for the loan. See specific income documentation type if transcripts are required. If the transcript request is returned with a code 10, or the borrower is a victim of taxpayer identification theft, the following must be provided to validate income:

- A copy of the IRS rejection with a code of "Unable to Process" or "Limitation".
- Proof of identification theft, as evidenced by one (1) of the following:
 - Proof that the identification theft was reported to and received by the IRS (IRS Form 14039).
 - A copy of the notification from the IRS alerting the taxpayer to possible identification theft.
- In addition to one (1) of the documents above, if applicable, a Tax Transcript showing fraudulent information.
- Record of Account from the IRS - Adjusted Gross Income and Taxable Income should match the borrower's personal tax return (Form 1040). Validation of prior tax year's income (The income for the current year must be in line with prior years.)

TAXPAYER FIRST ACT

The Taxpayer First Act includes a provision that persons receiving tax return information must obtain the express permission of taxpayers prior to disclosing that tax return information to any other person. "Tax return information" is defined under the IRS Code, 26 U.S.C. § 6103.

Therefore, if a Seller or servicer obtains tax return information during the origination or servicing of a mortgage loan, the Seller or servicer must obtain express consent from the taxpayer to be able to share the tax information with another party. Such sharing would extend to actual or potential owners of the loan, such as Stronghill or any other loan participant.

To ensure compliance with the law, the [Taxpayer Consent Form](#) has been created. To comply, the Seller must include either the Stronghill version or their own version of the document in all loan files that include tax returns.

7.14.4 FULL DOCUMENTATION

The loan file must be manually underwritten using the Income Documentation Requirements (Chapter B3-3) from the Current FNMA Seller Guide.

INELIGIBLE INCOME SOURCES

- Boarder income
- Educational benefits
- Gambling winnings
- Illegal income such as cannabis
- Mortgage Credit Certificates
- Mortgage Differential Payments
- Refunds of federal, state, or local taxes
- Restricted Stock Units

7.15 PROPERTY ELIGIBILITY

7.15.1 APPRAISALS

APPRAISAL REQUIREMENTS

Stronghill reserves the right to review all valuation reports and determine if the subject property value is supported. Transferred appraisals are not allowed.

Appraisers must meet all industry standards and be State Certified. State Licensed Appraisers and Trainees are not permitted. All real estate appraisals must be performed according to the Uniform Standards of Professional Appraisal Practice (USPAP) and Fannie Mae® guidelines, including Universal Appraisal Dataset (UAD) requirements. Appraisal assignments must be obtained in a manner that maintains appraiser independence and does not unduly influence the appraiser to meet a predetermined value. Stronghill reserves the right to restrict the use of any specific appraiser and/or appraisal management company at its discretion.

Sellers are responsible for reviewing the appraisal report for accuracy, completeness, and its assessment of the marketability of the subject property. The Seller needs to determine that the subject property provides acceptable collateral for the loan. For guidance in the manual review of an appraisal report, see the [Appraisal Review Guide](#).

The age and price of the subject property should fall within the age and price range of properties in the subject neighborhood. Comparable properties should be selected from the same neighborhood when possible. Selection of a comparable outside the subject neighborhood should be addressed within the report. For condominiums, at least one comparable should be from outside the subject project. Ideally, comparable sales should be within six months of the report date. Older comparable sales that are the best indicator of value should be addressed in comments by the appraiser.

A Full Interior/Exterior appraisal report, including color photographs, requires use of one of the following forms depending on the property type:

- Uniform Residential Appraisal Report - Fannie Mae® /Freddie Mac Forms 1004/70
- Small Residential Income Property Report - Fannie Mae® /Freddie Mac Forms 1025/72
- Individual Condominium Unit Appraisal Report - Fannie Mae® /Freddie Mac Forms 1073/465
- Appraisal Update and/or Completion Report - Fannie Mae® /Freddie Mac Forms 1004D/442
- Single Family Comparable Rent Schedule - Fannie Mae® /Freddie Mac Forms 1007/1000

Sellers must order appraisals using one of two processes. The appraisal must either be ordered through an Appraisal Management Company (AMC) that complies with Appraiser Independence Requirements (AIR), or via the correspondent's own AIR-compliant process. The licensed appraiser is required to perform an interior inspection when completing the appraisal report.

The appraisal should be dated no more than 120 days prior to the Note date, after 120 days, a new appraisal report is required.

NOT ELIGIBLE FOR STRONGHILL PURCHASE:

Properties for which the appraisal indicates condition ratings of C5 or C6, or a quality rating of Q6, as determined under the Uniform Appraisal Dataset (UAD) guidelines. Stronghill will consider purchase if the issue has been corrected prior to loan funding and with proper documentation.

SECOND APPRAISAL

A second appraisal is required when any of the following conditions exist:

- The loan balance exceeds \$1,500,000.
- The transaction is a flip as defined in the Property Flipping section of this guide.
- As required under the Appraisal Review Products section of this guide.

When a second appraisal is provided, the transaction's "Appraised Value" will be the lower of the two appraisals. The second appraisal must be from a different company and appraiser than the first appraisal.

APPRAISAL EVALUATION

NEIGHBORHOOD ANALYSIS

- Neighborhood boundaries should be described using the four (4) cardinal directions, streets, waterways, other geographic features, and natural boundaries that define the separation of one neighborhood from another.
- Neighborhood characteristics should be described with types and sizes of structures, architectural styles, current land uses, site sizes, and street patterns or designs.
- Factors that affect value and marketability should be mentioned in as much detail as possible - e.g., proximity of the property to employment and amenities, public transit, employment stability, market history, and environmental considerations.

EXISTING CONSTRUCTION

- If the appraiser reports the existence of minor conditions or deferred maintenance items that do not affect the safety, soundness, or structural integrity of the property, the appraiser may complete the appraisal “as is.” These items must be reflected in the appraiser’s opinion of value.
- When there are incomplete items or conditions that do affect the safety, soundness, or structural integrity of the property, the property must be appraised subject to completion of the specific alterations or repairs. These items can include a partially completed addition or renovation, or physical deficiencies that could affect the safety, soundness, or structural integrity of the improvements, including but not limited to, cracks or settlement in the foundation, water seepage, active roof leaks, curled or cupped roof shingles, or inadequate electrical service or plumbing fixtures. In such cases, the Seller must obtain a certificate of completion from the appraiser before the mortgage is delivered to Stronghill.

SUBJECT SECTION

The appraiser is required to research and identify whether the subject property is currently for sale or if it has been offered for sale in the 12 months prior to the effective date of the appraisal. If the answer is ‘No,’ the data source(s) used must be provided. If the answer is ‘Yes,’ the appraiser must report on each occurrence or listing and provide the following information:

- Offering price(s).
- Offering date(s).
- Data source(s) used.
- For example, if the subject property is currently listed for sale and was previously listed eight months ago, the appraiser must report both offerings.

ACTUAL AND EFFECTIVE AGES

There is no restriction on the actual age of the dwelling. Older dwellings that meet general requirements are acceptable. Improvements for all properties must be of the quality and condition that will be

acceptable to typical purchasers in the subject neighborhood. The relationship between the actual and effective ages of the property is a good indication of its condition. A property that has been well-maintained generally will have an effective age somewhat lower than its actual age. On the other hand, a property that has an effective age higher than its actual age probably has not been well-maintained or might have a specific physical problem. In such cases, the Seller should pay particular attention to the condition of the subject property in its review of any appraisal report. When the appraiser adjusts for the "Year Built," he or she must explain those adjustments.

ACCESSORY UNITS

Stronghill will purchase a one-unit property with an accessory unit. An accessory unit is typically an additional living

area independent of the primary dwelling unit and includes a fully functioning kitchen and bathroom. Some examples may include a living area over a garage and basement units. Whether a property is defined as a one-unit property with an accessory unit or a two-unit property will be based on the characteristics of the property, which may include, but are not limited to, the existence of separate utilities, a unique postal address, and whether the unit is rented. The appraiser is required to provide a description of the accessory unit and analyze any effect it has on the value or marketability of the subject property.

If the property contains an accessory unit, the property is eligible under the following conditions:

- The property is defined as a one-unit property.
- There is only one accessory unit on the property; multiple accessory units are not permitted.
- The appraisal report demonstrates that the improvements are typical for the market through an analysis of at least one comparable property with the same use.
- The borrower qualifies for the mortgage without considering any rental income from the accessory unit.

OUTBUILDINGS

A Seller must give properties with outbuildings special consideration in the appraisal report review to ensure that the property is residential in nature. Descriptions of the outbuildings should be reported in the Improvements and Sales Comparison Approach sections of the appraisal report form.

TYPE OF OUTBUILDING	SUITABILITY
---------------------	-------------

Minimal outbuildings, such as small barns or stables, that have relatively insignificant value in relation to the total appraised value of the subject property	The appraiser must demonstrate, using comparable sales with similar amenities, that the improvements are typical of the residential properties in the subject area for which an active, viable residential market exists.
An atypical minimal building	The property is acceptable provided the appraiser's analysis reflects little or no contributory value for it.
Significant outbuildings, such as silos, large barns, storage areas, or facilities for farm-type animals	The presence of the outbuildings may indicate that the property is agricultural in nature. The Seller must determine whether the property is residential in nature, regardless of whether the appraiser assigns value to the outbuildings.

TRANSFER OF APPRAISAL

An appraisal transfer letter is not acceptable.

APPRAISAL REVIEW REQUIREMENTS

APPRAISAL REVIEW PRODUCTS

An appraisal review product is required on every loan file unless a second appraisal

is obtained. For files requiring an appraisal review product, two (2) options are

available:

- An enhanced desk review product. These are eligible choices:
 - ARR from Pro Teck
 - CDA from Clear Capital
 - ARA from Computershare
- A field review or a second appraisal is acceptable. These may not be from the same appraiser or appraisal company as the original report.

If the enhanced desk review product (ARR, CDA, or ARA) reflects a value more than 10% below the appraised value or cannot provide a validation, the next option would be either a field review or a second appraisal. These must be from a different appraisal company and appraiser than the original appraisal.

7.15.2 DISASTER AREAS

Sellers are responsible for identifying geographic areas impacted by disasters and taking appropriate steps to ensure the subject property has not been adversely affected. The following guidelines apply to properties located in FEMA declared disaster areas, as identified by reviewing the FEMA website at <https://www.fema.gov/disasters>. In addition, when there is knowledge of an adverse event

occurring near and around the subject property location, such as earthquakes, floods, tornadoes, or wildfires, additional due diligence must be used to determine if the disaster guidelines should be followed.

APPRAISAL COMPLETED PRIOR TO DISASTER

An interior and exterior inspection of the subject property, performed by the original appraiser, if possible, is required.

- The appraiser should provide a statement indicating if the subject property is free from any damage, is in the same condition from the previous inspection, and the marketability and value remain the same.
- An Inspection Report must include new photographs of the subject property and street view.
- Any damage must be repaired and re-inspected prior to purchase.

APPRAISALS COMPLETED AFTER DISASTER EVENT

- The appraiser must comment on the adverse event and certify that there has been no change in the valuation.
- Any existing damage noted in the original report must be repaired and re-inspected prior to purchase.

DISASTER EVENT OCCURS AFTER CLOSING BUT PRIOR TO LOAN PURCHASE

A loan is ineligible for purchase until an inspection is obtained using one of the following options:

- A Post Disaster Inspection (PDI) Report from Clear Capital or Damage Assessment Report (DAR) from Pro Teck may be used. Any indication of damage reflected on the report will require a re-inspection by the appraiser.
- The appraiser may perform an inspection (Fannie Mae® Form 1004D) and comment on the event and certify that there has been no change to the value.

The guidelines for disaster areas should be followed for 120 days from the disaster declaration date as published by FEMA. <https://www.fema.gov/disasters/disaster-declarations>

MINIMUM PROPERTY REQUIREMENTS

MINIMUM SQUARE FOOTAGE		
Single Family 700 sq. ft.	Condominiu m 500 sq. ft.	2-4 Units 400 sq. ft per individual unit

All properties must:

- Be improved real property.
- Be accessible and available for year-round residential use.
- Contain a full kitchen and a bathroom.
- Represent the highest and best use of the property.
- Not contain any health or safety issues.

7.15.3 PERSONAL PROPERTY

Any personal property transferred with a real property sale must be deemed to have zero transfer value, as indicated by the sales contract and the appraisal. If any value is associated with the personal property, the sales price and appraised value must be reduced by the personal property value for purposes of calculating the LTV/CLTV/HCLTV.

ESCROW HOLDBACKS

Escrow holdbacks are not allowed. Any repair or maintenance required by the appraiser must be completed prior to loan purchase. Stronghill will not acquire any loan with an escrow holdback.

DECLINING MARKETS

If the trend of property values is downward, a “Declining Market” exists. This requires a 5% LTV reduction from the standard LTV matrix.

SOLAR PANELS

Any fixture that includes a UCC filing associated with the property and/or will create an easement on title is ineligible.

7.15.4 PROPERTY TYPES

ELIGIBLE PROPERTIES

- Single Family Detached
- Single Family Attached
- 2-4 Unit properties
- Fannie Mae® warrantable condos
- Properties of 20 acres or less without any ineligible features

INELIGIBLE PROPERTIES

- Leasehold
- Non-warrantable condos
- Mixed Use properties

- Vacant land or land development properties
- Deed-restricted and resale-restricted properties are ineligible
- Properties not readily accessible by roads that meet local standards
- Properties not suitable for year-round occupancy, regardless of location
- Properties zoned agricultural (including farms, ranches, or orchards)
- Hobby Farms or properties having agricultural features (barns, stables, arena, etc.)
- Properties zoned commercial
- Manufactured or Mobile homes
- Condo-hotels or co-op/timeshare hotels
- Projects that include registration services and offer rentals of units on a daily, weekly, or monthly basis
- Cooperative share loans
- Boarding houses or bed/breakfast properties
- Properties with zoning violations
- Dome or geodesic homes
- Assisted living facilities
- Homes on Native American Land (Reservations)
- Log homes
- Hawaii properties located in lava zones 1 and/or 2
- Houseboats
- Fractional ownership
- Properties used for the cultivation, distribution, manufacture, or sale of marijuana
- Rural property:
 - A property is classified as rural if:
 - The appraiser indicates in the neighborhood section of the report a rural location; or
 - Any two (2) of the following conditions exist:
 - The property is located on a gravel road.
 - Two of the three comparable properties are more than 5 miles from the subject property.
 - Less than 25% of the surrounding area is developed.

7.15.5 ACREAGE LIMITATIONS

- A maximum of 20 acres - Jumbo Achiever program
- No truncating allowed
- No rural property allowed on any program

7.15.6 STATE ELIGIBILITY/GEOGRAPHIC RESTRICTIONS

Jumbo Achiever **Eligible States:**

- Arizona
- Colorado
- Florida
- Idaho
- North Dakota
- South Carolina
- South Dakota
- Texas

TEXAS HOME EQUITY LOANS 50(A)(6)

- Texas 50(a)(6) – not eligible

7.15.7 PROPERTY FLIPPING

A property is considered a “flip” if either of the following are true:

- The price in the borrower’s purchase agreement exceeds the property Seller’s acquisition price by more than 10% if the property Seller acquired the property 90 or fewer days prior to the date of the borrower’s purchase agreement.
- The price in the borrower’s purchase agreement exceeds the property Seller’s acquisition price by more than 20% if the property Seller acquired the property 91-180 days prior to the date of the borrower’s purchase agreement.

If the property is a “flip” as defined above, the following additional requirements apply:

- A second appraisal must be obtained.
- If the loan is subject to Regulation Z, a copy of the second appraisal must be provided to the borrower in compliance with the federal HPML requirements.
- The second appraisal must be dated prior to the loan consummation/note date.
- The property Seller on the purchase contract must be the owner of record.
- Increases in value should be documented with commentary from the appraiser and recent comparable sales.

Sufficient documentation to validate actual cost to construct or renovate (e.g., purchase contracts, plans and specifications, receipts, invoices, lien waivers, etc.) must be provided, if applicable.

7.15.8 LIMITATIONS ON FINANCED PROPERTIES

- Primary Residence – no limits on number of financed properties the borrower owns.
- Second Homes/Investment - a maximum of 6 financed properties including subject loan may be presented for Stronghill loan purchase.

Stronghill’s exposure to a single borrower shall not exceed \$5,000,000 in current unpaid principal balance (UPB) or six (6) properties.

7.15.9 CONDOMINIUMS

Fannie Mae® warrantable projects are eligible, subject to the following:

- The Seller may review and approve Fannie warrantable projects. A certification, similar to [Condominium Project Warranty Certification](#) must be provided with the loan package along with the Condo Questionnaire and any other documents used in the eligibility determination.
- The Fannie Mae® Limited or Full Project Review Process/Criteria may be used to determine project eligibility.
- All Loan secured by condominium projects require a completed Homeowners Association (HOA) questionnaire.
- Any projects with significant deferred maintenance or have received a directive from a regulatory or inspection agency to mark repairs due to unsafe conditions are not eligible for purchase. Significant deferred maintenance includes deficiencies that meet one or more of the following criteria:
 - Full or partial evacuation of the building to complete repairs is required for more than seven days or an unknown period of time
 - The project has deficiencies, defects, substantial damage, or deferred maintenance that
 - is severe enough to affect the safety, soundness, structural integrity, or habitability of the improvements;
 - the improvements need substantial repairs and rehabilitation, including many major components; or
 - impedes the safe and sound functioning of one or more of the building's major structural or mechanical elements, including but not limited to the foundation, roof, load bearing structures, electrical system, HVAC, or plumbing.
- Stronghill Capital will not purchase loans secured by units in any condo project identified by FNMA as "Unavailable" by Condo Project Manager (CPM).
- Non-warrantable projects are not eligible.
- Projects consisting entirely of detached (site) units will not require a project review and are eligible for single- family dwelling LTV/CLTV.
- Two-to-four-unit condominium projects will not require a project review provided the following are met:
 - The project is not a condo hotel, houseboat, or timeshare or segmented-ownership project.
 - The priority of common expense assessments applies.
 - The standard insurance requirements apply.

Restrictions: The following criteria applies to any loan secured by a condominium:

- The maximum LTV/CLTV is the lower of 75% or the current matrix.

- Stronghill's project exposure maximum shall be \$5,000,000 or 15% of the project total, whichever is lower.
- The borrower project/unit concentration limit: two (2) units.

GENERAL PROJECT CRITERIA

- Project has been created and exists in full compliance with applicable local jurisdiction, State, and all other applicable laws and regulations.
- Project meets all Fannie Mae® insurance requirements for property, liability, and fidelity coverage.
- Borrower must carry HO-6 coverage for replacement of such items as flooring, wall covering, cabinets, fixtures, built-ins, and any improvements made to the unit.
- Seller must confirm that the project documents do not give a unit owner or any other party priority over the rights of the first mortgagee.
- Projects that are Fannie Mae® Warrantable may be reviewed and approved by Seller Underwriter. A Representation and Warranty certification from the Seller Underwriter stating that the project meets the requirements of a Fannie Mae® Warrantable Project, such as the [Condominium Project Warranty Certification](#), must be provided with the loan package to avoid a Stronghill project review and associated expense.

INELIGIBLE PROJECTS

- A project subject to the rules and regulations of the US Securities and Exchange Commission.
- Condominium Hotel – Condotel
 - A condominium project in which any unit owner or the homeowners' association is a party to a revenue-sharing agreement with either the developer or another third-party entity.
 - A condominium project where the unit is not the lessee's residence.
 - Projects that are managed and operated as a hotel or motel, even though the units are individually owned.
 - Projects with names that include the words "hotel," "motel," "resort," or "lodge."
 - A project that includes registration services and offers rentals of units on a daily, weekly, or monthly basis.
 - Hotel or motel conversions (or conversions of other similar transient properties.)
- Resort type of project.
- Timeshare or projects that restrict the owner's ability to occupy the unit.
- A new condo conversion completed less than 2 years ago.
- Houseboat project.
- Manufactured home projects.
- Assisted living facilities or any project where the unit owner's contract includes a lifetime commitment from the facility to care for the unit owner regardless of future health or housing needs.
- Any project in which a single entity owns more than 25% of the total number of units. In projects that have 5-19 units, one owner can own a maximum of two units.
- Multi-family units where a single deed conveys ownership of more than one, or all of the units.

- A project in which more than 50% of the total square footage in the project, or in the building that the project is located in, is used for non-residential purposes.
- A common-interest apartment
 - A project in which individuals have an undivided interest in a residential apartment building and land and have the right of exclusive occupancy of a specific apartment unit in the building.
 - The project or building is often owned by several owners as tenants-in-common or by a homeowners' association.
- Fragmented or segmented ownership
 - Ownership is limited to a specific period on a recurring basis (i.e., timeshare).
- Any project where the developer (or its affiliates) owns the Common and/or Limited Elements and leases the elements back to the HOA.
- Any project that has non-conforming zoning (can't be rebuilt to current density).
- Project units sold with excessive Seller contributions that may affect the value of the subject property.
- Any project that requires Private Transfer Fees as a part of the transaction, and those fees do not benefit the association.
- Any project in litigation, arbitration, mediation, or other dispute regarding safety, soundness, or habitability
- Any project with adverse environmental issue(s) involving safety, soundness, or habitability.
- Projects that are not well-managed or in poor physical or financial condition. This might include excessive special assessments, low reserves, or neglected repairs.

7.15.10 LOAN EXCEPTIONS

Exceptions to published eligibility criteria will be considered on a case-by-case basis and may be subject to an additional review fee and price adjustment.

CH. 8 APPENDIX: GLOSSARY

8.1 TERMS AND DEFINITIONS

TERM	DEFINITION
Adjustable-Rate Mortgage (ARM)	A mortgage loan that permits the lender to periodically adjust the interest rate on the basis of changes in a specified index.
Allonge	An attachment to a legal document that is used to insert language or signatures when there is no space for them on the document itself. Frequently used to add endorsements to the mortgage note.
American Land Title Association (ALTA)	A national association of title insurance companies, abstractors, and title agents. The association speaks for the abstract and title insurance industry and establishes standard procedures and title policy forms.
Application Date	The date on which receipt of the borrower's financial information first triggers the federal Truth in Lending disclosure requirements to the borrower in connection with the mortgage loan.
Appraisal	A report that sets forth an opinion or estimate of value.
Automated Clearing House (ACH)	An electronic drafting system that debits (or credits) an authorized bank account and electronically transfers funds to (or from) another designated account.
Best Efforts	A secondary market rate lock is an agreement between a seller and the investor which allows the seller to lock in the <u>interest rate</u> on a mortgage loan for a specified time period at the prevailing market interest rate. A mortgage loan lock provides protection against a rise in prevailing interest rates during the lock period.
Borrower	The person to whom credit is extended. On a mortgage loan, the person who has an ownership interest in the security property, signs the security instrument, and signs the mortgage/deed of trust note (if his or her credit is used for qualifying purposes). See also <i>Co-Borrower</i> .
Cash-Out Refinance	A refinancing transaction in which the amount of money received from the new loan exceeds the total of the money needed to repay the existing first mortgage, closing costs, points, and the amount required to satisfy any outstanding subordinate mortgage liens.
Co-Borrower	For Stronghill Capital Mortgage Capital's purposes, this term is used to describe any borrower other than the first borrower whose name appears on the mortgage note, even when that person owns the property jointly with the first borrower (and is jointly and severally liable for the note). See also <i>Borrower</i> .
Condominium (condo)	A unit in a condominium project. Each unit owner has title to his or her individual unit, an individual interest in the project's common areas, and, in some cases, the exclusive use of certain limited common areas.
Credit Score	A numerical value that ranks an individual according to his or her credit risk at a given point in time, as derived from a statistical evaluation of information in the individual's credit file that has been proven to be predictive of loan performance. When this term is used

	by Stronghill Capital Mortgage Capital, it is referring to the classic FICO score developed by Fair Isaac Corporation.
Curtailment	A financial term for a partial or an extra principal payment.
Custodian (Document Custodian)	A financial institution that maintains custody of certain mortgage documents on behalf of Stronghill Capital.
Debt-To-Income Ratio (DTI)	A ratio derived by dividing the borrower's total monthly obligations (including housing expense) by his or her stable monthly income. This calculation is used to determine the mortgage amount for which a borrower qualifies. This term is used interchangeably with "total debt-to-income ratio" and "expense ratio."
Escrow Account	A trust account that is established to hold funds allocated for the payment of a borrower's property taxes and assessments by special assessment districts, ground rents, insurance premiums, condo or homeowners' association or planned unit development association dues and similar expenses as they are received each month in accordance with the borrower's mortgage documents and until such time as they are disbursed to pay the related bills.
Federal Emergency Management Agency (FEMA)	A federal agency that provides assistance in areas that have suffered a major disaster or other emergency. It also maintains flood insurance rate maps that identify the Special Flood Hazard Areas in which Stronghill Capital requires flood insurance.
First-Time Home Buyer	An individual is to be considered a first-time home buyer who (1) is purchasing the security property; (2) will reside in the security property as a principal residence; and (3) had no ownership interest (sole or joint) in a residential property during the three-year period preceding the date of the purchase of the security property. In addition, an individual who is a displaced homemaker or single parent also will be considered a first-time home buyer if he or she had no ownership interest in a principal residence (other than a joint ownership interest with a spouse) during the preceding three-year time period.
Higher-Priced Covered Transaction	A mortgage loan that meets the corresponding definition under Regulation Z of the Truth in Lending Act and applies to both principal residences and second homes.
Higher-Priced Mortgage Loan	A mortgage loan that meets the corresponding definition under Regulation Z of the Truth in Lending Act. Only principal residences are included in this category.
Lease	A written agreement between the property owner and a tenant that stipulates the conditions under which the tenant may possess the real estate for a specified period of time and rent.
Loan-To-Value (LTV) Ratio	The relationship between the original loan amount of the first mortgage and the property's appraised value (or sales price, if it is lower).
Lock Expiration	A mandatory mortgage lock requires that the seller either deliver the product to the buyers by a specific date or incur a fee, called a pair-off fee.
Mandatory	A mandatory mortgage lock requires that the seller either deliver the product to the buyers by a specific date or incur a fee, called a pair-off fee.

	A whole loan commitment that generally requires the lender to deliver eligible mortgages equal to at least the minimum required delivery amount (which is an amount that will not be less than the original commitment amount by more than \$10,000 or 2.5% of the original amount) by the expiration date of the commitment.
Prepayment Penalty	A charge imposed for paying all or part of the transaction's principal before the date on which the principal is due, other than a waived, bona fide third-party charge that the lender imposes if the borrower prepays all of the transaction's principal sooner than 60 months after loan closing.

Rate lock	A secondary market rate lock is an agreement between a seller and the investor which allows the seller to lock in the <u>interest rate</u> on a mortgage loan for a specified time period at the prevailing market interest rate. A mortgage loan lock provides protection against a rise in prevailing interest rates during the lock period.
Sales Contract	A contract for the purchase/sale, exchange, or other conveyance of real estate between parties. The contract must be in writing, contain the full names of the buyer(s) and seller(s), identify the property address or legal description, identify the sales price, and include signatures by the parties. Sales contracts are also known as agreements of sale, purchase agreements, or contracts for sale.
Texas Section 50(a)(6) Loan	A loan originated in accordance with and secured by a lien permitted under the provisions of Article XVI, Section 50(a)(6), of the Texas Constitution, which allows a borrower to take equity out of a homestead property under certain conditions. Article XVI, Section 50(a)(6), of the Texas Constitution is sometimes referred to as Texas Constitution Section 50(a)(6).

CH. 9 APPENDIX: FORMS**9.1 ALLONGE – SAMPLE****ALLONGE**

Loan Number: (as printed on the note) _____

Borrower(s): _____

Property Address: _____

Note/Loan Amount: \$ _____

Note/Loan Date: _____

Pay to the order of: _____ without recourse
(Leave blank)

Seller Company Name _____

Signature: _____

Print Signer's Name: _____

Signer's Title: _____

9.2 APPRAISAL REVIEW GUIDE**STRONGHILL CAPITAL APPRAISAL REVIEW GUIDE****SUBJECT PROPERTY**

- 1) Does the subject property address match the documentation in the file (loan application, purchase contract, etc.)? If yes, validate the address via the USPS address validator.
- 2) Is the owner of record consistent with the loan file documentation? If it's a refinance, the borrower should reflect as the owner. If it's a purchase, does the owner match the purchase contract?

CONTRACT

- 1) Did the appraiser review the sales contract? The appraiser must review the sales contract on all purchase transactions.
- 2) Does the information in this section agree with the information on the sales contract?

NEIGHBORHOOD AND SITE

- 1) Pay attention to situations which could adversely affect the subject values, such as rural properties, property values declining, over-supply, marketing time greater than six (6) months. The appraiser may need to comment on the reason(s) and its effect on the subject's value.
- 2) Is the subject's value within the neighborhood's price range? If no, the appraiser must comment on its effect on the marketability of the subject.
- 3) Is the present land use predominately residential and similar to the subject's use? Is the present land use stable? If no, the appraiser must comment on these conditions.
- 4) Is the subject zoned legal non-conforming, or illegal? If legal non-conforming, ensure the property can be rebuilt if destroyed.
- 5) Are there any negative comments regarding the site? If so, verify that the noted condition will not affect the marketability.
- 6) Is the subject located on a private road? If so, obtain a maintenance agreement.
- 7) Be aware of acreage and any possible guideline restrictions.

IMPROVEMENTS

- 1) Is there evidence of infestation, dampness, settlement in the foundation? If so, the appraiser must comment.
- 2) Are there any negative comments in the improvements section if the appraisal is not subject to repairs? If yes, the appraiser may need to comment further.
- 3) Are there any physical deficiencies or adverse conditions that affect the livability, soundness, or structural integrity of the property? If so, is the situation addressed?
- 4) Pay attention to any improvements/remodeling done in the past 1 - 5 years mentioned by the appraiser. What is their impact on the final value and/or any recent increase to value?

SALES COMPARISON APPROACH

- 1) Did the appraiser indicate a number of comparable properties currently listed and sold in the neighborhood? If no, request that from the appraiser.
- 2) Are comparable sales located within the subject's neighborhood based on location (urban, suburban, rural)? If no, ask the appraiser to comment.
- 3) Are the comparable sales dated within six (6) months? If no, the appraiser must address this.
- 4) Are the comparable sales similar to the subject in location, design, gross living area, room counts, age, condition, etc.? If not, the appraiser must explain why the comps chosen were used.
- 5) For condominiums, at least one comparable sale should be outside of the subject's complex.
- 6) Be aware of total adjustments exceeding 15% for net and 25% for gross adjustments as referenced in the Stronghill Capital Mortgage Capital loan eligibility criteria.
- 7) Make sure that add-ons (garage/barn/pool/etc.) are addressed and any adjustments are not excessive.
- 8) Watch for ineligible condition(s) such as C5, C6 or Q6.

Complete an independent analysis of the information and documentation provided on the appraisal focusing on the four (4) items below.

- 1) Review photos of the subject. Does the subject appear to need repairs? If so, and the appraiser did not require repairs, the appraiser must comment on the observed issue and possibly provide the cost to cure.
- 2) Complete research via online tools such as Zillow, Google, etc., on the comparable sales. Compare exterior and interior photos of the comparable sales to the subject to ensure they are not superior.
- 3) Review the sales history and listings in the subject's immediate neighborhood with online tools such as Zillow, MLS, etc., to ensure the best sale comparable(s) were used by the appraiser.
- 4) Review the street map that identifies the subject location and location(s) of the sale comparable(s). Verify that the comps are not clustered together in a superior neighborhood, separated from the subject by man-made barriers such as major roads/highways, etc.

RECONCILIATION

- 1) Is the appraisal made "subject to completion, repair, or inspection? If yes, check the condition for the completion/repair/inspection.

COST APPROACH

- 1) Is the land-to-value ratio typical for the area? If the site value has been provided, ensure the land-to-value ratio is not too high for the subject's neighborhood.
- 2) Is the indicated value by cost approach in-line with the sales comparison approach? If no, the appraiser must address this.

ADDENDA

- 1) Are all required addenda attached to the appraisal, including a map, sketch, and photographs?
- 2) Watch for adverse comments on any of the addenda.
- 3) Are the correct appraisal form(s) used? For example, condominiums should use Form 1073. A small residential income property appraisal report (Form 1025) should contain a Form 1007 single family comparable rent schedule, etc.

9.3 AUTOMATIC PAYMENT AUTHORIZATION (ACH) FORM**AUTOMATIC PAYMENT AUTHORIZATION FORM**☐ Yes, I would like to enroll in the free* monthly Automatic Payment Program

Name	Street Address	City, State, Zip Code
Daytime Phone Number	Evening Phone Number	
Mortgage Number		
Financial Institution Name	Financial Institution Phone No.	Financial Institution Address
Electronic ACH Routing Number	Account Number	<input type="checkbox"/> Checking <input type="checkbox"/> Savings

Please specify the payment date most convenient for you, which must be within the applicable grace period. **If a payment date is not specified, or your loan is a daily simple interest loan, payments will be deducted on your current loan due date.**

Deduct my payment on the _____ of each month (select a date within the grace period indicated on your note).

I hereby authorize _____, including its successors and/or assigns, to initiate transfers from my checking or savings account at the financial institution indicated above for the purpose of making my monthly mortgage payment. I authorize the amount of each transfer to include my regularly scheduled payment including principal, interest, and escrow items I understand that, in accordance with the terms of my mortgage note and/or adjustments in my escrow for taxes and insurance, my payment may change from time to time as set forth in my loan documents. You are hereby authorized to change the amount of the draft from my checking or savings account, provided you notify me of the new payment amount at least 10 days prior to the draft date. I agree that the payment change notice provided to me under the Adjustable-Rate Mortgage Provisions of the Truth-in-Lending Act and/or escrow analysis form shall constitute notice of payment change as required by the Electronic Funds Transfer Act and Federal Reserve Board Regulation E.

The authorization is to remain in full force and effect until revoked in writing. Such revocation notification must be provided to the Initiating party no less than fifteen (15) business days prior to it taking effect. Please contact the Initiating Party immediately if you change financial institutions, change accounts within the same financial institution or if you wish to revoke this authorization.

I HEREBY AGREE TO THE TERMS AND CONDITIONS IN THIS FORM.

Borrower

Date

Co-Borrower

Date

9.4 BORROWER CONTACT CONSENT FORM**BORROWER CONTACT CONSENT FORM**

To ensure we have the correct contact information for servicing your loan, please provide the following information.

By signing, I authorize my mortgage servicer, its transfers and/or assigns, to contact me regarding the servicing of my loan using the following contact information.

Mailing address for your mortgage statements and other correspondence:

____ Same as the subject property.

____ Please use this mailing address instead:

Address Line 1 _____

Address Line 2 _____

City/State/Zip _____ Country _____

Cell phone number:

I understand that by providing a cell phone number and by signing this form, I am giving the holder of my mortgage Note and its billing servicer permission to use the cell phone number to contact me regarding my loan.

Within the United States

Borrower (_____) _____ - _____

Co-Borrower (_____) _____ - _____
(Area code) phone number

If you reside outside the United States

(_____) _____

(_____) _____
(Country code) phone number

Email address:

I understand that by providing an email address, I am giving the holder of my mortgage Note and its billing servicer permission to use this email to contact me regarding my loan.

Borrower _____

Co-Borrower _____

Signature(s):

Borrower _____ Date _____

Co-Borrower _____ Date _____

9.5 COLLATERAL SHIPPING INSTRUCTIONS

Bailee or Security Release

When delivering original promissory notes, the Seller must provide either a Bailee Letter or a Security Release Form as follows:

Bailee Letter Requirements	<ul style="list-style-type: none"> Must accompany the original promissory note delivered to the custodian (see collateral shipping instructions in next section) <ul style="list-style-type: none"> A bailment is only established if a bailee letter is delivered with the original promissory note Does not require execution by Stronghill Capital and/or custodian; original note delivery under a bailee is sufficient notification of the bailee arrangement Allow 2 business days, following receipt, for custodian processing to make bailee letter available to Stronghill Capital for wire account setup of the loan's purchase proceeds Must sufficiently describe the subject loan(s) so Stronghill Capital can identify the correct mortgage loan(s); should contain the following information: <ul style="list-style-type: none"> Seller's name Either the Seller or Stronghill Capital loan number Borrower name Note amount Wire instructions
Security Release Form Requirements	<ul style="list-style-type: none"> Seller must be pre-approved for self-funding; if not, contact the Stronghill Capital sales associate to initiate self-funding approval process Submit a Security Release form, executed by an authorized signer of the Seller Must be included in each applicable imaged file uploaded by seller to the TPO Portal using document type 'Credit Package Document' Must be delivered to Stronghill Capital within 24 hours after loan delivery Must sufficiently describe the subject loan(s) so Stronghill Capital can identify the correct mortgage loan(s); should contain the following information: <ul style="list-style-type: none"> Seller's name Either the Seller or Stronghill Capital loan number Borrower name Note amount Wire instructions

Initial Collateral Shipping

Custodian Mailing Address	Computershare Trust Company, N.A. Attn: Biniam Merid 1015 10th Ave SE Minneapolis, MN 55117
Custodian Stacking & Packaging Instructions	<ul style="list-style-type: none"> Place loan files in sequential loan number order inside shipping package/box. Include a packing list/manifest, consisting of a list of the loans; if multiple boxes, specify the box number for each loan. Mark the exterior of each box to identify its contents as follows: <ul style="list-style-type: none"> Stronghill Capital-Initial/Seller Name/ Box 1 of __, Ln # 100000– 100200. Stack documents in the following order: <ul style="list-style-type: none"> Bailee Letter (or self-assurance letter if applicable) (do not staple or clip to Note) Original Note, with an original signature, fully executed Original allonge, endorsing the Note from Your Company Name to Blank (See Guide Exhibit for Allonge Example) If not a MERS MOM loan: <ul style="list-style-type: none"> Original Unrecorded Assignment from Seller to Blank Original Executed Power of Attorney (if applicable) Any other documents as may be applicable relevant to program, property, or business entity as borrower (Example: Original Guaranty, Loan Agreement, POA, etc.)

	<ul style="list-style-type: none"> Place collateral documents in a pocket file folder (legal size); one folder per loan Affix a label to the upper right-hand corner of each pocket-file folder reflecting: <ul style="list-style-type: none"> Stronghill Loan ID Seller Loan ID Borrower Name
Newly originated loans (< than 120 days from note date):	<ul style="list-style-type: none"> The copy of the unrecorded mortgage and title commitment are required to be eligible for loan sale/purchase settlement. Deliver the preliminary documents to Stronghill Capital, as follows: <ul style="list-style-type: none"> Upload images to Stronghill Capital via the TPO Portal (delivery portal) using document type 'Credit Package Document'; AND <ul style="list-style-type: none"> Security Instrument (MERS MOM), with all riders & schedules, sent for recordation If not a MERS MOM loan, each original or copy of the recorded intervening assignment(s), evidencing a complete chain of title from Originator to Seller (if applicable) Title Commitment/Binder/Prelim Title Power of Attorney, or a copy of the original sent for recordation (if applicable) Delivery of the recorded/final versions to the custodian is required within 180 days of loan sale/purchase settlement date. See Trailing Document Delivery instructions.

Contact the Stronghill Capital collateral desk for additional assistance at: Collateral@Stronghill.com

MERS Registration and Transfer of Servicing and Beneficial Rights	<ul style="list-style-type: none"> Provide screen shot of MIN Summary to evidence registration is in active status & ownership rights are held by seller. <ul style="list-style-type: none"> Must be included in each applicable imaged file uploaded by seller to the TPO Portal using document type 'Final Closing Package Must be delivered to Stronghill Capital within 24 hours after loan delivery Seller is responsible for initiating the MERS® Transfer of Rights, within 5 calendar days of loan sale/purchase settlement. Initiate a TOS/TOB combo transaction to Stronghill Capital, as follows: <ul style="list-style-type: none"> Investor: 1015170 Servicer: 1015170 <p><i>Note: Stronghill Capital reserves the right to charge an administrative fee of \$25.00 for any loan not transferred accurately within the required 5 calendar days.</i></p>
---	--

Contact the Stronghill Capital MERS desk for additional assistance at: MERS@Stronghill.com

Trailing Document Delivery (for loans < 3 months seasoned at loan sale/purchase settlement)

Custodian Delivery Address	Computershare Trust Company, N.A. Attn: Biniam Merid 1015 10th Ave SE Minneapolis, MN 55117
Document Packaging	<ul style="list-style-type: none"> Include a cover sheet with seller and Stronghill Loan IDs for each trailing document; or use a manifest to identify each document and its corresponding seller and Verus loan IDs. If using a manifest, the documents must be stacked in the same order as represented on the manifest Individual documents with multiple pages may be stapled or clipped together <ul style="list-style-type: none"> Do NOT staple/clip multiple <u>documents</u> together Mark the exterior of the package(s)/box(es) to identify its contents as follows: SHC-Trailing/Seller Name/ Box 1 of __, Ln # 100000– 100200.

Contact the Stronghill Capital collateral desk for additional assistance at: Collateral@Stronghill.com

9.6 CONDOMINIUM PROJECT QUESTIONNAIRE

CONDOMINIUM PROJECT QUESTIONNAIRE

Project Name:		Date:	
Project Street Address:		HOA Taxpayer ID:	
Unit Address:		Loan Number:	
HOA Representative:		Lender Name:	

In order to determine eligibility of your project, we ask for your assistance in completing this form. Any officer of the association/management may complete this form. It is imperative that each question is answered in full. Your cooperation will assure a smooth experience for both the borrower and the seller.

PART I – PROJECT INFORMATION

Please provide actual numbers and not percentages in the chart below:

Legal Phase # Previous and Future Phases	# of Units Per Phase	# of Buildings	# of Units Complete	# of Units for Sale	# of Units Sold or Under Contract	# of Owner Occupied and Secondary Homes	# of Investor Units
Note: If unable to provide number of second homes, provide number of off-site addresses:							

1. Please provide a breakdown of the total number of units in the Project below:

of Owner Occupied Units _____ # of Investor Units _____ # of Units Sold from Developer _____
 # of Secondary Home Units _____ # of Units for Sale _____ # of Units in Entire Project _____

2. Does the Project have any characteristics listed below? Please check all that apply:

☐ Yes ☐ No

- | | | | |
|--|--|---|--|
| <input type="checkbox"/> Hotel/Motel Operations | <input type="checkbox"/> Maid Service | <input type="checkbox"/> Room Service | <input type="checkbox"/> Bellman |
| <input type="checkbox"/> On-Site Registration Desk | <input type="checkbox"/> Houseboat | <input type="checkbox"/> Key-Card Entry | <input type="checkbox"/> Mandatory Rental Pool |
| <input type="checkbox"/> Short Term/Daily Rentals | <input type="checkbox"/> Investment Security | <input type="checkbox"/> Cooperative | <input type="checkbox"/> Manufactured Housing |
| <input type="checkbox"/> Continuing Care Facility | <input type="checkbox"/> Live-Work Project | <input type="checkbox"/> Timeshare | <input type="checkbox"/> Multi Dwelling |

3. What year was the Project built or converted? _____

4. How many stories or floors does the Project have? _____

5. What is the maximum number of units allowed in the Project? _____

6. Are at least 90% of the total units sold and closed? ☐ Yes ☐ No

7. Are all units and common elements complete and not subject to any additional phasing and/or additions? ☐ Yes ☐ No

If Yes - When was the Project completed? _____

8. If Project is not complete, is the subject legal phase, or any prior legal phases in which units have been offered for sale, substantially complete and has a Certificate of Occupancy been issued? ☐ Yes ☐ No

If No - When will the phase be completed? _____

Date subject phase completed? _____

Date last phase was completed? _____

What remains to be completed for project to be 100% complete? _____

9. Is the Project a conversion of an existing building within the last three years? ☐ Yes ☐ No
- If Yes** - What year was the Project original built? _____
- What date was the conversion completed? _____
- Was the conversion a gut rehab? Gut rehab refers to the renovation of a property down to the shell, with replacement of all HVAC and electronic components. ☐ Yes ☐ No
- What was the original use of the building? _____
- Note:** If Project is a conversion completed less than four years ago, please submit a copy of the engineer/architect report, evidence of repairs completed, current Reserve Study (last 24 months) and evidence of working capital fund.
10. Is any part of the Project used for commercial space? ☐ Yes ☐ No
- If Yes** - What is the total square footage of the commercial space? _____
- What is the total square footage of the building? _____
- What floor(s) is the commercial space located on? _____
- How is the commercial space currently used? _____
11. Is the Project part of a mixed-use building (contains both commercial and residential space not part of the association)? ☐ Yes ☐ No
- If Yes** - What is the total square footage of the commercial space? _____
- What is the total square footage of the building? _____
- What floor(s) is the commercial space located on? _____
- How is the commercial space currently used? _____
12. Is the HOA or developer involved in any litigation and/or arbitration, including the project being placed in receivership, bankruptcy, deed-in-lieu of foreclosure or foreclosure? ☐ Yes ☐ No
- If Yes** - Please describe the details and provide documentation and attorney letter relating to the litigation. _____
13. Are there any pending or levied special assessments by the HOA? ☐ Yes ☐ No
- If Yes** - What is the total amount of assessment? _____
- What is the assessment amount per unit? _____
- What is the term of the assessment? _____
- What is the current assessment balance? _____
- Has work been completed? ☐ Yes ☐ No
- Describe the nature of the assessment: _____
14. Does the association have any knowledge of any adverse environmental factors affecting the Project as a whole or any individual unit within the Project? ☐ Yes ☐ No
- If Yes** - Please provide an explanation: _____
15. Is there more than one association within the Project, covered by a Master or umbrella association? ☐ Yes ☐ No
- If Yes** - Master Association name: _____
- Amenities and/or recreational facilities available through Master Association: _____

16. Are there any common amenities and/or recreational facilities available or to be built in the future? If yes, please provide type(s).	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Pool <input type="checkbox"/> Clubhouse <input type="checkbox"/> Tennis Court <input type="checkbox"/> Playground		
<input type="checkbox"/> Other (describe): _____		
17. Are all common elements, amenities, and/or recreational facilities owned jointly by the unit owners/HOA (including any Master Association)?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
If No - Please provide an explanation: _____		
18. Does the HOA own all amenities and recreational facilities debt and lien free?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
19. Do the unit owners in the Project have rights to the use of all common elements/amenities?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
20. Does the HOA share any common amenities with other, unaffiliated projects?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
21. Does the Project have any mandatory, upfront membership fees for the use of recreational amenities owned by an outside party?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
22. Are any units in the Project with resale or deed restrictions?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
If Yes - Please explain. Provide related agreements and number of units subject to restriction and unit numbers: _____		
23. Are all units owned fee simple?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
24. Are any of the units owned in a leasehold? If yes, please provide copies of leasehold documents.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
25. Is the developer leasing or renting any of the units in the Project?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
If Yes - Please provide number of units leased/rented by the developer. _____		
26. Is the developer responsible for assessments on unsold units?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
27. If a unit is taken over in foreclosure, will the mortgagee be liable for more than six months of unpaid dues?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
28. How many units are over 60 days delinquent on HOA dues or assessments (including REO owned units)?	_____	
29. How many units are over 30 days delinquent (including units that are over 60 days delinquent) in payment of HOA dues or assessments (including REO owned units)?	_____	
30. Does any single entity (individual, investor, or corporation) own more than 10% of the units in the Project?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
31. Are two members of the HOA Board required to sign all checks written from the reserve account?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
32. Does the HOA maintain two separate bank accounts for the operating and reserve accounts?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
33. Does at least 10% of annual budget provide for funding or replacement reserves, capital expenditures, deferred maintenance and insurance deductibles?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
34. What is the current dollar balance of the reserve account?	_____	
35. Has any maintenance or engineering inspection report been completed in the past five (5) years?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
a) If Yes – Any significant deferred maintenance items identified?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
i) If Yes – Provide documentation/evidence that items have been addressed.	(Attach Documents)	
36. Has the HOA received a directive from a regulatory or inspection agency to mark repairs due to unsafe conditions?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
37. Is the Project professionally managed?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
If Yes - What is the length of the current management contract? _____		
Does the management contract require a penalty for cancellation of at least 90 days?	<input type="checkbox"/> Yes	<input type="checkbox"/> No

38. Has the developer turned over Project control to the unit owners?

☐ Yes☐ No**If Yes** - When was it turned over? _____**If No** - What is the anticipated date the Project will be turned over to the unit owners? _____

39. If/when the Project is turned over to the unit owners, does the developer retain any ownership in the Project besides unsold units?

☐ Yes☐ No**If Yes** - Please provide what is owned by the developer and how it is used: _____
_____**PART II – PREPARER INFORMATION****Name:** _____**Phone:** _____**Title:** _____**Email:** _____

When completed, by HOA representative, this form will be utilized to help determine financing eligibility of a unit within the Project. Completion of this form does not create legal liability on the part of the preparer.

The undersigned hereby certifies that the above information is true and correct to the best of the preparer's knowledge and is presented on behalf of the Homeowners Association for the Project listed.

Signature of HOA Representative: _____**Date:** _____

9.7 NEW SERVICER REFERENCE GUIDE

Please reference SLS Loan Number (if known) or Stronghill Loan Number, Borrower Name and Property Address in all correspondence with the servicer.

Borrowers should be prepared to provide last 4-digits of SSN or EIN (for Entity closed loans) for identity verification purposes when contacting the servicer directly.

Servicing Item:	Specialized Loan Servicing (NMLS ID 2168)
Address for Borrower Payments:	<ul style="list-style-type: none">• Regular Mailing<ul style="list-style-type: none">○ Specialized Loan Servicing LLC P.O Box 60535 City of Industry, CA 91716-0535• Overnight Mail & Payoff Mail<ul style="list-style-type: none">○ Specialized Loan Servicing LLC 6200 S. Quebec St., Suite 300 Greenwood Village, CO 80111 Attn: Cashiering Department
Address for Correspondence:	<ul style="list-style-type: none">• Specialized Loan Servicing LLC P.O Box 630147 Littleton, CO 80163-0147
Forwarding Trailing Payments or Escrow Funds by Mail:	<ul style="list-style-type: none">• Specialized Loan Servicing LLC 6200 S Quebec Street Greenwood Village, CO 80111 Attn: Cashiering
Address for Payoff Funds by Mail:	<ul style="list-style-type: none">• Overnight Mail & Payoff Mail<ul style="list-style-type: none">○ Specialized Loan Servicing LLC 6200 S. Quebec St., Suite 300 Greenwood Village, CO 80111 Attn: Cashiering Department
Customer Service Information:	<ul style="list-style-type: none">• Toll-Free: 1-800-315-4757• Website: https://sls.servicingloans.com/Login• Hours: 6am MT – 6pm MT
Loss Payee Clause:	<ul style="list-style-type: none">• Specialized Loan Servicing LLC Its Successors and/or Assigns ATIMA PO Box 4500 Springfield, OH 45501
Requests for VOM:	<ul style="list-style-type: none">• Email: Select “Contact Us” through the borrower web (link above)

	<ul style="list-style-type: none"> Fax: Specialized Loan Servicing LLC 1-720-241-7218 Attention: Customer Care Support
Send NSF Reimbursement Requests & supporting documentation to:	<ul style="list-style-type: none"> Email: NASLSServAqcCashOps@computershare.com; Loantransfers@sls.net <ul style="list-style-type: none"> Original returned or dishonored check or other evidence of non-payment Explanation of how applicable funds were applied by Transferor (copy of payment history)
Forward Trailing Tax or Insurance Documents to:	<ul style="list-style-type: none"> Tax – Email Tax.Notifications@sls.net Insurance – Upload to www.mycoverageinfo.com/agent
Forward All Other Trailing Loan Documents to:	<ul style="list-style-type: none"> Email: records.management@computershare.com Docs via Mail: Specialized Loan Servicing LLC 6200 S Quebec Street Greenwood Village, CO 80111 Attn: Records Management
MERS ORG ID	<ul style="list-style-type: none"> SLS MERS Org ID: 1003225 Transfer must occur no later than the transfer of servicing date
Tax Vendor Name & ID	<ul style="list-style-type: none"> CoreLogic ID: 11146
Wiring Instructions:	<ul style="list-style-type: none"> Wiring Instructions: <ul style="list-style-type: none"> Swift Number : WFBUS6S Bank Name : Wells Fargo Bank Address : 420 Montgomery Street San Francisco, CA 94104 Account Number : 2000042928232 Bank ABA Number : 121000248 Account Name : SLS Wire Clearing *Reference Wire Details Instructions below*
Wire Detail:	<ul style="list-style-type: none"> Please reference the SLS Loan Number, Borrower Name and Property Address on the wire. An email with wire detail can also be sent to NASLSServAqcCashOps@computershare.com Please structure the Subject line of the email as follows: <ul style="list-style-type: none"> Loan # 123456789 - \$123,456.78 (Wire Amount) or Bulk Loans - \$123,456.78 (Wire Amount)

9.8 OCCUPANCY CERTIFICATION**OCCUPANCY CERTIFICATION**

Borrower _____

Co-Borrower(s) _____

Property Address _____

I/We the undersigned certify that:

_____ Primary Residence – I/we will occupy the Property as my/our principal residence within Sixty (60) days after the date of closing as stated in the Mortgage or Deed of Trust I/we executed. I/we will continue to occupy the Property as my/our principal residence for at least one year after the date of occupancy, unless Seller otherwise agrees in writing.

_____ Second Home – I/we will occupy the Property as a second home (vacation, etc.) while maintaining a principal residence elsewhere.

_____ Investment Property – I/we will not occupy the Property as a principal resident or second home. I/we will not occupy the Property for more than 14 days in any calendar year. The Property is an investment to be held or rented rather than for household or personal use.

REFINANCE ONLY (the following must be completed on a refinance transaction)

_____ I/We the undersigned, certify that the property referenced above is **NOT** currently listed for sale or under contract to be listed for sale.

I/We understand that it is illegal to provide false information in an application for a mortgage loan. Mortgage fraud is punishable by up to thirty (30) years in federal prison or a fine of up to \$1,000,000, or both under the provisions of Title 18, United States Code, Sec. 1001, et seq.

I/We understand that failure to comply with the requirements in the Mortgage or Deed of Trust regarding occupancy of the property will entitle the Seller to exercise its remedies for breach of covenant under the Mortgage or Deed of Trust. Such remedies include, without limitation, requiring immediate payment in full of the remaining indebtedness under the Loan together with all other sums secured by the Mortgage or Deed of Trust, and exercise of power of sale or other applicable foreclosure remedies, to the extent permitted by the Mortgage or Deed of Trust.

_____ Borrower	_____ Date	_____ Co-Borrower	_____ Date
_____ Co-Borrower	_____ Date	_____ Co-Borrower	_____ Date

9.9 PRE-CLOSE ELIGIBILITY CHECKLIST – DELEGATED**Document Submission Checklist - (Not program based, every document may not be applicable)**

- ☐ Copy of Loan Estimate
- ☐ Rate Lock Disclosure
- ☐ FNMA 1003 application or similar application (Business Purpose)
- ☐ FNMA 1008 or Seller U/W approval worksheet
- ☐ Credit Report
- ☐ Credit explanation letters
- ☐ Fraud Report
- ☐ Verification of Mortgage/Rent
- ☐ Employment/Income Verification
 - Standard Income Documentation
 - Paystubs
 - W-2's
 - 4506-T
 - W-2 Transcript
 - Tax Returns
 - Tax Return Transcript
 - Profit & Loss
 - Balance Sheet
- ☐ Asset Verification
 - Financial Statements or VOD
 - Earnest Money Documentation
 - Gift Letter and supporting documents
- ☐ Property
 - Appraisal Report (FNMA 1004, 1025, 1073, and 1007 if applicable)
 - Enhanced Desk Review (CDA, ARR, or ARA) or CU Score
 - Copy of Purchase Agreement/Sales Contract
 - Preliminary Title

9.10 PRE-CLOSE ELIGIBILITY CHECKLIST – NON-DELEGATED**Non-Delegated Pre-Close Eligibility Review**

- Loan Application (FNMA 1003) for all borrowers
- Initial Loan Estimate issued within 3 business days of application data
- Income documentation for the program – all documentation required to fully verify and calculate qualifying income is required
 - Standard Income Documentation (as applicable) ▪ Paystubs
 - W-2's
 - 4506-T
 - W-2 Tax Transcripts
 - Tax returns (signed and dated)
 - Tax Return Transcript
 - YTD Profit and Loss statement
 - Balance Sheet
- Asset documentation
- Credit report including LOE for recent inquiries
- Mortgage/rental payment histories – VOM/VOR
- Hazard/Flood insurance documentation
- Appraisal Report and 3rd party valuation
- Preliminary Title commitment
- Purchase contract
- Income calculation worksheet

9.11 SECURITY RELEASE FORM**Security Release Form**

Date: _____

Seller Name: _____

Seller Address: _____

_____ (“Seller”) hereby acknowledges that it has exclusive right, title and interest in the mortgage loans referenced in Schedule A (“Mortgage Loans”) attached hereto and that the Mortgage Loans or any interest therein have not been pledged or assigned to any financial institution or other party. Seller further acknowledges that the bank account designated below is the Seller’s business bank account. Immediately upon Purchaser receiving confirmation of the payment of the purchase proceeds to the account designated below, the Seller hereby agrees that all right, title and interest in the Mortgage Loan shall be released to the Purchaser.

Wire Instructions: _____

Bank Name: _____

City State: _____

ABA #: _____

Account #: _____

Account Name: _____

By (Signature)_____
Name (Printed)_____
Title

9.12 STACKING ORDER PRE-PURCHASE REVIEW

STACKING ORDER			
Loan Information		Seller Information	
Loan Number:		Company Name:	
Borrower Name:		Contact:	
Property Address:		Contract Email:	
Closing Documents			
	Original Note with Endorsement/Allonge		
	Security Instrument with riders/addendums; including legal description		
	Closing Disclosure (CD)		
	Title Commitment and/or Binder		
	Hazard Insurance Policy and/or Binder		
	Flood Insurance		
	Flood Insurance Policy and/or Binder		
	Right of Rescission if applicable		
	All Federal and State Disclosures		
	Amortization Schedule		
	W9 – EIN if applicable		
	Borrower Certification of Business Purpose on Investor Solutions product		
	Personal Guarantee if applicable		
	Loan Agreement if applicable		
	Occupancy Certifications as applicable		
Loan Information			
	Note Rate Lock between Client & Borrower(s)		
	Ability to Repay confirmation & UW ATR worksheet		
	Final 1008 (Uniform Underwriting Transmittal Summary)		
	Final URLA (Uniform Residential Loan Application)		
	Initial URLA		
Credit			
	Credit Report with Credit Expiration if applicable		
	Verification of Mortgage and/or Rent		
	CD for Previous property sale		
Income			
	Verification of Employment, Pay Stubs, W-2s, Tax Returns, Retirement/Fixed Income (Social Security, Pension)		
	Bank Statements if uses to determine income: 24- or 12-months business or personal		
	Profit & Loss Statement or Expense Letter if applicable		
	Verbal Verifications of Employment		
	Rental/Lease Agreements		
	Signed IRS Form 4506C if applicable		
	Transcripts if applicable		
Assets			
	Verifications of Deposit, Bank Statements, Brokerage/Retirement Statements		
	Verification of Earnest Money Deposit		
	Gift Letter and Proof of receipt		
Property			
	Executed Sales Contract		
	Appraisal(s)		
	Enhanced Desk		
	Final Inspection if applicable		
	Condo/PUD Information including project review determination		
Additional Underwriting/QC Documents			
	Loan Estimate and all Federal and State Disclosures		
	All Automated Fraud & Data Check Results		
	Any other documentation used to make underwriting /loan decision		
	04/25/2022		

9.13 TAXPAYER CONSENT FORM**Consent to Share Tax Returns**

Loan: _____

Borrower: _____

Date: _____

I understand, acknowledge, and agree that _____ (“Seller”) and Other Loan Participants can obtain, use and share tax return information for purposes of (i) providing an offer; (ii) originating, maintaining, managing, monitoring, servicing, selling, insuring, and securitizing a loan; (iii) marketing; or (iv) as otherwise permitted by applicable laws, including state and federal privacy and data security laws. The Seller includes the Seller’s affiliates, agents, service providers and any of aforementioned parties’ successors and assigns. The Other Loan Participants includes any actual or potential owners of a loan resulting from your loan application, or acquirers of any beneficial or other interest in the loan, any mortgage insurer, guarantor, any servicers, or service providers for these parties and any of aforementioned parties’ successors and assigns.

Borrower_____
Co-Borrower

9.14 STRONGHILL CAPITAL CONTACT FORM

Main Number:	888-879-8713
Hours of Operation:	8:00 am – 5:00 pm CT
LenderSupport@Stronghill.com	Password reset, general system, or system navigational questions
ScenarioDesk@Stronghill.com	Scenario questions
IncomeReview@Stronghill.com	Income Review Desk
LockDesk@stronghill.com	Registration, Locking, and Extension questions
UWescalations@Stronghill.com	Underwriting Escalations
Legal@stronghill.com	Legal/Agreement Questions
Collateral@Stronghill.com	Delivery Questions
MERS@Stronghill.com	MERS Questions
PostPurchase@Stronghill.com	Post-Purchase questions
ServicingTransfers@Stronghill.com	Servicing Transfers
TPOapproval@stronghill.com	Lender Approvals & Questions

CH. 10 APPENDIX: MATRIX

(Current Loan Program Matrices are available on Stronghill's Website under Forms & Resources)

<https://stronghill.com/residential-loans/>

CH. 11 APPENDIX: VERSION CONTROL

Author	Section	Date	Update
SHC	Jumbo - All	5.08.2023	First Version, split out from Non-QM Seller's Guide