



CITADEL
SERVICING CORPORATION

Prepayment Penalty

Overview

CSC Prepayment Penalty Options

CSC currently offers 3 custom prepayment penalty options. If a loan with a prepayment penalty does not use one of the following custom penalties contact the Compliance Department. Prepayment Penalties are based on the Unpaid Principal Balance (UPB) of the loan at the time of prepayment.

3 Year Waterfall:

CSC's 3-year waterfall has a 36-month term with changes in the percent of the prepayment penalty every 12 months.

- 3% of UPB if the loan is prepaid within the first 12 months
- 2% of UPB if the loan is prepaid within the second 12 months
- 1% of UPB if the loan is prepaid within the third 12 months.

2 Year Waterfall:

CSC's 2-year waterfall has a 24-month term with changes in the percent of the prepayment penalty every 12 months.

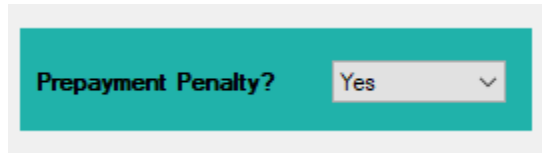
- 2% of UPB if the loan is prepaid within the first 12 months
- 1% of UPB if the loan is prepaid within the second 12 months.

1 Year Flat Percent:

CSC's 1-year Flat Percent has a 12-month term with no changes in the percent of the prepayment penalty. The one-year flat percent prepayment penalty can be set during loan origination to be a one, two, or three percent penalty (based on UPB) if the loan is prepaid within the first 12 months.

BytePro Interface

Status Screen

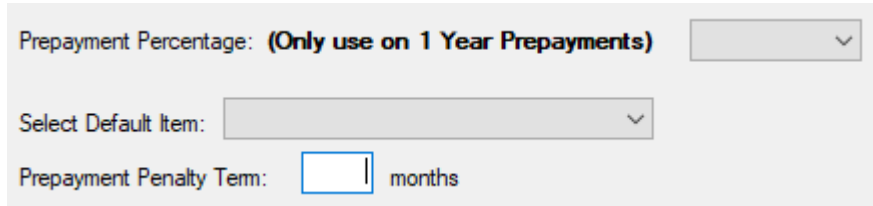


Prepayment Penalty? Yes ▾

The “Prepayment Penalty?” field on the Status Screen is a necessary field to generate accurate disclosures and closing documents for a loan with a prepayment penalty.

This field should indicate a “Yes” or “No”. The option “Yes (may have)” should not be used.

Prepayment Penalty Screen



Prepayment Percentage: **(Only use on 1 Year Prepayments)** ▾

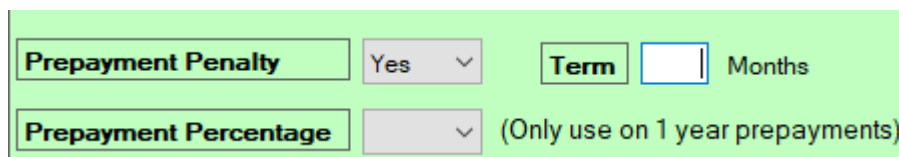
Select Default Item: ▾

Prepayment Penalty Term: months

The Prepayment Percentage field should only be used for the 1 Year Flat Percent prepayment penalty. This dropdown will be used to indicate whether the prepayment penalty will be one, two, or three percent during the 12-month term.

The Prepayment Penalty Term field is necessary for all prepayment penalty programs. If this field shows 36 months, the 3-Year Waterfall prepayment penalty addendum to the note and rider will generate. If this field shows 24 months, the 2-Year Waterfall prepayment penalty addendum to the note and rider will generate. If this field shows 12 months, the 1-Year Flat Percent prepayment penalty addendum to the note and rider will generate.

Underwriter Info Screen/Pricer Screen



Prepayment Penalty Yes ▾ Term Months

Prepayment Percentage ▾ (Only use on 1 year prepayments)

The fields from the Status Screen and the Prepayment Penalty Screen have been mirrored onto the Underwriter Info Screen and Pricer Screen for ease of use when underwriting the file. These fields directly affect the terms that will be disclosed to the borrower and the documents which generate in the closing package. Values entered on these screens will display throughout the system.

Loan Estimate page 1

Does the loan have these features?

Prepayment Penalty • As high as \$ if paid off during the first months

Prepayment Penalties			
Prepayment Penalty	<input type="text" value="Yes"/>	Term	<input type="text" value="24"/> Months
Prepayment Percentage	<input type="text" value=""/>	(Only use on 1 year prepayments)	
1 Year Waterfall Prepay % UPB Period: 12 AZ, CA, CO, CT, DE, FL, GA, HI, ID, IN (No ARM), ME, MT, NE, NV, NC>300k, ND, OK, OR, PA>237k, SD, TN, TX, UT, WA, WY		2 Months Interest Period: 24 MD (TRID)	
Max Payment (1%):	1,000.00	Max Payment:	666.67
Max Payment (2%):	2,000.00	6 Months Interest Period: 24 DC, IL, NH, WI	
Max Payment (3%):	3,000.00	Max Payment:	2,400.00
2 Year Waterfall Prepay % UPB Period: 24 AZ, CA, CO, CT, DE, FL, GA, HI, ID, IN (No ARM), ME, MT, NE, NV, NC>300k, ND, OK, OR, PA>237k, SD, TN, TX, UT, WA, WY		1 Year Prepay 2% UPB Period: 12 KS, MI, NC >150K <300K, OH, RI, SC, WV	
Max Payment:	2,000.00	Max Payment:	2,000.00
3 Year Waterfall Prepay % UPB Period: 36 AZ, CA, CO, CT, DE, FL, GA, HI, ID, IN (No ARM), ME, MT, NE, NV, NC>300k, ND, OK, OR, PA>237k, SD, TN, TX, UT, WA, WY		5 Year Waterfall Prepay % UPB Period: 60 LA, MS	
Max Payment:	3,000.00	Max Payment:	5,000.00

The Loan Estimate Page 1 screen has fields which directly apply to the loan estimates generated and sent to the borrower. The “Does the loan have these features?” section must be filled in accurately using the table provided later on the same screen.

The table indicates the value labeled “Max Payment” which should be entered into the “As high as \$” field in the “Does the loan have these features?” section above. The max payment changes based on which prepayment penalty is applied, which state the subject property is in, and the percentage indicated for the 1-Year Flat Percent program.

Closing Disclosure Page 1

Does the loan have these features?			
Prepayment Penalty	Yes <input type="button" value="v"/>	• As high as \$ <input type="text" value="2,000.00"/>	if paid off during the first <input type="text" value="24"/> months

The Closing Disclosure Page 1 screen mirrors the Loan Estimate Page 1 screen. If the “As high as \$” field needs to be filled the table on the Loan Estimate Page 1 screen should be used to determine the correct amount.

Prepayment Penalty Responsibilities by Role

Disclosure Processor:

- When a prepayment penalty is indicated at loan submission the Disclosure Processor is responsible for entering accurate information on the following screens: Status, Loan Estimate page 1, Prepayment Penalty.
- If a prepayment penalty is added after Initial Disclosures have been issued a CIC must indicate the addition.
- If the loan is non-TRID the Disclosure Processor will set up the prepayment penalty information if indicated at loan submission.

Underwriter:

- Validate prepayment penalty information on the Underwriter Information screen.
- If a prepayment penalty is added during the underwriting of the loan (by upper management), enter the prepayment penalty information on the Underwriter Info Screen.

Doc Drawer:

- Validate prepayment penalty information on the Prepayment Penalty Screen and the Closing Disclosure Page 1 screen.
- If values have not been entered on the Closing Disclosure Page 1 screen, use the table on the Loan Estimate Page 1 screen to determine the correct figures.
- If a Prepayment penalty is introduced on a closing disclosure (TRID loans) a CIC must be included with the re-disclosure.
- Validate the terms on the Prepayment Addendum to the Note and Prepayment Rider match the terms indicated in BytePro.

Document Updates

CSC Approval

Loan Information		Expiration Dates	
Loan Program:	5 Yr / 1 Yr ARM	Base Loan Amount:	\$100,000.00
Doc Type:		Appraised Value:	\$200,000.00
Loan Purpose:	Refinance	Purchase Price:	\$200,000.00
Refinance Type:	Cash-Out/Debt Consoli	CSC Reconciled Value:	
Occupancy:	Primary Residence	LTV:	50.000%
Note Rate:	6.000 %	CLTV:	50.000%
Discount Point:	%	Lien Position	First
Lender Paid:	<input checked="" type="checkbox"/>	Application Date:	04/30/2018
CSC Fee:	% +	CSC Program:	
Term:	360	Prepayment Penalty Term:	24 months
		Prepayment Percentage:	2%/1%

Credit:	_____
Mortgage Rating / VOR:	_____
Income Borr 1:	_____
Income Borr 2:	_____
Asset	_____
Title:	_____
Appraisal:	_____
Vetting:	_____
Insurance Effective:	_____
Insurance Expiration:	_____
Condo Master Policy:	_____

The CSC Approval form has been updated to include the Prepayment Penalty terms. If a waterfall prepayment penalty is selected in BytePro the prepayment percentage will indicate the percentages for each year of the prepayment penalty. If a 1-Year prepayment penalty is selected in BytePro a single percentage will be shown.

Underwriting Worksheet

PRICING:	Rate	Fee	Title Company:		
			Wire to:		
Income Type			Close of Escrow Date:	Loan Submitted Date	04/30/2018
ITIN			Maggi Reserves:	Asset Depletion:	
Loan Amount			Residual Income:	Lease Option:	
Property Type			Lender Paid Comp:	Flat Fee:	N/A
Occupancy			Misc:	Discount:	
Loan Program			CSC Underwriting Fee:	CSC AddOn Fee:	0.00
Condo SF/So FL			Rate Sheet Date:	Est. Closing Statement:	
Rural			Escrow Hold Back:	Prepayment Penalty:	1 Year
Interest Only			Section 32: N/A	Max DTI:	
FICO				Max LTV:	
MLS <6 Mos				Max CLTV:	%
Fix_Flip			FUNDS TO CLOSE NOT TO EXCEED: \$0.00		
Mixed-Use (Res)			UW GUIDELINE COMMENTS		
Prepayment Penalty					
Cash Out > 70%					
Off Sheet Adjustments					

The Underwriting Worksheet has been updated to include the selected Prepayment Penalty Program as well as any pricing adjustment. A Prepayment Penalty does not always require a pricing adjustment if added to a loan at management discretion.