Acra Lending

CORRESPONDENT

DELEGATED BULK
POLICIES & PROCEDURES
12/19/21

INTERNAL ONLY

Acra Lending
CORRESPONDENT

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1. **Mortgage Loan Purchasing Agreement ("MLPA")**
   1) MLPA 1- Single payment delegated MLPA to be executed by Seller; or

   2) MLPA 2- Dual payment delegated MLPA to be executed by Seller.
      a) First payment at par upon completion of collateral review by Acra purchaser.
         i. Collateral package pulled by Acra setup and tasked to Acra purchaser (1 day).
         ii. Collateral package review (2 days).
         iii. Purchasing (1day).
      b) Second payment of premium paid upon completion of the TPR securitization review and Acrapurchasing process (see below).

2. **Seller Bid & Purchase Requirements:**
   1) Seller to allow 1 business day for Acra Correspondent to reply with Bids.

   2) *Bulk Purchase Price Lock Policy*- All loans to be purchased <u>within 30</u> days of Signed Bid Confirmations to maintain bulk pool purchase price. Loans purchased beyond 30 days are subject to market pricing adjustments (see **Exhibit 1**).

   3) All loans included in Bid Tapes remitted to Acra must be Closed Loans.
      a) Exceptions can be made upon request.
      b) Any loans not closed must be identified in all bid tapes.

   4) Seller signed Bid Confirmations must be returned to Acra Capital Markets <u>within 72 hours</u>.

   5) Seller to provide to Acra the TPR Data Tape <u>within 48 hours</u> of Acra receiving bid confirmations.
   6) ALL loans in pool to be uploaded by Seller to TPR system within 48 hours of Acra receiving TPR Data Tape.

   7) Sellers to provide all conditions to TPR <u>within 5 business days</u> of condition(s) being generated by TPR.

   8) Seller to provide excel file containing all loans to be bid including the minimum following data elements:
      1. Client Loan Number.
      2. Borrower Last Name.
      3. Citizenship.
      4. Program Type (e.g. DSCR, bk statement).
      5. Months of Bank Statements.
      6. Purpose (e.g. purchase, rate & term refi, cash-out refi).
      7. Occupancy (e.g. investment, primary).
      8. Property Type (e.g. condo, sfr).
      9. State.
      10. Note Rate.
      11. Appraised Value.
      12. Purchase Price.
      13. Original UPB.
      14. Current UPB.
      15. Note Date (e.g. loan funding date).
      16. LTV.
      17. CLTV.
      18. FICO.
      19. BK.
      20. FC
      21. Mortgage Lates (0x30, 1x30 etc.)
      22. DTI
      23. Debt Service Coverage Ratio (for example, 1.15)
      24. FC.
      25. Mortgage Lates (0x30, 1x30, 0x60, 0x90).

26. DTI.
27. Debt Service Coverage Ratio (e.g. 1.10).
28. Reserves (e.g. 12 months of PITIA).
29. Amortization (e.g.fixed, 5/1 arm, 7/1 arm).
30. Cash-out amount.
31. Prepayment Penalty Term (e.g. 12 mos.)
32. Impounds (e.g. yes or no).

3. **Loan Bid & Purchase Process**- Acra Capital Markets ("CM") Provides Bid to Seller.
    1) Acra does not win bid- no further action(s).

    2) Acra wins bid- Acra Capital Markets provides a trade confirmation to seller.

    3) <u>Seller signs and returns</u> trade confirmation to Acra CM and Acra Business Development Officer.

    4) Acra CM provides TPR data tape ("E-Data") tape to Seller.

    5) <u>Seller inputs</u> missing required data and clarifies any client enumeration per TPR firm data file requirements.

    6) <u>Seller provides</u> Complete & Final E-Data tape to Acra CM.

7) Acra CM analyzes and finalizes Bid & E-Data tape comparison and confirms final price.
   a) If difference in price from initial trade confirmation, new trade confirmation is executed by Seller.

Data Tape Compare	
Loan Px	102.281
Data Px	102.571
Px Difference	0.290
Commited Px	103.00
Adj. Bid Px	103.290

8) Acra Capital Markets sets-up client and pool specific file in the TPR system.

9) <u>Seller uploads</u> individual loan files to TPR System.
   a) Complete loan files including all credit & underwriting documents, appraisal(s), all compliance documents, closing package from closing agency and XML file.

10) <u>Seller reviews</u> loan due diligence findings in the TPR system.

   a) <u>Seller uploads</u> conditions- any TPR due diligence attribute receiving a risk grade below "B" requires Seller to provide documentation to TPR with goal to get a regraded value of B or better.

Ratings	S&P		Moody's		Fitch		Kroll		DBRS	
	Initial	Final	Initial	Final	Initial	Final	Initial	Final	Initial	Final
Loan Level Risk Grade	A	A	A	A	A	A	A	A	A	A
Compliance	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Credit	A	A	A	A	A	A	A	A	A	A
Valuation	A	A	A	A	A	A	A	A	A	A

   b) Any regraded attribute that migrated to a "B" or better must be reviewed by Acra Underwriting and/orCompliance Departments to ensure condition(s) provided meet Acra requirements.

11) Acra operations transfers loan files from TPR system to Acra system
   a) Acra operations reviews TPR loan rating reports for each loan.
   b) Qualified loans only are transferred to Acra system (loans with a grade of "B" or better).
   c) Operations obtains imaged loans from TPR system & remits the loans to Acra Setup Department.
      1. Credit Pack.
      2. Disclosures Pack.
      3. Closing Pack.
      4. XML file.

4. Acra Loan Setup Process

1) Loan Numbers:
   a) Single step purchased loans assigned loan numbers with first four numbers = 1000.
   b) Two step purchased loans assigned loan numbers with first four numbers = 1100.

   `10001158: LI ✕`

2) Set-up will go into the Intake Screen and select Correspondent – Evolve.

Origination Channel	Correspondent ⌄	☐ **Correspondent – Evolve**
Application Date	09/07/2021 ●	* Use the autofill button to input today's date

3) Set-up will go into the Status Screen and click the radio button for Correspondent – Submitted Bulk.

Current Loan Status		Important Dates	
○ Submitted		Date File Created:	09/07/2021 5:50 PM
○ Incomplete Retail Submission		Preapproval Application Date	●
○ Suspended		Application Date	09/07/2021 ●
○ Approved / In Process		Scheduled Approval Date	
○ Ready for Docs		Signing Appt. Confirmed	☐ ⓘ
○ Lenders Out-WET/DRY		Signing Location	⌄
○ Docs Out-WET		Signing Date & Time	07/31/2021 Time:
○ Docs Out-DRY		Scheduled Closing Date	08/02/2021
○ Docs Back-DRY		Scheduled Funding Date	08/03/2021
○ Funded			
○ Docs Back-WET			
○ Closed			
○ Declined			
○ Canceled			
○ Withdrawn		Follow Up	
○ Correspondent - Submitted - Flow		Follow Up Date	
○ Correspondent - Submitted - Bulk	09/07/2021		

4) There will be no SUB Form or AE SYNOPSIS.

5) Set-up to task Underwriting ("UW").

6) UW will complete the required Data Input and task Purchaser to initiate the Purchase Review process.

7) Operations to alert Capital Markets to generate Lock Confirmation on all loans in upload to DV.

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5. Underwriting- Loan Analysis and Data Input

1) CSC Property Type – select from drop down. UW may also need to correct Prop Type field if inaccurate.

2) Property Listed on MLS – drop down, relevant if property being refinanced has been listed in the last 6 mo.

3) Property type special circumstances, UW to select any that apply. Lease option drop down used if applicable to select if using appraised value or purchase price (based on seasoning).

4) Qualifying Credit Score – manual input.

5) Credit Grade – select from drop down.

6) Qualifying Income Type – select from drop down.

7) Mortgage late payments – manual input as applicable.

8) Adverse credit events – Manual input by date as applicable.

9) Proposed Housing Expense – should populate from electronic file. UW may add or correct as needed. May also be input on URLA Lender Loan Info screen.

10) Subject property gross market or actual rent – manual input. May also be input on URLA Borrower Info (1003).

11) Employer Info/Time on job/Position – populates from electronic file. UW may add or correct as needed. May also be input on URLA Borrower Info screens. UW to select appropriate item from "Docs Used to Qualify" drop down.

12) Interest Rate – should auto populate from electronic submission. UW may add or correct as necessary.

13) Reconciled Value – manual input of value used for lending purposes 1)Appraisal effective date input on Collateral Review Screen.

14) Escrow Waive – select appropriate value from drop down.

15) 1st Time Homebuyer – select yes or no from drop down

16) Max LTV/Max CLTV – manual input based on program limits.

17) Documents Expiration Dates – manual input based on document expiration date policy.

18) Investor Code – carries over from set-up. UW may need to update or correct.

19) CSC Loan Product Type – drop down to identify program utilized for reporting purposes.

20) Prepayment Penalty – UW to select Yes or No from drop down and add/update term in months. Usually auto populated from set-up. UW may need to update.

21) Program pricing – UW to choose the most recent rate sheet for selected program.

22) Show Validations – UW to run validations to verify data input matches eligibility parameters.

23) Price Loan – run pricer for system calculated pricing. UW may need to manually apply Off Sheet Adjustments.

24) Underwriter to print UW worksheet and upload to DV.

6. Underwriting- Fee Input

    1) Final CD or Alta Statement uploaded into doc velocity.
       a) Review Loan amount, hazard insurance and taxes on the statement.

    2) Enter in Origination fees, Section A, in the system.

    3) Enter Appraisal, Credit report fee.

    4) Enter Section C- title Fees.

    5) Enter in signing date to populate a first payment date, required to run the LDR interest and impounds.

    6) ==Balance the==

    7) Mark APR fees if necessary – Primary (investments not required).

    8) Clear task.

7. Loan Purchasing (general- final purchasing process for both MLPA1 & MLPA2)

    1) Purchaser to Complete fields in the Correspondent Funding Screen and Purchase Advice Screen.

    2) Purchaser to request Warehouse Facility from Acra Management.

    3) Purchaser to Audit Closed Loan Package and send Seller Purchasing Eligibility Review Certificate with all outstanding conditions.

    4) Advise Seller of Warehouse Facility to send collateral to ACRA and provide tracking information.

    5) Purchaser to review and clear all conditions - including review Hazard Policy and Current Tax Cert.

    6) Purchaser to request the following from the Seller:
       a) Provide copies of Fed ex label, Bailee, Allonge made payable to Citadel Servicing Corporation and Original Note.
       b) To date Payment History.
       c) To date Good-bye Letter.

    7) Purchaser to review Impound Account based on the following documents:
       a) Initial Escrow Account Disclosure.
       b) 1st. payment letter to borrower.
       c) Final CD.
       d) And/or Final Alta Settlement Statement and/or HUD-1.
       e) Review Interest Seller used to close – 360 vs 365 calendar days.
       f) California Loans-review Cal Per Diem form to confirm if Friday fundings are acceptable.

    8) Prepare Purchase Advise.

    9) Order Wire.

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8. Purchasing- 2 Step Purchase Process (MLPA 2)-

  1) Purchasing will review collateral up-front while TPR firm is reviewing the file and completing the due diligence review. The initial purchase is dependent upon a review of collateral only).

COLLATERAL DELIVERY			
CLOSING DOCUMENTS utilize CSC stacking			
FINAL 1003			
RTC		EXP	
CLEARD:			
MISSING:			
BAILEE			
EXECUTED ALLONG MADE PAYABLE			
NOTE			
NOTE ADDENDUM			
MORTGAGE			
RIDERS			
GRANT DEED			
QUIT CLAIM			
POA			
POA TITLE APPROVAL			
CAL PER DIEM			

  2) After collateral has been cleared, purchaser will notify Seller to send Collateral Package to ACRA and Purchaser to provide tracking information.
  3) Purchaser will prepare Purchase Advise at PAR and order wire.

  4) After wire is sent Purchaser will go into the Correspondent Funding Screen and input Step 1 Wire Sent Date.

Correspondent Loan Status

Correspondent - Submitted Date - Bulk	11/09/2021
Correspondent - Eligible Bulk Date	
Correspondent - Clear to Close Date	
Correspondent - Clear to Purchase Date	11/10/2021
Correspondent - 2nd Clear to Purchase Date	
Correspondent - Step 1 Wire Sent Date	11/12/2021

5) Once TPR firm has completed the Due Diligence and files have cleared with an "A" or "B" risk grade.
    a) Operations will input TPR DD Cleared date on the Correspondent Funding Screen.

Correspondent Loan Status

Correspondent - Submitted Date - Bulk	11/09/2021
Correspondent - Eligible Bulk Date	
Correspondent - Clear to Close Date	
Correspondent - Clear to Purchase Date	11/10/2021
Correspondent - 2nd Clear to Purchase Date	
Correspondent - Step 1 Wire Sent Date	11/12/2021
Correspondent - Purchased Date	11/23/2021
Correspondent - Suspended / Denied Date	
Evolve DD Cleared Date	

6) Purchaser to request the following from the Seller:
    a) To date Payment History.
    b) To date Good-bye Letter.

7) Purchaser to review Impound Account based on the following documents:
    a) Initial Escrow Account Disclosure.
    b) 1st. payment letter to borrower.
    c) Final CD.
    d) And/or Final Alta Settlement Statement and/or HUD-1.
    e) Review Interest Seller used to close – 360 vs 365 calendar days.
    f) California Loans-review Cal Per Diem form to confirm if Friday fundings are acceptable.

8) Prepare Purchase Advise.
9) Order the Step 2 wire.
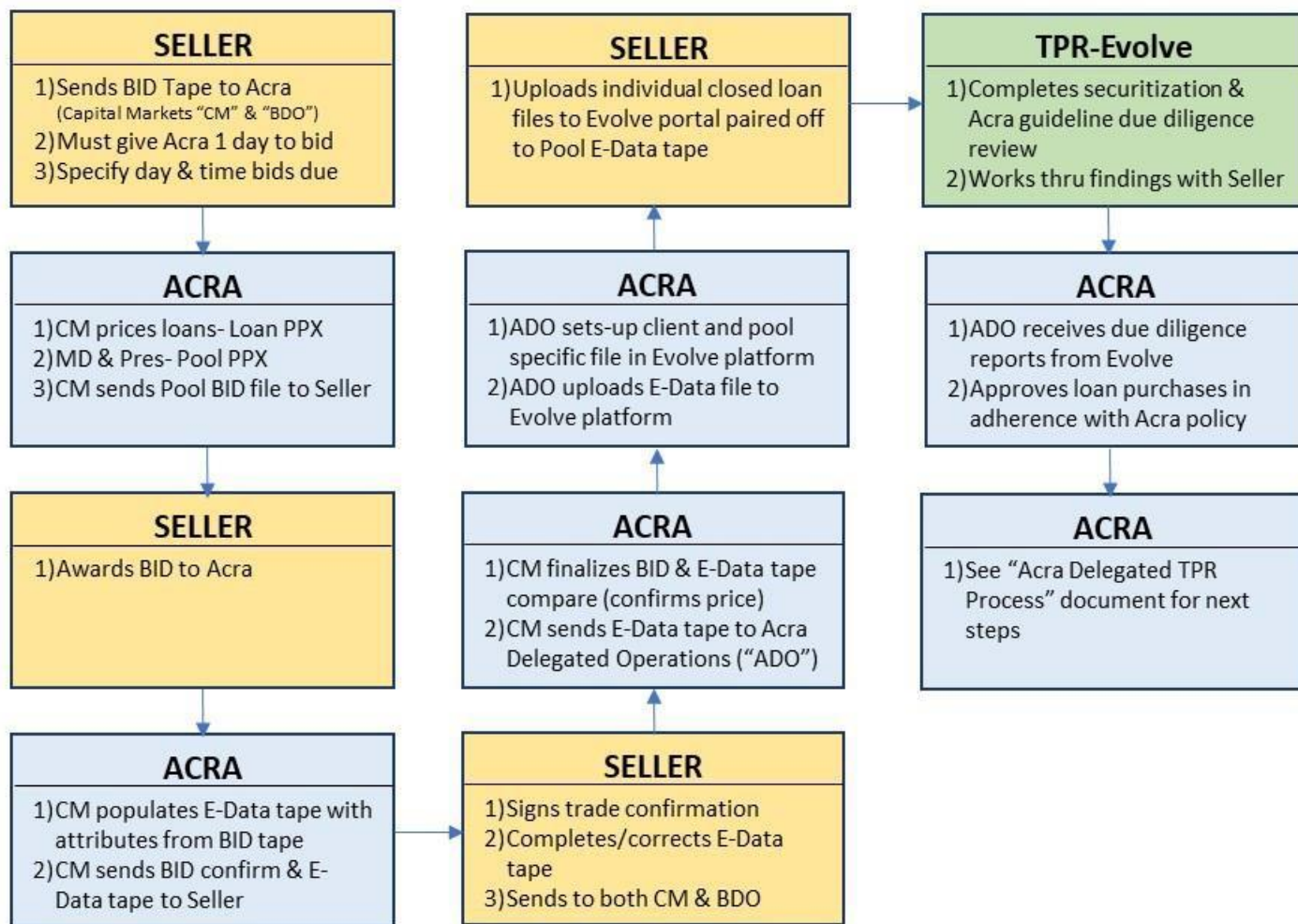
Acra Delegated BID & TPR Due Diligence Review Process

SELLER
1) Sends BID Tape to Acra
   (Capital Markets "CM" & "BDO")
2) Must give Acra 1 day to bid
3) Specify day & time bids due

ACRA
1) CM prices loans- Loan PPX
2) MD & Pres- Pool PPX
3) CM sends Pool BID file to Seller

SELLER
1) Awards BID to Acra

ACRA
1) CM populates E-Data tape with attributes from BID tape
2) CM sends BID confirm & E-Data tape to Seller

SELLER
1) Signs trade confirmation
2) Completes/corrects E-Data tape
3) Sends to both CM & BDO

ACRA
1) CM finalizes BID & E-Data tape compare (confirms price)
2) CM sends E-Data tape to Acra Delegated Operations ("ADO")

ACRA
1) ADO sets-up client and pool specific file in Evolve platform
2) ADO uploads E-Data file to Evolve platform

SELLER
1) Uploads individual closed loan files to Evolve portal paired off to Pool E-Data tape

TPR-Evolve
1) Completes securitization & Acra guideline due diligence review
2) Works thru findings with Seller

ACRA
1) ADO receives due diligence reports from Evolve
2) Approves loan purchases in adherence with Acra policy

ACRA
1) See "Acra Delegated TPR Process" document for next steps

EXHIBIT 1