21ST CENTURY LENDING
POLICIES & PROCEDURES MANUAL

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1. INTRODUCTION

21st Century Lending is committed to maintaining high standards in mortgage lending. This comprehensive guide outlines our internal policies and procedures to ensure compliance with federal and state regulations across all states in which we operate. Our mission is to provide exceptional mortgage services while adhering to ethical standards and regulatory requirements, offering personalized mortgagesolutions that cater to the unique needs of our clients. We ensure transparency, integrity, and professionalism in all our dealings, building lasting relationships with our clients, partners, and communities by upholding the highest standards of service and ethical conduct

2. GENERAL POLICIES

- Mission Statement: 21st Century Lending provides exceptional mortgage services while adhering to ethical standards and regulatory requirements. Our mission is to offer personalized mortgage solutions tailored to the unique needs of our clients while ensuring transparency, integrity, and professionalism in all our dealings. We build lasting relationships with our clients, partners, and communities by upholding the highest standards of service and ethical conduct.

Ethical Standards and Code of Conduct: All employees and contractors must uphold the highest standardsof integrity and professionalism. This includes honestyin all communications, fairness in all dealings, and compliance with all applicable laws and regulations

Purpose of the Code: This Code of Business Conduct and Ethics ("Code") has been adopted to deter wrongdoing and to promote, among other things, honest and ethical conduct and to ensure to the greatest possible extent that our business is conducted in a consistently legal and ethical manner. This Code serves as a guide to help answer potential legal and ethical questions that may arise and is not intended to be a comprehensive rulebook.

Decision-Making Framework: Employees must evaluate situations by asking the following questions:

- Purpose: Why am I doing this? Is it legal? Even if it is legal, is it the right thing to do?
- Process: Did I follow the right steps? Did I consult the right experts or stakeholders?
- Perception: How would this look to our regulators, team members, collaborators, vendors, customers, partners, the mortgage lending community, or the media? How would this look in three to four years in the future?

3. OPERATIONAL PROCEDURES

Loan Processing:

Application Intake:

- Initial Contact: Collect all required borrower information and provided is closures within 3 business days.
- Documentation: Collect necessary documentation, such as proof of income, tax returns, and identification.
- Verification: Verify all borrower information, including employment, income, and assets.

Documentation:

- Standard Requirements: Use a checklist of required documents for each loan type.
- Submission Process: Submit complete files to operations staff so they can review and submit to the underwriters for review and approval.
- Storage: Use the Arive platform for secure and organized document storage.

Quality Control:

- File Reviews: Conduct pre-funding and post-closing quality control reviews to ensure accuracy and completeness.
- Compliance Checks: Regularly audit loan files to ensure compliance with internal policies and external regulations.

Using Arive Loan Origination System

- System Overview: Ariveis a comprehensive loan origination system used to streamline the mortgage process from application to closing.
- Data Entry: Enter all borrower information accurately and update records as necessary throughout the loan process.
- Document Management: Upload and categorize all required documents within the Arive system.

- Data Entry: Enter all borrower information accurately and update records as necessary throughout the loan process.
- Document Management: Upload and categorize all required documents within the Arive system.
- Loan Tracking: Monitor the progress of each loan application and ensure timely completion of all necessary steps.
- System Security: Use unique user credentials and conduct regular system audits to protect sensitive information.

Credit Pulls with Advantage Credit

Loan Officer Submission & Document Collection Guidelines

For effective loan submissions and precise document collection, follow these procedures:

1003 Loan Application Completion:

- Ensure all tabs are completed, resulting in a checkmark next to each: Loan & Property, Borrower Info, Financial Info, FHA/VA Loan (if applicable), Product & Pricing, Review Fees.
- Use this section for quotes and fee verification. Refer to the fee sheets provided by 21st Century Escrow and American Title.

Dual AUS (Automated Underwriting System):

- The Loan Officer Assistant (LOA) runs the AUS and shares the results.

Setup and Contacts:

- Include details for the Certificate of Eligibility (COE), appraisal contingency, and projected closing date at the top of the page.
- Add the Operations Manager as the LOA and the Agent you will be working with as a contact on the file.

Document Collection:

- Collect and review documents or assign this task to the LOA. Return files with errors or omissions for correction. Ensure files are consistently tidy and professional.

Submission Process:

- Submit all loan applications to submissions@21stcenturylending.com, indicating if the submission is for preapproval. Provide all relevant client information in the email.

Pre-Approvals:

- Ensure a 24-hour response time for Desktop Underwriter (DU) approval. Notify the Loan Officer and assist in document gathering if additional documents are needed.

Submissions Timeline:

- Upload and disclose applications received before 3:00 PM on the same day to the investor site. Handle those received after 3 pm the next business day.

Loan Officer Assistant (LOA) Guidelines & Standards

- The Loan Officer Assistant Team manages files with precise attention and readiness for submission, allowing Loan Officers to focus on sales.

General Standards:

- Navigate the preapproval phase for documents received post-application and pre- approval, keeping the Loan Officer informed on any pending items or additional requisites.
- Evaluate files not pre-approved by the team. Itemize missing elements and advance to the next stage only when files meet set standards.

Pre-Approvals:

- Provide a standard turnaround within 24 hours. Exceptions include variable income pending WVOE and self-employed applicants with over 3 businesses and related tax returns.

Submissions:

- Upload and disclose all files to the investor site on the same day. Use BOLT for all files moving forward with UWM.
- Supervise uploads to the investor site and ensure files are disclosed for upfront processing.

File Distribution:

- Rotate file assignments to boost efficiency. Do not accommodate specific requests for file assignments.

Turn Times:

- Maintain a default turnaround time for LOA tasks of 24 hours unless otherwise indicated.

Training and Development:

- Conduct monthly in-housetraining sessions with management to keep the LOA team abreast of current programs and guidelines.

Loan Processing Workflow Procedure and Standards

- The Loan Processing Workflow ensures smooth and efficient processing of loan applications from initial review to closing.

Initial Loan Review by the Loan Officer:

- Collaborate with Loan Officers to pre-qualify potential clients based on financial qualifications before property search.
- Input loan details and upload documents in Arive, categorizing accurately. Credit report required in file (unless utilizing UWM soft pull, then credit card details should be on file).

Loan Officer Submission to LOA Team:

- Submit comprehensive loan files to LOA team for initial review.

·Compile necessary documents and submit loan files to the LOA team. Upload documents into Arive and notify the LOA team for review via email.

LOA Team Review and Loan Registration:

- Review and officially register the loan, obtaining a lender loan number.
- Review and register loans within 24-48 hours, notifying the Loan Officer with lender loan numbers. Ensure all necessary authorizations are completed before processing.

Disclosure and Documentation Order:

- Disclose loan details to the borrower and order necessary documents.
- Disclose loan to the borrower, ordering appraisal, title search, and escrow documents. Input fees into the lender's system and generate Loan Estimate (LE) for LO approval.

File Submission/Processing Review and Submission:

- Hand over thoroughly reviewed loan file to the Processing Department.
- Submit loan file to Operations Manager for assignment to Processor within 24 hours post-registration. Processor reviews and submits the loan to the lender, following up on any trailing documents.

Loan Approval and Conditions:

- Achieve lender approval and inform Loan Officer/LOA of any conditions.
- Notify Loan Officer and LOA of needed conditions post-approval. Communicate conditions to borrowers within 24 hours of receipt.

4. COMPLIANCE PROCEDURES

Federal Compliance:

- Bank Secrecy Act (BSA) and Anti-Money Laundering (AML): Implement customer identification programs, transaction monitoring, and suspicious activity reporting.
- Gramm-Leach-Bliley Act (GLB): Protect the privacy of consumer financial information and ensure secure data handling.

State-Specific Compliance:

- Conduct periodic audits to ensure compliance with state regulations.
- Provide continuous training on state-specific requirements and updates.
- Insider Trading: Employees are prohibited from buying or selling securities based on inside information or tipping others to do so. Consult the Insider Trading Policy for more details.
- No Bribery or Corruption: Comply fully with the Foreign Corrupt Practices Act (FCPA) and other laws prohibiting bribery of public officials or individuals in the private sector. Do not offer or accept bribes, kickbacks, or other illicit payments.
- Regulatory Compliance: Understand and comply with regulations from the Federal Housing Finance Agency, Ginnie Mae, Consumer Financial Protection Bureau, U.S. Federal Trade Commission, Department of Housing and Urban Development, SEC, and other agencies.
- Privacy Laws: Protect the privacy and security of personal information, collect and use the minimum amount necessary, and ensure proper handling and disposal of such information.

5. HUMAN RESOURCES POLICIES

Hiring and Onboarding:

- Post job openings, conduct interviews, and select candidates aligned with company values.
- Verify criminal history, professional credentials, and references.

Training and Development:

- Conduct comprehensive training on company policies and procedures for new hires.
- Provide regular training sessions on industry developments and regulatory updates.
- Fair Employment Practices: Prohibit discrimination based on race, color, religion, sex, national origin, age, disability, genetic information, marital status, military or veteran status, or any other characteristic protected by law. Ensure awork environment free from harassment and retaliation.

6. RISK MANAGEMENT

Fraud Prevention:

- Implement identity verification and transaction monitoring systems.
- Report suspected fraud promptly and take immediate action.

Data Security:

- Use encryption, secure storage, and access controls to protect sensitive data.
- Have a response plan for data breaches, including containment, investigation, and notification.

Money-Laundering and Third-party Payments: Comply with anti-money laundering and anti-terrorism laws, flag suspicious activities, and report potential violations.

Vendor Management: Ensure that third-party vendors comply with our security and operational standards. Regularly review vendor performance and adherence to contractual obligations.

Business Continuity Planning: Maintain a business continuity plan to ensure critical operations can continue during and after a disruption. Regularly test and update the plan.

7. CUSTOMER SERVICE POLICIES

Interaction Guidelines:

- Respond to inquiries within 24 hours and provide clear, concise information.
- Address and resolve complaints within five business days.

Communication Standards:

- Maintain a courteous and empathetic tone in all interactions.
- Provide regular updates and ensure clients are well-informed throughout the loan process.

Client Education: Offer resources and guidance to help clients understand the mortgage process, including terminology and steps involved. Regularly update educational materials to reflect industry changes.
Feedback Mechanisms: Gather and analyze customer feedback for continuous improvement. Regularly review feedback and implement changes to enhance the customer experience.

8. RECORD KEEPING

Documentation and Retention:

- Maintain accurate and up-to-date records in the Arive platform.
- Retain documents for at least 5 years, in compliance with regulatory requirements.

Retaining Records: Manage business records and dispose of them in accordance with document-retention policies. Comply with legal holds during litigation or government investigations.
Digital Records Management: Use secure and compliant systems for digital records storage and management. Regularly back up data and ensure it is retrievable in case of system failures.
Audit Trails: Maintain detailed audit trails for all document access and modifications to ensure accountability and traceability.

9. MARKETING AND ADVERTISING

Compliance with Truth-in-Advertising Laws:

- Review all marketing materials for compliance with state and federal regulations.
- Ensure accurate representation of loan product sand transparent disclosure of terms.

Social Media Policies: Employees must follow guidelines for social media usage to ensure compliance with regulatory standards and protect the company's reputation.
Brand Management: Maintain a consistent brand message across all marketing channels. Regularly review and update branding materials to reflect current offerings and values.
Market Analysis: Conduct regular market analysis to understand industry trends and customer needs. Use insights to inform marketing strategies and product offerings.

10. STATE-SPECIFIC REGULATIONS

Compliance: Adhere to all state-specific regulations and licensing requirements.
Audits and Training: Conduct regular audits and provide training on state laws and best practices.
State Licensing: Maintain up-to-date records of all state licenses and ensure timely renewals. Provide training on state-specific requirements to relevant staff.
State Reporting Requirements: Comply with all state reporting requirements, including timely submission of necessary reports and documentation.
State Consumer Protection Laws: Follow state-specific consumer protection laws and ensure practices comply with these regulations.

11. APPENDICES

Appendix A: Vendor Compliance Letter Template for ensuring vendors comply with FACTA Red Flag Rules.
Appendix B: AML Checklist Detailed checklist for AML compliance.
Appendix C: Data Breach Response Plan Step-by-step procedures for responding to data breaches.
Appendix D: Remote Work Policy Policies and procedures for employees working remotely.
Appendix E: Underwriting Policies and Procedures Guidelines for underwriting practices and compliance.
Appendix F: Red Flag Identity Theft Prevention Policy Fraud Prevention Policy Guidelines and policies for Identity theft and fraud prevention.
Appendix G: GLB/RF/Internal Security Policy Policies for internal security prevention.