

# Seller's Guide



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## Section 1 - Introduction



### About this Guide

The Champions Funding Mortgage, LLC (hereafter referred to as “Champions Funding”) Seller’s Guide (hereafter referred to as “Seller Guide”) oversees certain aspects of the business relationship with Champions Funding approved mortgage loan sellers (hereafter referred to as “Seller”). The Seller Guide provides information to assist the Seller in conducting business with Champions Funding from Seller Approval through post-purchase.

Sellers are required to comply with the requirements of the Seller Guide. Champions Funding may terminate its relationship with the Seller at any time when the Seller does not meet its obligations within this Seller Guide.

### Announcements

Champions Funding will issue announcements when updates to the Seller Guide are required. Announcements will be provided in a timely manner and include an effective date of the change. The Seller is responsible to review and comply with any announcement issued by Champions Funding. Announcements are sent out to approved Sellers that have opted-in to receive emails.

### Customer Support

Contact your designated Account Liaison (non-delegated sellers), Relationship Manager and/or Sales Executive with questions on all aspects of doing business with Champions Funding including, but not limited to, loans, guidelines, and systems. General inquiries may be directed to Champions Funding main line 855.436.0977.

### Website

The Champions Funding Mortgage website may be accessed at the URL: [www.champstpo.com](http://www.champstpo.com).

**Note:** In order to view Champions Funding Guidelines, Rate Sheet and submit loans for review, approval and/or purchase, Seller must contact their designated Sales Executive.

### Champions Funding Mortgage Guidelines

For Loan Purchase Eligibility Guidelines related to the underwriting and review of the loan and its characteristics related to borrower and property, please refer to the Champions Funding Guidelines (hereafter referred to as “Guidelines”) and Champions Funding Mortgage Loan Purchase Eligibility Matrix (hereafter referred to as “Matrix”). Guidelines may be accessed at the URL: [www.champstpo.com](http://www.champstpo.com)

### Delegation

Champions Funding currently approves Sellers on Non-Delegated basis. The Seller must originate loans directly through the Seller’s retail operations. Refer to Champions Funding Matrices and Guidelines for additional information. Loans are to be closed in the Seller’s name using the Seller’s warehouse line.

### Hours of Operation

Champions Funding hours of operation are 8:00 am MST to 5:00 pm MST.

## Section 1 - Introduction Continued



### Holiday Schedule

Champions Funding will observe the following holidays:

New Years Day	Martin Luther King, Jr. Day
Presidents Day	Memorial Day
Juneteenth	Independence Day
Labor Day	Indigenous People's Day
Veteran's Day	Thanksgiving
Christmas	

## Section 2 - Correspondent Seller Approval



### Application Process

Applicants interested in obtaining approval to become a Champions Funding Seller should contact their dedicated Sales Executive.

### Required Qualifications

- Net worth of \$1,000,000 is required for all correspondent sellers.
- Business operating for at least 2 years. Or principals should have minimum 7 years' experience in mortgage lending for newer firms.
- Properly licensed to originate and sell mortgage loans.
- Maintain a current Errors and Omissions Insurance Policy and Fidelity Bond with a minimum coverage of \$1,000,000 per occurrence.
- "Good standing" with all governmental licensing and revenue collection agencies (public record clear of civil or criminal judgements).

### Required Documentation

The following documentation must be submitted to Champions Funding for review:

- Completed Correspondent Lending Seller Application, signed and dated
- Completed Loan Purchase and Sale Agreement (MLPA) - signed and dated
- Completed Credit Consent - signed and dated (or copy of credit report dated within 120 days)
- Completed and signed authorization for background check for all owners who own 20% or more of the company.
- Warehouse Line with NON-QM authorization (\$3,000,000 minimum)
- Corporate Resolution – to confirm authorized signatories for the company
- Wire Instructions
- Loan Fraud Zero Tolerance Form, signed and dated
- Anti-Money Laundering and Suspicious Activity Reporting Attestation Form, signed and dated
- Current Resumes for all principal officers and senior managers addressing mortgage experience
- Most recent two years audited and most recent interim unaudited financial statements (within 90 days)
- Quality Control Policy
- Company's Appraisal Independence Requirements (AIR) policy
- Three most recent investor scorecards from investors (to include non-QM population if applicable)
- Proof of current fidelity bond with coverage meeting agency guidelines
- Proof of current errors and omissions insurance with coverage meeting agency guidelines
- W-9 Form
- POA if applicable

## Section 2 - Correspondent Seller Approval Continued



- Document Review for Business Purpose Loans. All business purpose loans are subject to Champions Funding Prepay Payment Penalty.
  - Closing Document pkg with the following prepayment penalty verbiage. Equal to 5% of the unpaid principal balance. Other than the monthly payments required herein, if the Borrower prepays the Note in whole or in part before the full term of the prepayment period, Borrower will pay a Prepayment Penalty equal to Five Percent (5%) of any amounts prepaid.
  - It is required that seller use the firm Geraci and their document system Lightning Docs. [www.geracillp.com](http://www.geracillp.com)
  - See underwriting guidelines for state restrictions for prepayment penalty.

Champions Funding will ascertain the validity of the information submitted for approval through state and national licensing search engines and other verification processes.

### **Bonds, Errors & Omissions Insurance**

Sellers must have a fidelity bond (Acceptable fidelity bonds include: Mortgage Bankers Bond Policy, Savings and Loan Blanket Bond Policy, or Bankers Blanket Bond Policy) and an errors and omissions insurance policy in effect at all times that meet current Fannie Mae guidelines. If the Seller does not service any loans it originates, minimum coverage of \$300,000 is required.

### **Deductible**

The policy's maximum deductible clause may be for any amount up to the higher of \$100,000 or 10% of the face value of the policy.

### **Provisions/Rider**

The fidelity bond or errors and omissions insurance policy must include the following:

- Insurer to name Champions Funding as an investor, as loss payee on payments drafts issued by the insurer for losses to Champions Funding resulting from acts or omissions covered by the insurance policy.
- The insurer to give Champions Funding, as an investor, the right to file a claim directly with the insurer should the seller fail to do so, on losses to Champions Funding resulting from acts covered by the insurance.

### **Cancellation**

The insurance policy must stipulate that the insurer will notify Champions Funding of any cancellation or reduction in coverage within 10 days of such an incidence.

### **Notification of Significant Change**

Seller must notify Champions Funding in writing of any impending material changes in its organization, including when it receives any notification from any state and Federal Regulators to which it is subject, which shall include, but not limited to, any notice of approval, rejection, suspension, non-compliance, default or eligibility.

### **Legal Standing**

Seller to be validly existing, well-ordered, and in good standing under the laws of the jurisdiction of its organization. In addition, Seller must be qualified to do business in each jurisdiction where it originates mortgage loans.

## Section 2 - Correspondent Seller Approval Continued



### **Good Standing**

Approved Sellers must continue to meet the eligibility requirements outlined in this section in order to maintain its approval status. To remain in good standing with Champions Funding, Sellers must deliver audited financial statements for the preceding fiscal year, and interim financial statements if so requested.

### **Fair Lending Commitment**

Champions Funding does not condone or engage in any business practices that discriminate on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter into a binding contract), disability, military status, or any other basis prohibited by law.

## Section 3 - Non-Delegated Pre-Close Review, and Closing Requirements Seller Approval



### Non-Delegated Reviews

For Non-Delegated Correspondent Sellers, Champions Funding will: (1) perform an investor credit review and render a credit decision, (2) clear all Prior to Doc credit conditions, and (3) issue a Clear to Close via a Loan Approval Certification. Once Clear to Close is issued, Seller to move forward with funding process and close loan. Refer to the Non-Delegated Submission Checklist for terms and pricing.

### Non-Delegated File Delivery

The credit package is to be delivered to Champions Funding Non-Delegated Portal utilizing login credentials provided at time of onboarding. Refer to the Non-Delegated Submission Checklist provided at time of onboarding for documents required for submission. This Submission Checklist is a tool and is not required to be uploaded with the submission.

Champions Funding Non-Delegated Portal URL: <https://hero.champstpo.com/Auth/Login>

### Non-Delegated Parameters

Champions Funding will not review loan files for compliance matters, which include, but are not limited to: HMDA, compliance, compliance reports, disclosures, and disclosure timelines. The Seller is responsible for ensuring all applicable state and federal regulations are followed. In addition, the Seller must include a compliance report dated the day of funding when delivering the file for third-party due diligence and purchase review.

### Closing Documents

Closing documents must observe the following:

- All closing documents must comply with the requirements set forth in the Champions Funding Guidelines and, where silent, default to the FNMA Seller Guide
- Per diem interest calculations are based on 30/360-day year
- The Seller's Mortgage Electronic Registration System (MERS) registered loan Mortgage Identification Number (MIN) is required on each loan's security instrument.
- The date the loan is signed by the borrower(s) must be on or after the date on the closing documents
- The signature must be a wet signature
- The Lender of Record and originator must match the name listed as counterparty on the LPSA, unless prior approved by Champions Funding (for example –Joinder on file).

### First Payment Date

The first payment date on closing documents should always reflect the first day of the month.  
Pre-Paid Interest

Per diem interest credit (30/360) is given for each day passed before the loan closing, when a loan closes in one month and the first payment is due the first of the following month.

### Interest Reserves

Champions Funding does not currently accept loans with escrowed interest reserves. If an interest reserve is in place on a loan, the funds must be refunded to borrower prior to Champions Funding purchase.

## Section 4 - Pricing and Settlement Terms



### Rate Sheet Availability

Rate Sheets are distributed daily and may be obtained through your Sales Executive. Champions Funding reserves the right to change pricing at any time without prior notice. All pricing on Rate sheet is Best Efforts. For mandatory flow pricing, refer to rate sheet.

### Pricing Vendors

The following pricing vendors offer Champions Funding Pricing:

#### Pricing Vendor Name:

Optimal Blue (MultiPoint programs not supported)

### Flow Lock Request

A flow loan is categorized as a single loan. The Seller is instructed to price out all flow lock requests utilizing the Champions Fundings rate sheet or pricing engine in HERO.

### Flow Lock Extensions

All Best-Efforts flow locks with an expiration date occurring before delivery must be extended by the Seller to remain active. On the day of lock extension request, if the note rate or eligibility/ scenario is no longer offered on Champions Funding rate sheet, the loan may not be eligible for an extension, at Champions Funding discretion. All closed loans must be delivered by the lock expiration date. Champions Funding will give 5 free business days to get the loan settled if the lock expires after loan delivery. After that, Champions Funding will charge .15 for every 5 additional days needed to settle the loan.

### Cancelled Locks

Excessive cancellations will be grounds for review and reconsideration of approval with Champions Funding.

For cancelled locks after loan delivery there will be a pair off fee of 12.5 bps plus market movement will be assessed.

### Lock Expirations and Re-Locks

For expired locks or locks that have exceeded the maximum extension period and lock term, the seller may relock the loan with Champions Funding for a fee as listed on the rate sheet and worst-case pricing. See Champions Funding lock policy for additional detail.

## Section 5 - Delivery and Purchase Review



### Collateral Delivery

Collateral package to be sent to Champions Funding at 365 E. Germann Rd Ste 140, Gilbert AZ 85297, via insured courier or overnight mail for tracking purposes to Champions Funding immediately following funding or acceptance by Seller of Champions Funding bid.

Collateral package to contain the following:

- Original Promissory Note with all endorsements - endorsed to blank -  
“Pay to the order of \_\_\_\_\_”
- Allonge, if necessary, must be permanently affixed as required by the applicable Uniform Commercial Code
- Certified copy of the Security Instrument
- Copy of the final Title Policy / Preliminary Title Report
- Champions Funding approved Bailee letter (Purchaser listed as: **Champions Funding** ), as applicable

### Shipping Address for Collateral Package

Champions Funding LLC  
365 E. Germann Rd Ste 140  
Gilbert AZ 85297  
Attn: Post Closing Dept

### Delivery Cut-off Times

Documents must be sent through the HERO portal site by 3pm PST to be considered delivered same day.

### Final Loan Package Requirements

The final loan package is defined generally as the credit package, closing package, collateral documents, disclosures, **and** all post-funding or any other documentation required by Champions Funding. Sellers are encouraged to create a tabbed .pdf file for the final mortgage loan file submitted prior to purchase by Champions Funding, containing bookmarks that follow the Seller's specific stacking order. The following document must be sent in a separate PDF: color copy of the appraisal (if loan package does not include color copy). Electronic Loan files must contain four (4) .pdf files or less.

### Delivery Requirements

The following items must be uploaded or released to Champions Funding on or before the lock expiration date by 3pm PST to be considered delivered: 1) Uploaded signed closing documents; 3

### Third Party Due Diligence- Non-Delegated

For Non-Delegated Correspondent Sellers, Champions Funding will manage the TPR due diligence process. The Champions Funding Loan Delivery Specialist will work with the appropriate contact at the Seller to clear any slips that appear in the Due Diligence Review process to obtain a final grade. The final grade must be received prior to purchase.

### **Appraisal and Disaster Declarations**

Champions Funding reserves the right to delay purchasing loans from any designated major disaster area. For any loans located in a FEMA disaster area with an appraisal issued prior to the date of the declaration, a re-inspection is required. The re-inspection must be ordered after the incident end date.

For properties located in counties and zip codes designated as eligible for Individual or Public Assistance, Champions Funding requires an exterior inspection with photos, unless the disaster type is Flood or Hurricane. For those two disaster types, an interior inspection is required as well due to possible water related damage. The appraiser must comment on the effect the disaster had on the value and marketability of the subject property.

### **Stip Delivery**

Any stips that require documentation to be delivered for clearance must be sent securely through the correspondent portal. Delivery through email will not be accepted.

### **Closing in an Entity**

Sellers must provide a valid Attorney Opinion Letter.

### **Recognition Agreement**

Once all stips are cleared, Champions Funding will issue a Purchase Advice, for review, signature and return. This document will include: the final price, holdback price (if applicable), Settlement Date, Next Payment Date, Servicing Transfer Date and Payment Due Champions Funding will be visible.

### **Escrows/Impound Accounts**

All payments of real property taxes, and special or supplemental assessment, mortgage insurance and hazard insurance must be paid current prior to loan purchase. In addition, when property taxes are due within or prior to the month of the borrower's first payment, taxes must be paid at closing. Adequate escrowed funds, when required, must be collected and comply with all applicable laws for payment in full by the due date. The seller is responsible for payment of taxes and hazard insurance prior to Champions Funding loan purchase date.

Champions Funding will purchase the escrow/impound account in addition to the unpaid principal balance on all transactions. The escrow amount is confirmed by Champions Funding on the MLS and Initial Escrow Disclosure Statement document. Refund requests for overpayment of an escrow account must be sent by the Seller within 180 days of loan purchase by Champions Funding. For loan-specific escrow waiver policy, please refer to Champions Funding Guidelines.

### **Mortgage Electronic Registration System (MERS)**

All closing documents must contain a valid MIN. In addition, the mortgage instrument must contain the MIN, as attained by registering the loan in the MERS system.

## Section 5 - Delivery and Purchase Review Continued



### Wire Instructions

To avoid purchaser delays, please provide wiring instructions or a bailee letter on each mortgage loan in data form. Wiring Instructions should include the following:

- Warehouse bank name, street address, city, state, zip code
- Bank contact name and phone number
- ABA routing number
- Name on the Account
- Account Number

### Purchase Schedule

Prior to the purchase of a loan by Champions Funding, the Seller must collect any monthly mortgage payment and payment of any escrow payment that becomes due. Any discrepancies are handled at time of servicer transfer, between servicer and seller.

The below chart is an example:

Champions Funding Settlement Date	First Payment Due Date on Note	Next Payment Date To Seller	Payment Due Champions Funding
5/1/2023 - 5/10/2023	6/1/2023	NA	6/1/2023
5/11/2023 - 5/31/2023	6/1/2023	6/1/2023	7/1/2023

If the Seller utilizes a third-party servicer, then any future payments and escrows may be collected at time of servicing transfer and requires Champions Funding approval prior to purchase.

A loan payment history, in data form, reflecting all disbursements and loan servicing activity during the interim period will be required to be provided to Champions Funding prior to the purchase of the loan by Champions Funding.

### Payment Processing

In the event that the Seller receives borrower payments due Champions Funding, the Seller is required to immediately notify Champions Funding upon receipt of such payment by the borrower. Seller is to endorse check to: "Champions Funding, LLC" and either hold for pick up by a Champions Funding representative or FedEx to Champions Funding Corporate Offices.

In the event that the Seller receives funds from the borrower for a principal reduction subsequent to Champions Funding purchase of the loan, but prior to the first payment date due Champions Funding, the Seller is required to immediately notify Champions Funding upon receipt of such payment by the borrower, and shall forward such funds to Champions Funding designee within two business days of receipt by Seller.

### Payment Reversals

Any payment received by Champions Funding or its designee, which Seller believes belongs to the Seller must be requested no later than 60 days from date of the loan purchase. The following documentation is required in writing for review:

- Seller's loan history
- LOE including payment amount, payment due date belonging to Seller
- Copy of Purchase Advice

## Section 5 - Delivery and Purchase Review Continued



### **Pay History**

In certain instances, a copy of the loan history will be required, and shall be provided in data form with additional documentation provided by Seller, as necessary. These instances shall include, but are not limited to, the following:

- Seller is requesting an escrow Account Refund
- Seller is requesting a payment Reversal
- The first loan payment has been received and applied to the loan
- Any adjustment has been applied to the loan

This document must be prepared by the Seller's servicer or subservicer and include the Seller's company name, borrower name and Seller's loan number.

Loans that are not paid through the 14th of the month may be ineligible for purchase and are subject to Champions Funding management approval. For loans with a payment due prior to purchase, a payment history will be required along with proof of payment (copy of check).

## Section 6 - Post Purchase



### Goodbye Letter

Sellers are required to deliver notification of loan sale and change of servicer at least 15 days prior to the first payment due to Champions Funding Mortgage, LLC. Prior to mailing to borrower, a copy must also be emailed to [NDCLoandelivery@champstpo.com](mailto:NDCLoandelivery@champstpo.com).

### Servicing Contacts

Borrower Payment Address:	Escrow/Suspense Payments:	Customer Service Phone Number (including payoff requests)
Champions Funding, LLC Attn: Servicing Division <a href="mailto:clientcare@champstpo.com">clientcare@champstpo.com</a>	Champions Funding, LLC Attn: Servicing Division <a href="mailto:clientcare@champstpo.com">clientcare@champstpo.com</a>	1-855-436-0977 8:00 AM to 5:00 PM (MT) Monday – Friday

The borrower may utilize the following website: **Champions Funding LLC - Borrower Portal** ([servicingdivision.com](http://servicingdivision.com))

### Servicing Wiring Info

There may be instances of post transfer trailing funds due Champions Funding. Any escrow refunds, post transfer trailing funds, and payments may be due post-purchase and will be addressed at the servicer level. In the case of these instances, these amounts may be wired. Contact [accountspayable@champstpo.com](mailto:accountspayable@champstpo.com) for wire instructions.

### Transfer Letters

Mortgagee clause for Hazard Insurance, Flood, Wind, Earthquake and Volcano is:

**Champions Funding LLC,  
Its Successors and/or Assigns ATIMA  
365 E. Germann Rd, Ste 140, Gilbert AZ 85297**

### Flood Certificates

The certificate must be Life of Loan and fully transferrable to Champions Funding.

### MERS

All loans must be registered on MERS, unless prior approved by Champions Funding.

Transfer of Beneficial Rights Option 2 and Transfer of Servicing Rights transactions must be completed within 48 hours of the loan purchase to Champions Funding:

**Investor:** MERS Org ID 1016338

**Investor:** MERS Org ID 1016338

Provide batch numbers via email to [NDCLoandelivery@champstpo.com](mailto:NDCLoandelivery@champstpo.com).

## Section 6 - Post Purchase Continued



### Trailing Documents

The final (inclusive of any corrections required to be made at any point) Recorded Deed of Trust/ Mortgage, which shall include all applicable Riders, Schedules, Addenda and the Final Title Policy, including all appropriate endorsements, are required to be sent to Champions Funding as soon as available to Seller or its designee, and no later than 120 days of loan purchase by Champions Funding. Seller should email [trailingdocs@champstpo.com](mailto:trailingdocs@champstpo.com) with tracking numbers for recorded mortgage and final title policy.

Each loan to be packaged with a shipping manifest with "Borrower Name", "seller loan number" and shall be sent via overnight mail, with tracking information and shipping manifest in data form provided to Champions Funding, to the attention of:

**Champions Funding, LLC**  
**Attn: Post Closing**  
**365 E. Germann Rd, Ste 140**  
**Gilbert, AZ 85297**

Delivery of final recorded documents between Champions Funding and Seller where applicable, must be completed no later than: i) 120 days from the date of loan purchase by Champions Funding or ii) 60 days from the date of loan funding by Seller. Failure to deliver all such final recorded documents within the timeframe specific shall constitute a breach under agreement, with such loan(s) subject to repurchase as well as other remedies available to Champions Funding under the agreement, including requesting county certified copies and invoicing seller for reimbursement.