CHEIFS®

CHEIFS® — CONVERTING HOME EQUITY INTO FINANCIAL SUCCESS®

Advisor *Guide.*

A working reference for financial professionals evaluating home equity within a client's plan.

Questions? Contact us: 855-GO-CHEIFS · Powered by Cornerstone, an insurance and investment funding company

IMPORTANT INFORMATION

Before you *begin.*

The information ("Information") contained in this Advisor Guide (the "Guide") has been prepared by Cornerstone Financing, LLC ("Cornerstone"). This Guide is intended for business professionals only and is provided for general informational purposes. The materials here are not for use by individual consumers or the general public. The information provided does not constitute legal, tax, or financial planning advice and should not be relied upon or construed as such.

Cornerstone and its affiliates, employees, directors, officers, contractors, advisors, members, successors, representatives, or agents make no representation or warranty as to the accuracy or completeness of the Information and shall have no liability for any representations or warranties (express or implied) contained in, or for any omissions from or errors in, this Guide or any related communications.

This Guide is subject to change without notice and does not purport to be comprehensive or contain all the information necessary to evaluate the subject matter. The recipient is responsible for making their own investigation and assessment of the information and concepts presented herein.

All examples in this Guide are for illustration only.

This document is for financial professional use and for informational and marketing purposes only. It does not constitute financial, tax, or legal advice. Advisors should evaluate the suitability of all available options for each client's individual situation, and homeowners should consult with independent, licensed financial, tax, and legal professionals for advice. CHEIFS may involve risks, fees, costs, contractual obligations, and other material considerations not appropriate for all homeowners. Homeowners and their independent advisors should carefully evaluate all available options against the homeowner's individual financial situation, goals, and overall financial and tax strategy.

CHEIFS is a home equity investment agreement (or "HEI"), not a loan. This is not an offer or commitment. CHEIFS is subject to underwriting and approval, including property appraisal(s) and verification of credit history, property condition, title, and property insurance, among other things. The subject property may not be in foreclosure or bankruptcy. Performance of the CHEIFS agreement is secured by a mortgage or trust deed, depending on the state, in no lower than second lien priority. Minimum investment payment is $70,000. Owner-occupied primary residences and second/vacation homes, 1-2 unit residential properties only. The equity share return becomes payable upon a settlement event and is calculated as a percentage of the home's future value, but it will not exceed an annualized cost cap percentage of 12.99% or 14.99% (depending upon program) calculated on the investment payment, compounded annually. The settlement payment can be more than the up-front investment payment. Homeowner to pay an origination fee of up to 2.99% of the investment payment, plus appraisal, title, recording fees, and other closing costs. Homeowner must occupy and maintain the property and remain current on property insurance, taxes and assessments, and payments on any other mortgages. Terms may vary and are subject to change. Additional conditions apply. Not available in all states.

Cornerstone acts for itself, as the investor, and not as an agent or broker for the homeowner or any third party. There is no agency relationship between Cornerstone and a homeowner related to the CHEIFS agreement.

Cornerstone and its employees do not provide legal, financial or tax advice. Homeowners should always consult with their own financial, tax, or legal professional for such advice.

Cornerstone does not offer HEI products or solicit business related to properties located in the states of NY, MN, and certain other states. Please visit cheifs.com/licensing for a list of states where CHEIFS is offered. CHEIFS is offered exclusively by Cornerstone Financing LLC, and its subsidiary Domus Funding Corp. (in California only), and does business as "Domus Funding LLC" in NM and OH and as "Domus Funding" in NH (all referred to as "Cornerstone" or "Cornerstone Financing"). Principal Office: 86 Summit Ave., Ste. 201, Summit, NJ 07901. Toll-free (855) 462-4343. NMLS #2557707, www.nmlsconsumeraccess.org. CA DRE license #02248492. Not licensed in all states. Cornerstone's HEI product is not offered under state mortgage lending licenses. For additional state licensing information, please visit us online at cheifs.com/licensing/. Complaints may be emailed to: complaints@cornerstonefinancing.com.

THE STRUCTURE

Introducing *CHEIFS®*.

CHEIFS is a home equity investment agreement, or HEI, in which Cornerstone makes an up-front investment payment to a homeowner and purchases a share of the home's future value — not the home itself. The homeowner retains title and ownership, and continues to live in and maintain the home.

Cornerstone does not provide legal, tax, or financial advice. Homeowners should consult their own professionals.

CHEIFS is designed to treat home equity as a planning asset rather than a borrowing tool. There are no new monthly payments and no interest accrual, qualification is based on home equity and credit rather than income or debt-to-income ratio, and the settlement payment is subject to a contractual cost cap. The homeowner remains responsible for property taxes, insurance, HOA dues, maintenance, and any existing mortgage; failure to meet those obligations can put the home at risk.

HOW THE COST WORKS

Cornerstone's settlement payment is calculated as a percentage of the home's value at the time of settlement. It is not a repayment of the investment payment, and it is not interest.

The settlement payment is subject to an annualized cost cap of 12.99% or 14.99%, compounded annually, depending on program. **The settlement payment can be more than the up-front investment payment, and it may increase relative to that payment even if the home's value stays flat or declines.**

Modeling a range of home-value outcomes and holding periods is the appropriate way to evaluate the trade.

THE PROCESS

Five steps, from planning *to funding.*

The process starts with two questions: are eligibility requirements met, and how much cash can be made available?

1	ADVISOR PLANNING	Work with your client to identify how CHEIFS may support their financial goals, from retirement to wealth-building strategies.
2	SCHEDULE A CHEIFS CONSULTATION	Product education is vital to client understanding and trust. A Cornerstone-led demonstration with your client can be scheduled to review eligibility and provide a pre-application overview.
3	APPLICATION PROCESS	A Cornerstone Relationship Manager will guide your client through the application process, including collecting essential details, and upon receiving the completed application, provides the initial Disclosure Statement.
4	FULFILLMENT	Cornerstone initiates fulfillment by gathering third-party reports, including credit, appraisal, and title. Upon underwriting approval, a Commitment Letter with an updated Disclosure Statement is provided, specifying final terms.
5	CLOSING AND FUNDING	Cornerstone will schedule a closing and guide your client through the final steps, which includes executing the CHEIFS Agreement and final Disclosure Statement, outlining terms and fees. Funding occurs after the three-day "Cooling Off Period," with an option to cancel at no cost during this time.

ESTIMATED TIMELINE

Typically *3–5 weeks* from application to funding.

Typical stage durations. Actual timing varies by file.

APPLICATION — 1–3 days

- Complete and return the application
- Provide requested documentation

KNOWLEDGE CHECK — 1–3 days

- Call to answer questions and review the initial Disclosure Statement and other contract documents
- Complete the Product Knowledge Assessment

FULFILLMENT — 10–14 days

- Schedule appraisal inspection and payment of appraisal fee
- Credit, appraisal, title and inspection reports received and reviewed
- Underwriting decision is made
- Commitment Letter is issued, if approved
- Review final Disclosure Statement and confirm terms

CLOSING & FUNDING — 3–5 business days

- Confirm distribution of proceeds and payees
- Sign with Closing Services Provider
- Fund the CHEIFS, then the Closing Services Provider records the lien after the three-day cooling off period has expired

WHERE IT COMES UP

Audiences *and applications.*

Planning situations in which some advisors evaluate home equity as a funding source. Nothing here is a recommendation, and CHEIFS is not appropriate for all homeowners.

AUDIENCES

Life insurance advisors · Annuity advisors · Long-term-care advisors · RIAs and wealth advisors · Retirement specialists · Elder care attorneys · Trust and estate attorneys · Financial planners · Premium finance brokers · CPAs · Charitable organizations · Realtors · Trust departments · Home health care agencies

APPLICATIONS

Investing · Roth conversions · Life insurance · Long-term care · Annuity products · In-force financing · Premium finance restructuring · Life settlement alternatives · Private in-home healthcare · Charitable donations · Social Security and 401(k) deferral · 529 plans · Divorce equalization · Special needs trusts · Debt consolidation · Home improvement

GENERAL INFORMATION

The *spec sheet.*

CONVERT HOME EQUITY TO CASH FOR	Investments, life insurance, annuities, long-term care, in-home care, Roth conversions, and other planning uses — there are no restrictions on how the funds can be used

FUNDING PRODUCT TERMS

FUNDING PRODUCT DESCRIPTION	Cornerstone Home Equity Insurance/Investment Funding Solutions (CHEIFS). Cornerstone purchases a share of the home's future value, not the home.
TERM	The earlier of voluntary settlement, sale, non-occupancy, or death
ORIGINATION FEE	Up to 1.99% of the investment payment
PAYOFF COST	See Payoff Examples
MAXIMUM ANNUALIZED PAYOFF COST	12.99% or 14.99%, depending upon program
AGE REQUIREMENT	None
TRUST-OWNED RESIDENCE	Revocable trust permitted; irrevocable trust eligibility currently under review
STRUCTURE	Non-recourse; secured by the property in no lower than second lien position

ELIGIBILITY REQUIREMENTS

MINIMUM HOME VALUE	$270,000
MAXIMUM CURRENT LOAN-TO-HOME-VALUE RATIO	Up to 50% (Prime); 65% (Near Prime)
MINIMUM FICO	680 representative score; exceptions considered case by case

PROCEEDS CALCULATION

CURRENT LOAN-TO-HOME-VALUE RATIO	Existing mortgage debt ÷ home value, expressed as a percentage
MAXIMUM CHEIFS EQUITY SHARE	50% of home value (Near Prime: 65%), minus current loan-to-home-value ratio
CHEIFS PROCEEDS %	1 ÷ 2.25 = 44.44% (Near Prime: 1 ÷ 2.50 = 40.00%)
PROCEEDS TO HOMEOWNER	44.44% of CHEIFS equity share

Transaction example — a $1,000,000 home with a $200,000 mortgage.

$200,000 existing mortgage = 20% current loan-to-home-value ratio   50% of home value – 20% = 30% CHEIFS equity share

44.44% × 30% = 13.33%   13.33% × $1,000,000 = $133,333 proceeds to homeowner

Illustrative only. Actual amounts are subject to appraisal, underwriting, and program minimums and maximums.

PROPERTY INFORMATION

ELIGIBLE STATES	AZ, CA, DC, DE, FL, ID, IN, MO, NH, NJ, NM, NV, OH, OR, PA, SC, TN, UT, VA, VT, WI, and WY
COMING SOON	AL, AR, HI, IA, KS, KY, LA, MT, OK
ELIGIBLE PROPERTY TYPES	Single family residence, condominiums, and PUDs
INELIGIBLE PROPERTY TYPES	Manufactured homes, 3-4 unit properties, investment properties, mixed use properties except home office, commercial properties where non-residential use is the primary use, cooperative units, and other unique properties
OCCUPANCY	Owner-occupied primary residences and second/vacation homes. Second homes and homes valued over $3,000,000 may receive lower proceeds.
HOME VALUATION	Home value is the fair market value of the residence, based on an independent appraisal

PAYOFF EXAMPLES

How CHEIFS® *works over time.*

Initial home value $1.0M · Maximum annualized payoff cost 12.99% · Home appreciation 3% · Policy premium $200K · Maximum Cornerstone home investment 45%

CLAIM YEAR	HOME VALUE	CORNERSTONE HOME INVESTMENT %	ANNUALIZED PAYOFF COST %
1	$1,030,000	21.94%	12.99%
2	$1,060,900	24.07%	12.99%
3	$1,092,509	26.40%	12.99%
4	$1,125,509	28.96%	12.99%
5	$1,159,274	31.77%	12.99%
10	$1,343,274	45.00%	11.70%
15	$1,557,967	45.00%	8.72%
20	$1,806,111	45.00%	7.26%
25	$2,093,778	45.00%	6.40%
30	$2,427,262	45.00%	5.82%

The Cornerstone home investment % never exceeds the maximum Cornerstone home investment %. Assumes 3% annual home appreciation. Illustrative only; this example reflects the 12.99% cost cap program.

FREQUENTLY ASKED

The questions advisors *ask first.*

Is title insurance required?
Yes, or another form of title verification is required.

Do CHEIFS have a prepayment penalty?
There are no prepayment penalties.

Are CHEIFS a non-recourse transaction?
Yes. There is no personal liability for payment of the homeowner's obligations under the Agreement.

Who is a party to the Agreement?
All homeowners and, if applicable, their spouse or domestic partner(s) must sign the Agreement regardless of occupancy status.

Can the homeowner make improvements after origination?
Yes, and the homeowner receives credit for the value of documented improvements or alterations at settlement.

Is there a minimum FICO to qualify?
Yes. The minimum representative score must be at least 680; exceptions are considered case by case.

Are senior liens allowed in front of a CHEIFS?
Yes. A CHEIFS can be done in second lien position behind fully amortizing and interest-only mortgages.

Will home value or occupancy status impact available CHEIFS proceeds?
Yes. Second homes and homes with values over $3,000,000 will be subject to lower CHEIFS proceeds.