



ADVANTAGE & TENANT IN COMMON (“TIC”) HOME LOANS: COMMON CUSTOMER QUESTIONS

QUICK REFERENCE QUESTION & ANSWER GUIDE

1) Impound (property taxes and home insurance)

- Q: Why do I still receive a property tax bills when my payment includes impound?

A: Your local county tax office sends Secured, Supplemental and Escape tax bill(s) to you because you are responsible for payment of the property taxes levied against your property. Your Sterling impound payment is to pay your Secured property taxes and Insurance premiums required by your loan documents. The **Secured Property Tax** bill is sent to Sterling and is paid by Sterling from your impound account. It is a good practice to review your Secured tax bill, your monthly statements, and your annual impound account analysis to be sure that your Secured property taxes are being paid on time and in the correct amount. A **Supplemental Tax or Escape Tax** could be assessed against your property **within 6 months or later** after a change in ownership or when new home construction is completed. The Supplemental Tax or Escape Tax is your responsibility to pay, as Sterling Bank does not receive these tax bills. These bills are based on the difference between the new assessed value (set at the time of purchase or completion of new home construction) and the old assessed value. You may access additional information from your county tax office website.

- Q: I’m a new TIC owner. What do I do with this check from my impound account that I received from Sterling?

A: Twice a year before each property tax installment payment due date, you will receive a check issued from your impound account. In most cases, you deliver it to your Home Owners Association (“HOA”) manager in order to pay the tax collector on your behalf. However, please review your HOA or TIC agreement and review the procedures laid out for payment of property taxes prior to delivering the impound check to anyone.

- Q: How long do I need to keep my loan impound account?

A: Pursuant to federal regulation, if your loan meets the definition of a “higher-priced mortgage loan” secured by a first lien on a principal dwelling, you must keep your loan impound account for a minimum of 5 years. After the fifth year, we can determine if your loan qualifies to have the loan impound requirement waived. If your residential property is located in a Special Flood Hazard Area (“SFHA”), as designated by the Federal Emergency Management Agency, that requires your residential property to be covered by a flood insurance policy, Sterling is required to impound all flood insurance premiums and fees until your loan is paid off or until the property is no longer considered in a SFHA. You may voluntarily keep your loan impound account until you have paid your residential property loan in full.

- Q: My TIC HOA collects for property taxes. Do I still need to have my loan impound account?

A: If your HOA has its checking account with Sterling Bank, the impound account may not be required.

- Q: I paid my secured property taxes and remembered that I have a loan impound account. Do I get my money back?

A: Yes, your local collector’s office will return the payment to Sterling, which can take up to 60 business days or longer. We will then place it back in your impound account and issue a reimbursement check when your annual impound account is reviewed, as required by federal regulation.

- Q: I looked at the county treasurer website and it still shows my taxes as unpaid after the due date. Will I be paying a penalty?

A: It may take the county treasurer up to 10 business days to show the status of tax payments. Please follow up after that.

• Q: I never received my tax check mailed by the Bank. What should I do?

A: Please notify the Loan Servicing Department at (800) 372-7694. Sterling will place a stop payment on the missing check and a replacement check will be sent to you.

• Q: Why is my home owners insurance impounded when I have purchased it already?

A: The insurance you purchased is valid through its expiration date. Your home/hazard insurance is currently being impounded in preparation for your annual premium renewal. Upon receipt of the invoice from your insurance company, a check from your impound account will be issued to the insurance company.

2) Payments (principal reductions, ACH adjustments, miscellaneous reimbursements)

• Q: Can I pay down my principal at any time and how will it affect my monthly payments?

A: Any principal reduction payment should be made after your Automated Clearinghouse (“ACH”) transaction date or monthly payment has been paid. For borrowers who have Adjustable Rate Mortgages (“ARM”), your extra principal payment(s) change the monthly payment when your rate adjusts. This happens in month 12 on a 1/1 ARM, month 36 on a 3/1 ARM, month 60 on a 5/1 ARM, and month 84 on a 7/1 ARM. For borrowers who have Fixed Rate Mortgages, your loan will pay off sooner than the initial term, but your monthly principal and interest payment will remain the same through the life of the loan.

• Q: Can I change my ACH to another bank instead of Sterling Bank?

A: We will be happy to assist you with your request. Please note that you could lose your 0.25% interest rate reduction, if you received the discounted interest rate in exchange for opening a deposit account with Sterling and directing your mortgage payments be automatically withdrawn from your Sterling account. The interest rate terms are described in the Note and the Deposit Account Relationship Addendum to the Note (if applicable), that can be found in the package of documents you were provided following the closing of your residential property loan.

• Q: My last month’s payment was returned/not honored by my bank. How much are the late fees?

A: If your payment is posted after the 16th of the month, your late fees will be assessed at 5% of your monthly principal & interest payment, along with a \$20 ACH return fee.

3) Pay off process (loan refinancing, selling property)

• Q: Who can I talk to about refinancing my loan because the interest rate is projected to go up significantly?

A: The loan officer who assisted you with your current loan would be the ideal person to discuss your options. Please feel free to contact the loan officer directly or we can assist you and have them contact you directly.

• Q: I have just agreed to sell my property. How do I pay off this current loan with my proceeds?

A: All pay off requests must be submitted in writing. The request can be mailed, emailed, faxed or brought into one of our branches. Please include your loan number (if possible), the borrower(s) full name, property address and the date you would like to pay off your loan. We will then issue a payoff letter with the breakdown of the total payoff amount, including all fees along with any applicable loan impound account refund based on the information you provided.

• Q: Why is there a “closing cost repayment” on my payoff letter?

A: This is based on the terms of your loan agreement. Some loan agreements require that you repay waived closing costs when the loan is paid in full within 3 years of the loan origination date. This requirement may be waived if the loan is being refinanced with Sterling Bank.

• Q: I have been approached by different lenders to lower my payments. Does Sterling Bank match the offer as well?

A: We are always committed to building superb customer relationships. Please let us know if you have been approached with better loan offer and you will be contacted by one of our loan officers to go over all your available options.

If you have additional questions, please feel free to contact the Loan Servicing Department at (800) 372-7694 or visit the Bureau of Consumer Financial Protection's website at www.consumerfinance.gov.