# Form 5500

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

# Annual Return/Report of Employee Benefit Plan

This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code).

▶ **Complete all entries in accordance with the instructions to the Form 5500.**

OMB Nos. 1210-0110
1210-0089

**2012**

**This Form is Open to Public Inspection**

## Part I Annual Report Identification Information

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

**A** This return/report is for:
- [ ] a multiemployer plan;
- [ ] a multiple-employer plan; or
- [X] a single-employer plan;
- [ ] a DFE (specify) ____

**B** This return/report is:
- [ ] the first return/report;
- [ ] the final return/report;
- [ ] an amended return/report;
- [ ] a short plan year return/report (less than 12 months).

**C** If the plan is a collectively-bargained plan, check here. . . . . ▶ [ ]

**D** Check box if filing under:
- [X] Form 5558;
- [ ] automatic extension;
- [ ] the DFVC program;
- [ ] special extension (enter description)

## Part II Basic Plan Information—enter all requested information

**1a** Name of plan
CORNERSTONE MORTGAGE 401(K) PLAN

**1b** Three-digit plan number (PN) ▶ 001

**1c** Effective date of plan 01/01/2007

**2a** Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan)

CORNERSTONE MORTGAGE COMPANY

1177 WEST LOOP SOUTH # 200
HOUSTON, TX 77027

**2b** Employer Identification Number (EIN) 76-0236067

**2c** Sponsor's telephone number 713-353-7551

**2d** Business code (see instructions) 522292

**Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.**

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

| | | | |
|---|---|---|---|
| **SIGN HERE** | Filed with authorized/valid electronic signature. | 10/11/2013 | DEDE GOODWIN |
| | **Signature of plan administrator** | Date | Enter name of individual signing as plan administrator |
| **SIGN HERE** | Filed with authorized/valid electronic signature. | 10/11/2013 | DEDE GOODWIN |
| | **Signature of employer/plan sponsor** | Date | Enter name of individual signing as employer or plan sponsor |
| **SIGN HERE** | | | |
| | **Signature of DFE** | Date | Enter name of individual signing as DFE |

Preparer's name (including firm name, if applicable) and address; include room or suite number. (optional)

Preparer's telephone number (optional)

**3a** Plan administrator's name and address [X] Same as Plan Sponsor Name [ ] Same as Plan Sponsor Address

**3b** Administrator's EIN

**3c** Administrator's telephone number

**4** If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report:

**a** Sponsor's name

**4b** EIN

**4c** PN

| | | | |
|---|---|---|---|
| **5** | Total number of participants at the beginning of the plan year | **5** | 887 |
| **6** | Number of participants as of the end of the plan year (welfare plans complete only lines **6a, 6b, 6c,** and **6d**). | | |
| **a** | Active participants | **6a** | 910 |
| **b** | Retired or separated participants receiving benefits | **6b** | 0 |
| **c** | Other retired or separated participants entitled to future benefits | **6c** | 127 |
| **d** | Subtotal. Add lines **6a**, **6b**, and **6c** | **6d** | 1037 |
| **e** | Deceased participants whose beneficiaries are receiving or are entitled to receive benefits | **6e** | 0 |
| **f** | Total. Add lines **6d** and **6e** | **6f** | 1037 |
| **g** | Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) | **6g** | 667 |
| **h** | Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested | **6h** | 46 |
| **7** | Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item) | **7** | |

**8a** If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions:
2E 2F 2G 2J 2K 2T 2R 3D

**b** If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:

**9a** Plan funding arrangement (check all that apply)

| | | |
|---|---|---|
| **(1)** | [ ] | Insurance |
| **(2)** | [ ] | Code section 412(e)(3) insurance contracts |
| **(3)** | [X] | Trust |
| **(4)** | [ ] | General assets of the sponsor |

**9b** Plan benefit arrangement (check all that apply)

| | | |
|---|---|---|
| **(1)** | [ ] | Insurance |
| **(2)** | [ ] | Code section 412(e)(3) insurance contracts |
| **(3)** | [X] | Trust |
| **(4)** | [ ] | General assets of the sponsor |

**10** Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

**a Pension Schedules**

| | | |
|---|---|---|
| **(1)** | [X] | **R** (Retirement Plan Information) |
| **(2)** | [ ] | **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary |
| **(3)** | [ ] | **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary |

**b General Schedules**

| | | |
|---|---|---|
| **(1)** | [X] | **H** (Financial Information) |
| **(2)** | [ ] | **I** (Financial Information – Small Plan) |
| **(3)** | [ ] | **A** (Insurance Information) |
| **(4)** | [X] | **C** (Service Provider Information) |
| **(5)** | [ ] | **D** (DFE/Participating Plan Information) |
| **(6)** | [ ] | **G** (Financial Transaction Schedules) |

| SCHEDULE C (Form 5500) | Service Provider Information | OMB No. 1210-0110 |
|---|---|---|
| Department of the Treasury<br>Internal Revenue Service<br>Department of Labor<br>Employee Benefits Security Administration<br>Pension Benefit Guaranty Corporation | This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).<br>▶ **File as an attachment to Form 5500.** | **2012**<br>**This Form is Open to Public Inspection.** |

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

**A** Name of plan
CORNERSTONE MORTGAGE 401(K) PLAN

**B** Three-digit plan number (PN) ▶ 001

**C** Plan sponsor's name as shown on line 2a of Form 5500
CORNERSTONE MORTGAGE COMPANY

**D** Employer Identification Number (EIN)
76-0236067

## Part I Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

### 1 Information on Persons Receiving Only Eligible Indirect Compensation

**a** Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions).. . . . . [X] Yes [ ] No

**b** If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

**(b)** Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

FIRST NATIONAL BANK OMAHA

47-0259043

**(b)** Enter name and EIN or address of person who provided you disclosure on eligible indirect compensation

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**2. Information on Other Service Providers Receiving Direct or Indirect Compensation.** Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

**(a)** Enter name and EIN or address (see instructions)

FIRST NATIONAL BANK OF OMAHA

47-0259043

| (b) Service Code(s) | (c) Relationship to employer, employee organization, or person known to be a party-in-interest | (d) Enter direct compensation paid by the plan. If none, enter -0-. | (e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | (f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | (g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | (h) Did the service provider give you a formula instead of an amount or estimated amount? |
|---|---|---|---|---|---|---|
| 60 63 55 37 21 15 50 | TRUSTEE | 107995 | Yes [X] No [ ] | Yes [ ] No [X] | 550 | Yes [ ] No [X] |

**(a)** Enter name and EIN or address (see instructions)

| (b) Service Code(s) | (c) Relationship to employer, employee organization, or person known to be a party-in-interest | (d) Enter direct compensation paid by the plan. If none, enter -0-. | (e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | (f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | (g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | (h) Did the service provider give you a formula instead of an amount or estimated amount? |
|---|---|---|---|---|---|---|
| | | | Yes [ ] No [ ] | Yes [ ] No [ ] | | Yes [ ] No [ ] |

**(a)** Enter name and EIN or address (see instructions)

| (b) Service Code(s) | (c) Relationship to employer, employee organization, or person known to be a party-in-interest | (d) Enter direct compensation paid by the plan. If none, enter -0-. | (e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | (f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | (g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | (h) Did the service provider give you a formula instead of an amount or estimated amount? |
|---|---|---|---|---|---|---|
| | | | Yes [ ] No [ ] | Yes [ ] No [ ] | | Yes [ ] No [ ] |

**2. Information on Other Service Providers Receiving Direct or Indirect Compensation.** Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

**(a)** Enter name and EIN or address (see instructions)

| (b) Service Code(s) | (c) Relationship to employer, employee organization, or person known to be a party-in-interest | (d) Enter direct compensation paid by the plan. If none, enter -0-. | (e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | (f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | (g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | (h) Did the service provider give you a formula instead of an amount or estimated amount? |
|---|---|---|---|---|---|---|
| | | | Yes ☐ No ☐ | Yes ☐ No ☐ | | Yes ☐ No ☐ |

**(a)** Enter name and EIN or address (see instructions)

| (b) Service Code(s) | (c) Relationship to employer, employee organization, or person known to be a party-in-interest | (d) Enter direct compensation paid by the plan. If none, enter -0-. | (e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | (f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | (g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | (h) Did the service provider give you a formula instead of an amount or estimated amount? |
|---|---|---|---|---|---|---|
| | | | Yes ☐ No ☐ | Yes ☐ No ☐ | | Yes ☐ No ☐ |

**(a)** Enter name and EIN or address (see instructions)

| (b) Service Code(s) | (c) Relationship to employer, employee organization, or person known to be a party-in-interest | (d) Enter direct compensation paid by the plan. If none, enter -0-. | (e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | (f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | (g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | (h) Did the service provider give you a formula instead of an amount or estimated amount? |
|---|---|---|---|---|---|---|
| | | | Yes ☐ No ☐ | Yes ☐ No ☐ | | Yes ☐ No ☐ |

## Part I Service Provider Information (continued)

**3** If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received $1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

| **(a)** Enter service provider name as it appears on line 2 | **(b)** Service Codes (see instructions) | **(c)** Enter amount of indirect compensation |
|---|---|---|
| | | |
| **(d)** Enter name and EIN (address) of source of indirect compensation | **(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. | |
| | | |

| **(a)** Enter service provider name as it appears on line 2 | **(b)** Service Codes (see instructions) | **(c)** Enter amount of indirect compensation |
|---|---|---|
| | | |
| **(d)** Enter name and EIN (address) of source of indirect compensation | **(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. | |
| | | |

| **(a)** Enter service provider name as it appears on line 2 | **(b)** Service Codes (see instructions) | **(c)** Enter amount of indirect compensation |
|---|---|---|
| | | |
| **(d)** Enter name and EIN (address) of source of indirect compensation | **(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. | |
| | | |

## Part II Service Providers Who Fail or Refuse to Provide Information

**4** Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

| **(a)** Enter name and EIN or address of service provider (see instructions) | **(b)** Nature of Service Code(s) | **(c)** Describe the information that the service provider failed or refused to provide |
|---|---|---|
| | | |

| **(a)** Enter name and EIN or address of service provider (see instructions) | **(b)** Nature of Service Code(s) | **(c)** Describe the information that the service provider failed or refused to provide |
|---|---|---|
| | | |

| **(a)** Enter name and EIN or address of service provider (see instructions) | **(b)** Nature of Service Code(s) | **(c)** Describe the information that the service provider failed or refused to provide |
|---|---|---|
| | | |

| **(a)** Enter name and EIN or address of service provider (see instructions) | **(b)** Nature of Service Code(s) | **(c)** Describe the information that the service provider failed or refused to provide |
|---|---|---|
| | | |

| **(a)** Enter name and EIN or address of service provider (see instructions) | **(b)** Nature of Service Code(s) | **(c)** Describe the information that the service provider failed or refused to provide |
|---|---|---|
| | | |

| **(a)** Enter name and EIN or address of service provider (see instructions) | **(b)** Nature of Service Code(s) | **(c)** Describe the information that the service provider failed or refused to provide |
|---|---|---|
| | | |

## Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)

(complete as many entries as needed)

| | | |
|---|---|---|
| **a** | Name: | **b** EIN: |
| **c** | Position: | |
| **d** | Address: | **e** Telephone: |

Explanation:

| | | |
|---|---|---|
| **a** | Name: | **b** EIN: |
| **c** | Position: | |
| **d** | Address: | **e** Telephone: |

Explanation:

| | | |
|---|---|---|
| **a** | Name: | **b** EIN: |
| **c** | Position: | |
| **d** | Address: | **e** Telephone: |

Explanation:

| | | |
|---|---|---|
| **a** | Name: | **b** EIN: |
| **c** | Position: | |
| **d** | Address: | **e** Telephone: |

Explanation:

| | | |
|---|---|---|
| **a** | Name: | **b** EIN: |
| **c** | Position: | |
| **d** | Address: | **e** Telephone: |

Explanation:

# SCHEDULE H (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

## Financial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

**2012**

**This Form is Open to Public Inspection**

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

**A** Name of plan
CORNERSTONE MORTGAGE 401(K) PLAN

**B** Three-digit plan number (PN) ▶ 001

**C** Plan sponsor's name as shown on line 2a of Form 5500
CORNERSTONE MORTGAGE COMPANY

**D** Employer Identification Number (EIN)
76-0236067

## Part I Asset and Liability Statement

**1** Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

| Assets | | (a) Beginning of Year | (b) End of Year |
|---|---|---|---|
| **a** Total noninterest-bearing cash | 1a | | |
| **b** Receivables (less allowance for doubtful accounts): | | | |
| **(1)** Employer contributions | 1b(1) | | |
| **(2)** Participant contributions | 1b(2) | 52010 | |
| **(3)** Other | 1b(3) | | |
| **c** General investments: | | | |
| **(1)** Interest-bearing cash (include money market accounts & certificates of deposit) | 1c(1) | | |
| **(2)** U.S. Government securities | 1c(2) | | |
| **(3)** Corporate debt instruments (other than employer securities): | | | |
| **(A)** Preferred | 1c(3)(A) | | |
| **(B)** All other | 1c(3)(B) | | |
| **(4)** Corporate stocks (other than employer securities): | | | |
| **(A)** Preferred | 1c(4)(A) | | |
| **(B)** Common | 1c(4)(B) | | |
| **(5)** Partnership/joint venture interests | 1c(5) | | |
| **(6)** Real estate (other than employer real property) | 1c(6) | | |
| **(7)** Loans (other than to participants) | 1c(7) | | |
| **(8)** Participant loans | 1c(8) | 1040175 | 1109663 |
| **(9)** Value of interest in common/collective trusts | 1c(9) | | |
| **(10)** Value of interest in pooled separate accounts | 1c(10) | | |
| **(11)** Value of interest in master trust investment accounts | 1c(11) | | |
| **(12)** Value of interest in 103-12 investment entities | 1c(12) | | |
| **(13)** Value of interest in registered investment companies (e.g., mutual funds) | 1c(13) | 17947478 | 22591141 |
| **(14)** Value of funds held in insurance company general account (unallocated contracts) | 1c(14) | | |
| **(15)** Other | 1c(15) | 568305 | 702853 |

| | | (a) Beginning of Year | (b) End of Year |
|---|---|---|---|
| **1d** Employer-related investments: | | | |
| **(1)** Employer securities | 1d(1) | | |
| **(2)** Employer real property | 1d(2) | | |
| **e** Buildings and other property used in plan operation | 1e | | |
| **f** Total assets (add all amounts in lines 1a through 1e) | 1f | 19607968 | 24403657 |
| **Liabilities** | | | |
| **g** Benefit claims payable | 1g | | |
| **h** Operating payables | 1h | | |
| **i** Acquisition indebtedness | 1i | | |
| **j** Other liabilities | 1j | | |
| **k** Total liabilities (add all amounts in lines 1g through1j) | 1k | 0 | 0 |
| **Net Assets** | | | |
| **l** Net assets (subtract line 1k from line 1f) | 1l | 19607968 | 24403657 |

## Part II Income and Expense Statement

**2** Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

| Income | | (a) Amount | (b) Total |
|---|---|---|---|
| **a Contributions:** | | | |
| **(1)** Received or receivable in cash from: **(A)** Employers | 2a(1)(A) | 406819 | |
| **(B)** Participants | 2a(1)(B) | 2879304 | |
| **(C)** Others (including rollovers) | 2a(1)(C) | 322346 | |
| **(2)** Noncash contributions | 2a(2) | | |
| **(3)** Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)** | 2a(3) | | 3608469 |
| **b Earnings on investments:** | | | |
| **(1)** Interest: | | | |
| **(A)** Interest-bearing cash (including money market accounts and certificates of deposit) | 2b(1)(A) | | |
| **(B)** U.S. Government securities | 2b(1)(B) | | |
| **(C)** Corporate debt instruments | 2b(1)(C) | | |
| **(D)** Loans (other than to participants) | 2b(1)(D) | | |
| **(E)** Participant loans | 2b(1)(E) | 45955 | |
| **(F)** Other | 2b(1)(F) | | |
| **(G)** Total interest. Add lines **2b(1)(A)** through **(F)** | 2b(1)(G) | | 45955 |
| **(2)** Dividends: **(A)** Preferred stock | 2b(2)(A) | | |
| **(B)** Common stock | 2b(2)(B) | | |
| **(C)** Registered investment company shares (e.g. mutual funds) | 2b(2)(C) | 378819 | |
| **(D)** Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)** | 2b(2)(D) | | 378819 |
| **(3)** Rents | 2b(3) | | |
| **(4)** Net gain (loss) on sale of assets: **(A)** Aggregate proceeds | 2b(4)(A) | | |
| **(B)** Aggregate carrying amount (see instructions) | 2b(4)(B) | | |
| **(C)** Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result | 2b(4)(C) | | 0 |
| **(5)** Unrealized appreciation (depreciation) of assets: **(A)** Real estate | 2b(5)(A) | | |
| **(B)** Other | 2b(5)(B) | | |
| **(C)** Total unrealized appreciation of assets. Add lines **2b(5)(A)** and **(B)** | 2b(5)(C) | | 0 |

| | | (a) Amount | (b) Total |
|---|---|---|---|
| (6) Net investment gain (loss) from common/collective trusts | 2b(6) | | |
| (7) Net investment gain (loss) from pooled separate accounts | 2b(7) | | |
| (8) Net investment gain (loss) from master trust investment accounts | 2b(8) | | |
| (9) Net investment gain (loss) from 103-12 investment entities | 2b(9) | | |
| (10) Net investment gain (loss) from registered investment companies (e.g., mutual funds) | 2b(10) | | 2019975 |
| c Other income | 2c | | 26209 |
| d Total income. Add all **income** amounts in column (b) and enter total | 2d | | 6079427 |
| **Expenses** | | | |
| e Benefit payment and payments to provide benefits: | | | |
| (1) Directly to participants or beneficiaries, including direct rollovers | 2e(1) | 1125345 | |
| (2) To insurance carriers for the provision of benefits | 2e(2) | | |
| (3) Other | 2e(3) | | |
| (4) Total benefit payments. Add lines **2e(1)** through **(3)** | 2e(4) | | 1125345 |
| f Corrective distributions (see instructions) | 2f | | 4819 |
| g Certain deemed distributions of participant loans (see instructions) | 2g | | 45530 |
| h Interest expense | 2h | | |
| i Administrative expenses: (1) Professional fees | 2i(1) | | |
| (2) Contract administrator fees | 2i(2) | 108044 | |
| (3) Investment advisory and management fees | 2i(3) | | |
| (4) Other | 2i(4) | | |
| (5) Total administrative expenses. Add lines **2i(1)** through **(4)** | 2i(5) | | 108044 |
| j Total expenses. Add all **expense** amounts in column (b) and enter total | 2j | | 1283738 |
| **Net Income and Reconciliation** | | | |
| k Net income (loss). Subtract line **2j** from line **2d** | 2k | | 4795689 |
| l Transfers of assets: | | | |
| (1) To this plan | 2l(1) | | |
| (2) From this plan | 2l(2) | | |

## Part III Accountant's Opinion

**3** Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

**a** The attached opinion of an independent qualified public accountant for this plan is (see instructions):

**(1)** [ ] Unqualified **(2)** [ ] Qualified **(3)** [X] Disclaimer **(4)** [ ] Adverse

**b** Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? [X] Yes [ ] No

**c** Enter the name and EIN of the accountant (or accounting firm) below:

**(1)** Name: RICHEY MAY AND CO **(2)** EIN: 71-0911208

**d** The opinion of an independent qualified public accountant is **not attached** because:

**(1)** [ ] This form is filed for a CCT, PSA, or MTIA. **(2)** [ ] It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

## Part IV Compliance Questions

**4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

| | | Yes | No | Amount |
|---|---|---|---|---|
| **a** Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.) | 4a | | X | |
| **b** Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.) | 4b | | X | |

| | | | Yes | No | Amount |
|---|---|---|---|---|---|
| c | Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.) | 4c | | X | |
| d | Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.) | 4d | | X | |
| e | Was this plan covered by a fidelity bond? | 4e | X | | 3000000 |
| f | Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty? | 4f | | X | |
| g | Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser? | 4g | | X | |
| h | Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser? | 4h | | X | |
| i | Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.) | 4i | X | | |
| j | Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.) | 4j | | X | |
| k | Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC? | 4k | | X | |
| l | Has the plan failed to provide any benefit when due under the plan? | 4l | | X | |
| m | If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.) | 4m | | X | |
| n | If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3. | 4n | | | |

**5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
If "Yes," enter the amount of any plan assets that reverted to the employer this year ☐ **Yes** ☒ **No** **Amount:**

**5b** If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

| **5b(1)** Name of plan(s) | **5b(2)** EIN(s) | **5b(3)** PN(s) |
|---|---|---|
| | | |
| | | |
| | | |

## Part V Trust Information (optional)

| **6a** Name of trust | **6b** Trust's EIN |
|---|---|
| | |

# SCHEDULE R (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

# Retirement Plan Information

This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

**2012**

**This Form is Open to Public Inspection.**

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

**A** Name of plan
CORNERSTONE MORTGAGE 401(K) PLAN

**B** Three-digit plan number (PN) ▶ 001

**C** Plan sponsor's name as shown on line 2a of Form 5500
CORNERSTONE MORTGAGE COMPANY

**D** Employer Identification Number (EIN)
76-0236067

## Part I Distributions

**All references to distributions relate only to payments of benefits during the plan year.**

**1** Total value of distributions paid in property other than in cash or the forms of property specified in the instructions ..... **1** 0

**2** Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits):

EIN(s): 45-0404698

**Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.**

**3** Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year. ..... **3**

## Part II Funding Information (If the plan is not subject to the minimum funding requirements of section of 412 of the Internal Revenue Code or ERISA section 302, skip this Part)

**4** Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

**If the plan is a defined benefit plan, go to line 8.**

**5** If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. **Date:** Month _____ Day _____ Year _____

**If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.**

**6** **a** Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived) ..... **6a**

**b** Enter the amount contributed by the employer to the plan for this plan year ..... **6b**

**c** Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount) ..... **6c**

**If you completed line 6c, skip lines 8 and 9.**

**7** Will the minimum funding amount reported on line 6c be met by the funding deadline? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

**8** If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

## Part III Amendments

**9** If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box. ..... ☐ **Increase** ☐ **Decrease** ☐ **Both** ☐ **No**

## Part IV ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.

**10** Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? ..... ☐ **Yes** ☐ **No**

**11** **a** Does the ESOP hold any preferred stock? ..... ☐ **Yes** ☐ **No**

**b** If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) ..... ☐ **Yes** ☐ **No**

**12** Does the ESOP hold any stock that is not readily tradable on an established securities market? ..... ☐ **Yes** ☐ **No**

## Part V Additional Information for Multiemployer Defined Benefit Pension Plans

**13** Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

**a** Name of contributing employer

**b** EIN **c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

**e** Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

**a** Name of contributing employer

**b** EIN **c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

**e** Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

**a** Name of contributing employer

**b** EIN **c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

**e** Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

**a** Name of contributing employer

**b** EIN **c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

**e** Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

**a** Name of contributing employer

**b** EIN **c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

**e** Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

**a** Name of contributing employer

**b** EIN **c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

**e** Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

**14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

| | | | |
|---|---|---|---|
| **a** | The current year | **14a** | |
| **b** | The plan year immediately preceding the current plan year | **14b** | |
| **c** | The second preceding plan year | **14c** | |

**15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

| | | | |
|---|---|---|---|
| **a** | The corresponding number for the plan year immediately preceding the current plan year | **15a** | |
| **b** | The corresponding number for the second preceding plan year | **15b** | |

**16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

| | | | |
|---|---|---|---|
| **a** | Enter the number of employers who withdrew during the preceding plan year | **16a** | |
| **b** | If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers | **16b** | |

**17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

## Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

**18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

**19** If the total number of participants is 1,000 or more, complete lines (a) through (c)

**a** Enter the percentage of plan assets held as:
Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

**b** Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

**c** What duration measure was used to calculate line 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

# CORNERSTONE MORTGAGE COMPANY
# 401(K) PLAN

## FINANCIAL STATEMENTS

## DECEMBER 31, 2012 AND 2011




RICHEY, MAY & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS AND MANAGEMENT CONSULTANTS
ENGLEWOOD, COLORADO

CORNERSTONE MORTGAGE COMPANY 401(K) PLAN
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*There are no other supplemental schedules required to be filed per Section 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.




# INDEPENDENT AUDITORS' REPORT

To the Trustees
Cornerstone Mortgage Company 401(k) Plan
Houston, Texas

*Report on the Financial Statements*
We were engaged to audit the accompanying financial statements of the Cornerstone Mortgage Company 401(k) Plan (the Plan), which comprise the statements of net assets available for plan benefits as of December 31, 2012 and 2011, and the related statements of changes in net assets available for plan benefits for the years then ended, and the related notes to the financial statements.

*Management's Responsibility for the Financial Statements*
Plan management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditors' Responsibility*
Our responsibility is to express an opinion on these financial statements based on conducting the audits in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

*Basis for Disclaimer of Opinion*
As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note B, which was certified by First National Bank of Omaha, the trustee of the Plan, except for comparing such information with the related information included in the financial statements and supplemental schedules. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of and for the years ended December 31, 2012 and 2011, that the information provided to the plan administrator by the trustee is complete and accurate.

*Disclaimer of Opinion*

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient, appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

*Other Matter*

We were engaged for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules of Assets (Held at End of Year) and Delinquent Participant Contributions, which are the responsibility of plan management, are presented for the purpose of additional analysis and are not a required part of the financial statements but are required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, it is inappropriate to and we do not express an opinion on the supplemental schedules referred to above.

*Report on Form and Content in Compliance with DOL Rules and Regulations*

The form and content of the information included in the financial statements and supplemental schedules, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Richey May & Co.

Englewood, Colorado
October 9, 2013

CORNERSTONE MORTGAGE COMPANY 401(K) PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR PLAN BENEFITS
AS OF DECEMBER 31,

| | 2012 | 2011 |
|---|---|---|
| ASSETS | | |
| Cash and money market accounts- | | |
| Goldman Sachs Financial Square Prime Obligation | $ 2,498,494 | $ 2,439,233 |
| Other cash and money market accounts | 32,336 | 23,071 |
| Total cash and money market accounts | 2,530,830 | 2,462,304 |
| Investment in mutual funds, at fair value- | | |
| FN Sequoia Fund | 1,632,224 | 1,763,152 |
| FN T. Rowe Price Equity Income Fund Adv | 580,214 | 1,611,077 |
| Sequoia Fund | 2,131,363 | 1,316,323 |
| MFS Bond Fund A | 1,714,614 | 1,154,468 |
| FN Weitz Short-Intermediate Income | 1,499,160 | 1,151,718 |
| T. Rowe Price Equity Income Fund Adv | 2,184,097 | 511,993 |
| Other mutual funds | 10,318,640 | 7,976,442 |
| Total investments in mutual funds | 20,060,312 | 15,485,173 |
| Self-directed funds | 702,852 | 568,305 |
| Receivables- | | |
| Notes receivable, participants | 1,109,663 | 1,040,176 |
| Participant contributions receivable | - | 52,010 |
| Total receivables | 1,109,663 | 1,092,186 |
| NET ASSETS AVAILABLE FOR PLAN BENEFITS | $ 24,403,657 | $ 19,607,968 |

The accompanying notes are an integral part
of these financial statements.

CORNERSTONE MORTGAGE COMPANY 401(K) PLAN
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS
FOR THE YEARS ENDED DECEMBER 31,

| | 2012 | 2011 |
|---|---|---|
| ADDITIONS TO NET ASSETS | | |
| Contributions- | | |
| Employer (net of forfeitures) | $ 406,819 | $ 419,753 |
| Participants | 2,879,304 | 2,427,053 |
| Participants, rollover | 322,346 | 347,243 |
| Investment income- | | |
| Interest and dividend income | 450,983 | 299,955 |
| Net appreciation in fair value of investments | 2,019,975 | - |
| Total additions to net assets | 6,079,427 | 3,494,004 |
| DEDUCTIONS FROM NET ASSETS | | |
| Net depreciation in fair value of investments | - | 205,118 |
| Distributions to participants | 1,170,875 | 1,844,568 |
| Corrective distributions to participants | 4,819 | 1,843 |
| Administrative fees | 108,044 | 96,178 |
| Total deductions from net assets | 1,283,738 | 2,147,707 |
| NET INCREASE IN NET ASSETS | 4,795,689 | 1,346,297 |
| NET ASSETS AVAILABLE FOR PLAN BENEFITS- | | |
| BEGINNING OF YEAR | 19,607,968 | 18,261,671 |
| END OF YEAR | $ 24,403,657 | $ 19,607,968 |

The accompanying notes are an integral part
of these financial statements.

## A. DESCRIPTION OF PLAN AND SIGNIFICANT ACCOUNTING POLICIES

### General

The following description of the Cornerstone Mortgage Company 401(k) Plan (the "Plan") provides only general information. Participants should refer to the Plan agreement for a complete description of the Plan's provisions.

The Plan is a defined contribution plan covering substantially all employees of Cornerstone Home Lending Inc. (the "Company"). Employees are eligible to participate in the Plan if they are 18 years old. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

### Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP").

### Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### Tax Status

The Plan obtained its latest determination letter on February 3, 2003, in which the Internal Revenue Service stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code. The Plan has been amended since receiving the determination letter. However, the Plan's administrator believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore, no provision for income taxes has been included in the Plan's financial statements. The Plan's open tax years subject to examination by taxing authorities include the years ended December 31, 2011, 2010, and 2009.

### Participants' Accounts

Each participant's account is credited with the participant's contribution, the Company's discretionary contributions and an allocation of the Plan's earnings and losses.

### Notes Receivable, Participants

Loans to participants are reported at their unpaid principal balances plus any accrued but unpaid interest.

A. DESCRIPTION OF PLAN AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

The Plan's investments in mutual funds are stated at fair value. The mutual funds have a daily quoted market price based upon the market value of the underlying investments. Investments representing 5% or more of assets are separately identified on the statements of net assets available for plan benefits.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the cash basis, which approximates the accrual basis. Dividends are recorded on the ex-dividend date.

Contributions

Participants have the option to make before-tax contributions to the Plan of up to 100% of eligible compensation for the contribution period, subject to certain Internal Revenue Service limitations. The Company may make discretionary contributions to the Plan. The Company made discretionary matching contributions to all eligible participants equal to 50% of the first 6% of base compensation that a participant contributes to the Plan for the years ending December 31, 2012 and 2011. During 2012, the discretionary matching contributions applied only to participant contributions and compensation for the period from February 15, 2012 to December 31, 2012. During 2011, the discretionary matching contributions applied only to participant contributions and compensation for the period from January 1, 2011 to May 31, 2011. Discretionary matching contributions amounted to $406,819 and $419,753, net of forfeitures applied, for the years ending December 31, 2012 and 2011, respectively. Forfeitures applied as discretionary contributions amount to $845 and $719 for the years ending December 31, 2012 and 2011, respectively.

Vesting

Participants are immediately vested in their contributions. Participants will vest in Company discretionary contributions based on the participant's years of service with the Company. A year of service is defined as 1,000 hours of service during a plan year. Company discretionary matching contributions vest pursuant to the following schedule:

| Years of Service | Vesting Percentage |
|---|---|
| Less than 2 years | 0% |
| 2 year but less than 3 years | 20% |
| 3 years but less than 4 years | 40% |
| 4 years but less than 5 years | 60% |
| 5 years but less than 6 years | 80% |
| 6 years or more | 100% |

## A. DESCRIPTION OF PLAN AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Forfeiture Provisions

Forfeitures are to be used as a reduction of future employer contributions and to pay Plan expenses. Forfeiture balances amounted to $205,480 and $230,078 at December 31, 2012 and 2011, respectively. Forfeitures used for plan expenses amounted to $95,545 and $22,686, for the years ended December 31, 2012 and 2011, respectively.

### Payment of Benefits

At termination of service, a participant may receive the value of his or her account as a lump sum payment, as installment payments over a specified period of time (annually, quarterly or monthly), not exceeding the participants' life expectancy or joint life expectancy with their designated beneficiary, or as a purchase of a single premium annuity contract. Participants whose account balance is less than $5,000 must elect a lump sum distribution. The vested account balances of terminated participants amounted to $2,309,108 and $2,046,701 as of December 31, 2012 and 2011, respectively.

### Plan Termination

Although it does not intend to do so, the Company has the right under the Plan to terminate the Plan subject to the provisions of ERISA. In the event of a Plan termination, participants will become 100% vested in their accounts.

### Reclassifications

Certain reclassifications have been made to prior year balances to conform to the current year financial statement presentation.

## B. TRUSTEE AND ADMINISTRATIVE SERVICES

The Company pays the Plan's investment advisor and accounting fees while the Plan pays administrative fees. The Company incurred $7,500 and $21,500 for accounting and investment advisory fees during the years ended December 31, 2012 and 2011, respectively. These fees are not reflected in the accompanying financial statements.

First National Bank of Omaha (the Trustee) serves as the trustee whereby its services included executing participants' investment transactions and the payment of benefits. The Trustee provided 2012 and 2011 fund summaries by investment type to the administrators, which were used to prepare the Plan's financial statements.

B. TRUSTEE AND ADMINISTRATIVE SERVICES (Continued)

The following information included in the accompanying financial statements and supplemental schedules was obtained from data that has been prepared and certified to as complete and accurate by the Trustee for the years ended December 31:

| | 2012 | 2011 |
|---|---|---|
| Cash and money market accounts | $ 2,530,830 | $ 2,462,304 |
| Mutual funds, at fair value | $ 20,060,312 | $ 15,485,173 |
| Net appreciation (depreciation) in fair value of investments | $ 2,019,975 | $ (205,118) |
| Interest and dividend income | $ 450,983 | $ 299,955 |

C. RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for plan benefits.

D. FAIR VALUE OF FINANCIAL INSTRUMENTS

Assets and Liabilities Measured at Fair Value on a Recurring Basis

Financial Accounting Standards Board Statement No. 820, *Fair Value Measurements* (FASB ASC 820), establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the assets or liabilities;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

D. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Assets and Liabilities Measured at Fair Value on a Recurring Basis (Continued)

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at December 31, 2012 and 2011.

*Mutual funds:* Valued at the net asset value ("NAV") of shares held by the Plan at year end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following are the major categories of assets and liabilities measured at fair value on a recurring basis as of December 31, 2012:

| Description | Level 1: Quoted prices in active markets | Level 2: Internal models with significant observable market parameters | Level 3: Internal models with significant unobservable market parameters | Total at December 31, 2012 |
|---|---|---|---|---|
| Cash and money market | $ 2,874,136 | $ - | $ - | $ 2,874,136 |
| Mutual funds | 20,419,858 | - | - | 20,419,858 |
| Total | $ 23,293,994 | $ - | $ - | $ 23,293,994 |

D. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Assets and Liabilities Measured at Fair Value on a Recurring Basis (Continued)
The following are the major categories of assets and liabilities measured at fair value on a recurring basis as of December 31, 2011:

| Description | Level 1: Quoted prices in active markets | Level 2: Internal models with significant observable market parameters | Level 3: Internal models with significant unobservable market parameters | Total at December 31, 2011 |
|---|---|---|---|---|
| Cash and money market | $ 2,791,950 | $ - | $ - | $ 2,791,950 |
| Mutual funds | 15,723,832 | - | - | 15,723,832 |
| Total | $ 18,515,782 | $ - | $ - | $ 18,515,782 |

The carrying value of short-term receivables and payables approximate their fair value as of December 31, 2012, and 2011.

E. RECONCILIATION OF FINANCIAL STATEMENTS TO SCHEDULE H OF FORM 5500

For the years ended December 31, 2012 and 2011, the Plan filed its Form 5500 on an accrual basis. As such, there are no differences between the financial statements and the Form 5500.

F. SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 9, 2013, the date on which the financial statements were available to be issued.

# SUPPLEMENTAL SCHEDULES

CORNERSTONE MORTGAGE COMPANY 401(K) PLAN
E.I.N 76-0236067, PLAN #001
SCHEDULE H, PART IV, LINE 4(i)
SCHEDULE OF ASSETS (HELD AT END OF YEAR)
AS OF DECEMBER 31, 2012

| (a) | (b) Identity of issue, borrower, lessor or similar party | (c) Description of investment including maturity date, date of interest, collateral, par or maturity value | (d) Cost | (e) Current value |
|---|---|---|---|---|
| | Dreyfus | Structured Midcap A | $ 257,472 | $ 401,559 |
| | Goldman Sachs | Financial Square Prime Obligation | 2,498,258 | 2,498,494 |
| | Federated Kaufmann | Small Cap Fund A | 304,413 | 333,124 |
| | Goldman Sachs | Large Cap Value | 326,694 | 388,415 |
| | Aberdeen | Small Cap Fund A | 298,744 | 367,430 |
| | Hodges | Hodges Fund | 367,188 | 422,163 |
| | Columbia | Acorn International Select A | 256,857 | 265,888 |
| | MFS | Bond Fund A | 637,082 | 695,473 |
| | MFS | International Investors Value Fund | 935,056 | 1,097,497 |
| | MFS | Intl Growth Fund A | 162,852 | 183,706 |
| | T. Rowe Price | Equity Income Fund Adv | 1,796,423 | 2,184,097 |
| | Principal | Inv Mid Cap Blend A | 139,297 | 158,704 |
| | T. Rowe Price | High-Yield Bond | 156,906 | 164,688 |
| | PIMCO | Total Return Fund A | 921,556 | 946,262 |
| | American Funds | Europacific Growth R4 | 875,297 | 976,323 |
| | Sequoia | Sequoia Fund | 1,620,095 | 2,131,363 |
| | T. Rowe Price | Mid-Cap Value | 308,374 | 343,875 |
| | Vanguard | 500 Index Fund | 774,118 | 911,756 |
| | Invesco | Van Kampen Small Cap Value A | 277,830 | 283,909 |
| | Weitz | Short-Intermediate Income | 605,304 | 628,412 |
| | Goldman Sachs | FN Financial Square Prime Oblig | 32,336 | 32,336 |
| | Federated Kaufmann | FN Small Cap Fund A | 171,576 | 184,957 |
| | Aberdeen | FN Small Cap Fund A | 88,272 | 112,823 |
| | Hodges | FN Hodges Fund | 225,831 | 258,713 |
| | MFS | FN Bond Fund A | 1,572,370 | 1,714,614 |
| | MFS | FN International Investors Value Fun | 287,496 | 355,826 |
| | T. Rowe Price | FN Equity Income Fund Adv | 461,996 | 580,214 |
| | American Funds | FN Europacific Growth R4 | 438,956 | 505,473 |
| | Sequoia | FN Sequoia Fund | 1,220,177 | 1,632,224 |
| | T. Rowe Price | FN Mid-Cap Value | 299,182 | 331,664 |
| | Weitz | FN Short-Intermediate Income | 1,459,659 | 1,499,160 |
| | Metavante | Self-Direct Invest Fund | 359,546 | 359,546 |
| | Metavante | Self-Direct Cash Fund | 343,306 | 343,306 |
| | Notes receivable, participants | Participant loans are secured by the balances in the participant's accounts with interest rates ranging from 4.25% to 9.25% | - | 1,109,663 |

CORNERSTONE MORTGAGE COMPANY 401(K) PLAN
EMPLOYER ID #76-0236067, PLAN #001
SCHEDULE H, PART IV, LINE 4(a)
SCHEDULE OF DELINQUENT PARTICIPANT CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2012

| Participant Contributions Transferred Late to the Plan | Total that Constitute Nonexempt Prohibited Transactions | | | Total Full Corrected Under VFCP and PTE 2002-51 |
|---|---|---|---|---|
| | Contributions Not Corrected | Contributions Corrected Outside VFCP | Contributions Pending Correction in VFCP | |
| $ 204,870 | - | $ 204,870 | - | - |

**Attachment to 2012 Form 5500**
**Schedule H, line 4i - Schedule of Assets (Held at End of Year)**

**Plan Name** CORNERSTONE MORTGAGE 401(K) PLAN **EIN:** 76-0236067
**Plan Sponsor's Name** CORNERSTONE MORTGAGE COMPANY **PN:** 001

| (a) | (b) Identity of issue, borrower, lessor, or similar party | (c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value. | (d) Cost | (e) Current value |
|---|---|---|---|---|
| | Dreyfus | Dreyfus Structured Mid Cap Fund A | 0 | 401,559 |
| | Goldman Sachs | Goldman Sachs Fin Sq Prime Obl Admin | 0 | 2,498,494 |
| | Federated | Federated Kaufmann Small Cap Fund A | 0 | 184,957 |
| | Goldman Sachs | Goldman Sachs Large Cap Value Fund A | 0 | 388,415 |
| | Aberdeen | Aberdeen Small Capitalization Fund A | 0 | 112,823 |
| | Hodges | Hodges Fund | 0 | 422,163 |
| | Columbia | Columbia Acorn Intl Select A | 0 | 265,888 |

**Attachment to 2012 Form 5500**
**Schedule H, line 4i - Schedule of Assets (Held at End of Year)**

**Plan Name** CORNERSTONE MORTGAGE 401(K) PLAN **EIN:** 76-0236067
**Plan Sponsor's Name** CORNERSTONE MORTGAGE COMPANY **PN:** 001

| (a) | (b) Identity of issue, borrower, lessor, or similar party | (c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value. | (d) Cost | (e) Current value |
|---|---|---|---|---|
| | MFS | MFS Bond Fund A | 0 | 695,473 |
| | MFS | MFS International Value A | 0 | 355,826 |
| | MFS | MFS International Growth Fund A | 0 | 183,706 |
| | T. Rowe Price | T. Rowe Price Eqty Income Adv | 0 | 580,214 |
| | Principal | Principal MidCap Blend Fund A | 0 | 158,704 |
| | T. Rowe Price | T. Rowe Price High Yield Inv | 0 | 164,688 |
| | PIMCO | PIMCO Total Return Fund A | 0 | 946,262 |

**Attachment to 2012 Form 5500**
**Schedule H, line 4i - Schedule of Assets (Held at End of Year)**

**Plan Name** CORNERSTONE MORTGAGE 401(K) PLAN **EIN:** 76-0236067
**Plan Sponsor's Name** CORNERSTONE MORTGAGE COMPANY **PN:** 001

| (a) | (b) Identity of issue, borrower, lessor, or similar party | (c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value. | (d) Cost | (e) Current value |
|---|---|---|---|---|
| | American Funds | American Funds EuroPacific GrowthR4 | 0 | 505,472 |
| | Sequoia | Sequoia Fund | 0 | 1,632,224 |
| | T. Rowe Price | T. Rowe Price Mid Cap Value Adv | 0 | 343,875 |
| | Vanguard | Vanguard 500 Index Inv | 0 | 911,756 |
| | Invesco | (CL) Invesco Small Cap Value Fund A | 0 | 283,909 |
| | Weitz | Weitz Short-Intermediate Income Fund | 0 | 628,412 |
| | Goldman Sachs | FN Goldman Sachs Fin Sq Prime Obl | Admin 0 | 32,336 |

**Attachment to 2012 Form 5500**
**Schedule H, line 4i - Schedule of Assets (Held at End of Year)**

**Plan Name** CORNERSTONE MORTGAGE 401(K) PLAN **EIN:** 76-0236067
**Plan Sponsor's Name** CORNERSTONE MORTGAGE COMPANY **PN:** 001

| (a) | (b) Identity of issue, borrower, lessor, or similar party | (c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value. | (d) Cost | (e) Current value |
|---|---|---|---|---|
| | Federated | FN Federated Kaufmann Small Cap Fund A | 0 | 333,124 |
| | Aberdeen | FN Aberdeen Small Capitalization Fund A | 0 | 367,430 |
| | Hodges | FN Hodges Fund | 0 | 258,713 |
| | MFS | FN MFS Bond Fund A | 0 | 1,714,614 |
| | MFS | FN MFS International Value A | 0 | 1,097,497 |
| | T. Rowe Price | FN T. Rowe Price Eqty Income Adv | 0 | 2,184,097 |
| | American Funds | FN American Funds EuroPacific GrowthR4 | 0 | 976,323 |

**Attachment to 2012 Form 5500**
**Schedule H, line 4i - Schedule of Assets (Held at End of Year)**

**Plan Name** CORNERSTONE MORTGAGE 401(K) PLAN **EIN:** 76-0236067
**Plan Sponsor's Name** CORNERSTONE MORTGAGE COMPANY **PN:** 001

| (a) | (b) Identity of issue, borrower, lessor, or similar party | (c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value. | (d) Cost | (e) Current value |
|---|---|---|---|---|
| | Sequoia | FN Sequoia Fund | 0 | 2,131,363 |
| | T. Rowe Price | FN T. Rowe Price Mid Cap Value Adv | 0 | 331,664 |
| | Weitz | FN Weitz Short-Intermediate Income Fund | 0 | 1,499,160 |
| | Metavante | Metavante Self-Direct Invest Fund | 0 | 359,546 |
| | Metavante | Metavante Self-Direct Cash Fund | 0 | 343,306 |
| | Participants Loan Account | Various Rates and Maturities | 0 | 1,109,663 |
| | | | | |