

Long Ridge Equity Partners Invests \$25 Million in Stonegate Mortgage Corporation

Stonegate Mortgage Corporation

Stonegate Mortgage Corporation (“Stonegate”) was founded in 2005 by CEO Jim Cutillo, former Director for GMAC Residential Funding in Minneapolis, MN when GMAC was the #1 issuer of private label mortgage and asset backed securities (MBS/ABS). Stonegate is one of the largest and fastest growing independent, non-bank, mortgage lenders and servicers in the U.S., according to Inc. Magazine. Stonegate acquires loans on retail, wholesale and correspondent basis through a network of retail branches and approved third party originators, which include depository institutions, mortgage bankers and mortgage brokers.

Long Ridge Equity Partners

Long Ridge Equity Partners (“Long Ridge”) is a private equity firm focused on the financial services industry. Leveraging deep sector knowledge and an extensive network of industry resources, Long Ridge serves as a value-added partner to high-growth financial services businesses. Over the last decade, Long Ridge’s principals have sponsored some of the most successful growth companies in the financial sector, providing strategic resources and capital to drive profitable expansion. Long Ridge actively seeks growth capital and special situations investments in a range of financial sub-sectors including financial technology, specialty finance, securities and trading, asset management, payments, and exchanges.

March 2012

*These securities have been sold.
This announcement appears as a matter of record only.*

STONEGATE MORTGAGE CORPORATION



(Indianapolis, IN)

has received \$25 million of equity capital from

LONG RIDGE EQUITY PARTNERS



(New York, NY)

Private Placement of Convertible Preferred Stock

The Transaction

The Stock Purchase Agreement (“SPA”), executed and announced on March 13, 2012, provided for Long Ridge to invest up to \$25 million of equity into Stonegate pursuant to certain financial milestones being met. Stonegate is using the capital to expand its portfolio of mortgage servicing rights and continue its growth in the correspondent and wholesale loan origination channels. The additional capital will also allow Stonegate to pursue expansion of its retail branch network through select acquisitions. Stonegate is also actively pursuing the purchase of existing mortgage servicing rights from banks who face balance sheet and regulatory constraints and plans to launch a non-agency jumbo program. Since the initial capital injection in March 2012, Stonegate has added key personnel to its executive and sales teams, expanded its retail channel through organic and strategic growth, acquired NattyMac (an independent mortgage warehouse lender) from Guggenheim Partners, and developed strategic partnerships with leading industry groups.

Under terms of the SPA, Stonegate added Rich Mirro to its Board of Directors. Mr. Mirro is the former Chairman and CEO of North American Mortgage, which was the nation’s 10th largest lender under his leadership. Previously, Mr. Mirro served as Chairman and CEO of Fleet Mortgage and COO of Chase Manhattan Mortgage. Jim Brown and Kevin Bhatt of Long Ridge also joined Stonegate’s Board in connection with the transaction.

Donnelly Penman & Partners initiated the transaction, acted as sole placement agent to Stonegate and assisted in the negotiations in connection with the transaction. Please contact **John C. Donnelly** at (313) 393-3054 or **Andrew C. Christians**, CFA at (313) 393-3074 for further information.

Donnelly Penman & Partners

Donnelly Penman & Partners is one of the largest independently owned investment banking firms headquartered in the Midwest. We provide comprehensive advisory services to both public and private companies, including mergers and acquisitions, capital raising, due diligence, and general financial advisory services. In addition, we are a [FINRA](#) licensed broker dealer and member [SIPC](#).

Donnelly Penman & Partners is owned by the employees of the firm, who have participated in more than 225 transactions since the firm's inception in September 2000 and collectively have more than 80 years of investment banking experience.