



CITADEL
SERVICING CORPORATION

Program Guide

Verification of Employment Program

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The following presentation is for educational and informational purposes and should not be construed as legal advice. Recipients should not construe the contents of this Program Guide as legal, tax, accounting, or investment advice; recipients should consult their own counsel, tax and financial advisors as to legal and related matters concerning any transaction. Further, this Program Guide does not purport to be all-inclusive or to contain all of the information that a recipient may require.

1. SUMMARY

Citadel Servicing Corporation (“CSC”) has developed a Verification of Employment (“VOE”) Program (“Program”) structured to be consistent with the CFPB’s regulations in connection to ATR while the Borrower’s qualifying income is documented with an employer’s VOE.

This Program summary will examine and reference the ATR Regulations, bringing specific note to the lack of codification as to a minimum required amount of Third-Party Records (as defined therein) and the good-faith interpretation required in a loan’s underwriting.

Further, this Program was developed to be wary of the additional lender and investor risks associated with associated income documentation and will outline the additional overlays and circumstances in which the program is reasonably deployed.

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2. BACKGROUND AND REGULATORY OVERVIEW

Citadel Servicing Corporation is a non-prime mortgage lender that makes loans consistent with the ATR and generally considered to be non-qualified mortgages. CSC currently has a Full Documentation program that is consistent with the requirements under ATR to utilize “Third-party record[s]” to document income “reasonably and [make a] good faith determination”.

Under the eight-point test of ATR, the “Basis for Determination” under § 1026.43(c)(2)(i) is required to consider “[t]he consumer's current or reasonably expected income or assets”. Specifically, a VOE is a document consistent with § 1026.43(c)(4).

Separately, the Applicant’s employer meets the definition of a Third-Party Record in § 1026.43(b)(13):

Third-party record means:

- i. A document or other record prepared or reviewed by an appropriate person other than the consumer, the creditor, or the mortgage broker, as defined in § 1026.36(a)(2), or an agent of the creditor or mortgage broker....

A VOE form, executed and prepared by the Applicant’s employer would confirm, as a third-party record, a specific individual consumer’s income and also carry a statement as to the current employment status. Said employment status can be supplemented via a Verbal Verification of Employment (“VVOE”), which may not be in writing under § 1026.43(c)(2)(ii):

For purposes of paragraph (c)(2)(ii) of this section, a creditor may verify a consumer's employment status orally if the creditor prepares a record of the information obtained orally;...

3. PROGRAMS

Citadel Servicing Corporation has multiple programs available for transactions that document qualifying income. However, given the further reduction itemized below in required documentation for qualification, CSC will further differentiate this Program for the purpose of managing risk and pricing as addressed below.

The VOE Program will be limited to:

- Priced to the “A” & “A-” Tiers on the Non-Prime Matrix with rate adjustments of 0.250%;
- LTV will be -5% from program maximums;
- Two-year history required at the employer submitting the VOE;
- Customary VVOE within 72-hours of funding;
- No 4506-T requirement;
- U.S. Residents;
- Borrowers with a minimum credit depth, each paid as agreed:
 - one (1) account rated for minimum of five years (≥ 5 -years); and
 - two (2) additional accounts rated for minimum of two years (≥ 2 -years) each;

Note: Acceptable Mortgage Rating, even if not on credit, can contribute to this depth requirement;

- No credit events within the last five (5) years (i.e.: foreclosure, short sale, bankruptcy, deed-in-lieu);
- Minimum twenty-four (24) month recent mortgage required;
- No charge offs, collections, or tax liens within the last three (3) years;
- Owner Occupied transactions;
- SFR / Condo / Townhouse Property Types;
- No first-time home buyers;
- Reserve funds are not required;
- CSC’s customary 7/23 or 30/30 programs;
- Minimum to maximum loan amount of \$250,000 to \$3,000,000;




- Cash out is unlimited, unless otherwise limited specific within CSC's programs generally;
- Secondary Financing is not allowed;
- Property must be in good condition and conform to the area; and
- No rural properties.

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4. PRICING MATRIX

Update to the Pricing Matrix with new “Verification of Employment (“VOE”) Program” Section and Rate Adjustment:


CITADEL
 SERVICING CORPORATION

**NON PRIME WHOLESALE
RESIDENTIAL RATE SHEET & MATRIX**

GENERAL INFORMATION
NO FEDERAL OR STATE HIGH COST LOANS
 Income Documentation
 Full Doc = W2 + Pay Stubs / Wage Earner / Asset Depletion
 or 1040's + P&L / Self-Employed or Commission
 Alt Doc = 24 Month Personal or Business Bank Stmts / SE Only
 ATR in Full = Only Assets to Qualify max LTV 75%
 Maximum Debt-to-Income Ratio
 50% Back End
 Loan Terms
 30-Year Amortized & Term - 7/1 Hybrid ARM or 30-yr Fixed
 All Loans require impounding for Taxes & Insurance
 Interest Only (IO)
 IO Loans must qualify at max rate at first fully amortized pymt
 IO Loans are 7-year IO Payment & 25-years Fully Amortized
 Index & Adjustment Caps
 Floored at Start Rate / 1-year CMT
 2.0% Initial Change Cap / 2.0% Annual Cap / 6.0% Life Cap
 Occupancy
 Owner / Non Owner / Second Home
 Loan Amounts
 \$75,000 Minimum to \$3,000,000 Maximum (Round-down to \$50)
 Loan Amounts >\$1.0M require Senior Management Approval
 Loan Amounts Greater than \$1.5M require two (2) Appraisals
 Property Types
 SFR / Condos / Townhouse / 2-4 Units
 Condomes - Must be in Resort Area as defined by CSC Senior Mgmt
 Non-Warrantable Condos - Reference CSC Guidelines
 Rural Properties are available in A, A-, B & B- Tiers
 States
 AL, AR, AZ, CA, CO, CT, DC, DE, FL, GA, ID, IL, IN, KS, KY, LA, MD, ME, MI, MN,
 MT, NC, NE, NH, NJ, NY, OH, OR, PA, SC, TN, TX, UT, VA, VT, WA, WI, & WY
 Texas: Purchase Only / Purchase & Refinance NNO or 2nd Home

GENERAL INFORMATION

Credit Tier	"A"	"A-"	"B"	"B-"	"C"
Min FICO	≥ 700	≥ 650	≥ 600	≥ 550	≥ 500
≤ 50% LTV	4.875%	5.250%	6.250%	6.875%	7.999%
≤ 60% LTV	4.999%	5.375%	6.500%	7.500%	8.500%
≤ 65% LTV	5.125%	5.500%	6.625%	7.625%	8.500%
≤ 70% LTV	5.375%	5.750%	6.875%	7.875%	8.500%
≤ 75% LTV	5.750%	6.125%	7.375%	8.250%	
≤ 80% LTV	5.999%	6.500%	7.625%		
≤ 85% LTV	6.875%	7.250%			
≤ 90% LTV	7.625%				
Margin	3.950%	4.500%	5.500%	6.500%	7.500%
Max Mtg Late (12-mth)	0 x 30	1 x 30	0 x 60	0 x 90	*

* Loans with under a 100 FICO or special Circumstance are considered Case-by-Case

Max LTVs	"A"	"A-"	"B"	"B-"	"C"
Purchase	90%	85%	80%	75%	65%
Rate/Term Refi	85%	85%	75%	70%	65%
Cash Out Refi	80%	80%	75%	70%	65%
CLTV**	90%	85%	80%	75%	65%

** CLTV +5% for LTV -5%, Can not exceed 90% Max CLTV, Max Adjustment is 5% CLTV Increase

Seasoning	"A"	"A-"	"B"	"B-"	"C"
Bankruptcy	≥ 3 Years	≥ 2 Years	≥ 2 Years	≥ 1 Year	Settled
Foreclosure	≥ 3 Years	≥ 2 Years	≥ 2 Years	≥ 1 Year	Settled
Short Sales	≥ 2 Years	≥ 1 Year	Settled	Settled	Settled
Deed-in-Lieu	≥ 2 Years	≥ 1 Year	Settled	Settled	Settled

Administration / Underwriting / Commitment Fee - \$1.295

ADJUSTMENTS

Description	Rate	Note
Lender Paid	0.500%	1.250% Lender Paid Compensation - Available on Credit Grades A / A- / B
Lender Paid	1.000%	2.000% Lender Paid Compensation - Available on Credit Grades A / A- / B
VOE	0.250%	See Program Guide Below
LTV / CLTV	0.250%	Grades A / A- / B
Alt Doc - BK Stmts	0.250%	BUSINESS Account, OO - Credit Grades A / A- / B
Alt Doc - BK Stmts	0.375%	NNO - All Credit Grades
Alt Doc - BK Stmts	0.500%	Credit Grades A / A- / B
30-year Fixed	0.375%	Pricing above is a 7/1 Hybrid ARM
Interest Only	0.250%	Self Employed Borrowers with Loan ≥ \$250K - Credit Grades A / A- / B
Second Home	0.250%	LTV/CLTV Limited to Gray Shaded Area to left
TTN	0.500%	LTV/CLTV Limited to 75% Purch. / 70% Refi, \$1M max loan Amt. Full Doc Only
Non Owner (NNO)	0.250%	LTV/CLTV Limited to Gray Shaded Area to left (Max 70% for Refinance)
< \$ 100,000	0.500%	
< \$ 150,000	0.250%	LTV/CLTV @ -5% Purch & R/T, -10% C/O, No "C" Grade
> \$ 150,000	-	OO Only, LTV/CLTV @ -10% Purch & R/T, -15% C/O, No C Grade
> \$ 1,000,000	0.250%	OO Only, LTV/CLTV @ -10% Purch & R/T, -15% C/O, A, A-, & B Only
> \$ 1,500,000	0.500%	Max Cash-in-Hand > 65% LTV is \$300,000 for Loan Amounts > \$1M
> \$ 2,000,000	0.625%	OO Only, LTV/CLTV @ -10% Purch & R/T (Max 75%), -15% C/O, A, A-, & B Only
Condo S.F. & So. FL	0.250%	Max LTV/CLTV 70% Condos in San Francisco, CA and Broward/Dade County FL
2-4 Unit Property	0.250%	Max LTV 80% OO, 75% NNO
Condomet	0.375%	Purchase: 75% Max LTV & Refinances: 70% Max LTV
Non-Warr Condo	0.500%	Purchase: 75% Max LTV & Refinances: 70% Max LTV
Rural Property	0.500%	Reduce 10% LTV or 65% Max LTV, Max 2400K Loan Amount (No "C" Tier)
Buy-Up/Down	Case-by-Case	Ask your Account Executive for details

ONE-MONTH BANK STATEMENT PROGRAM
 Minimum 700 FICO / Rate adjustment - "A" Tier:
 0.250 @ 2750 FICO
 0.375 @ 2725 FICO
 0.500 @ 2700 FICO
 LTV: 75% Purchase / 70% Refinance
 Self Employed borrowers Only
 Latest Mth Pers Bank Stmt / No NSF's / Positive ending balance
VERIFICATION OF EMPLOYMENT ("VOE") PROGRAM
 Borrower qualifies on VOE documentation exclusively
 Available to "A" & "A-" Tiers
 LTV: Minus 5% from program limitations
 Two year history with submitting employer & pre-funding VVOE

ADDITIONAL GUIDELINES TO:
ONE-MONTH BANK STATEMENT PROGRAM
VERIFICATION OF EMPLOYMENT ("VOE") PROGRAM
 Credit Depth:
 Min one account 25-years & two accounts 22-years each
 Five year seasoning from FC, SS, DII, BK
 Twenty four (24) month recent mortgage history required
 No mortgage delinquency last five (5) years
 No charge offs, collections, or tax liens last three (3) years
 Loan amounts: \$250,000 to \$3,000,000
 Owner Occupied Transactions
 No first-time home buyers
 SFR / Condo / Townhouse
 Property Condition Good / No Rural

*Broker Origination Points and Fees are limited to the lesser of (a) 3.0% of the loan amount and (b) the maximum allowable by Federal & State High Cost thresholds.

Broker Compensation including Processing Fees can be individually (i) Borrower Paid OR (ii) Lender Paid.

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CONTACT YOUR LOCAL ACCOUNT EXECUTIVE AND REVIEW OUR "OUTSIDE DODD-FRANK" PRODUCT MATRIX**

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5. UNDERWRITING GUIDELINES

Updated to CSC's Underwriting Guideline Book:

Add new content within Section 5 ("Income / Employment") in Subsection IV ("Income Documentation") under "Alternative Documentation / Bank Statements" header:

Verification of Employment Program

The VOE Program will be documented by & limited to:

1. Priced to the "A" & "A-" Tiers on the Non-Prime Matrix with rate adjustments of 0.250%;
2. LTV will be -5% from program maximums;
3. Two-year history required at the employer submitting the VOE;
4. Customary VVOE within 72-hours of funding;
5. No 4506-T requirement;
6. U.S. Residents;
7. Borrowers with a minimum credit depth, each paid as agreed:
 - (i) one (1) account rated for minimum of five years (≥ 5 -years); and
 - (ii) two (2) additional accounts rated for minimum of two years (≥ 2 -years) each;

Note: Acceptable Mortgage Rating, even if not on credit, can contribute to this depth requirement;

8. No credit events within the last five (5) years (i.e.: foreclosure, short sale, bankruptcy, deed-in-lieu);
9. Minimum twenty-four (24) month recent mortgage required;
10. No charge offs, collections, or tax liens within the last three (3) years;
11. Owner Occupied transactions;
12. SFR / Condo / Townhouse Property Types;
13. No first-time home buyers;
14. Reserve funds are not required;
15. CSC's customary 7/23 or 30/30 programs;



16. Minimum to maximum loan amount of \$250,000 to \$3,000,000;
17. Cash out is unlimited, unless otherwise limited specific within CSC's programs generally;
18. Secondary Financing is not allowed;
19. Property must be in good condition and conform to the area; and
20. No rural properties.

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6. DEFINITIONS

Ability-to-Repay (“ATR”): An eight-point test as provided under §1026.43(c)(2) for measuring and determining of a mortgagor’s reasonably expected ability to repay a mortgage according to its terms as documented by third-party records.

Bank Statements: Third party records of an applicant’s account with a on a monthly basis from a bank or other financial institution (as example, such as a credit union) licensed to receive deposits and provide other financial services.

CFPB: The Consumer Financial Protection Bureau or any successor thereto.

Official Interpretation: Supplemental commentary published by the CFPB provided to add clarification and explanation to specific provisions and subsections of to a denoted or referenced Act.

Regulation X: Real Estate Settlement Procedures Act (“RESPA”) of 1974, as amended, 12 CFR, Part 1024.

Regulation Z: Truth in Lending Act (“TILA”), as amended, 12 CFR, Part 1026.