



CITADEL
SERVICING CORPORATION

Program Guide

One-Month Bank Statement 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 One-Month Bank Statement Program (“Program”) structured to be consistent with the CFPB’s regulations in connection to ATR while the Borrower’s qualifying income is documented with a single month’s statement.

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 a decreased timeframe of 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 bank statement 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 Bank Statement is a document consistent with § 1026.43(c)(4):

4. VERIFICATION OF INCOME OR ASSETS.

iv. Financial institution records....

Separately, a financial institution, such as a bank or credit union, 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....

OFFICIAL INTERPRETATION TO 43(b)(13)(i)

Paragraph 43(b)(13)(i).

1. REVIEWED RECORD.

Under § 1026.43(b)(13)(i), a third-party record includes a document or other record prepared by the consumer, the creditor, the mortgage broker, or the creditor's or mortgage broker's agent, if the record is reviewed by an appropriate third party. For example, a profit-and-loss statement prepared by a self-employed consumer and reviewed by a third-party accountant is a third-party record under § 1026.43(b)(13)(i). In contrast, a profit-and-loss statement prepared by a self-employed consumer and reviewed by the consumer's non-accountant spouse is not a third-party record under § 1026.43(b)(13)(i).

Whereas § 1026.43(c) requires the consideration of ATR to be make a “good faith determination”, CSC finds that this Program is compliant under:

OFFICIAL INTERPRETATION TO 43(c)(1)

43(c)(1) General requirement.

ii. CONSIDERATIONS.

- A. The following may be evidence that a creditor's ability-to-repay determination was reasonable and in good faith:
2. The creditor used underwriting standards that have historically resulted in comparatively low rates of delinquency and default during adverse economic conditions; or
 3. The creditor used underwriting standards based on empirically derived, demonstrably and statistically sound models.

When deployed to the appropriately qualified borrowing base, CSC has empirical knowledge that a program with the documented income at this Program's threshold, has resulted in historically low levels of delinquency or default.

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3. PROGRAMS

Citadel Servicing Corporation has multiple programs available for transactions that document qualifying income via bank statements. 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 One-Month Bank Statement Program will be limited to:

- Priced to the “A” Tier on the Non-Prime Matrix with rate adjustments of:
 - 0.250 @ ≥ 750 FICO
 - 0.375 @ ≥ 725 FICO; and
 - 0.500 @ ≥ 700 FICO;
- Self Employed Borrowers (two-year history required by (i) CPA Letter or (ii) Business License);
- U.S. Residents;
- Borrowers with a minimum Credit Score of 700 (with interest rate further adjustments at 725 & 750 levels);
- Borrowers with a minimum credit depth of five (5) years with a minimum of three (3) accounts, each paid as agreed;
- No credit events within the last five (5) years including consumer and mortgage (minimum twenty four (24) month recent mortgage required);
- No charge offs, collections, or tax liens;
- Owner Occupied transactions;
- SFR / Condo / Townhouse Property Types;
- No first-time home buyers;
- Most recent personal account’s bank statement with no NSF’s and positive ending statement;
- Closing Funds may come from the account provided for qualifying income and an Escrow Deposit Receipt is required (only one month’s statement is required for assets);
- Reserve funds are not required;




- Income is ATTESTED to and DECLARED, CSC Underwriter to confirm reasonable for job and compare to credit usage / history – deposits into account are not the determinant figure;
- CSC's customary 7/23 or 30/30 programs;
- Minimum to maximum loan amount of \$250,000 to \$3,000,000;
- Maximum LTVs of 70% and 65% for purchase and refinance transactions respectively;
- 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 “One-Month Bank Statement Program” Section and Rate Adjustments:


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 Stmt / 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 & 23-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
 Condos - Must be in Resort Area as defined by CSC Senior Mgmt
 Non-Warrantable Condos - Reference CSC Guidelines
 Rural Properties are available in A-, B & B-Tiers
 States: AL, AR, AZ, CA, CO, CT, DC, DE, FL, GA, IL, IN, KS, KY, LA, MD, ME, MI,
 MN, MT, NC, NE, NH, NJ, NV, OK, OR, PA, SC, TN, TX, UT, VA, VT, WA, WI, & WY
 Texas: Purchase Only OO / Purchase & Refinance NOO or 2nd Home

GENERAL INFORMATION

Credit Tier	"A"	"A-"	"B"	"B-"	"C"
Min FICO	≥ 700	≥ 650	≥ 600	≥ 550	≥ 500
≤ 50% LTV	5.125%	5.500%	6.500%	7.125%	8.250%
≤ 60% LTV	5.250%	5.625%	6.750%	7.375%	8.375%
≤ 65% LTV	5.375%	5.750%	6.875%	7.625%	8.750%
≤ 70% LTV	5.625%	5.999%	7.125%	8.125%	
≤ 75% LTV	5.999%	6.375%	7.625%	8.500%	
≤ 80% LTV	6.250%	6.750%	7.875%		
≤ 85% LTV	7.125%	7.500%			
≤ 90% LTV	7.875%				
Margin	3.950%	4.950%	5.950%	6.950%	7.950%
Max Mgt Late	0 x 30	1 x 30	0 x 60	0 x 90	*

* Loans with under a 500 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

ADJUSTMENTS

Description	Rate	Note
1-Month Bk Stmt	***	See Program Guide Above
Alt Doc - Bk Stmt	0.125%	PERSONAL Account, OO - Credit Grades A / A- / B
Alt Doc - Bk Stmt	0.250%	BUSINESS Account, OO - Credit Grades A / A- / B
Alt Doc - Bk Stmt	0.375%	NOO - All Credit Grades
ATR-in-Full	0.500%	OO & NOO - 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 Above
ITIN	0.500%	LTV/CLTV Limited to 75% Purch / 70% Refi, \$1M max loan Amt. Full Doc Only
Non Owner (NOO)	0.250%	LTV/CLTV Limited to Gray Shaded Area Above (Max 70% for Refinance)
< \$ 100,000	0.500%	
< \$ 150,000	0.250%	
> \$ 750,000	-	LTV/CLTV @ -5% Purch & R/T, -10% C/O, No "C" Grade
> \$ 1,000,000	0.250%	OO Only, LTV/CLTV @ -10% Purch & R/T, -15% C/O, No C Grade
> \$ 1,500,000	0.500%	OO Only, LTV/CLTV @ -10% Purch & R/T, -15% C/O, A-, A-, & B Only
> \$ 2,000,000	0.625%	Max Cash-in-Hand +65% LTV is \$300,000 for Loan Amounts >\$1M
		OO Only, LTV/CLTV @ -10% Purch & R/T (Max 75%), -15% C/O, A-, A-, & B Only
		Max Cash-in-Hand +60% LTV is \$500,000 for Loan Amounts >\$2M
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% NOO
Condotel	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 \$400K 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 @ \$750 FICO
 0.375 @ \$725 FICO
 0.500 @ \$700 FICO
 LTV: 70% Purchase / 65% Refinance
 Self Employed Borrowers Only
 Latest Month Personal Bank Stmt / No NSP's / Positive ending statement
 Loan amounts: \$250,000 to \$3,000,000

Owner Occupied transactions
 No first-time home buyers
 Credit Depth: Five (5) years / Three (3) accounts, All as agreed.
 Twenty four (24) month recent mortgage history required
 No Delinquency last five (5) years
 No charge offs, collections, or tax liens
 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.

Administration / Underwriting / Commitment Fee - \$1,295

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

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Dated:
 8/9/2017

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:

One-Month Bank Statement Program

The One-Month Bank Statement Program will be documented by & limited to:

1. Self Employed Borrowers with two-year history verified by:
 - (i) CPA Letter or
 - (ii) Business License);
2. Income is attested to and declared, CSC Underwriter to confirm reasonable for job and compare to credit usage / history – Note: Deposits into account are not the determinant figure;
3. Most recent personal account's bank statement with no NSF's and positive ending statement;
4. Closing Funds may come from the account provided for qualifying income and an Escrow Deposit Receipt is required (only one month's statement is required for assets);
5. Reserve funds are not required;
6. U.S. Residents;
7. Borrowers with a minimum Credit Score of 700;
8. Borrowers with a minimum credit depth of five (5) years with a minimum of three (3) accounts, each paid as agreed;
9. No credit events within the last five (5) years including consumer accounts;
10. Minimum twenty-four (24) month recent mortgage history required;
11. No charge offs, collections, or tax liens;
12. Limited to Owner Occupied transactions;
13. Limited to SFR / Condo / Townhouse Property Types;
14. No first-time home buyers;



15. Maximum LTVs of 70% and 65% for purchase and refinance transactions respectively;
16. Cash out is unlimited, unless otherwise limited specific within CSC's programs generally;
17. Secondary Financing is not allowed;
18. Property must be in good condition and conform to the area; and
19. 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.