EASTVIEW

Residential Transition Loan ("RTL")

Underwriting Credit Guidelines

(1-4 Units)

(Effective April 2025)

Version 4.1

Contents

Disclosures

Origination Policy

This Underwriting Guide establishes the minimum requirements that must be met to originate short term Residential Transition loans ("RTL") by Eastview as a loan buyer or table funder. Every subject loan is subject to a full diligence review executed by Eastview. Eastview maintains the right to reject a loan for any reason not specified in the guidelines as it sees fit. All loans underwritten under this program are business purpose loans with a fully executed affidavit from the borrowers/guarantors.

Applicable Law

Any originator, seller, or any third-party originator or broker engaged by the Seller must fully comply with all federal, state, and local laws applicable to the origination and sale of mortgage loans ("Applicable Law"). It is the Seller's sole responsibility to ensure that all loans it originates comply with Applicable Law.

Fair Lending

Eastview strictly complies with all applicable federal, state, and local requirements related to fair lending, including the Equal Credit Opportunity Act and the Fair Housing Act (together, the "Fair Lending Requirements"). Accordingly, in connection with its decision to purchase / table fund loans, Eastview will not discriminate on any prohibited basis. Eastview will also not knowingly purchase loans from Sellers engaged in practices that violate Fair Lending Requirements. To the extent a Seller is found to be engaging in practices that may violate Fair Lending Requirements, Eastview may terminate its contractual relationship with such Seller or take any other action that it deems appropriate.

State Licensing

The Seller must comply with all applicable state license and registration requirements in connection with mortgage loan origination and any other related business activities, which include without limitation:

- Ensuring that each loan officer/originator/broker involved in the origination of loans delivered to Eastview is appropriately licensed.
- Maintaining appropriate organizational licensure based on the type and location of the activities it engages in.

List of Underwriting Documents

All Products – Ordered by Lender:

- Appraisal Report / Interior BPO
- Secondary Valuation
- Credit Report
- Background Report
- OFAC Check
- Preliminary Title Report
- Flood Certificate

All Products - Provided by the borrower:

- Loan Application / Credit Authorization
- ID or Passport
- Proof of Liquidity
- Insurance
- Track Record
- Condo Questionnaire
- Entity Documents
  - Certificate of Formation / Filed Articles of Organization
  - Operating Agreement / Partnership Agreement / Bylaws
  - Certificate of Good Standing
  - EIN Verification

Loan Purpose: Purchase

- Purchase Agreement

Loan Purpose: Refinance

- Payoff Letter / VOM

Loan Program: Fix & Flip

- Rehab Budget
- Feasibility Analysis

Loan Program: Bridge Plus

- Lease Agreement
- Vacation Rental Specifics
  - Annual Income Statement
  - Proof of Online Listing
  - Property Management Agreement

Closing Documents

- Business Purpose Affidavit
- Deed of Trust or Mortgage
- Note
- Loan Agreement
- Guarantee
- Closing Instructions and Closing Protection Letter
- Spousal Consent

Loan Programs and Qualifications

Our current offering includes three products: *Fix & Flip, Bridge* and *Bridge Plus*. All products require a Borrower Classification which is derived by with the sum of the Credit Decision Score and the # of Verified Experience Score as shown in the table below.

In order to determine the Credit Decision Score please refer to section *Borrower Underwriting / Credit & Background*

In order to determine the # of Verified Experience Score please refer to section *Borrower Underwriting / Track Record Documentation.*

	Bucket	Score
Credit Decision Score	>=700	3
	680-699	1
	<680 / FN	0
# of Verified Experience	10+	7
	3-9	5
	0-2	1

	Borrower Classification	Total Score
Total Score	A^+	>=7
	A	5-6
	B	2-4
	C	<2

	Fix & Flip	Bridge	Bridge Plus
Max As-Is LTV	90.0%	82.5%	77.5%
Max LTC	90.0%	82.5%	77.5%
Max LTVARV	75.0%	N/A	N/A
Loan Term	12-24 Months	12-24 Months	25-36 Months
Loan Structure	Interest Only	Interest Only	Interest Only

Leverage Matrices

Loan Program	Loan Purpose	Borrower Classification	Initial Loan Amount AS-IS LTV	Initial Loan Amount LTC	Loan Amount LTARV
Fix & Flip	Purchase	A+	90.0%	90.0%	75.0%
		A	85.0%	85.0%	70.0%
		B	82.5%	82.5%	65.0%
		C	75.0%	75.0%	60.0%
	Refinance (Rate & Term)	A+	75.0%	N/A	65.0%
		A	72.5%	N/A	65.0%
		B	70.0%	N/A	60.0%
		C	60.0%	N/A	55.0%
	Refinance (Cash Out)	A+	70.0%	N/A	65.0%
		A	67.5%	N/A	65.0%
		B	65.0%	N/A	60.0%
		C	N/A	N/A	N/A
Bridge	Purchase	A+	82.5%	82.5%	N/A
		A	80.0%	80.0%	N/A
		B	80.0%	80.0%	N/A
		C	75.0%	75.0%	N/A
	Refinance (Rate & Term)	A+	77.5%	N/A	N/A
		A	75.0%	N/A	N/A
		B	75.0%	N/A	N/A
		C	65.0%	N/A	N/A
	Refinance (Cash Out)	A+	72.5%	N/A	N/A
		A	70.0%	N/A	N/A
		B	70.0%	N/A	N/A
		C	60.0%	N/A	N/A
Bridge Plus	Purchase	A+	77.5%	77.5%	N/A
		A	75.0%	75.0%	N/A
		B	75.0%	75.0%	N/A
		C	70.0%	70.0%	N/A
	Refinance (Rate & Term)	A+	72.5%	N/A	N/A
		A	70.0%	N/A	N/A
		B	70.0%	N/A	N/A
		C	60.0%	N/A	N/A
	Refinance (Cash Out)	A+	67.5%	N/A	N/A
		A	65.0%	N/A	N/A
		B	65.0%	N/A	N/A
		C	55.0%	N/A	N/A

Underwriting Description	Leverage Reductions
Heavy Rehab Projects - Class A & B	-5%
Heavy Rehab Projects - Class C	-10%
HPA decline between 0% - 10%	-5%
200% < ZHVI Multiplier < 300%	-5%
Loan Amount between $2.0M and $3.0M	-5%

Definitions

Bridge / Bridge Plus Loan: All transaction types that do not include a rehab component.

Fix & Flip Loan: All transaction types that do include a rehab component.

Initial Loan Amount: Total proceeds disbursed at closing. Does not include any rehab escrow.

Loan Amount: Initial Loan Amount plus rehab escrow, if applicable.

Initial Loan to Cost ("LTC"): Initial Loan Amount divided by the Cost Basis of the subject property.

- **Cost Basis**: The total closing costs as disclosed in the HUD / Settlement statement without including any origination points paid to the lender or the broker (if applicable). Cost basis can include assignments fees up to lesser of 5% of property's purchase price or $40,000. Regarding completed rehabilitation, the borrower needs to provide before/after photos verifying the completed work.

Refinance Cost Basis: The sum of the original property purchase price and any previously completed rehabilitation cost for which the borrower needs to provide before/after photos verifying the completed work.

Initial Loan to Value ("LTV"): Initial Loan Amount divided by "As-Is" appraised value.

Loan to After-Repair Value ("LTARV"): Loan Amount divided by "After-Repair" appraised value.

Heavy Rehab: Defined as rehab budgets that are (i) greater than $50,000 and (ii) greater than 100% of the property purchase price or as-is value of the property if the loan is a refinance.

Loan Purpose:

- **Purchase:** The property was acquired within 6 months of loan origination.
- **Refinance (Rate & Term):** The property was acquired more than 6 months before loan origination and the borrower's net receivable funds at closing represent less than or equal to 2% of the loan amount or less than $2,000.
- **Refinance (Cash Out):** The property was acquired more than 6 months before loan origination and the borrower's net receivable funds at closing represent more than 2% of the loan amount or more than or equal to $2,000.

Eligible Loan Characteristics

Minimum Loan Amount	$100,000
Maximum Loan Amount	$3,000,000 (up to $4,500,000 on an exception basis)
Minimum Qualifying Credit Score	660
Loan Term (Fix & Flip)	12-24 Months
Loan Term (Bridge)	12-24 Months
Loan Term (Bridge Plus)	25-36 Months
Loan Structure	Interest Only
Rate Type	Fixed Rate
Interest Accrual	Fix & Flip: - Dutch / Single Funding (With Rehab Escrow) - Non-Dutch / Multiple Draws Bridge / Bridge Plus: - Single Funding (No Rehab Escrow)
Lien	Only first liens are allowed
Origination Points	May not exceed 5% of the loan amount
Borrowing Entity	The following structures are allowed: - LLC - Limited Partnership - Corporation - Irrevocable Trust - Individual
Property Ownership	Fee Simple. Leasehold is not permitted
Recourse	All loans should have executed personal guarantees by at least 51% of the entity's ownership
Not Permitted States	North Dakota, South Dakota, Hawaii, and Alaska
Seller's Concession	May not exceed 5% of the property purchase price
Maximum HPA Variance	- 10.0%
Maximum ZHVI Multiplier	+300.0%
Release Provisions	For cross-collateralized loans the release provision for a partial lien release is calculated at 120% of the pro-rata allocated UPB of the subject property

Credit Underwriting (Fix & Flip, Bridge, Bridge Plus)

Property Underwriting

Valuation Methodology

Eastview requires independent third-party valuations for all loans tabled funded or aggregated. Eastview reserves the right to review all valuation reports and determine if the subject property value is supported.

Valuation assignments must be obtained in a manner that maintains third-party independence and does not unduly influence the appraiser/broker to meet a predetermined value. Eastview reserves the right to restrict the use of any specific appraiser/broker and/or appraisal management company at its discretion.

The age and price of the subject property should fall within the age and price range of properties in the subject neighborhood. Comparable properties should be selected from the same neighborhood when possible. Selection of a comparable outside the subject neighborhood should be addressed within the report. For condominiums, at least one comparable should be from outside the subject project. Ideally, comparable sales should be within six months of the report date. Older comparable sales that are the best indicator of value should be addressed in comments by the appraiser/broker.

Valuations need to comply to the following:

1. Both exterior and interior photos need to be provided.
2. For Fix and Flip loans where rehab is contemplated, the valuation needs to provide both As-Is and After-Repair values.
3. The valuation should be dated no more than 120 days prior to the Note date.

Valuations can either be in the format of an **Interior BPO** or an **Appraisal**. The requirements for each valuation type are summarized below:

Appraisal:

- Appraisers must meet all industry standards and be State Certified.
- State Licensed Appraisers and Trainees are not permitted.
- All real estate appraisals must be performed according to the Uniform Standards of Professional Appraisal Practice (USPAP) and Fannie Mae guidelines, including Universal Appraisal Dataset (UAD) requirements.

Interior BPO

- The valuation needs to be completed by a licensed certified real estate broker.

- The Interior BPO must either be ordered through an Appraisal Management Company (AMC) unless approved on an exception basis.

The following table summarizes the requirements for each valuation type:

	Full Appraisal	Interior BPO
Loan Amount		
Less than or equal to $1,500,000	✓	✓
Greater than $1,500,000	✓	✕
Property Type		
SFR, Townhome, PUD, Condo	✓	✓
2-4 Units	✓	✕
Rehab Type		
Less than or equal to $100,000	✓	✓
Greater than $100,000	✓	✕
As-Is Loan to Value		
Less than or equal to 80%	✓	✓
Greater than 80%	✓	✕
Loan Purpose		
Purchase	✓	✓
Refinance (Rate & Term)	✓	✕
Refinance (Cash Out)	✓	✕

A valuation review is required on every loan file unless a second appraisal is obtained. The Secondary Review will need to be within 10% of the As-Is value and 10% of the After-Repair value (if applicable). If the variance is less than 10%, the appraisal/BPO value will be used to underwrite the loan. If the variance is greater than 10% the lesser of the two values will be used to underwrite the loan.

Area Conformity Assessment

Publicly available Zillow data will be used in conjunction with the housing trends provided on the appraisal(s) to determine if the subject property is in a declining market.

For underwriting purposes, we will look at the following metrics:

- **Zillow Home Value Index ("ZHVI")**: this metric indicates the median home value on the subject zip code.
- **Home Price Appreciation ("HPA")**: this metric indicates the percentage of change of the median home value on the subject zip code.

To protect against an unhealthy and illiquid market, Eastview restricts leverage and lending in total for properties located in red zip codes. Such reductions are set forth in the leverage reduction table.

For Fix and Flip loans, the After-Repair value will be used for comparison reasons against the ZHVI. For Bridge loans, the lesser of the As-Is value and the Purchase Price (if applicable) will be used for comparison reasons against the ZHVI.

Condominium Requirements

For each condominium, Eastview requires the borrower to obtain a fully executed Condominium Questionnaire from the Association. The applicable form can be derived directly through Fannie Mae (Form 1076).

A condominium is considered non-warrantable if any of the following applies:

- The project is not yet completed.
- The developer has not turned over control of the HOA to the owners.
- A single person/entity owns more than 10% of all units.
- HOA permits short-term rentals.
- The majority (>50%) of the units are purposed as rentals (non-owner occupied).
- There is pending litigation associated with the HOA.
- Commercial space accounts for more than 25% of the building square footage.
- More than 15% of units are in arrears with their association dues.

If Fannie Mae's guidelines change or if there is a provision not included in the bullet points above that deems a condominium warrantable then Eastview will revert to the newest guidelines and Fannie Mae's eligibility in order to qualify the dwelling as warrantable or non-warrantable.

Property Requirements

The property needs to satisfy the following criteria:

- Only the following property types are allowed:
  - Single Family Residence.
  - Townhome.
  - Condominium.
  - 2-4 Units.
- Minimum square footage is:
  - SFR or Townhome: 600
  - Condo or 2-4 Unit: 500 per unit
- Properties not located in Rural areas (as defined in the appraisal)
- Ineligible properties include:
  - Mobile or manufactured homes.
  - Raw land.
  - Properties with escalated liens as set forth in the title report with local authorities.
  - Properties with environmental hazards such as underground oil tanks.
  - Condotels / Timeshares.
  - Property currently involved in litigation or with zoning violations that can't be resolved prior at closing.
  - Properties encumbered by purchase options.
  - Properties located in lots larger than 5 acres (on an exception basis).

Title Requirements

The following title insurance requirements are applicable to loans purchased:

- The title should be fee-simple.
- No liens are accepted on the property.
- The insurance should provide sufficient gap coverage.
- Each dwelling should be its own tax parcel.
- Each dwelling should comply to zoning regulation and have sufficient access to public.
- The policy is produced in the correct form:
  - The 2006 American Land Title Association (ALTA) standard form.
  - An ALTA short form if it provides coverage equivalent to the 2006 ALTA standard form.
  - In states in which standard ATLA forms of coverage are, by law or regulation, not used, the state promulgated standard or short form which provides the same coverage as the equivalent ALTA form.
- The amount of title insurance coverage must at least equal the original principal amount of the mortgage.

The title policy must protect Eastview by insuring:

- That the mortgage is superior to any lien for unpaid common expense assessments. (In jurisdictions that give these assessments a limited priority over a first mortgage lien, the policy must provide assurance that those assessments have been paid through the effective date of the policy.).
- Against any impairment or loss of title of the first lien caused by any past, present, or future violations of any covenants, conditions, or restrictions of the master deed for the project. (It must specifically insure against any loss that results from a violation that existed as of the date of the policy.).
- That the unit does not encroach on another unit or on any of the common elements, areas, or facilities. (The policy also must ensure that there is no encroachment on the unit by another unit or by any of the common elements, areas, or facilities.).
- That the mortgage loan is secured by a unit in a condominium project that has been created in compliance with the applicable enabling statutes.
- That real estate taxes are assessable and lien able only against the individual condominium unit and its undivided interest in the common elements, rather than against the project as a whole.
- That the owner of a PUD unit is a member of the homeowners' association, and that the membership is transferable if the unit is sold.

Property Insurance

The insurance should be sufficient to cover any losses on the property, that in turn jeopardize the lienholder's position. Such losses can occur for various hazard reasons such as destructive natural disasters or manmade events.

The insurance coverage should reflect the following:

- Coverage equal to the lesser of
  - 100% of the replacement cost as established by the property insurer.
  - the original principal balance of the mortgage.
- Sufficient rent loss coverage of 6 months (if Bridge Plus), equal to the lesser of:
  - 100% of market rent.
  - 100% of rent in place at loan origination (if rented).
- Minimum Liability coverage of $500,000 if rehab is contemplated.
- If the property is in a flood zone (verified through a flood certificate), coverage equal to the lesser of:
  - 100% of the replacement cost as established by the property insurer.
  - the original principal balance of the mortgage.
  - FEMA max allowed insurable value.
- If the property is a Condominium, the insurance agency needs to provide:
  - Master Property Insurance Policy.
  - H06 /Walls-In Policy.
- Language that includes a mortgagee clause ISAOA/ATIMA and the correct name of the borrowing entity/individual name.
- Insurance coverage should cover the following timelines based on the loan purpose:
  - Purchase: Policy should be in effect by closing and be at least 6 months forward.
  - Refinance or Delayed Purchase: Policy should in effect and with at least 3 months before expiration.

Borrower Underwriting

Track Record Documentation

The sponsor must provide a schedule of previous transactions, current properties owned, and any other property transactions a party to. Experience must be verified through one or more of the following methods:

- Public tax records.
- National property record databases.
- Verification of property ownership/sale within federal tax documents.
- ALTA/HUD-1 Settlement Statements documenting prior transactions.

The following table describes how experience is qualified:

	Experience Description	Qualifying Points
1	Property rehab completed and sold	1.00
2	Property rehab completed and refinanced as rental	1.00
3	Property acquired as rental	0.50
4	Property rehab completed as General Contractor (not owner)	0.50

Experience needs to comply with the following:

- In the case of multiple owners in an entity the combined experience of each owner is used to qualify a loan.
- Eligible experience is within 3 years. Experience outside of 3 years is considered on an exception basis.
- Each section will require specific verification:
    - **Section 1:** Proof that a property was acquired and sold within a 2 year timeframe.
    - **Section 2:** Proof of subject property refinance and rehab completion.
    - **Section 3:** A rental lease will be required or ownership for more than 1 year.
    - **Section 4:** Proof of work completed through Permits/Certificate of Occupancy and respective Contract between homeowner and General Contractor (active license required).

Liquidity Requirements

For a loan to fully qualify under the guidelines the entity needs to support the following levels of liquidity.

For Classification A and B customers, the minimum requirement is the sum of:

- 3 Months of Payments.
- Non-Financed Rehab if Fix and Flip Loan.
- Down Payments and Closing Costs (if loan purpose is a purchase).

For Classification C customers, the minimum requirement is the sum of:

- 6 Months of Payments.
- Non-Financed Rehab if Fix and Flip Loan.
- Down Payments and Closing Costs (if loan purpose is a purchase).

The following are applicable sources of liquidity and must be dated within 2 months of origination:

- 2 most recent months of bank statements.
  - In case a new account was opened, the borrower needs to verify the source of the funds.
- 75% of investment accounts in liquid assets (stocks, bonds, etc.).
- 50% of the value of a retirement plan.
- 100% of cash out proceeds.
- Revolving facility with available credit to be drawn such as:
  - Home equity loan.
  - Line of credit (either in individual's or the entity's name).
- Gifts from immediate family member on an exception basis with supporting documents
  - Executed gift affidavit.
  - Source of funds from the grantor.
- 1031 Exchange letter.
- Written verification of deposit completed by the financial institution.
- Executed letter from attorney or title agency verifying holding funds on behalf of the entity.

Credit & Background

Eastview requires 51% of the entity owners and guarantors to execute an authorization that allows the lender to run the following reports:

Credit Report

To calculate an individual's Credit Decision Score, use the lower of two credit scores or the median of three scores.

To calculate the loan's Credit Decision Score, the qualifying Credit Decision Score of the individual with the highest percentage of ownership will be utilized. In cases where the entity has owners with an equal percentage of ownership, the lesser qualifying Credit Decision Score will be utilized. The following must apply:

1. Show at least two scores for each guarantor through a hard pull.
2. Dated within 90 days of loan origination.
3. Minimum allowed Credit Decision Score is 660 for each individual.
4. For housing events, the required seasoning is:
    a. Bankruptcy: 4 Years (Discharge or Dismissal: 2 Years).
    b. Foreclosure: 2 Years.
    c. Short Sales / Deeds in lieu: 2 Years.
    d. Mortgage Delinquencies: 1 X 30 X 12.

Background Report

1. Dated withing 90 days of loan origination.
2. No criminal findings or misdemeanors are allowed if they involve financial fraud.
3. Eastview reserves the right to examine other criminal findings or misdemeanors on an exception basis.
4. Includes an OFAC search.
5. For foreign nationals, a background report is mandatory even if the system returns a null check.

Derogatory findings in either the credit report or background report must comply to the following:

1. Judgments & Liens:
    a. For judgments/liens over $15,000 the borrower will need to remedy with one of the following ways:
        i. Proof that the liens have been fully paid down.
        ii. Evidence of sufficient liquidity to pay the full lien amount.
        iii. Proof that there are payment plans in place.

For the subject refinance of a loan, the loan needs to be current at origination and such performance needs to be verified through a payoff letter / VOM from the existing lender.

Holdback of Funds / Future Draw Process

All Construction Costs must be held back and disbursed only as milestones found in the Construction Budget and Timeline are achieved:

- For Value-Added Soft Costs: the applicable invoices must be provided prior to advancing funds.
- For Direct Construction Costs: funds are advanced after inspections deem work to have been completed.

Advances made on Fix and Flip loans at closing or otherwise contrary to the previously described requirements are by exception only. Draws are not reimbursed for deposits made, materials stored off site or materials stored on site that are not installed and completed.

Disbursement of holdback funds are to be made on a Reimbursement basis.

A third-party inspection is required before any funds allocated for the Direct Construction Costs are advanced. Sponsors can request a drawdown upon completion of a draw request form detailing the work, which will be disbursed based on the percentage of work determined to be completed. A draw request must be accompanied by acceptable documentation of lien waivers from the general contractor and/or major subcontractors if warranted.

Additionally, signed invoices and/or receipts must be provided as proof of payment for items that were not purchased by the general contractor/subcontractors if requested.

Prior to the final draw, Certificate of Occupancy, and proof that all permits are closed in the subject property's locality may be requested for heavy rehab projects. Until these documents are provided, 10% of the construction's funds may be held back.

Project Feasibility Analysis

A third-party feasibility analysis is required for specific scenarios:

1. Budget is greater than $150,000.
2. There is a change in use / conversion of existing structure.
3. Expansion of at least 400 square feet or 20% of the existing square footage.
4. Budget is greater than 100% of purchase price.

The feasibility analysis shall consist of a detailed review of the plan including:

1. Budget Review.
2. Regional costing acceptability.
3. Line-item cost verification.
4. Missing items on budget.
5. Sufficient contingency funds.

Project Profitability – Bridge Plus (DSCR)

Each bridge loan that qualifies under the *Bridge Plus* product will need to fall within the minimum profitability thresholds set forth below:

The minimum DSCR requirement is **1.00x** for a rented property and **1.10x** for a vacant property. The components of a DSCR calculation are set forth below:

$$DSCR= \frac{\text{Qualifying Monthly Rent}}{\text{ITIA}}$$

Qualifying Monthly Rent:

- If the unit is rented at the time of origination, qualifying monthly rent is equal to the lesser of:
  - Lease in-place rent.
  - 105% of Market rent.
- If the unit is not rented at the time of origination, qualifying monthly rent is equal to the lesser of:
  - 90% of Market rent.

In case the property is used as Vacation Rental, the qualifying monthly rent is equal to the lesser of:

- 125% of Market Rent.
- Average Vacation monthly income over 12-month period.

To qualify a property for DSCR as a vacation rental the following need to be confirmed:

- Verification of Online Listing.
- If not self-managed, evidence of property management agreement.
- Annual income statement verifying collected rents on a trailing 12-month period.

Rent is defined in the appraisal, on form 1007 / Market Rent Addendum.

Monthly ITIA:

Defined as the sum of interest, taxes, insurance and association fees. See below for a definition of each component:

- Interest: monthly interest payment based on initial loan amount and original interest rate.
- Taxes: as defined in the title report.
- Insurance: as defined in the quote or official binder provided by the agent (includes flood if property located in flood zone).
- Association Fees: as defined in a letter by the HOA.

Lease Requirements:

- Only Arm's Length leases are allowed. Any type of relation between the borrower and the tenant is strictly prohibited.
- Lease term should be no longer than 3 years.
- Lease should not offer option to purchase to the tenant.
- No single room occupancy ("SRO") is allowed.
- Commercial tenants are not allowed.
- Month to Market is allowed if the borrower the tenant has lived in the subject property for at least 6 months.