

ALL EXCEPTIONS MUST HAVE TWO ELIGIBLE COMPENSATION FACTORS

- ≥ 3 months Extra Reserves over program requirement
- LTV 5% or more below the maximum allowed
- Primary Borrower 5+ yrs on same job or self-employment
- No late paymentmts at all on the credit report OR 4 years of clean mortgage history reporting
- Residual income exceeds \$3500
- DSCR $\geq 1.01\%$ (DSCR loans only)



3 MONTHS RESERVES REDUCTION

- Defy will not waive reserve requirement entirely (therefore NO exception granted for reserves < 3 months)
- FTHB or No Housing History not allowed (Min 3m)
- This exception applies to subject property only and does not apply to other financed properties



5% LTV EXCEPTION TO 85% ON NON-WARRANTABLE CONDOS

- Rate/Term Refinance & Purchases only
- Borrower qualifies on the matrix for 80%/MAX LTV on DSCR - Non-Warrantable program



5% LTV EXCEPTION

- LTV requested must be available within the same tier and transaction type (ex: if borrower wants a 5% LN exception on a cash out loan then the LTV must be available in the same tier/loan amount for cash out loans but at a higher credit score)
- Ineligible for 5-10 Units & Blanket Programs



EXCESSIVE NSF's OR OD's

- Borrower must be able to clearly identify the reason/hardship for OD's/NSF's, how they resolved it, and there must be a history of little to no OD/NSF activity after the hardship was cured (UW to Review)
- Credit Report cannot reflect an extensive history of derogatory payments (UW to Review)



LESS THAN 2 YEARS SELF-EMPLOYMENT HISTORY (SAME BUSINESS) (NO LESS THAN 18 MONTHS)

- Borrower must have 2+ years of consecutive self-employment experience outside of current business OR may have 2+ years working experience in the same field as current S/E business
- NO FTHB
- Owner-occupied or Second Homes only (NO Investment)



MORE THAN 1 BANK ACCOUNT TO BE USED TO MAKE UP 12 OR 24 MONTH INCOME HISTORY (2 MAXIMUM)

- One account must have been closed and a new account opened. This must be documented the closing and opening accounts
- LOE must be provided explaining the reason for the account closure and explanation must be acceptable



MAXIMUM SINGLE CLIENT (5-10) LOANS FINANCED

- Must be a seasoned Investor w/ 3+ Years of Home Ownership Listed on Credit report
- Defy will only accept submissions on 10 properties at a time. The Broker may not submit any loans above until the and Subject to Closing/Funding throttling



> Max Cash-Out Limits

- Loan meets LTV guidelines with no other LTV exceptions given
- DSCR loans must have DSCR > 1.000



REVOCABLE TRUST ACCOUNTS USED FOR INCOME PRODUCING ACCOUNT. (ALLOWED AS PERSONAL BANK STATEMENT ONLY)

- The Borrower(s) must be the Trustee and the only Trustee(s) listed on the trust documents
- Must have an acceptable explanation for why the trust account is used to manage their personal income

(O) OTHER Exceptions

- Payment shock
- Final Income more than initial 1003 (DTI issues)
- Other borrower on a bank account used for income but not on the loan