

## the 2<sup>nd</sup> Plus

### the2nd Plus - Eligibility

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Loan Amount/Credit Score/CLTV Matrix				
Standard Doc				
Loan Amount	Credit Score	Primary	Second Home	Investment
\$350,000	740	90	80	75
	700	85	80	65
	680	75	75	NA
\$500,000	740	85	75	75
	700	85	75	65
	680	75	70	NA
Alt Doc				
Loan Amount	Credit Score	Primary	Second Home	Investment
\$350,000	740	85	75	70
	700	80	70	60
	680	75	65	NA
\$500,000	740	80	70	65
	700	75	65	60
	680	70	60	NA
Housing History	Credit Event Seasoning		Forbearance, Modification, or Deferral	First Time Home Buyer
0x30x12	BK/FC/SS/DIL: ≥ 48 Mo See Non-Agency Guide for details		See Non-Agency Guide for details	Not Allowed
State Eligibility				
Not available in <ul style="list-style-type: none"><li>• Illinois, Massachusetts, New Jersey, New York, Pennsylvania, Tennessee, Texas, Vermont</li><li>• State Overlays for CT, FL:<ul style="list-style-type: none"><li>○ Single Family, Condominiums: Max CLTV 80%, min credit score 720</li><li>○ 2-4 Units: Max CLTV 75%, min credit score 720</li></ul></li></ul>				
Declining Market				
If the appraisal report identifies the property in a declining market, the maximum CLTV is limited to 80% for all transactions.				
General Requirements				
Product and Term	• Fixed Rate - Fully amortizing terms of 10, 15, 20, 25 & 30 years.			
Loan Amounts	• Min: \$50,000 • Max: \$500,000			
Combined Loan Balance	• The CLTV of the combined loan balances are restricted as follows: <ul style="list-style-type: none"><li>○ Combined loan balance &gt; \$2,000,000 – maximum 80% CLTV</li><li>○ Combined loan balance &gt; \$3,000,000 – maximum 75% CLTV</li></ul> • Maximum combined loan balance for all liens not to exceed \$4,000,000			
Loan Purpose	• Stand-Alone Cash Out (minimum ownership of 6 months required) • Simultaneous/Piggyback			
Occupancy	• Primary, Second Home, Investment			
Cash-Out	• Max cash-out: \$500,000			
Eligible Borrower	• U.S. Citizen • Permanent Resident Alien • Non-Permanent Resident Alien: Max 80% CLTV			
Ineligible Loan Features	• Lien Free Properties – if the subject property is lien free, including delayed financing, ineligible. • Unseasoned cash-out – if the existing lien is a cash-out, measured within six (6) months of the note date to note date. • Frequent Refinances – Two (2) or more cash-out refinances in the past twelve (12) months. • All existing subordinate liens must be satisfied except for solar panels, see Solar Panels section of Non-Agency Guidelines. <ul style="list-style-type: none"><li>○ All Solar Panel loans and leases with PACE/HERO financing must be paid off.</li></ul>			
Income Requirements				
Standard Doc	• Wage/Salary: Paystubs, 1-year or 2-years W-2's, IRS Form 4506-C, Verbal VOE • Self-Employed: 1-year or 2-years of Personal and Business (If applicable) Tax Returns, YTD P&L, IRS Form 4506-C			
Personal Bank Statements	• 12- or 24-months of personal and 2-months of business bank statements • Qualifying income is determined by the total eligible deposits from the 12- or 24-months of personal statements divided by the number of statements • The business bank statements must reflect business activity and transfers to the personal account			
Business Bank Statements	• 12 or 24-months of business bank statements. Qualifying income is determined by one of the following analysis methods: <ul style="list-style-type: none"><li>○ Fixed Expense Ratio (50%)</li><li>○ Expense ratio provided by a 3rd party (CPA, EA, or tax preparer) with min ratio of 10%</li></ul>			

	<ul style="list-style-type: none"> <li>○ 3rd party prepared Profit &amp; Loss Statement (CPA, EA, or tax preparer)</li> </ul>
<b>IRS Form 1099</b>	<ul style="list-style-type: none"> <li>• 1-year or 2-years 1099</li> <li>• Fixed Expense Ratio of 10%</li> <li>• YTD documentation to support continued receipt of income</li> </ul>
<b>Desktop Underwriter (DU) or Loan Prospector (LP)</b>	<ul style="list-style-type: none"> <li>• Final AUS findings must be included in the loan file <ul style="list-style-type: none"> <li>○ Fannie Mae: DU Approve/Eligible, or</li> <li>○ Freddie Mac: LPA Accept/Eligible</li> </ul> </li> <li>• Ineligible, Caution, or Refer with Caution not allowed</li> <li>• For simultaneous purchase transactions only</li> <li>• Findings permitted to be used for income, asset, and liability documentation</li> <li>• Appraisal must follow the requirements of this program (appraisal waiver option from findings not eligible)</li> <li>• Max DTI based upon CLTV restrictions for this program.</li> </ul>
<b>Written VOE</b>	<ul style="list-style-type: none"> <li>• FNMA Form 1005</li> <li>• Two (2) most recent months of personal bank statements reflecting deposit(s) from employer on each of the statements</li> <li>• Max CLTV 80%</li> </ul>
<b>Underwriting Requirements</b>	
<b>Eligibility Criteria</b>	<ul style="list-style-type: none"> <li>• For criteria that is not referenced in this matrix, follow the Closed End Second chapter in the Non-Agency Guidelines</li> </ul>
<b>First Lien</b>	<ul style="list-style-type: none"> <li>• First lien documentation requirements: <ul style="list-style-type: none"> <li>○ Copy of 1<sup>st</sup> lien Note; and <ul style="list-style-type: none"> <li>▪ Default interest rate on Note cannot exceed Note rate</li> <li>▪ If Interest Only and/or ARM, terms of the Note to be reviewed (See DTI Requirements)</li> </ul> </li> <li>○ Copy of most recent monthly mortgage payment statement <ul style="list-style-type: none"> <li>▪ Utilized to determine if payment includes escrows (See DTI Requirements)</li> </ul> </li> </ul> </li> <li>• Ineligible First liens with high-risk features which can include, but are not limited to: <ul style="list-style-type: none"> <li>○ Forbearance, modifications, or deferrals (including COVID-19 related events) completed or reinstated within 12- months of the Note date</li> <li>○ Loans in active forbearance or deferment</li> <li>○ Negative amortization including loans with Paid-In-Kind (PIK) features</li> <li>○ Balloon, if the balloon payment becomes due during the amortization period of the new 2<sup>nd</sup> lien</li> <li>○ Reverse Mortgages</li> <li>○ Loans secured by more than one underlying property, including cross collateralized loans or blanket mortgages</li> <li>○ Home Equity Line of Credit</li> <li>○ Note with default interest rate greater than the Note rate</li> </ul> </li> </ul>
<b>Credit and Fraud</b>	<ul style="list-style-type: none"> <li>• Credit report</li> <li>• Gap credit report or Undisclosed Debt Monitoring (UDM)</li> <li>• Fraud report</li> <li>• OFAC</li> </ul>
<b>Qualifying Credit Score</b>	<ul style="list-style-type: none"> <li>• Use representative credit score of the borrower with the highest qualifying income</li> </ul>
<b>First Lien Payment Verification</b>	<ul style="list-style-type: none"> <li>• Verify the 1<sup>st</sup> lien P&amp;I payment with all of the following: <ul style="list-style-type: none"> <li>○ Copy of 1<sup>st</sup> lien Note, and</li> <li>○ Copy of most recent monthly mortgage payment statement</li> </ul> </li> </ul>
<b>Mortgages not on the Credit Report</b>	<p>12-months mortgage payment history is to be documented, as follows:</p> <ul style="list-style-type: none"> <li>• Proof of payments through one of the following: <ul style="list-style-type: none"> <li>○ 12-months cancelled checks, ACH payment, bank transfer/wire, or electronic payment method from the borrower <ul style="list-style-type: none"> <li>▪ Payments made in cash are not eligible, or</li> </ul> </li> </ul> </li> <li>• 12-months mortgage statements for the review period, or</li> <li>• 12-months loan payment history from the creditor/servicer <ul style="list-style-type: none"> <li>• Proof of borrower's payment for the most recent 6-months is required, or</li> </ul> </li> <li>• 12-months Verification of Mortgage form (VOM) completed by the creditor/servicer <ul style="list-style-type: none"> <li>• Proof of borrower's payment for the most recent 6-months is required, or</li> </ul> </li> <li>• Credit supplement <ul style="list-style-type: none"> <li>• Proof of borrower's payment for the most recent 6-months is required</li> </ul> </li> </ul> <p>For the subject property First Lien:</p> <ul style="list-style-type: none"> <li>• Copy of the Note and mortgage statement for the review period are required.</li> </ul>
<b>Tradelines</b>	<ul style="list-style-type: none"> <li>• Min: 2 reporting 24-months with/activity in the last 12-months or 3 reporting 12-months w/recent activity</li> <li>• If the primary borrower has three (3) credit score, the minimum tradeline requirement is waived</li> </ul>
<b>Reserves</b>	<ul style="list-style-type: none"> <li>• None required</li> </ul>
<b>Assets</b>	<ul style="list-style-type: none"> <li>• Asset verification required if funds needed to consummate the transaction</li> </ul>
<b>DTI Requirements</b>	<ul style="list-style-type: none"> <li>• Maximum DTI ratio: <ul style="list-style-type: none"> <li>○ 50% DTI for CLTV less than or equal to 80%</li> <li>○ 45% DTI for CLTV greater than 80%</li> </ul> </li> <li>• Qualifying payment for first lien: <ul style="list-style-type: none"> <li>○ <b>Stand-alone:</b> Utilize senior lien mortgage payment from credit report</li> <li>○ <b>Simultaneous:</b> Utilize 1<sup>st</sup> lien qualifying method <ul style="list-style-type: none"> <li>▪ Fixed rate: Note rate amortized over the total term <ul style="list-style-type: none"> <li>• Interest Only: Note rate amortized over the remaining term after the expiration of the interest only period</li> </ul> </li> </ul> </li> </ul> </li> </ul>

	<ul style="list-style-type: none"><li>ARMs: Qualifying rate is the higher of the fully indexed rate or note rate<ul style="list-style-type: none"><li>Interest Only: Qualifying rate amortized over the remaining term after the expiration of the interest only period</li></ul></li></ul>		
Age of Documents	<ul style="list-style-type: none"><li>Credit Documents: May not be over 120-days old at the time of closing.</li><li>Appraisals, Title Report (or O&amp;E): May not be over 120-days old at time of closing.<ul style="list-style-type: none"><li>AVM may not be over 90- days old at time of closing.</li></ul></li></ul>		
Appraisal and Property			
Property Type	<ul style="list-style-type: none"><li>Single Family (Attached, Detached, PUD)</li><li>2-4 Unit residential properties (Max CLTV 75%)</li><li>Condominiums (Max CLTV 80%)</li><li>Rural: Not eligible</li></ul>		
Appraisals	<ul style="list-style-type: none"><li>HPML loans that are not Qualified Mortgages require a full appraisal with an interior inspection, regardless of the loan balance.</li><li>Any simultaneous transaction requires a full appraisal.</li><li>Transferred appraisals are eligible.</li></ul> <p><b><u>Loan Amount ≤\$250,000</u></b></p> <ul style="list-style-type: none"><li>AVM within 90- days of the Note date from approved vendor with acceptable FSD and a new Property Condition Report with acceptable findings, or</li><li>Exterior Drive-By appraisal (Hybrid or 2055 or 1075), or<ul style="list-style-type: none"><li>One (1) unit property, with or without an accessory dwelling unit</li></ul></li><li>New Appraisal (FNMA Form 1004/1025/1073), or</li><li>Prior 1<sup>st</sup> lien appraisal dated within 12- months of subject loan Note date allowed subject to the following:<ul style="list-style-type: none"><li>The lender on the prior appraisal must be the same as the subject loan, and</li><li>A new Property Condition Report with acceptable findings, and</li><li>Recertification of value by the original appraiser.</li></ul></li><li>Broker Price Opinion (BPO) from one of the following:<ul style="list-style-type: none"><li>Clear Capital, or</li><li>Consolidated Analytics, or</li><li>Computershare, or</li><li>Stewart Valuation Intelligence</li></ul></li></ul> <p><b><u>Loan Amount &gt;\$250,000</u></b></p> <ul style="list-style-type: none"><li>New Appraisal (FNMA Form 1004/1025/1073), or</li><li>Prior 1<sup>st</sup> lien appraisal dated within 12- months of subject loan Note Date allowed subject to the following:<ul style="list-style-type: none"><li>The lender on the prior appraisal must be the same as the subject loan, and</li><li>A new Property Condition Report with acceptable findings, and</li><li>Recertification of value by the original appraiser, and</li><li>AVM within 90- days of the Note date from approved vendor with acceptable FSD.<ul style="list-style-type: none"><li>The lower of the Prior Appraisal value or the current AVM will be used to determine CLTV</li></ul></li></ul></li></ul> <p><b><u>Secondary Valuation Product</u></b></p> <ul style="list-style-type: none"><li>Secondary valuation product required in every file</li><li>Acceptable review products include one of the following:<ul style="list-style-type: none"><li>The Underwriter may submit the appraisal report to Collateral Underwriter® (CU®) or Loan Collateral Advisor® (LCA). An eligible score is 2.5 or less. The file must include a copy of the Submission Summary Report (SSR). (Only one score required, if both scores (CU &amp; LCA) provided, both required to be 2.5 or less). If the score exceeds 2.5, the file must include either an enhanced desk review, field review, or second appraisal; or</li><li>An enhanced desk review product from one of the following choices:<ul style="list-style-type: none"><li>ARR from Stewart Valuation Intelligence FKA Pro Teck.</li><li>CDA from Clear Capital.</li><li>ARA from Computershare.</li><li>CCA from Consolidated Analytics.</li><li>VRR from Homegenius Real Estate</li><li>Valreview Appraisal Review Value from Valligent (Veros Software Company)</li></ul></li><li>If the enhanced desk review or BPO product reflects a value more than 10% below the appraised value or cannot provide a validation, the file must include either a field review or a second appraisal. A field review or a second appraisal is acceptable. These may not be from the same appraiser or appraisal company as the original report.</li><li>AVM within 90- days of Note date (If primary valuation based on an AVM, review must be a different vendor)<ul style="list-style-type: none"><li>If two AVMs are ordered, the AVM with the higher FSD (closest to zero) will be treated as the primary valuation product.<ul style="list-style-type: none"><li>The second AVM will be treated as the secondary valuation product and must support the primary AVM within 10%.</li><li>If both AVMs have the same FSD, the lower of the two property values must be utilized for determining the CLTV.</li></ul></li><li>Broker Price Opinion (BPO)<ul style="list-style-type: none"><li>If two BPOs are ordered, the BPO with the lowest value will be treated as the primary valuation product.</li><li>If two BPOs are ordered, they must be completed by different brokers.</li></ul></li></ul></li></ul></li></ul>		
	AVM and FSD Score	The following AVM vendors are acceptable:	
		AVM Vendor	Acceptable FSD Score

	Clear Capital	0.00 to 0.13
	Collateral Analytics / ICE	0.00 to 0.10
	House Canary	0.00 to 0.10
	Red Bell Real Estate (Homegenius)	0.00 to 0.10
<b>Property Condition Report</b>	<ul style="list-style-type: none"> <li>When required, a Property Condition Report (i.e., Clear Capital Property Condition Inspection) should be obtained to include an exterior photo of the subject property along with a rating of the property's physical condition and characteristics.</li> </ul>	
<b>Recently Listed Properties</b>	<ul style="list-style-type: none"> <li>Properties currently listed for sale or previously listed for sale within the past 6-months are not eligible</li> </ul>	
<b>Title Insurance</b>	<p><b><u>Loan Amount ≤\$250,000, provide one of the following</u></b></p> <ul style="list-style-type: none"> <li>Owner and Encumbrance Report (O&amp;E) to include: <ul style="list-style-type: none"> <li>Current Grantee / Owner</li> <li>How property was conveyed to current owner</li> <li>Liens (e.g., mortgage, UCC, other financing)</li> <li>Involuntary liens and judgements</li> <li>Property Tax Information with break-down of all taxes including special assessments</li> <li>Legal Description</li> </ul> </li> <li>ALTA Full Title Policy</li> <li>ALTA Short Form Residential Limited Coverage Junior Loan Policy</li> </ul> <p><b><u>Loan Amount &gt;\$250,000, provide one of the following</u></b></p> <ul style="list-style-type: none"> <li>ALTA Full Title Policy</li> <li>ALTA Short Form Residential Limited Coverage Junior Loan Policy</li> </ul>	
<b>Flood Certificate and Flood Insurance</b>	<ul style="list-style-type: none"> <li>Flood determination required for every loan file</li> <li>Properties within a flood zone require evidence of insurance coverage in accordance with the HFIAA <ul style="list-style-type: none"> <li>Loss payee clause must reflect HEM as additional insured.</li> </ul> </li> </ul>	
<b>Escrows</b>	<ul style="list-style-type: none"> <li>Escrows for taxes and hazard insurance not required</li> </ul>	
<b>Hazard Insurance</b>	<ul style="list-style-type: none"> <li>Hazard Insurance coverage must provide for claims to be settled on a replacement cost basis</li> <li>Loss payee clause must reflect HEM as additional insured</li> </ul>	