

Loan Amount	FICO	Owner Occupied				Second Home				Non-Owner Occupied			
		Full Doc	Bk Stmt 1099	WVOE	P&L Only	Full Doc	Bk Stmt 1099	WVOE	P&L Only	Full Doc	Bk Stmt 1099	WVOE	P&L Only
\$75,000 - \$350,000	720	90	90	85	80	80	80	75	70	80	80	75	70
	700	90	85	80	75	80	75	70	65	80	75	70	65
	680	85	80	75	70	75	70	65	60	75	70	65	60
	660	80	75	70	65	70	60	60	55	70	60	60	55
\$350,001 - \$500,000	720	90	85	80	75	80	75	70	65	80	75	70	65
	700	85	75	75	70	80	70	65	60	80	70	65	60
	680	80	70	70	65	70	65	60	55	70	65	60	55
	660	75	65	65	60	65	60	55	50	65	60	55	50
\$500,001 - \$750,000	720	80	75	75	70	75	70	65	60	75	70	65	60
	700	80	70	70	65	70	65	60	55	75	65	60	55
	680	75	65	65	60	65	55	55	50	65	55	55	50
	660	70	60	60	55	60	50	50	45	60	50	50	45

#### Guidelines

Appraisal Requirements	<ul style="list-style-type: none"> <li>On purchase transactions, a copy of the appraisal with original pictures and any secondary valuation used on the 1st mortgage is acceptable.</li> </ul> <p>Higher-Priced Mortgage Loan (HPML)</p> <ul style="list-style-type: none"> <li>Primary and 2nd Homes: <ul style="list-style-type: none"> <li>Full Appraisal (1004, 1025, 1073)</li> </ul> </li> <li>Declining markets maximum 75% CLTV</li> </ul> <p>Non-HPML</p> <ul style="list-style-type: none"> <li>Primary/ 2nd Home/ Investment Property <ul style="list-style-type: none"> <li>Loan amounts &lt; \$400,000 AVM with a 90% Confidence Factor and a Property Condition Inspection from: <ul style="list-style-type: none"> <li>Clear Capital</li> <li>Collateral Analytics</li> <li>CoreLogic</li> <li>HouseCanary</li> <li>Homegenius</li> <li>Quantarium</li> <li>Veros</li> </ul> </li> <li>Full appraisal required when AVM has less than 90% Confidence Factor.</li> <li>Loan amounts &gt; \$400,000 <ul style="list-style-type: none"> <li>Full Appraisal (1004, 1025, 1073)</li> </ul> </li> <li>Declining markets: <ul style="list-style-type: none"> <li>Primary and 2nd Homes - Maximum 75% CLTV</li> <li>Investment – Maximum 70% CLTV</li> </ul> </li> </ul> </li> </ul>
Assets	<ul style="list-style-type: none"> <li>None Required</li> </ul>
Cash-Out	<ul style="list-style-type: none"> <li>Proceeds from second lien may be all cash-out</li> </ul>
Combined Lien Maximum	<ul style="list-style-type: none"> <li>90% - \$2,000,000</li> <li>85% - \$3,000,000</li> <li>80% - \$3,500,000</li> <li>75% - \$4,000,000</li> <li>60% - \$5,000,000</li> </ul>

Credit Event Seasoning	<ul style="list-style-type: none"> <li>48 months - Foreclosure, short-sale, deed in lieu, bankruptcy. No multiple events in last 7 years.</li> </ul>
Credit Score	<ul style="list-style-type: none"> <li>Lowest of 2 scores, middle of 3 scores.</li> <li>The occupying borrower with the highest income is the primary borrower and their representative credit score is to be used. <ul style="list-style-type: none"> <li>When borrowers are self-employed and have equal ownership of a business, the lowest representative score of all borrowers is to be used.</li> <li>Minimum credit score for co-borrowers is 500.</li> </ul> </li> <li>Non-traditional credit ineligible.</li> </ul>
Derogatory Credit	<ul style="list-style-type: none"> <li>Charge-offs or Collections acceptable if paid off over 12 months prior.</li> <li>No delinquent tradelines at closing.</li> <li>Open Collections and Charge-offs ≤ \$1,000 may remain open</li> <li>Open Medical collections ≤ \$1000 per occurrence ok.</li> </ul>
Draw Period Restriction	<ul style="list-style-type: none"> <li>No draws for 90 days after funding</li> </ul>
DTI	<ul style="list-style-type: none"> <li>50%</li> <li>45% with an I/O senior lien</li> </ul>
Eligible Borrowers	<ul style="list-style-type: none"> <li>US Citizen</li> <li>Non-Permanent Resident Alien (with US Credit)</li> <li>Permanent Resident Alien</li> </ul>
Geographic Restrictions	<ul style="list-style-type: none"> <li>Not available in <ul style="list-style-type: none"> <li>Illinois</li> <li>Massachusetts</li> <li>Maryland</li> <li>New Jersey</li> <li>New York</li> <li>Pennsylvania</li> <li>Tennessee</li> <li>Texas</li> <li>Vermont</li> </ul> </li> </ul>
Housing Lates	<ul style="list-style-type: none"> <li>0x30x12 on all mortgages for all borrowers.</li> <li>Minimum 12-month housing history required</li> </ul>
Ineligible Borrowers	<ul style="list-style-type: none"> <li>Non-occupant co-borrowers</li> <li>Vesting is not permitted to be in the name of an LLC, Corporation or Partnership</li> </ul>
Ineligible Senior Liens	<p>A copy of the most current 1st mortgage statement is required to determine eligibility. Statement date to be within 60 days of Note date. Additional 1st mortgage documentation may be required to provide sufficient data for underwriting.</p> <ul style="list-style-type: none"> <li>Private party mortgages</li> <li>Loans in active forbearance or deferment <ul style="list-style-type: none"> <li>Deferred balance due to a documented hardship may remain open.</li> <li>Without documented hardship, deferred amounts must be paid through closing.</li> </ul> </li> <li>Negative amortization</li> <li>Reverse mortgages</li> <li>Balloon loans that the balloon payment comes due during the amortization period of the 2nd lien</li> <li>Loan not reported on the credit report</li> </ul>
Minimum Loan Amount	<ul style="list-style-type: none"> <li>\$75,000</li> </ul>
Senior Lien Payment Calc	<ul style="list-style-type: none"> <li>1st lien ARMS with &lt; 3 years fixed period remaining qualified on fully indexed payment</li> </ul>
Property Type	<ul style="list-style-type: none"> <li>SFR</li> <li>PUD</li> <li>Condo-Warrantable <ul style="list-style-type: none"> <li>75% for O/O</li> <li>70% for Non-O/O</li> </ul> </li> <li>Modular</li> <li>2-4 Units max <ul style="list-style-type: none"> <li>75% LTV for O/O</li> <li>70% for non-O/O</li> </ul> </li> <li>Rural –Primary residence, 10 acres maximum, max CLTV 80%</li> </ul>

Qualifying Payment	<ul style="list-style-type: none"> <li>Qualifying ratios based on Full Note Rate</li> </ul>
Recently Listed Properties	<ul style="list-style-type: none"> <li>Properties listed for sale in the last 6 months are not eligible</li> </ul>
Seasoning	<ul style="list-style-type: none"> <li>Ownership must be &gt; 6 months seasoning</li> <li>≤ 6 months seasoning since previous refinance on either 1st lien or 2nd lien max 80 CLTV</li> </ul>
Terms Available	<ul style="list-style-type: none"> <li>Full Am: 10 yr, 15 yr, 20 yr &amp; 30 year</li> </ul>
Title Report	<ul style="list-style-type: none"> <li>Short ALTA - Lenders Policy</li> </ul>
Tradeline Requirement	<ul style="list-style-type: none"> <li>3 tradelines reporting for 12+ months or 2 tradelines reporting for 24+ months all with activity in the last 12 months.</li> <li>On Primary residence only, borrowers who do not have the minimum tradelines are acceptable with a current mortgage history on their credit report reporting 0x30x12 (no private party mortgages).</li> </ul>
Vesting	<ul style="list-style-type: none"> <li>Vesting as an individual or Living Trusts</li> <li>Business Entities are allowed only on investment properties</li> </ul>
Full Doc – 2 years	<ul style="list-style-type: none"> <li>Standard Fannie Mae Documentation</li> <li>Salaried - 2 years W2 and YTD paystub reflecting minimum 30 days earnings.</li> <li>Self-Employed - 2 years tax returns, all schedules. <ul style="list-style-type: none"> <li>YTD P&amp;L or</li> <li>3 months business bank statements to support continuance of tax return income.</li> </ul> </li> </ul>
Full Doc – 1 year	<ul style="list-style-type: none"> <li>NonQM <ul style="list-style-type: none"> <li>Alternative Loan Review Form or DU Approve/Ineligible finding.</li> </ul> </li> <li>Salaried - 1 year most recent W-2 plus 30 days paystubs</li> <li>Self-Employed - 1 year most recent tax returns plus either: <ul style="list-style-type: none"> <li>Borrower prepared YTD P&amp;L</li> <li>3 months bank statements verifying cash flow (No P&amp;L)</li> </ul> </li> </ul>
Bank Statements	<ul style="list-style-type: none"> <li>Personal &amp; Business-Combined or Business (12mo or 24mo): <ul style="list-style-type: none"> <li>At least one of the borrowers must be self-employed for at least 2 years (25% or greater ownership)</li> <li>Asset Depletion allowed with Bank Statement documentation</li> <li>Standard expense factors apply: 50% expense factor <ul style="list-style-type: none"> <li>If business operates &lt; standard expense factor, P&amp;L or expense letter from CPA, CTEC (California Tax Education Council), or EA (Enrolled Agent) required</li> <li>Minimum expense factor with 3rd party prepared P&amp;L or letter is 20%</li> </ul> </li> </ul> </li> <li>Personal &amp; Business Separated (12mo or 24mo): <ul style="list-style-type: none"> <li>At least one of the borrowers must be self-employed for at least 2 years (25% or greater ownership)</li> <li>Asset Depletion allowed with Bank statement documentation</li> <li>Personal used to qualify, 2 months business to show business cash flows in order to utilize 100% of business-related deposits in personal account (no expense factor)</li> </ul> </li> </ul>
1099	<ul style="list-style-type: none"> <li>Most recent 1 year IRS Form 1099(s) from employer(s). Borrower must have 2 year history of 1099 employment.</li> <li>Current paystub or bank statement deposit for each 1099 source utilized for qualification (e.g. if borrower provided 1099 forms from five (5) separate sources, then a separate paystub/bank statement deposit must be provided from each of the five (5) 1099 sources to support current receipt)</li> <li>Third party documentation (CPA/CTEC/EA) supporting a 2 year employment history when 1 year 1099 used.</li> <li>Tax transcripts are required for each 1099 provided</li> <li>1099 income minus 10% expense factor / 12 months = Qualifying Income.</li> <li>Borrower cannot have ownership in the company providing the 1099</li> </ul>
WVOE Only	<ul style="list-style-type: none"> <li>Acceptable documentation forms <ul style="list-style-type: none"> <li>FNMA Form 1005</li> <li>Equifax (The Work Number)</li> <li>Finicity (TXVerify)</li> <li>Any other acceptable online income data vendor</li> </ul> </li> <li>2 months personal bank statements supporting WVOE employment wages</li> </ul> <p>Form 1005 must be fully completed (current gross pay, YTD earnings, past 2 years earnings) by an authorized company representative (Owner, Officer, HR).</p>
P&L Only	<ul style="list-style-type: none"> <li>No other income documentation type other than Asset Depletion can be combined with the P&amp;L for the self-employed borrower.</li> <li>At least one of the borrowers must be self-employed for at least 2 years (25% or greater ownership) to qualify for this program.</li> <li>No 4506-C/tax transcripts/Tax Returns</li> </ul>

## P&amp;L Only Restrictions

- The minimum expense factor with a P&L is 20% for service business, 40% for product business.
  - Service Business – Offers services such as Accounting, Consulting, Counseling, Financial Planning, Insurance, Therapy.
  - Product Business – Sells goods such as Contracting or Construction, Food Services, Manufacturing, Restaurant, Retail.

## Required Documentation

- Business license for the past 2 years.
- A signed letter from the CPA, CTEC (CA Tax Education Council) or EA (Enrolled Agent) on their business letterhead showing address, phone number, and license number is required with the following information:
  - CPA/CTEC/EA confirms they have prepared the most recent year's business tax return filing; and,
  - The business name, borrower's name, and percentage of business ownership by the borrower.
- CPA/CTEC/EA signed/prepared Profit and Loss Statement(s) covering the most recent 12 month period.
  - PTIN's are not acceptable to sign/prepare P&L statements.
- Income from co-borrowers who are W2 wage earners is to be documented with most recent W2 and paystub.