

the 2nd Plus

the2nd Plus - Eligibility

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

- Illinois, Massachusetts, New Jersey, New York, Pennsylvania, Tennessee, Texas, Vermont
- State Overlays for CT, FL:
 - Single Family, Condominiums: Max CLTV 80%, min credit score 720
 - 2-4 Units: Max CLTV 75%, min credit score 720

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	<ul style="list-style-type: none"> Fixed Rate - Fully amortizing terms of 10, 15, 20, 25 & 30 years.
Loan Amounts	<ul style="list-style-type: none"> Min: \$50,000 Max: \$500,000
Combined Loan Balance	<ul style="list-style-type: none"> The CLTV of the combined loan balances are restricted as follows: <ul style="list-style-type: none"> Combined loan balance > \$2,000,000 – maximum 80% CLTV Combined loan balance > \$3,000,000 – maximum 75% CLTV Maximum combined loan balance for all liens not to exceed \$4,000,000
Loan Purpose	<ul style="list-style-type: none"> Stand-Alone Cash Out (minimum ownership of 6 months required) Simultaneous/Piggyback
Occupancy	<ul style="list-style-type: none"> Primary, Second Home, Investment
Cash-Out	<ul style="list-style-type: none"> Max cash-out: \$500,000
Eligible Borrower	<ul style="list-style-type: none"> U.S. Citizen Permanent Resident Alien Non-Permanent Resident Alien: Max 80% CLTV
Ineligible Loan Features	<ul style="list-style-type: none"> 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"> All Solar Panel loans and leases with PACE/HERO financing must be paid off.

Income Requirements

Standard Doc	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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"> Fixed Expense Ratio (50%) Expense ratio provided by a 3rd party (CPA, EA, or tax preparer) with min ratio of 10%

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

	<ul style="list-style-type: none"> ▪ ARMs: Qualifying rate is the higher of the fully indexed rate or note rate <ul style="list-style-type: none"> • Interest Only: Qualifying rate amortized over the remaining term after the expiration of the interest only period 				
Age of Documents	<ul style="list-style-type: none"> • Credit Documents: May not be over 120-days old at the time of closing. • Appraisals, Title Report (or O&E): May not be over 120-days old at time of closing. <ul style="list-style-type: none"> ○ AVM may not be over 90- days old at time of closing. 				
Appraisal and Property					
Property Type	<ul style="list-style-type: none"> • Single Family (Attached, Detached, PUD) • 2-4 Unit residential properties (Max CLTV 75%) • Condominiums (Max CLTV 80%) • Rural: Not eligible 				
	<ul style="list-style-type: none"> • HPML loans that are not Qualified Mortgages require a full appraisal with an interior inspection, regardless of the loan balance. • Any simultaneous transaction requires a full appraisal. • Transferred appraisals are eligible. 				
Appraisals	<p>Loan Amount <\$250,000</p> <ul style="list-style-type: none"> • AVM within 90- days of the Note date from approved vendor with acceptable FSD and a new Property Condition Report with acceptable findings, or • Exterior Drive-By appraisal (Hybrid or 2055 or 1075), or <ul style="list-style-type: none"> ○ One (1) unit property, with or without an accessory dwelling unit • New Appraisal (FNMA Form 1004/1025/1073), or • Prior 1st lien appraisal dated within 12- months of subject loan Note date allowed subject to the following: <ul style="list-style-type: none"> ○ The lender on the prior appraisal must be the same as the subject loan, and ○ A new Property Condition Report with acceptable findings, and ○ Recertification of value by the original appraiser. • Broker Price Opinion (BPO) from one of the following: <ul style="list-style-type: none"> ○ Clear Capital, or ○ Consolidated Analytics, or ○ Computershare, or ○ Stewart Valuation Intelligence <p>Loan Amount >\$250,000</p> <ul style="list-style-type: none"> • New Appraisal (FNMA Form 1004/1025/1073), or • Prior 1st lien appraisal dated within 12- months of subject loan Note Date allowed subject to the following: <ul style="list-style-type: none"> ○ The lender on the prior appraisal must be the same as the subject loan, and ○ A new Property Condition Report with acceptable findings, and ○ Recertification of value by the original appraiser, and ○ AVM within 90- days of the Note date from approved vendor with acceptable FSD. <ul style="list-style-type: none"> ▪ The lower of the Prior Appraisal value or the current AVM will be used to determine CLTV <p>Secondary Valuation Product</p> <ul style="list-style-type: none"> • Secondary valuation product required in every file • Acceptable review products include one of the following: <ul style="list-style-type: none"> ○ 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 & 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 ○ An enhanced desk review product from one of the following choices: <ul style="list-style-type: none"> ▪ ARR from Stewart Valuation Intelligence FKA Pro Teck. ▪ CDA from Clear Capital. ▪ ARA from Computershare. ▪ CCA from Consolidated Analytics. ▪ VRR from Homegenius Real Estate ▪ Valreview Appraisal Review Value from Valligent (Veros Software Company) ○ 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. ○ 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"> ▪ 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"> ○ The second AVM will be treated as the secondary valuation product and must support the primary AVM within 10%. ○ If both AVMs have the same FSD, the lower of the two property values must be utilized for determining the CLTV. ○ Broker Price Opinion (BPO) <ul style="list-style-type: none"> ▪ If two BPOs are ordered, the BPO with the lowest value will be treated as the primary valuation product. ▪ If two BPOs are ordered, they must be completed by different brokers. 				
AVM and FSD Score	<p>The following AVM vendors are acceptable:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">AVM Vendor</th> <th style="text-align: center;">Acceptable FSD Score</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> </tr> </tbody> </table>	AVM Vendor	Acceptable FSD Score		
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
Property Condition Report	<ul style="list-style-type: none"> 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. 	
Recently Listed Properties	<ul style="list-style-type: none"> Properties currently listed for sale or previously listed for sale within the past 6-months are not eligible 	
Title Insurance	<p><u>Loan Amount ≤\$250,000, provide one of the following</u></p> <ul style="list-style-type: none"> Owner and Encumbrance Report (O&E) to include: <ul style="list-style-type: none"> Current Grantee / Owner How property was conveyed to current owner Liens (e.g., mortgage, UCC, other financing) Involuntary liens and judgements Property Tax Information with break-down of all taxes including special assessments Legal Description ALTA Full Title Policy ALTA Short Form Residential Limited Coverage Junior Loan Policy <p><u>Loan Amount >\$250,000, provide one of the following</u></p> <ul style="list-style-type: none"> ALTA Full Title Policy ALTA Short Form Residential Limited Coverage Junior Loan Policy 	
	<ul style="list-style-type: none"> Flood determination required for every loan file Properties within a flood zone require evidence of insurance coverage in accordance with the HFIAA <ul style="list-style-type: none"> Loss payee clause must reflect HEM as additional insured. 	
Escrows	<ul style="list-style-type: none"> Escrows for taxes and hazard insurance not required 	
Hazard Insurance	<ul style="list-style-type: none"> Hazard Insurance coverage must provide for claims to be settled on a replacement cost basis Loss payee clause must reflect HEM as additional insured 	