



Eligibility Matrix

Occupancy	Loan Amount	Purchase / Rate & Term Refi		Cash Out Refi	
		1-2 unit	3-4 unit & condo	1-2 unit	3-4 unit & condo
Primary	\$1,500,000	70%	65%	65%	60%
	\$2,000,000	65%	60%	60%	55%
Investment	\$1,500,000	65%	60%	60%	55%
	\$2,000,000	60%	55%	55%	50%
*FICO <700 - 5% LTV reduction					

Program Guidelines

Loan Terms	<ul style="list-style-type: none">ARM: 5/6, 7/6 (Index: 30-day SOFR, Margin 3%)ARM: 5/6: Caps 2/1/6, qualifying at Note Rate + 1%ARM: 7/6: Caps 5/1/6, qualifying at Initial Note Rate
Underwriting Method	Manual underwriting only
Available States	CA, NV, TX
Minimum Loan Amount	\$200,000
Income Type	<ul style="list-style-type: none">Written VOE (for wage earner): WVOE with previous two (2) years and YTD earningProfit & Loss Statement (for self-employed): CPA or Borrower prepared P&L
Maximum DTI	DTI: 43%
Eligible Borrowers	<ul style="list-style-type: none">US CitizensPermanent resident<ul style="list-style-type: none">Copy of unexpired Green Card (Front & Back)Must be valid with minimum 90 days remaining until expiration at the time of NoteNon-Permanent resident<ul style="list-style-type: none">Valid Visa (H1B, E-1, E-2, G1-G5)Must be valid with minimum 90 days remaining until expiration at the time of NoteNon-occupant co-borrower<ul style="list-style-type: none">Primary residencePurchase and Rate/Term only (non occupant must be on the current mortgage for a rate/term refinance)Cannot be the primary wage earner and must be an immediate relative to one of the occupying borrowers
First Time Home Buyer	<ul style="list-style-type: none">No additional restrictions or requirements apply
Occupancy	<ul style="list-style-type: none">Primary ResidenceSecond Home<ul style="list-style-type: none">1 unit property, property is available for the borrower’s exclusive use and enjoymentMust not be rental property or on timeshare arrangementInvestment Property
Credit Requirements	<ul style="list-style-type: none">Minimum FICO 680, FICO < 700 has price adjustmentAt least 2 scores, lower of 2 or middle of 3 scores for each borrowerTradeline requirement: At least 2 individual tradelines in good standing seasoned for at least 12 months
Derogatory Credit Event	<p>Seasoning requirement is counted from the application date to settlement/discharge/dismissal/completion date</p> <ul style="list-style-type: none">Foreclosure – 4 Years waiting periodBankruptcy – 4 Years waiting period, (BK explanation letter required)Loan modification – 4 Years waiting periodDeed in lieu of foreclosure – 2 Years waiting periodCharge off of a mortgage account, short sale – 2 Years waiting periodJudgment, liens, garnishment, charge offs – None but, must be paid in full prior or at closing if amount > than \$500Collection<ul style="list-style-type: none">Medical collections do not require to be paidCollection account with a balance <\$500 or total collection balance <\$2,000, do not need to be paid prior to closingCollection that have passed beyond the statute of limitations for that state do not need to be paid (supporting doc required)Multiple bankruptcies/foreclosures/short sales/deed-in-lieu NOT allowedForbearance: Any current forbearance is not acceptable. Loan must be reinstated and brought to current without any deferred balance/principal prior to application date. Borrowers who were in forbearance agreement are eligible if their payment history is available and the borrower have been making timely monthly payments since the forbearance period ended. (Minimum of 3 months and no late/missed payments). If the payment history is not available or if the borrowers missed any payments after the forbearance period ended, the borrowers are not eligible.
Properties	<ul style="list-style-type: none">Eligible: Single family, PUD, Condo, 2-4 units



Properties (Continued)	<ul style="list-style-type: none">• Ineligible: Condotel, Non-warrantable condo, Leasehold estate, Boarding house, Manufactured/Mobile homes, Timeshare or segments ownership project, Assisted Living Facilities, Mixed Use																														
Appraisal Requirements	<ul style="list-style-type: none">• Age of report: 120 days from Note date. Appraisal recert is required after 120 days but less than 180 days from Note date.• Loan amount ≤ \$1.5MM = 1 appraisal report + AVM or desk review• Loan amount > \$1.5MM = 2 appraisal reports• AVM/CDA must support the value within no more than 10% below the appraised value. Desk review required if AVM/CDA does not support the value.• Location: Rural – Has to be less than 10 acres• Transfer appraisal is not permitted																														
Properties in Project (Condo and PUD)	<ul style="list-style-type: none">• HOA Cert must be completed for all attached Condo and attached PUD• Require copy of Budget and Master Insurance• Ineligible Condo & PUD Projects<ul style="list-style-type: none">- Projects that contain 2-4 units that represent the security for a single mortgage- Projects that contain commercial space exceeding 20% and with adverse conditions- Projects that represent a legal, but non-conforming use of the land, if zoning regulations prohibit rebuilding the improvements to current density in the event of their partial or full destruction- Projects listed on Agency CPM list- Projects involved in any litigation																														
Number of Financed Properties	No limit																														
AQM exposure to single borrower and/or household	All AQM aggregate shall not exceed \$5 MM																														
Age of Documents	<ul style="list-style-type: none">• Income, Asset docs – within 60 days of the Note Date• Credit Report, Title Report – within 90 days of the Note date																														
Housing History	<ul style="list-style-type: none">• Verify 12-month housing history for current home & all financed REO• VOM/VOR completed by either private party, non-institutional lender, or not on the credit report must be supported by 3 months cancelled check or bank statement• In cases current primary housing payment history is less than 12 months, additional payment history from previous mortgage/rent must be supplemented to satisfy full 12 months history• Living rent free is okay for purchase of primary only. LOE must be provided by Family/Relative confirming no obligation																														
Acceptable Late Payment History	<p>Below is the acceptable number of late payments:</p> <table><tr><th colspan="3">Housing</th></tr><tr><th>Maximum allowed</th><th>Past 12 months</th><th>Past 24 months</th></tr><tr><td>X30</td><td>0</td><td>2</td></tr><tr><td>X60</td><td>0</td><td>1</td></tr><tr><td>X90</td><td>0</td><td>0</td></tr></table> <table><tr><th colspan="3">Revolving / Installment Debt (Opened accounts only)</th></tr><tr><th>Maximum allowed</th><th>Past 12 months</th><th>Past 24 months</th></tr><tr><td>X30</td><td>3</td><td>4</td></tr><tr><td>X60</td><td>0</td><td>1</td></tr><tr><td>X90</td><td>0</td><td>0</td></tr></table>	Housing			Maximum allowed	Past 12 months	Past 24 months	X30	0	2	X60	0	1	X90	0	0	Revolving / Installment Debt (Opened accounts only)			Maximum allowed	Past 12 months	Past 24 months	X30	3	4	X60	0	1	X90	0	0
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Employment and Income	<p>4506-C is not required</p> <ul style="list-style-type: none">• Wage Earner<ul style="list-style-type: none">○ All applicants must have 2 years of verified employment.○ If the applicant has not been on their present job for 2 years, verification of previous employment must be obtained to cover two-year period. Borrower must be employed at current job for at least 6 months. If different line of work, then 12 months required. LOE detailing for changes in profession, and WVOE for previous employment are required. Any additional income other than base cannot be used○ Business narrative from employer letterhead including details for description of business, all locations including branches, borrower’s duties, and number of employees○ Employer’s information including business name, address, phone number must be listed on a public or 3rd party record (e.g., Yelp, Manta, etc.) and must exactly match to initial 1003○ Documentation requirement<ul style="list-style-type: none">- Fannie Mae 1005 or similar form to reflect base hourly/salary, overtime, bonus, commission and tip income. If borrower is receiving a bonus, details of bonus structure must be provided (e.g., performance based on duties)- Form must be prepared/signed by personnel/accounting department or any other person who has authority to verify such information- Income must be reasonable for the length of employment, business size, and a position of borrower <p><i><u>*Employed by family member/relative is not eligible for this program</u></i></p>																														



Employment and Income (Continued)	<ul style="list-style-type: none">Self-employed<ul style="list-style-type: none">History of self-employment<ul style="list-style-type: none">Borrowers must be self-employed in current business at least 2 yearsDocumentation requirement<ul style="list-style-type: none">Two years of current business license. If license expires within 30 days, renewal license required. (Secretary of State Search Cannot Be Used in Lieu)Verify the listing and address for the borrower’s business using the internet/directory assistance or business profile websiteYTD Profit & Loss and 1 full year Profit & Loss (For application received on or before 6/30)Current YTD Profit & Loss Statement (For application received on or after 7/1)P&L must be prepared by either a licensed independent 3rd party (CPA/EA/CTEC) or Borrower. (Additional pricing adjustment applies for borrower prepared/signed copy)CPA letter<ul style="list-style-type: none">CPA/EA/CTEC letter on their business letterhead showing: Name, address, phone number, and license number for CPA/EA/CTEC (company license number only is not acceptable) – Confirming borrower has been in the same business for past 2 years & they prepared the most recent 2 years of business tax return filing; include business name, borrower’s name, and borrower’s percentage of business ownershipIndependent 3rd party license must be verifiedCPA letter is required even if P&L is prepared and signed by borrower <p><u><i>*Self-employed borrower without proper business license is not eligible for this program, including freelancers. Schedule C and 1099 borrowers who have third party verifiable license (e.g realtors, insurance agents, broker) and verbal verification from the employer is provided, then we may consider as Self-employed borrower.</i></u></p> <ul style="list-style-type: none">Verbal VOE: Must be completed within 10 days of Note dateUnacceptable income: Borrower who is currently employed by seller/real estate broker/mortgage broker who represents the borrower in subject transaction unless borrower is a real estate agent/broker who represents themselves as the buyer’s agent
Rental Income	<ul style="list-style-type: none">All properties that the applicant owns must be listed on 1003Fully executed current lease agreement (75% of gross rent can be used), subject & REOs can use positive rental income. Lease agreement must be current or verbiage stating month to month.Borrower owning multiple properties, the following criteria will apply:<ul style="list-style-type: none">A mortgage history will be required for all financed propertiesIf the property is not showing on the credit report: VOM & 3 months cancelled check
Departure Property	<p>When borrower is applying to purchase a new primary residence and the borrower is selling or converting the current primary residence, the following conditions must be met.</p> <ul style="list-style-type: none">If the borrower has <20% equity in the current primary residence – reserves of 6 months’ PITI for both properties are required.If the borrower has >20% equity in the current primary residence documented by a current property valuation – reserve of 2 months’ PITI for both properties are requiredEquity to be documented by AVM and credit report or the balance on the mortgage statement <p>Pending sale of current primary residence</p> <ul style="list-style-type: none">If the current residence is pending sale, and the sale is not completed at the time of the subject loan closed: Both the existing and proposed PITI must be used to qualify the borrower, unless an executed sale contract for the current residence without financing contingencies is documented <p>Conversion of Primary Residence to Second Home or Investment</p> <ul style="list-style-type: none">If rent from departing property is used to qualify within 3 months of departure, fully executed lease agreement and proof of security deposit required.If second home, both the existing and the proposed PITI must be used to qualify the borrower.
Asset & Reserves	<ul style="list-style-type: none">Most recent one (1) month bank statement or VOD required. Including borrower name, account number, time period covered, all deposits and withdrawals, and account ending balance. (If using VOD, average balance must be used, not current balance.) *Account must be opened for more than 60 daysAll large deposit (amount exceeds 50% of total qualifying income) must be sourcedLarge deposit from business account – Uncommon or unusual compared to normal business transaction, evidenced through income, or documentation must be address and verifiedBusiness funds may be used up to ownership %. CPA letter is required to explain the impact on borrower’s business.Stocks/Bonds/Mutual Fund: Use 100% of value.IRA/401k Retirement account: Use 70% (deduct 20% penalties, 10% tax) of value. Terms of withdrawal is required for retirement fundsLife insurance: Proof of liquidation and receipt of funds are required if used for closing. Net cash/surrender value can be used for reservesForeign asset must be transferred to US account prior to closing and all funds to be verifiedGift of equity is permittedGift



Asset & Reserves (Continued)	<ul style="list-style-type: none">- Not allowed for investment transaction- Permitted for down payment, closing cost, reserves.- All gift funds deposited into borrower’s account will require donor’s ability. (Donor’s bank statement & source large deposits)- If gift donor is using business account, donor must be 100% owner of the business.- Acceptable donors: spouse, child, parent, sibling, grandparent, aunt, uncle, cousin, domestic partner, fiancée, fiancé.- If borrower receives gift funds prior to closing, proof of wire transfer (copy of check) is required- Ineligible gift funds: Gift from a trust account• Reserves<ul style="list-style-type: none">- Primary: 3 months PITIA reserve by qualifying rate- Second/Investment: 6 months PITIA reserve by qualifying rate- Cash out proceeds are eligible to satisfy reserve requirement
Debts	<ul style="list-style-type: none">• Debts paid by others: Evidence that the borrower is not making the payments for the most recent 6 months (e.g. bank statement, cancel checks)• Installment: Must be included if extends beyond 10 months. Payoff/Paydown allowed. Paydown must be done prior to Note.• Child support: Deduct from income if extends beyond 10 months. Copy of divorce decree required• Open 30 days account: Additional reserve is required to cover entire balance• Student loans: If monthly payment is not on credit report, 1% of balance is used• HELOC: Balance on credit report or if there is none, use current balance with current rate amortizing over 5 years
Interested Party Contribution (IPC)	<ul style="list-style-type: none">• Can only be used for closing costs and prepaid expenses, not for down payment, reserves or repair• Maximum 6% for primary residence and second home• Maximum 3% for investment property
Purchase	<ul style="list-style-type: none">• No minimum borrower contribution for down payment and closing cost required for primary/second homes, 100% gift is permitted• Non-Arm’s Length Transactions<ul style="list-style-type: none">- Primary residence only- Borrowers cannot be an owner of a business entity selling the subject property- Borrowers cannot provide services on transaction (closing agent, title agent, appraiser, etc)- Foreclosure bailout is not allowed• Flip transaction<ul style="list-style-type: none">- Seller must have the ownership of the subject property for a minimum of 90 days before a buyer can obtain a mortgage for the subject property being flipped.- If the sales price of the property is 20% more than the seller’s acquisition costs, the increase in value must be justified with supporting documentation verifying the seller has completed sufficient renovation and repairs to justify the increase in value. If no significant renovation were completed, the appraiser must provide a detailed explanation of the increase in property value since the prior title change.- Must be arm’s length, no identity of interest between the buyer and seller or other parties in sales transaction
Rate/Term	<ul style="list-style-type: none">• Max cash back to borrower is limited to \$2,000 or 2% of new loan amount whichever is less• Delinquent property taxes (past due by more than 60 days) cannot be paid with loan proceeds• One borrower must have been on the title for at least 6 months prior to the disbursement of the new loan• Subject property cannot be listed for sale. Listing must be withdrawn prior to application and LOE is required• A new loan proceeds may only be used for one or more of the following reasons:<ul style="list-style-type: none">- Paying off the existing first lien- Paying off subordinate liens used entirely to purchase the property
Cash Out	<ul style="list-style-type: none">• Max cash in hand up to \$1MM. If over \$1MM exception required.• LOE for cash-out or use of loan proceeds by borrower is needed• One borrower must have been on the title for at least 6 months prior to the disbursement of the new loan• Ownership must be transferred out of the LLC and into individual prior to application. Borrower must be 100% owner of the LLC.• Existing First mortgage is being paid through the transaction must be at least 12-month-old• The subject property may not have been listed for sale. Listing must be withdrawn prior to the application date and LOE is required• Delay financing: Property was purchased by a borrower for cash within the past 6 months (measured from the date on which the property was purchased to the disbursement date of the new mortgage loan).<ul style="list-style-type: none">- Original purchase transaction was an arm-length transaction- Final Settlement Statement confirming no mortgage financing was used to obtain the subject property- Source of funds for the purchase transaction are documented- Preliminary title report must confirm that there are no existing liens on the subject property- Max LTV/CLTV ratio is based upon the lower of the current appraised value or the property’s purchase price• Texas 50(a)(6) is not eligible
Insurance Coverage Amount	<ul style="list-style-type: none">• 100% of the replacement cost value of the improvement or



	<ul style="list-style-type: none">• The loan amount, provided it equals no less than 80% of the replacement cost value of the improvements. The verification source may be the property insurer, an independent insurance risk specialist or other professional with appropriate resource to make such a determination
Title Ownership	<ul style="list-style-type: none">• Individual, Joint Tenants, Tenants in Common, Inter-vivos revocable trust• All borrowers must be on Title of the subject property
Power of Attorney	<p>Permitted when POA is executed prior to signing loan docs</p> <ul style="list-style-type: none">• Specific POA only, and must include property address• Cannot be interested party to the transaction (e.g., real estate agent, seller, or closing agent)• LOE stating relationship between borrower and attorney-in-fact and reason for using POA is required• Not allowed on Cash Out Refinance
Impound	<ul style="list-style-type: none">• Escrow impound is required for taxes and insurance when loan falls under HPML• Escrow impound required for flood insurance
Prepayment Penalty	No prepayment penalty
Buydown	Not permitted