

**Primary**

Min FICO Score	Max Loan Amount	Max LTV/CLTV Purchase	Max LTV/CLTV R/T Refinance	Max LTV/CLTV Cash-Out	Property Type
700	\$ 2,000,000	85	85	80	Single Family, PUD, 2-4 Units, Warrantable Condos
	\$ 2,500,000	80	80	70	
680	\$ 2,000,000	85	85	80	
	\$ 2,500,000	80	80	70	
660	\$ 2,000,000	80	80	70	
	\$ 2,500,000	80	80	-	

**Second Home**

Min FICO Score	Max Loan Amount	Max LTV/CLTV Purchase	Max LTV/CLTV R/T Refinance	Max LTV/CLTV Cash-Out	Property Type
700	\$ 2,000,000	85	85	80	Single Family, PUD, 2-4 Units, Warrantable Condos
	\$ 2,500,000	80	80	70	
680	\$ 2,000,000	85	85	80	
	\$ 2,500,000	80	80	70	
660	\$ 1,500,000	80	80	70	
	\$ 2,000,000	80	80	-	

**Investment**

Min FICO Score	Max Loan Amount	Max LTV/CLTV Purchase	Max LTV/CLTV R/T Refinance	Max LTV/CLTV Cash-Out	Property Type
700	\$ 2,000,000	80	80	75	Single Family, PUD, 2-4 Units, Warrantable Condos
680	\$ 2,000,000	80	80	75	
660	\$ 2,000,000	70	70	-	

## Housing History

- The housing payment history is required for all REOs and rental payments evidencing the payment activity for the most recent 12 months, regardless of whether the borrower/guarantor is on the note or vested on title, and must reflect 0x30x12.
  - Rolling late payments are not considered a single event

### Rent Free

- Borrowers who have lived in a rent-free situation are **ineligible**
- If a Borrower has lived in a temporarily rent-free situation for a time period of three months or less, and the prior twelve months can be documented, this is acceptable (example: Borrower sold residence then lived with family rent-free until a new home was available)
- Borrowers whose spouse has the mortgage in only their name but can verify payments are coming from a joint account or who have other mortgaged properties with satisfactory most recent 12 month pay histories are excluded from rent free restrictions
- Borrowers with a primary home that is owned free and clear are also exempt from this requirement

## Geographic Restrictions

MD: Baltimore City: Investment properties are ineligible  
 PA: Philadelphia: Investment properties and row homes are ineligible  
 TX: A6 Refinances are ineligible

## General Requirements

<b>Eligible Product Type</b>	<p><b><u>Fully Amortizing Fixed Rate:</u></b></p> <ul style="list-style-type: none"> <li>• 30-Year</li> <li>• 40-Year</li> </ul> <p><b><u>Hybrid ARMs (Fully Amortizing):</u></b></p> <ul style="list-style-type: none"> <li>• <b>5/6 SOFR ARM (30-Year):</b> 2-1-5 Cap Structure</li> <li>• <b>7/6 SOFR ARM (30-Year):</b> 5-1-5 Cap Structure</li> </ul> <p><b><u>Interest Only (I/O) ARMs:</u></b></p> <ul style="list-style-type: none"> <li>• <b>5/6 SOFR I/O (30-Year):</b> 10-Year I/O Period / 20-Year Amort Term (2-1-5 Cap)</li> <li>• <b>7/6 SOFR I/O (30-Year):</b> 10-Year I/O Period / 20-Year Amort Term (5-1-5 Cap)</li> </ul> <p><b>ARM Terms &amp; Calculations</b></p> <ul style="list-style-type: none"> <li>• <b>Index:</b> 30-Day Average SOFR (New York Federal Reserve)</li> <li>• <b>Adjustment Reset Period:</b> 6 months</li> <li>• <b>Floor:</b> Equal to ARM Margin</li> <li>• <b>Lookback Period:</b> 45 days</li> <li>• <b>Margin:</b> 4.00%</li> <li>• <b>Fully Indexed Rate:</b> (Index + Margin), rounded to the nearest 0.125%</li> </ul>		
<b>Interest Only</b>	Min 680 fico, FT HB not allowed	Max LTV: 80%	Max DTI 50%
<b>Loan Amounts</b>	Min: \$150,000		Max: \$2,500,000
<b>Max DTI</b>	Max 50% DTI Up to 55% DTI permitted with: 700+ fico, =<80% LTV, Primary residence, 1.5x Residual income. FT HB ineligible		
<b>Occupancy</b>	Primary, Second Home, Investment property		
<b>Loan Purpose</b>	Purchase, Rate/Term and Cash out		
<b>Non-Arm's Length</b>	Permitted, Gift of equity permitted with gift letter and funds listed on final CD		
<b>Cash Out</b>	<p>Max Cash-Out (defined as cash in hand):</p> <ul style="list-style-type: none"> <li>• If LTV &lt;= 60% = Max \$2,000,000 max cash in hand</li> <li>• If LTV &gt;60% = Max \$750,000 max cash in hand</li> </ul> <p>Minimum of six (6) months seasoning from most recent transaction. For properties owned between 6 and 12 months (acquisition to note date), LTV/CLTV is calculated using the lower of:</p> <ul style="list-style-type: none"> <li>• the current appraised value, or</li> <li>• the original purchase price plus documented improvements                         <ul style="list-style-type: none"> <li>o Invoices and/or improvements confirmed by the appraiser are required</li> <li>o The prior settlement statement will be required for proof of purchase price</li> </ul> </li> </ul>		

General Requirements cont.		
<b>Borrower Eligibility</b>	US Citizen Permanent Resident Alien	Ineligible: Non-Permanent Residents, ITINs, Foreign Nationals, DACA Recipients
<b>Appraisals</b>	FNMA Form 1004, 1025, 1073 with interior/exterior inspection 2nd Appraisal required for loans > 1,500,000 Appraisal Review Product (CDA) is ordered on all Non-QM products	
<b>Declining Markets</b>	As identified by the appraiser, requires a 10% LTV reduction off the above matrix	
<b>Property Type</b>	Single Family Detached Single Family Attached/Townhomes/Row Homes PUDs	
	2-4 Unit Properties Warrantable Condos (Non-Warrantable Condos are ineligible)	80% LTV Max
	Rural Properties	Primary Residence - 80% LTV/CLTV Max Second Home - 75% LTV/CLTV Max Investment Properties are ineligible
Full doc - Income Requirements		
<b>Wage/Salary</b>	Paystubs, W-2, or e-VOE, one (1) or two (2) years of Tax Returns, IRS 4506-C, Plus verbal VOE Required within 10 Days of Note Date for wage earners: 30 Days for Self-Employed Borrowers	
<b>Self-Employed</b>	One (1) or two (2) years of Personal Business Tax Returns, YTD P&L, IRS Form 4506-C, 2 months of most recent bank statements Verbal VOE required within 30 Days of closing for Self-Employed Borrowers	

Alt Doc - Income Requirements	
<b>Personal Bank Statements</b>	<p>12 or 24 months personal bank statements, plus two (2) months business bank statements;            Qualifying income = eligible deposits / number of statements;            Business statements must show activity and transfers to personal bank account(s)</p>
<b>Business/ Co-Mingled Bank Statements</b>	<p style="text-align: center;">12 or 24 months business statements</p> <p>Income may be qualified using one of three methods:</p> <ul style="list-style-type: none"> <li>• A default 50% expense ratio applied to deposits; or</li> <li>• A CPA/EA-verified expense ratio of at least 15%; or</li> <li>• A 3rd-party prepared P&amp;L statement</li> </ul>
<b>Business Expense Ratio Minimums</b>	<p><b>The expense factor should be reasonable for the profession and consistent with the revenues and expenses in the bank statements</b></p> <p><u>There are two expense factor options:</u></p> <ul style="list-style-type: none"> <li>• Fixed Expense Ratio: a 50% expense ratio regardless of the business type; <b>or</b></li> <li>• Third Party (CPA or Licensed Tax Preparer) Expense Statement           <ul style="list-style-type: none"> <li>o Expense statement must be prepared by a third party indicating business expenses as a percentage of the gross annual sales/revenue and signed by the third party and borrower.</li> <li>o Third party preparing the statement must attest they have prepared the borrower's most recent years tax returns, are not related to the borrower or associated with the borrower's business and have audited the business financial statements or reviewed working papers provided by borrower and based on the review the expense ratio represents an accurate summary of the applicable cash expenses of the business.</li> <li>o Third party license must be verified (CPA, EA or CTEC).</li> <li>o The minimum expense factor allowed is 10%.</li> </ul> </li> </ul>
<b>1099</b>	<p>One (1) or two (2) year(s) 1099s and most recent proof of YTD earnings via bank statements, payroll registers or paystub equivalents covering a minimum of 30 days.            YTD earnings may be no less than 10% below the qualifying income</p>

Alt Doc - Income Requirements cont	
<b>WVOE</b>	<p>Max 80% LTV/CLTV, Min 660 FICO, Wage earners ONLY</p> <ul style="list-style-type: none"> <li>• FNMA Form 1005(s) covering a two year history completed in full and signed by Human Resources, Payroll Department or an Officer of the Company</li> </ul>
Underwriting Requirements	
<b>Credit Score</b>	<p>A tri-merge credit report is required on all borrowers</p> <p>Middle of three (3) scores or lower of two (2) scores for primary income earner If multiple borrowers have same qualifying income, use lower score of the two (2) All borrowers must have a 600 FICO minimum</p> <ul style="list-style-type: none"> <li>• Current enrollment in credit counseling or debt management plans are ineligible</li> <li>• Credit Rescores are ineligible, except in the event of a dispute removal or valid error</li> </ul>
<b>Tradelines</b>	<p>Each borrower who is using income to qualify must have:</p> <ul style="list-style-type: none"> <li>• At least two (2) tradelines reporting at least 12 months of history in the last 24 months, or</li> <li>• A combined credit profile between Borrower and co-Borrower with a minimum of three tradelines showing at least 12 months of history in the last 24 months</li> </ul> <p>Tradeline activity is not required, and the tradelines can be opened or closed.</p> <p>Ineligible tradelines:</p> <ul style="list-style-type: none"> <li>• Non-traditional credit as defined by FNMA.</li> </ul>
<b>FTHB</b>	<p>Max Loan Amount \$1,500,000 (Primary residence only) Interest only products ineligible Max 80% LTV</p>
<b>Non-Occupant Co-Borrower</b>	<p><u>Non-Occupying Co-Borrowers are permitted provided that:</u></p> <ul style="list-style-type: none"> <li>• Occupying Borrower must demonstrate sole financial capacity for the mortgage by not exceeding a total Debt-to-income (DTI) ratio of 43%.</li> <li>• Subject property must be 1-Unit Primary Residence for the Occupying Borrower</li> </ul> <p><u>The Non-Occupying Borrower(s) must:</u></p> <ul style="list-style-type: none"> <li>o Sign the Note.</li> <li>o Meet the minimum credit history and credit score requirements.</li> <li>o Not be an interested party to the transaction (i.e., seller, builder, realtor, etc.), and must have family or other similar long-standing relationship with the Borrower.</li> </ul>
<b>Reserves</b>	<p>Loan Amount &lt;=\$2,000,000: 6 months Loan Amount &gt;\$2,000,000 - Owner Occupied and Second Home: 9 months Loan Amount &gt;\$2,000,000 - Investment: 12 months</p>

Underwriting Requirements	
<b>Maximum Mortgage Exposure</b>	No borrower or guarantor may have more than 10 financed properties, or more than \$10M in outstanding UPB for financed properties
<b>Gift Funds</b>	<p>Gift funds permitted if borrower meets minimum contribution from their own funds:</p> <ul style="list-style-type: none"> <li>• 5% Primary only if LTV is &gt;80 (Second home/Investment, gift funds are ineligible)</li> <li>100% gift funds allow with LTV 80 or Lower</li> </ul> <p>Gift funds are not permitted to be used towards reserves 100% of down payment and closing cost may come from gift funds when the LTV is &lt;=75%</p> <p>Gift funds <u>not</u> permitted:</p> <ul style="list-style-type: none"> <li>• From any donor other than a relative or family member of the borrower.</li> <li>• From any donor that is a party to the transaction (other than a gift of equity from the seller)</li> <li>• From any donor that is a real estate builder, developer or in the business of owning, financing, or selling real estate</li> <li>• Refinance Transactions</li> <li>• Second home/Investment transactions</li> </ul>
<b>Gift of equity</b>	<p>Gifts of equity may be given provided all of the following are met:</p> <ul style="list-style-type: none"> <li>• Signed gift letter is provided</li> <li>• Gift of equity is listed on the HUD-1 or Closing Disclosure</li> </ul>
<b>Assets</b>	<p>30 day asset verification required Deposits &gt; 50% of gross income must be documented on purchases</p>
<b>Age of Documentation</b>	<p>Credit: 120 Days Income and Assets: 90 Days Appraisal: Must be less than 90 days at time of submission or transfer, expires in 120 days</p>
<b>Prepayment Penalty</b>	<p>Prepayment Penalties are permitted on Investment only Restrictions are listed in the PPP and Business Purpose guide</p>
<b>Interested Party Contributions</b>	<p>Maximum third party concessions (as a percentage of the purchase price) are equal to 6% for LTV/CLTV &lt;=80% and 3% for LTV/CLTV &gt;80%</p>
<b>Escrow Waiver</b>	<p>Min 720 FICO, Max 80% LTV (90% in CA), Requires additional 12 months PITI subject property reserves (see Escrow/Impounds and Reserves sections)</p> <p>Flood insurance premiums are required to be escrowed on mortgages for customers in special flood hazard areas</p>