

| PURCHASE & RATE/TERM REFINANCE | | | | |
|--------------------------------|------------------|---------------------|-----------|---------|
| PRIMARY & SECOND HOME | | | | |
| Property Type | Max. Loan amount | Max. LTV/CLTV/HCLTV | Min. FICO | RESERVE |
| 1-4 Units | \$1,000,000 | 85% | 720 | 3 MO. |
| | \$1,000,000 | 80% | 680 | |
| | \$1,000,000 | 75% | 660 | |
| | \$1,000,000 | 70% | 640 | |
| | \$1,500,000 | 80% | 680 | 9 MO. |
| | \$1,500,000 | 70% | 640 | |
| | \$2,000,000 | 70% | 640 | |
| | \$2,500,000 | 80% | 680 | |
| \$3,000,000 | 75% | 680 | | |
| INVESTMENT | | | | |
| Property Type | Max. Loan amount | Max. LTV/CLTV/HCLTV | Min. FICO | RESERVE |
| 1-4 Units | \$1,000,000 | 85% | 720 | 3 MO. |
| | \$1,000,000 | 80% | 700 | |
| | \$1,000,000 | 75% | 640 | |
| | \$1,000,000 | 65% | 620 | |
| | \$1,000,000 | 60% | 600 | 6 MO. |
| | \$1,500,000 | 80% | 700 | |
| | \$1,500,000 | 75% | 680 | |
| | \$1,500,000 | 70% | 660 | 9 MO. |
| | \$2,000,000 | 70% | 660 | |
| | \$2,500,000 | 80% | 700 | |
| \$3,000,000 | 75% | 680 | | |

- Ineligible Location: Baltimore City in MD state
- Non-Warrantable Condo : Max 80% LTV/CLTV
- Condotel : Investment Only , Max 75% LTV/CLTV
- 2-4 Unit : Max 80% LTV/CLTV
- Investment : Declining markets, as identified by the appraiser, require a 5% LTV reduction off Matrix Max LTV
- PPP required only for Investment
- DTI: Max 50% | 45% Max when LTV>=80%
- **First Time Investor – Living rent free is not allowed**

| CASH-OUT REFINANCE | | | | |
|-----------------------|------------------|---------------------|-----------|---------|
| PRIMARY & SECOND HOME | | | | |
| Property Type | Max. Loan amount | Max. LTV/CLTV/HCLTV | Min. FICO | RESERVE |
| 1-4 Units | \$1,000,000 | 80% | 700 | 3 MO. |
| | \$1,000,000 | 75% | 660 | |
| | \$1,000,000 | 70% | 640 | |
| | \$1,500,000 | 80% | 700 | 6 MO. |
| | \$1,500,000 | 75% | 680 | |
| | \$1,500,000 | 70% | 640 | |
| | \$2,000,000 | 70% | 640 | 9 MO. |
| | \$2,500,000 | 80% | 700 | |
| \$3,000,000 | 75% | 680 | | |
| INVESTMENT | | | | |
| Property Type | Max. Loan amount | Max. LTV/CLTV/HCLTV | Min. FICO | RESERVE |
| 1-4 Units | \$1,000,000 | 80% | 700 | 3 MO. |
| | \$1,000,000 | 75% | 660 | |
| | \$1,000,000 | 60% | 640 | |
| | \$1,000,000 | 55% | 600 | |
| | \$1,500,000 | 80% | 700 | 6 MO. |
| | \$1,500,000 | 75% | 680 | |
| | \$1,500,000 | 70% | 660 | |
| | \$2,000,000 | 70% | 660 | 9 MO. |
| | \$2,500,000 | 80% | 700 | |
| | \$3,000,000 | 75% | 680 | |

- Ineligible Location: Baltimore City in MD state
- Condotel: Investment Only, Max 75% LTV/CLTV
- Investment: Declining markets, as identified by the appraiser, require a 5% LTV reduction off Matrix Max LTV
- Max Cash In Hand: > 65% LTV: \$1,000,000 =≤ 65% LTV Unlimited
- Cash-Out Proceeds may be used for 100% reserve requirements
- PPP required only for Investment
- DTI: Max 50% | FTHB 45%

| Program Description | Summary |
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| LOAN PURPOSE | Purchase, Rate/Term Refinance & Cash-out Refinance |
| OCCUPANCY | Primary Residence, 2 ND Home & Investment Property |
| MIN. LOAN AMOUNTS | \$150,000 |
| SECONDARY FINANCING | <ul style="list-style-type: none"> ▪ Secondary or subordinate financing is allowed with a maximum CLTV equaling maximum LTV per program matrices. Secondary financing must be institutional; private party secondary financing not allowed. Existing secondary financing must be subordinated and recorded or refinanced. HELOC CLTV must be calculated at the maximum available line amount (HCLTV) unless the borrower can provide documentation showing the line of credit is past its draw period. ▪ NO SELLER CARRYBACKS. ▪ The following is required for new secondary or subordinate financing: <ul style="list-style-type: none"> - A copy of the loan approval and repayment terms for the new financing - An unsigned copy of the subordination agreement prior to closing - A copy of the executed subordination agreement at closing - A copy of the executed Promissory Note at closing ▪ The following is required for existing secondary or subordinate financing: <ul style="list-style-type: none"> - The repayment terms of the existing second lien - An unsigned copy of the subordination agreement prior to closing - A copy of the executed subordination agreement at closing ▪ The following requirements apply to all subordinate liens: <ul style="list-style-type: none"> - Seller-held subordinate liens are not permitted - Subordinate financing must be recorded and clearly subordinate to the new mortgage - Payment on the subordinate financing must be included in the borrower's DTI - If a payment is unable to be determined, 1.5% of the original loan balance can be used - If the debt is an equity line of credit, the CLTV is calculated by adding the total HELOC credit line limit (rather than the amount of the HELOC in use) to the first mortgage amount (HCLTV), plus any other subordinate financing, and dividing that sum by the value of the property - Negative amortization is not allowed, and the scheduled payments must be sufficient to cover at least the interest due - Subordinate financing from the borrower's employer may not include a provision requiring payment upon termination ▪ When secondary or subordinate financing is a Home Equity Line of Credit (HELOC) the following must be met: <ul style="list-style-type: none"> - The property being financed should be owner occupied - The calculation of the CLTV should include the total usable HELOC (TLTV) |

| Program Description | Summary |
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| | <ul style="list-style-type: none"> - A copy of the Promissory Note for the HELOC must be obtained to determine the payment based on the interest rate in effect for the HELOC on the date that the loan application is underwritten |
| EXPIRATION OF DOCUMENTS | <ul style="list-style-type: none"> ▪ The following may not be more than 10 days old from the date of the Promissory Note: <ul style="list-style-type: none"> - Debt monitoring/credit refresh/LQCC - VVOE : 20 Business days for Self-Employed borrowers - VVOE : 10 Calendar days for Wage Earners ▪ The following may not be more than 90 days old from the date of the Promissory Note: <ul style="list-style-type: none"> - Income documentation - Asset Documentation - Title Commitment/Preliminary Title Report/Binder - Closing Protection Letter (CPL) - Certificate of Good Standing ▪ The following may not be more than 120 days old from the date of the Promissory Note: <ul style="list-style-type: none"> - Appraisal Report (180 days with recertification of value. Recert not allowed on commercial narrative reports) - Flood certificate - Credit report |
| ABILITY TO REPAY/QUALIFIED MORTGAGE RULE | <ul style="list-style-type: none"> ▪ This program is exempt from ATR; however, generally all non-QM guidelines meet the CFPB's requirements under its Ability-to-Repay (ATR) / Qualified Mortgage (QM) Rule, including loans that meet the general ATR requirements and certain higher-priced qualified mortgage loans with rebuttable presumption liability protection, as prescribed by the applicable regulation. ▪ The borrower is also required to sign a Certification of Business Purpose and an Occupancy Certification when executing closing documents related to a business purpose loan. |
| STATE AND FEDERAL HIGH-COST LOANS | <ul style="list-style-type: none"> ▪ High-cost loans are not allowed per Section 32 Primary only. ▪ High-cost thresholds and HPML do not apply to Business Purpose loan files. |
| PREPAYMENT PENALTY (INVESTMENT PROPERTY ONLY) | <ul style="list-style-type: none"> ▪ Where permitted by applicable laws and regulations, a prepayment charge can be structured to be assessed for between 1 and up to 5 years following the execution date of the Promissory Note. ▪ 5% of the unpaid principal balance. (Other than the monthly payments required herein, if Borrower prepays this Note in whole or in part before the full term of the pre-payment period, Borrower will pay a Prepayment Premium equal to Five Percent (5%) of any amounts prepaid ("Prepayment Premium").) ▪ Permitted ONLY if closing in the name of an Entity: NJ, Title owner must be an entity |

| Program Description | Summary |
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| INTEREST CREDIT CLOSINGS | <ul style="list-style-type: none"> ▪ Loans closed within the first 5 days of the month may reflect an interest credit to the borrower |
| ASSUMABILITY | <ul style="list-style-type: none"> ▪ Loans are not assumable |
| LIMITATIONS ON FINANCED PROPERTIES/EXPOSURE | <p>This program's exposure may not exceed \$10M aggregate with a maximum of 10 loans for each individual borrower.</p> |
| RATE/TERM REFINANCE | <ul style="list-style-type: none"> ▪ Proceeds from the transaction are used to pay off an existing first mortgage loan and any subordinate loan used to acquire the property. ▪ Any subordinate loan not used in the acquisition of the subject property provided one of the following apply: <ul style="list-style-type: none"> - Closed end loan - HELOC, at least 12 months of seasoning has occurred and total draws over the past 12 months are less than \$10,000 ▪ Buying out a co-owner pursuant to an agreement ▪ Paying off an installment land contract executed more than 12 months from the Loan Application date ▪ Cash back in an amount not to exceed the lesser of 2% of the new loan amount or \$10,000 can be included in the transaction ▪ Debt Consolidation is permitted. Only for Primary and Second Home <ul style="list-style-type: none"> - Payoff debt at closing and must appear on Final Closing Disclosure ▪ LTV/CLTV is based upon the current appraised value, no seasoning required |
| NET TANGIBLE BENEFIT | <ul style="list-style-type: none"> ▪ In keeping with the commitment of responsible lending, all primary residence and second home consumer refinance transactions must have a measurable benefit to the borrower for rate and term refinance transactions. ▪ When determining the benefit on a refinance transaction, one or more of the following must exist to support the benefit to the borrower: <ul style="list-style-type: none"> - Balloon pay off - Title transfer - Property retention - Rate reduction - P&I reduction - Debt reduction - Refinancing from ARM to fixed rate ▪ State-specific and/or federal benefit to borrower compliance requirements must be adhered to. ▪ Files must contain documentation supporting the acceptable benefit. <ul style="list-style-type: none"> - Additional restrictions apply if the new loan refinances an existing loan considered to be a special mortgage - A special mortgage is originated, subsidized, or guaranteed by or through a state, tribal, or local government, or nonprofit organization that either bears a below-market interest rate at the time the loan was originated or has nonstandard payment terms |

| Program Description | Summary |
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| | <p>beneficial to the borrower, such as payments that vary with income, are limited to a percentage of income, or where no payments are required under specified conditions</p> <ul style="list-style-type: none"> - If the borrower will lose one or more of the benefits of the special mortgage, then both of the following apply: <ul style="list-style-type: none"> o Lender must check that the loan complies with all applicable state and local laws as well as laws associated with the subject special loan program for compliance; and o Lender must take special care to ensure a net tangible benefit to the borrower |
| CASH OUT REFINANCE | <ul style="list-style-type: none"> ▪ See matrices for max cash out limits. ▪ A refinance that does not meet the definition of a rate/term refinance ▪ No Seasoning Requirements ▪ LTV/CLTV is based upon the current appraised value, no seasoning required ▪ A mortgage secured by a property currently owned free and clear is considered cash out ▪ The payoff of delinquent real estate taxes, federal taxes, state taxes and judgments (60 days or more past due) is considered cash out ▪ The borrower must indicate the purpose of the cash out proceeds ▪ Properties listed for sale must be taken off the market prior to the Promissory Note date ▪ Investment Property(Business Purpose Loans): Can't payoff consumer debt ▪ Texas 50 (a)(6) is permitted <ul style="list-style-type: none"> - 30-year fixed and 5/6 ARM Only - Max LTV 80% - 12 Month seasoning required from most recent TX 50(a)(6) transaction - Lender Paid Compensation Required |
| DELAYED FINANCING | <ul style="list-style-type: none"> ▪ Cash out on properties purchased by the borrower with cash and owned for less than 6 months is allowed ▪ Delayed Financing within 6 months of original purchase is allowed with the following restrictions: <ul style="list-style-type: none"> - The new loan amount can be no more than the actual documented amount of the borrower's initial investment in purchasing the property plus the financing of closing costs, prepaid fees, and points on the new mortgage loan subject to the maximum LTV, CLTV, and HCLTV ratios for the cash out transaction based on the lower of the initial purchase price or current appraised value ▪ The sources of funds for the purchase transaction are documented (such as bank statements, personal loan documents, or a HELOC on another property) |

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| | <ul style="list-style-type: none"> ▪ A HARD MONEY LOAN CAN BE PAID OFF WITH A COPY OF THE PROMISSORY NOTE ▪ At least one of the following must exist: <ul style="list-style-type: none"> - No mortgage financing was used to obtain the property - The original purchase transaction is documented by a settlement statement, which confirms that no mortgage financing was used to obtain the subject property (a recorded trustee’s deed or similar alternative confirming the amount paid by the grantee to trustee may be substituted for a settlement statement if a settlement statement was not provided to the purchaser at the time of sale) - The preliminary title search or report must confirm that there are no existing/open liens on the subject property - If the source of funds used to acquire the property was an unsecured loan or a loan secured by an asset other than the subject property (such as a HELOC secured by another property), the settlement statement for the refinance transaction must reflect that all cash out proceeds be used to pay off or pay down, as applicable, the loan used to purchase the property - Any payments on the balance remaining from the original loan must be included in the DTI for the refinance transaction - The underwriter has documented that the borrower acquired the property through an inheritance or was legally awarded the property through divorce, separation, or dissolution of a domestic partnership - Rate and term pricing will apply - Loan will be qualified using the rate and term guidelines and matrices |
| <p>PROPERTIES LISTED FOR SALE</p> | <ul style="list-style-type: none"> ▪ To be eligible for either a rate and term or a cash out refinance, the subject property must be taken off the market on or before the Promissory Note date. The borrower must also confirm in writing the reason for the prior listing, as well as proof that it was taken off the market. ▪ For recently listed properties, the LTV will be based on the lesser of the most recent three months list price or the current appraised value. |
| <p>NON-ARM’S LENGTH AND INTERESTED PARTY TRANSACTIONS</p> | <ul style="list-style-type: none"> ▪ Non-Arm’s Length transactions involve a direct relationship outside of the subject transaction between a borrower and a party to the loan. The appraiser must be informed of the relationship and address any impact on market value. ▪ Examples of non-arm’s length transactions include, but are not limited to, the following: <ul style="list-style-type: none"> - Family member sales - Renters purchasing from current landlord - Property seller foreclosure bailouts - Existing buyer relationship with loan officer, real estate agents, closing agent, appraiser, builder, or developer |

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| | <ul style="list-style-type: none"> ▪ Non-arm's length transactions are subject to all the following requirements: <ul style="list-style-type: none"> - Relationship must be fully disclosed - Borrower to provide a written explanation stating relationship to the seller and reason for purchase - Borrower to provide a copy of the canceled earnest money check paid to the property seller - Employer to employee transactions not allowed - No occupancy concerns - All liens on title to be paid in full and reflected on the settlement statement - Lesser of sales price or current appraised value to be used to calculate the LTV - Borrowers cannot provide services on transaction (closing agent, title agent, appraiser, etc.) - The borrower may not be an owner of a business entity selling the subject property. (unless they are buying out a co-owner) - Borrower(s)/ Buyer(s) representing themselves as agent in real estate transaction - Seller(s) representing themselves as agent in real estate transaction is allowed - Renters purchasing from current landlord must provide most recent 12 months evidence of rental payments and copy of lease agreement - Property trades between buyer and seller not allowed - Commission earned by buyer/borrower cannot be used for down payment, closing costs, or monthly PITIA reserves but can be included in the interested party contributions up to 3% maximum ▪ The following additional requirements apply only to family sales: <ul style="list-style-type: none"> - Payment history for the seller's mortgage on the subject property must be obtained and show no pattern of delinquency within the past 12 months (if applicable) - Verification the borrower has not been on title to the property in the past 24 months - Gift of equity is permitted only for primary occupancy <p>* NEW CONSTRUCTION IS NOT PERMITTED</p> |
| <p>INTERESTED PARTY TRANSACTION/CONFLICT OF INTEREST</p> | <p>A Conflict-of-Interest transaction occurs when the borrower has an affiliation or relationship with the mortgage broker, loan officer, real estate broker or agent, or any other interested party to the transaction. In the case of the mortgage broker, loan officer, or real estate broker/agent, extra due diligence must be exercised. For example, the seller's real estate agent for the subject property may not act as the loan officer for the borrower(s) purchasing the same subject property. An examination of the relationship among the mortgage broker, title/escrow companies, appraiser, and any other party to the transaction must be closely examined. A letter of explanation regarding the relationship between the parties is required.</p> |

| Program Description | Summary |
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| <p>INHERITED PROPERTIES AND PROPERTY BUYOUTS</p> | <ul style="list-style-type: none"> ▪ Refinances of inherited properties and properties legally awarded to the borrower (divorce, separation, or dissolution of a domestic partnership) are allowed. If the subject property was acquired less than 12 months prior to loan closing, the transaction is considered a cash out. ▪ These transactions are subject to the following: <ul style="list-style-type: none"> - Written agreement signed by all parties stating the terms of the buyout and property transfer must be obtained - Equity owners must be paid through settlement - Subject property has cleared probate, and property is vested in the borrower’s name - Current appraised value is used to determine LTV |
| <p>LEASE WITH PURCHASE OPTION</p> | <ul style="list-style-type: none"> ▪ A Lease Option to Purchase is an agreement to lease a property for a specified period of time at an agreed upon monthly rent payment, in which a portion of the payments in excess of the market rents will be applied toward the down payment. Once the potential buyer has satisfied the terms of the down payment, they may execute the option to purchase the property at the agreed upon sales price in the Lease Option to Purchase Agreement. This may also be utilized for a “Land Contract” or “Contract for Deed” purchase. ▪ All lease option to purchase transactions require the following: <ul style="list-style-type: none"> - All parties to the transaction must execute the agreement; the agreement must disclose the time of the option to purchase, amount of the earnest money deposit, and the terms of the monthly rent payments - The terms of the monthly rent payments must include a specific and reasonable amount (dollar amount or percentage) in excess of the monthly rent payments that will be credited toward the down payment via comparison to fair market rents (which requires a 1007/1025 for underwriter review); <ul style="list-style-type: none"> ○ Proof of the borrower’s earnest money via a deposit (canceled check); and ○ Copy of canceled checks (front & back) for the monthly rent payment covering the last 12 months - Must meet requirements of Non-Arm’s Length Transactions ▪ Lease option transactions that do not involve an earnest money deposit or “sweat equity” including receipt(s) for materials and / or monthly rent in excess of proven market rents will not be considered a lease option to purchase and must comply with standard purchase money requirements ▪ A Lease Option will always be a purchase from the standpoint that the transaction will transfer ownership. This is relevant because it is required to issue a purchase form LE & CD (versus a refinance form LE & CD); however, in deference to the purchase price, as a separate calculation for the handling of LTV, under certain circumstances as defined below, LTV will be calculated using the current reconciled |

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| | <p>market value in lieu of the purchase price. The value for determining the LTV will be the purchase price reflected on the option agreement or the appraised value, whichever is less, if: The borrower's earnest money deposit is less than 3% of the sales price; or the lease option agreement is executed within the last 12 months.</p> <ul style="list-style-type: none"> ▪ The value for determining the LTV will be the current reconciled market value, if: the borrower(s) has(have) occupied the subject property for the last twelve (12) months; and the Lease Option Agreement is executed greater than twelve (12) months ago; and the borrower(s) has equal to or greater than 3% of the sales price invested by: <ul style="list-style-type: none"> - Earnest money deposit; or - the Optionee provided "sweat equity" in the form of property improvements with receipts for materials as well as a detailed list of all such improvements including time to completion |
| BORROWER IDENTIFICATION | All borrowers must provide a non-expired government-issued photo ID |
| NON-OCCUPANT CO-BORROWERS | <ul style="list-style-type: none"> ▪ All non-occupying co-borrowers must be a relative, defined as the borrower's spouse, fiancée, child, or other dependent, or by any other individual who is related to the borrower by blood, marriage, adoption, or legal guardianship. ▪ Occupying borrower is not required to meet a minimum DTI; all income may be derived from the non-occupying borrower(s). ▪ Qualifying credit score will be the primary wage earner. ▪ Eligible for owner occupied transactions |
| BORROWER | <ul style="list-style-type: none"> ▪ U.S. Citizen ▪ Permanent Resident Alien ▪ Non-Permanent Resident Alien |
| INELIGIBLE BORROWER | <ul style="list-style-type: none"> ▪ Borrowers with diplomatic immunity or otherwise excluded from U.S. jurisdiction ▪ Borrowers not on title (refinances) ▪ Borrowers from OFAC sanctioned countries ▪ Residents of any country not permitted to transact business with U.S. companies are ineligible (as determined by any U.S. government authority) ▪ Any material parties (company or individual) to transaction listed on HUD's Limited Denial or Participation (LDP) list, the federal General Services Administration (GSA) Excluded Party list, or any other exclusionary list. ▪ Trusts or land trusts (revocable trusts may qualify for ownership vesting only) |

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| <p>EXCLUSIONARY LIST/OFAC/DIPLOMATIC IMMUNITY</p> | <p>All parties involved in each transaction must be screened through all exclusionary lists.</p> <p>The lender should apply its exclusionary list policy to any loans originated under these guidelines. Parties to the transaction must also be cleared through OFAC's SDN List (borrowers, property sellers, employers, banks, etc.). A search of the Specially Designated Nationals and Blocked Persons List may be completed via the U.S. Department of the Treasury website: https://sanctionssearch.ofac.treas.gov/</p> <p>Borrowers from OFAC sanctioned countries are ineligible. Access the link below for a list of sanctioned countries: http://www.treasury.gov/resource-center/sanctions/Programs/Pages/Programs.aspx</p> <p>Individuals with diplomatic immunity are not eligible due to the inability to compel payment or seek judgment. Verification the borrower does not have diplomatic immunity can be determined by reviewing the Visa, passport, and/or the U.S. Department of State's Diplomatic List at http://www.state.gov/s/cpr/rls/</p> |
| <p>PERMANENT RESIDENT ALIEN</p> | <ul style="list-style-type: none"> ▪ I-151 – Permanent Resident Card (Green Card) that does not have an expiration date. ▪ I-551 – Permanent Resident Card (Green Card) issued for 10 years that has not expired ▪ I-551 – Conditional Permanent Resident Card (Green Card) issued for 2 years that has an expiration date, if it is accompanied by a copy of USCIS form I-751 requesting removal of the conditions. ▪ Unexpired Foreign Passport with an unexpired stamp reading as follows: “Processed for I- 551 Temporary Evidence of Lawful Admission for Permanent Residence. Valid until mm-dd- yyyy. Employment Authorized.” |
| <p>NON-PERMANENT RESIDENT ALIEN</p> | <ul style="list-style-type: none"> ▪ A non-permanent resident alien is a non-U.S. Citizen authorized to live and work in the U.S. on a temporary basis. They are admitted to the U.S. as a lawful temporary resident. ▪ They have current, verified status, which may be documented by a valid employment authorization document (EAD) showing immigration status/program (if status is unclear, the underwriter can request I-797 to verify borrower's status), or other documentation showing immigration status is current (e.g., Green Card, work visa, etc.). ▪ Documents must be current at the time of the note date. If any document is expired as of the note date, it is acceptable to provide proof of application for renewal documented by the receiving agency (e.g., Filing receipt, letter with case receipt confirmation.) <ul style="list-style-type: none"> - See Exhibit A – Non-Permanent Resident Aliens, For Acceptable EAD and Visa Classifications. |
| <p>CREDIT SCORE REQUIREMENTS</p> | <ul style="list-style-type: none"> ▪ At least one borrower (primary wage earner) must have a valid score from at least 2 of the 3 agencies |

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| | <ul style="list-style-type: none"> ▪ The applicable credit score is the middle of three scores provided for any borrower. If only two credit scores are obtained, the higher of two will be used. ▪ When there are multiple borrowers, the highest income earner’s applicable score from the group of borrowers is the representative credit score for qualifying. If the income is the same (e.g. when borrowers have 50/50 ownership in a business), the highest score will be used. ▪ All additional borrowers/ co-borrowers will require a minimum FICO of 600 to be included on the subject loan application. |
| TRADELINE REQUIREMENTS | <ul style="list-style-type: none"> ▪ If the primary wage earner has two credit scores, the minimum tradeline requirement can be waived. ▪ Two tradelines reporting on credit for 12 months with activity in the most recent 90 days ▪ One tradeline reporting for 24 months with activity in the most recent 90 days ▪ ONLY THE PRIMARY WAGE-EARNER MUST MEET THE MINIMUM TRADELINE REQUIREMENTS LISTED ABOVE ▪ Examples of unacceptable tradelines include: <ul style="list-style-type: none"> - Loans in a deferment period - Collection or charged- off accounts - Accounts discharged through bankruptcy - Authorized user accounts - Deferred student loans ▪ Insufficient tradelines and non-traditional credit is permitted with acceptable required alternative credit |
| FRAUD ALERTS | <p>All fraud alerts must be properly addressed and resolved. A processor certification confirming they called and verbally spoke with the borrower and verified they applied for a mortgage loan.</p> |
| FRAUD CHECK | <p>A fraud report which includes all parties to the transaction is required on all loans</p> |
| CREDIT INQUIRIES | <ul style="list-style-type: none"> ▪ A signed letter of explanation from the borrower or creditor is required for all inquiries within the most recent 90 days to determine whether additional credit was granted because of the borrower’s request. ▪ In a case where additional credit was granted and it is not yet showing on the credit report, the new account balance and payment terms must be documented and included in the DTI |
| UPDATED PAYMENT HISTORIES | <ul style="list-style-type: none"> ▪ Payment histories may be requested directly from a creditor when the credit report indicates delinquencies have been removed or when most of the credit is from a non-institutional lender. |
| DEBT MONITORING | <ul style="list-style-type: none"> ▪ Evidence of an active debt monitoring service is required within 10 days of closing. ▪ It can be used by Credit Refresh |

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| HOUSING HISTORY | <ul style="list-style-type: none"> ▪ Any new debt reflected in the updated debt monitoring must be considered for review and inclusion in any DTI ▪ Verification of Mortgage/Verification of Rent (VOM/VOR): Applications must be supported by the most recent 12 months mortgage and/or rent pay history. ▪ A VOM must be obtained for all outstanding mortgages the borrowers have if not evidenced by their credit report, including private mortgages. <ul style="list-style-type: none"> - The VOM/VOR is reviewed for delinquencies with the greatest weight focused on the last 12 months - 1x30x12 allowed with Max LTV of 80% - Verification needs to reflect pay history up to the month the loan is closing. Rolling delinquencies are considered separate events. ▪ If credit bureau report does not reflect pay history required, other acceptable methods of verification are as follows: <ul style="list-style-type: none"> - VOM from third party; or - Electronic Pay History printout directly from mortgage servicer showing timely payments; and Bank statements showing account ownership and timely payments debited by Mortgage Servicer; or - Canceled checks front and back as well as the most recent mortgage statement; or - For private mortgages (defined as the mortgage lender being a natural person), provide a fully executed VOM together with either bank statements showing account ownership and timely payments debited by mortgage servicer, or canceled checks front and back along with the most recent mortgage statement ▪ For Rental Payments – One of the following is required: <ul style="list-style-type: none"> - If was/is renting from a private party, request leases for each address to cover the most recent 12-month period, along with verification of timely payments made (either canceled checks front and back or bank statements showing account ownership and payments debited by landlord) are required. - If was/is renting from a management company, either fully executed VOR or most recent lease, along with payment history ledger from management company, canceled checks front and back or bank statements showing account ownership and payments debited by management company. ▪ Free and Clear Properties: <ul style="list-style-type: none"> - Verification property is free and clear is required Property Profile Report - Proof property taxes are paid current for the most recent property tax year |
| NO HOUSING HISTORY (LESS THAN 12 MONTHS VERIFIED OR LIVING RENT-FREE) | <ul style="list-style-type: none"> ▪ Not considered living rent free or having no housing history in the below scenarios: <ul style="list-style-type: none"> - Borrower(s) live in a marital home |

| Program Description | Summary |
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| | <ul style="list-style-type: none"> - Borrower(s) sold a primary home within the past 6 months and purchasing a primary home ▪ All other scenarios will be considered on a case-by-case basis per underwriter discretion with the following required for review and consideration: <ul style="list-style-type: none"> - A detailed letter of explanation from the person the borrower is living with confirming their relationship and that they are living rent free and the time frame. - Loan to be locked with a LLPA for living rent free. |
| CREDIT EVENT SEASONING BK/FCL/SS/DIL | <ul style="list-style-type: none"> ▪ ≥ 36 Months: No Reduction ▪ 24 Months w/ LTV cap 75% for Purchase ▪ 24 Months w/ LTV cap 70% Rate and Term & Cashout. ▪ 48 months is required for 85% LTV ▪ Seasoning of a foreclosure, deed-in-lieu (DIL), or short sale is measured from the date of completed sale or final property transfer. |
| MORTGAGE MODIFICATIONS | <ul style="list-style-type: none"> ▪ ≥ 36 Months: No Reduction ▪ A mortgage modification resulting in any of the attributes listed below: <ul style="list-style-type: none"> - Forgiveness of a portion of principal and/or interest on either the first or second mortgage - Application of a principal curtailment by or on behalf of the investor to simulate principal forgiveness - Conversion of any portion of the original mortgage debt to a subordinate mortgage that requires no payments - Conversion of any portion of the original mortgage debt from secured to unsecured |
| ROLLING LATES | <p>Rolling late payments are not considered a single event. Each occurrence of a contractual delinquency is considered individually for loan eligibility.</p> |
| PAST-DUE ACCOUNTS | <ul style="list-style-type: none"> ▪ Past-due consumer debts must be paid current at or prior to closing. Funds used to pay the debt current need to be sourced. |
| DELINQUENT CREDIT BELONGING TO EX-SPOUSE | <ul style="list-style-type: none"> ▪ Delinquent credit belonging to an ex-spouse can be excluded from the credit evaluation when all the following apply: <ul style="list-style-type: none"> - Borrower provides a copy of the divorce decree or separation agreement which shows the derogatory accounts belong solely to the ex-spouse - Late payments occurred after the date of the divorce or separation - Evidence of title transfer prior to any delinquent debt must be provided if debt is a mortgage and evidence of buyout as part of court proceedings - Collection accounts assigned to an ex-spouse may be excluded from aggregate collection totals with a divorce decree or separation agreement assigning the account solely to the ex-spouse |
| LAWSUIT/PENDING LITIGATION | <ul style="list-style-type: none"> ▪ If the application, title, or credit documents reveal the borrower is presently involved in a lawsuit or pending litigation, a statement from |

| Program Description | Summary |
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| | <p>the borrower’s attorney is required. The statement must explain the circumstances of the lawsuit or litigation and discuss the borrower’s liability and insurance coverage. A copy of the complaint and answer may also be needed.</p> <ul style="list-style-type: none"> ▪ The title company closing the loan must be informed of the lawsuit or litigation and provide affirmative coverage of Lender’s first lien position. |
| <p>CONSUMER CREDIT COUNSELING SERVICE (CCCS)</p> | <ul style="list-style-type: none"> ▪ Borrower enrollment in CCCS is allowed when a minimum of 12 months have elapsed on the plan and evidence of timely payments for the most recent 12 months is provided. ▪ The CCCS administrator must also provide a letter allowing the borrower to seek financing on a new home while enrolled in the plan. ▪ If accounts included in CCCS plan reflect as charge-off or collection accounts on the credit report, the balances can be excluded from the charge-off and collection limits in Collections and Charge- Offs. ▪ The monthly CCCS plan payment must be included in the DTI calculation. ▪ If a completion date is not shown on the credit report, the borrower is required to submit verification from the counseling agency establishing the date of completion. |
| <p>DISPUTED ACCOUNTS</p> | <ul style="list-style-type: none"> ▪ Current disputed accounts are excluded from the limit calculation as noted in the Collections and Charge-Offs Section of this guide, if the borrower(s) meets minimum reserve requirements and has additional seasoned reserves (no gifts or cash out allowed to satisfy the requirement) totaling amount of disputed accounts (total Minimum Reserves + Disputed Account Balance(s)). |
| <p>COLLECTIONS AND CHARGE-OFFS</p> | <ul style="list-style-type: none"> ▪ Borrower must have sufficient reserves to cover the balance of the charge-off or collection and still be able to meet program reserve requirements. ▪ The following accounts may remain open: <ul style="list-style-type: none"> - Collections and charge-offs < 24 months old with a maximum cumulative balance of \$2,000 - Collections and charge-offs ≥ 24 months old with a maximum of \$2,500 per occurrence - Collections and charge-offs that have passed beyond the statute of limitations for that state (supporting documentation required) - All medical collections - Active payments being made on the collection or charge off (payment must be added to DTI). Payment plan must be provided with documented 3 months timely payments. - Collection and charge-off with balances exceeding the amounts listed above must be paid in full prior to or at closing |
| <p>JUDGMENT AND LIENS</p> | <ul style="list-style-type: none"> ▪ All judgments and liens must be paid in full prior to or at closing. |

| Program Description | Summary |
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| <p>OBLIGATIONS NOT APPEARING ON CREDIT REPORT</p> | <ul style="list-style-type: none"> ▪ Mortgage and rental payments not reflected on the original credit report must be documented via an institutional Verification of Rent or Verification of Mortgage (VOR/VOM). A combined total of all late mortgage and rental payments in the past 12 months must be used to determine the housing history. ▪ If the borrower is making payments to an individual or interested party, 12 months of the most recent canceled checks or bank statements must be obtained. A VOR/VOM is not required but may be requested for clarification. ▪ All mortgages and rental payments should be current at time of closing. If the credit report or VOR/VOM reflects a past-due status, updated documentation is required to verify the account is current. |
| <p>INSTALLMENT DEBT</p> | <ul style="list-style-type: none"> ▪ Installment debt is a monthly obligation with fixed payments and terms. Payments on installment loans must be included in the borrower's DTI, if applicable. ▪ Payments can be excluded if there are 10 or fewer monthly payments remaining to pay the debt in full. ▪ Installment debt paid in full prior to closing can be excluded from the DTI. Supporting documentation, such as a credit supplement or direct verification from the creditor, must be obtained as evidence the debt has been paid in full. ▪ If no payment info is shown on the credit report, the calculation of the monthly payment will be 2% of the higher of the current unpaid balance or the high credit limit. A current monthly statement may also be provided to document the monthly payment amount when absent from the credit report. |
| <p>REVOLVING DEBT</p> | <ul style="list-style-type: none"> ▪ Revolving debt is open-ended debt in which the principal balance may vary from month to month. The minimum required payment as stated on the credit report or current account statement should be used to calculate the DTI. If no payment is stated on the credit report, the greater of \$10 or 5% of the current balance should be included in the DTI calculation. ▪ Revolving accounts are allowed to be paid off prior to or at closing in order to exclude the payment from the DTI. Supporting documentation, such as a credit supplement or direct verification from the creditor, must be obtained as evidence the debt has been paid in full. ▪ Authorized user accounts should not be considered in the borrower's DTI. |
| <p>BUSINESS DEBT</p> | <ul style="list-style-type: none"> ▪ A business debt is a financial obligation of a business and can be the sole responsibility of the business or be personally secured by the business owner, making that person also liable for the debt. If the debt is reflected in the borrower's personal credit report, the borrower is personally liable for the debt, and it must be included in the DTI. |

| Program Description | Summary |
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| | <ul style="list-style-type: none"> ▪ Debts paid by the borrower’s business can be excluded from the DTI with any of the following supporting documentation: <ul style="list-style-type: none"> - Most recent 3 months canceled checks drawn against the business account; or - Tax returns reflect the business expense deduction |
| TIMESHARES | <ul style="list-style-type: none"> ▪ Timeshare obligations will be treated as a consumer installment loan. |
| STUDENT LOANS | <ul style="list-style-type: none"> ▪ If a monthly student loan payment is provided on the credit report, that amount may be used for qualifying purposes. If the credit report does not reflect the correct monthly payment, the monthly payment that is on the student loan documentation (the most recent student loan statement) may be used to qualify the borrower. ▪ If the credit report does not provide a monthly payment for the student loan, or if the credit report shows \$0 as the monthly payment, then the qualifying monthly payment must be determined using one of the options below: <ul style="list-style-type: none"> - If the borrower is on an income-driven payment plan, student loan documentation may be obtained to verify the actual monthly payment is \$0. The borrower may then qualify with a \$0 payment. - For deferred loans or loans in forbearance, the following must be calculated: a payment equal to 1% of the outstanding student loan balance (even if this amount is lower than the actual fully amortizing payment); or fully amortizing payment using the documented loan repayment terms. |
| CHILD SUPPORT, ALIMONY, OR MAINTENANCE OBLIGATIONS | <ul style="list-style-type: none"> ▪ Monthly alimony, child support or separate maintenance fees should be current at time of application and must be included in the borrower’s DTI. The file should contain supporting documentation as evidence of the obligation, such as a final divorce decree, property settlement agreement, signed legal separation agreement, or court order. If payments are past-due, the arrearages must be brought current prior to loan closing. ▪ If 10 or fewer payments remain, see Installment Debt Section above to determine if the obligation may be excluded from the DTI calculation. |
| CONTINGENT LIABILITIES | <ul style="list-style-type: none"> ▪ An individual has contingent liability when an outstanding debt has been assigned to another party and the creditor does not release the borrower from liability. Contingent liabilities can be excluded from the DTI under the following scenarios: <ul style="list-style-type: none"> - Property resulting from buyout of former co-owner (e.g., divorce: file must include the court order and evidence of transfer of ownership) - Mortgage assumption by third party: file must include the formal assumption agreement and evidence of transfer of ownership - Court ordered assignment of debts: file must include a copy of the court order assigning the debt to another party |

| Program Description | Summary |
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| | <ul style="list-style-type: none"> ▪ The payment history for the assigned debt after the effective date of the assignment does not need to be evaluated. |
| DEBT PAID BY OTHERS | <ul style="list-style-type: none"> ▪ When a borrower is obligated on a non-mortgage debt but is not the party repaying the debt, the monthly payment may be excluded from the borrower's recurring monthly obligations. Debts can be excluded if documented as shown below: <ul style="list-style-type: none"> - The most recent 12 months' canceled checks (or bank statements) must be obtained from the other party making the payments that document a 12-month payment history with no delinquent payments ▪ When a borrower is obligated on a mortgage debt but is not the party who is repaying the debt, the full monthly payment may be excluded from the borrower's recurring monthly obligations if: <ul style="list-style-type: none"> - The party making the payments is obligated on the mortgage debt, - There are no delinquencies in the most recent 12 months, and - The borrower is not using rental income from the applicable property to qualify ▪ To exclude non-mortgage or mortgage debts from the borrower's DTI, the most recent 12 months' canceled checks (or bank statements) must be obtained from the other party making the payments that document a 12-month payment history with no delinquent payments. When a borrower is obligated on a mortgage debt – regardless of whether the other party is making the monthly mortgage payments – the referenced property must be included in the count of financed properties. |
| HOUSING PAYMENTS/OTHER REAL ESTATE OWNED | <ul style="list-style-type: none"> ▪ The monthly mortgage payment (PITIA) used for qualification for corresponding property as listed in the REO section of the application consists of the following: <ul style="list-style-type: none"> - Principal and interest - Hazard and flood and insurance premiums - Real estate taxes - Special assessments - Association dues - Any subordinate financing payments on mortgages secured by the corresponding property as listed in the REO section of the application |
| LEASE OBLIGATIONS | <ul style="list-style-type: none"> ▪ Lease obligations must be included in the DTI, regardless of the time remaining on the lease. |
| RETIREMENT/SAVINGS PLAN LOANS | <ul style="list-style-type: none"> ▪ Repayment for loans against a financial asset (retirement/savings plan, insurance policy) can be excluded from the total DTI provided the debt can be repaid by liquidating the asset. The value of the asset must be reduced by the amount of the debt when calculating funds to close and reserves. |
| OPEN-END ACCOUNTS (LIKE AS AMEX) | <ul style="list-style-type: none"> ▪ Do not have to be included in the monthly debt payment if the borrower has sufficient funds to pay off the outstanding account |

| Program Description | Summary |
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| | <p>balance. The funds must be verified in addition to any funds required for closing and reserves.</p> <ul style="list-style-type: none"> ▪ If the borrower paid off the account balance prior to closing, proof of pay off may be provided in lieu of verifying funds to cover the account balance. ▪ The most current monthly statement can be provided to document the present monthly payment when the monthly payment is not stated on the credit report. |
| <p>OPEN 30-DAY CHARGE ACCOUNTS</p> | <ul style="list-style-type: none"> ▪ For open 30-day charge accounts that do not reflect a monthly payment on the credit report, or 30- day accounts that reflect a monthly payment that is identical to the account balance, 5% of the outstanding balance will be the required monthly payment. |
| <p>INTERESTED PARTY CONTRIBUTIONS (IPCS)</p> | <ul style="list-style-type: none"> ▪ Primary & 2nd Home & Investment: 6 % ▪ All Interested Party Contributions must be properly disclosed in the Sales Contract, Appraisal, loan estimate (LE), and closing disclosure (CD), and be compliant with applicable federal, state, and local law. Disclosure requirements only pertain to Consumer loans. ▪ Interested party contributions include funds contributed by the property seller, builder, real estate agent/broker, mortgage lender, their affiliates, or any other party with an interest in the real estate transaction. A borrower participating in the transaction (i.e., the borrower acting as their own agent) may contribute funds (i.e., commission) up to the maximum contribution limits referenced above. ▪ Contributions from a real estate agent/broker or mortgage originator may be allowed if the max contribution percentages are not exceeded for total contributions paid on behalf of the borrower and dollar amount does not exceed the dollar amount of non-reoccurring closing costs. ▪ The value of sales concessions must be deducted from the sales price when calculating LTV for underwriting and eligibility purposes. The LTV is calculated using the lower of the reduced purchase price or the appraised value. ▪ Sales concessions include: <ul style="list-style-type: none"> - Financing concessions more than the max financing concession limitations; or - Contributions such as cash, furniture, automobiles, decorator allowances, moving costs, and other giveaways granted by any interested party to the transaction (Promissory Note: contributions with a combined value under \$1,000 should be excluded) ▪ Interested party contributions may only be used for closing costs and prepaid expenses (financing concessions) and may never be applied to any portion of the down payment or contributed to the borrower’s financial reserve requirements. If an IPC is present, then the sales price is reduced by the concession amount that exceeds the limits referenced above. |

| Program Description | Summary |
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| | <ul style="list-style-type: none"> ▪ Allowances for any repairs, item replacement, condition of property, or recurring closing incentives are not allowed and must be subtracted from the purchase price for calculation of LTV/CLTV. |
| ASSETS | <ul style="list-style-type: none"> ▪ Assets and reserves should be calculated and documented to Fannie Mae (FNMA) guidelines unless otherwise specified in the guidance below. FNMA guidelines will prevail where these Guidelines are silent regarding sources and types of assets. ▪ Bank statements and/or investment portfolio statement. Complete copies of the asset statements from the most recent 30 days prior to the Promissory Note date. ▪ The statements may be computer generated forms, but must include or state the following: <ul style="list-style-type: none"> - Clearly identify the borrower as the account holder, the account numbers, the time the statements cover. Include all deposits and withdrawal transactions. The statements must include the previous close balance, the current balance, and the ending account balance. - Retirement account statements must be from the most recent period and identify the borrower’s vested amount and terms. |
| ELIGIBLE ASSETS | <ul style="list-style-type: none"> ▪ Checking and Savings (100%) ▪ Certificates of Deposit (100%) ▪ U.S. Savings Bonds (100% if fully matured, otherwise 80%) ▪ Marketable Securities (100% net of margin debt): Marketable Securities are defined as legitimate stocks, bonds or mutual funds that are publicly traded ▪ Restricted Stock Units (RSU): Refer to FNMA requirements ▪ IRA, Keogh, and 401(k) Retirement Accounts (80% of vested balance excluding outstanding loans secured against it if under eligible retirement age, 100% of vested balance excluding outstanding loans secured against its eligible retirement age) ▪ Pension Plans (60%): Only amounts accessible within a 30-day window are permitted ▪ Annuities (60%): Only amounts accessible within a 30-day timeframe are permitted ▪ Trust Accounts (100%): Must review a copy of the full Trust Agreement ▪ Life Insurance: Cash value must be verified by a letter from the insurance company otherwise the surrender value must be used ▪ Virtual Currency/Crypto Currency: Must be transferred to a traditional bank account in U. S. Dollars (USD). Sufficient documentation from the virtual/crypto account such as a statement must be provided to document the use of funds ▪ Spousal accounts: Accounts held solely in the name of a non-borrowing spouse may be used for down payment and closing costs only. |

| Program Description | Summary |
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| | <p>Accounts held solely in the name of a non- borrowing spouse may not be used to meet reserve requirements</p> |
| <p>INELIGIBLE ASSETS</p> | <ul style="list-style-type: none"> ▪ Unsecured funds/financing ▪ Cash on hand ▪ Cash advance/credit cards ▪ Funds pledged or used as collateral for another loan ▪ Down payment assistance programs ▪ Section 8 vouchers ▪ Salary advance ▪ Sweat equity ▪ Grant funds ▪ Builder profits ▪ Proceeds from SBA/PPP loans or any other government assistance |
| <p>LARGE DEPOSITS</p> | <ul style="list-style-type: none"> ▪ When bank statements are used, large deposits must be evaluated. Large deposits are defined as any single deposit exceeding 50% of the borrower’s average monthly income amount. ▪ Requirements vary based on transaction type as well as program matrices: <ul style="list-style-type: none"> - Refinance: Documentation or explanation is not required however it must be clear that any borrowed funds, including any related liability, are considered. - Purchase: Documentation is required to verify the large deposit came from an acceptable source. Any unverified large deposit must be backed out of the qualifying assets and a letter of explanation is required. |
| <p>BUSINESS ASSETS</p> | <ul style="list-style-type: none"> ▪ The use of business assets for self-employed borrowers for down payment, reserves and closing costs are allowed. The borrowers on the loan must have 25% ownership of the business and must be the owners of the account. If additional assets over the percent of ownership are to be used toward downpayment and/or reserves, an access letter(s) from the remaining owners of the business must be obtained. ▪ If income from the business is being used to qualify, a letter from a CPA or Third-Party Tax Preparer must be obtained verifying that the withdrawal of funds for the transaction will not have a negative impact on the business. ▪ The CPA/Tax Preparer must attest that they have audited the business financial statements or reviewed working papers provided by the borrower as well as attest that they are not affiliated/associated with the borrower or their business. ▪ If a CPA letter is not provided, a cash flow analysis of the business assets and liabilities (balance sheet) must be completed by the client to determine if the withdrawal of funds from the business is acceptable. |

| Program Description | Summary |
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| FOREIGN ACCOUNTS | <ul style="list-style-type: none"> ▪ Foreign funds for closing costs and down payment must be transferred to a traditional bank account in U. S. Dollars (USD) at least 10 days prior to closing or proof sent directly to the settlement agent or escrow account. ▪ Sufficient documentation from the foreign account such as a statement must be provided to document the use of funds. ▪ All documents must be translated to the English language. ▪ Reserves can be in a foreign account, but we will require them to be translated into English. ▪ Funds from an ineligible ofac sanctioned country cannot be used. http://www.treasury.gov/resource-center/sanctions/Programs/Pages/Programs.aspx |
| VIRTUAL CURRENCY | <ul style="list-style-type: none"> ▪ Crypto currencies Bitcoin and Ethereum are eligible sources of funds for down payment and closing costs and reserves. ▪ For down payment and closing cost, the assets must be liquidated and deposited into an established U.S. bank account. ▪ For reserves, documentation to prove ownership of the crypto holdings must be provided together with verification of current valuation from the Coinbase Exchange within 30 days of Promissory Note date at 60% of the current valuation. ▪ If the borrower transfers the cryptocurrency into a U.S. financial institution prior to closing, 100% of the funds can be used for reserves. ▪ CRYPTO CURRENCY IS NOT AN ELIGIBLE LIQUID ASSET FOR ASSET DEPLETION. |
| 1031 EXCHANGE | <ul style="list-style-type: none"> ▪ Delayed 1031 Exchange funds for “like—kind exchange” are eligible for earnest money deposit (EMD), down payment, and closing costs. ▪ 1031 EXCHANGE FUNDS ARE NOT ELIGIBLE FOR RESERVES. |
| SUBORDINATE FINANCING | <ul style="list-style-type: none"> ▪ New and existing junior liens secured by the subject property and subordinating to the first mortgage is allowed based on program matrices provided the following is met: <ul style="list-style-type: none"> - The combined LTV of the first and subordinating junior lien(s) may not exceed program thresholds. - The junior lien must be from an institutional lender. - The existing junior lien must have a remaining term of at least 5 years. - The terms of the Promissory Note must provide for regular monthly payments of at least interest only with no provisions for future advances, or wrap-around terms. - The principal and / or interest payment must be added to the monthly DTI. - A copy of the executed Promissory Note on the subordinating junior lien(s) must be obtained and included in the loan file. The Promissory Note must be reviewed and approved by the underwriter prior to ordering loan documents. |

| Program Description | Summary |
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| | <ul style="list-style-type: none"> - A certified copy of the fully executed Subordination Agreement must be reviewed and approved by the underwriter prior to funding the loan. The Subordination Agreement must record concurrently with the first mortgage / deed of trust. |
| RELOCATION CREDITS | <ul style="list-style-type: none"> ▪ A copy of the commitment letter from the employer’s relocation company describing the details and terms of the relocation package. A receipt showing the deposit of funds into the borrower’s account or escrow/title must be obtained and included in the loan file. |
| SALE OF REAL PROPERTY | <ul style="list-style-type: none"> ▪ If the source of funds to close the subject transaction will be proceeds from the sale of real estate owned by the borrower, the amount of the net proceeds must be documented ▪ Pending Sale: If the sale has not closed, a copy of the agreement of sale and estimated Settlement Statement or must be obtained and reviewed by the underwriter to ensure the net proceeds will be sufficient for closing and proof of any mortgages or liens are included to be paid at closing. The final Settlement Statement (CD) showing sufficient funds to close must be provided at closing and included in the loan file. ▪ Closed Sale: If the sale has closed, a copy of the Final Settlement Statement (FSS) must be provided. Verify net proceeds from the sale are either held in escrow / title or on deposit in the borrower’s account must be obtained and included in the loan file. |
| TRUST ACCOUNTS | <ul style="list-style-type: none"> ▪ Funds disbursed from a borrower’s trust account are an acceptable source for down payment, closing costs, and reserves provided the borrower has immediate access to the funds. <ul style="list-style-type: none"> - Written documentation of the value of the trust account from either the trust manager or the trustee; and - The conditions under which the borrower has access to the funds and the effect, if any, that the withdrawal of funds will have on trust income used in qualifying the borrower for the mortgage. |
| SALE OF PERSONAL ASSETS | <ul style="list-style-type: none"> ▪ Proceeds from the sale of personal assets are an acceptable source of funds for down payment, closing costs, and reserves, provided the individual purchasing the asset is not a party to the property sale or mortgage financing transaction. ▪ The following must be documented: <ul style="list-style-type: none"> - Borrower’s ownership of the asset - Value of the asset, as determined by an independent and reputable source - Transfer of ownership of the asset, as documented by either a bill of sale or a statement from the purchaser - Borrower’s receipt of the sale proceeds from documents such as deposit slips, bank statements, or copies of the purchaser’s canceled check |
| GIFT FUNDS | <ul style="list-style-type: none"> ▪ 100% Gift Funds are allowed for down payment and closing cost. |

| Program Description | Summary |
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| | <ul style="list-style-type: none"> ▪ Gift Funds are allowed but may not be used to meet the reserve requirement and guidelines to be followed for donor relationship to borrower(s), documentation, proof of funds, and evidence of receipt. ▪ The donor may not be, or have any affiliation with, the builder, the developer, the real estate agent, or any other interested party to the transaction. ▪ A relative, defined as the borrower’s spouse, child, or other dependent, or by any other individual who is related to the borrower by blood, marriage, adoption, legal guardianship, fiancé, or domestic partner. ▪ For any gift provided by a non- U.S. citizen, the donor must be screened against the OFAC Specially Designated Nationals (SDN) list. ▪ If funds transferred prior to closing into borrower’s account: <ul style="list-style-type: none"> - Sufficient funds to cover the gift must be verified either in the donor’s account or have been transferred to the borrower’s account. - a copy of the donor’s Cleared check and borrower’s deposit slip - a copy of the donor’s withdrawal slip (must reflect beginning /ending balance) and the borrower’s deposit slip, a copy of the donor’s cleared check to the closing agent including escrow deposit receipt letter ▪ If transferred directly to closing agent: <ul style="list-style-type: none"> - When the funds are not transferred prior to settlement, the underwriter must document that the donor gave the closing agent the gift funds in the form of a certified check, a cashier’s check, or other official check (e.g., wire confirmation). - A prior to funding (PTF) condition to support that the gift shows on the Closing Disclosure (CD) or Settlement Statement. |
| GIFT OF EQUITY | <ul style="list-style-type: none"> ▪ Treated as a purchase transaction. A fully executed Purchase Agreement is required. ▪ The donor of the gift of equity must be from a family member (e.g. spouse, any type of domestic partnership or union, fiancée, boyfriend / girlfriend, parent, brother, sister, child, grandparent, aunt, uncle, nephew, niece). ▪ A gift letter signed and dated by the donor and borrower is required. The gift letter must explain the gift of equity, stating the amount of the gift and that no repayment is expected nor implied. ▪ Proof the existing mortgage lien secured by the subject property is not currently delinquent. |
| EARNEST MONEY DEPOSIT (EMD) | <ul style="list-style-type: none"> ▪ Copy of check (canceled or not canceled) along with certified escrow receipt ▪ Bank statement showing the check has cleared along with certified escrow receipt. ▪ Verification of acceptable sources of funds on any deposit paid outside of escrow must be satisfactorily documented. |

| Program Description | Summary |
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| | <ul style="list-style-type: none"> ▪ Multiple deposits made to escrow outside of the initial EMD must be documented in the same manner as the initial EMD outlined above and are considered as additional downpayment funds. ▪ EMD that has been with escrow longer than 12 months from date of the application, we will require an LOE from escrow/title company. |
| INCOME | <ul style="list-style-type: none"> ▪ 1 or 2 years Full Doc ▪ 12/24 months bank statements (personal) ▪ 12/24 months bank statements (business) ▪ P&L Only ▪ 1099 (IRS Form) Only ▪ Asset Utilization ▪ UNACCEPTABLE INCOME SOURCES <ul style="list-style-type: none"> - Contributions or support from family members outside of regular W2 wage earnings - Educational benefits - One Time Capital Gains (continuing Capital Gains may be considered as acceptable source of income) - Refund of federal, state, or local income tax - Self-employed income derived from the growing, distribution, transfer, development, or other vendor/supplier relation to marijuana. W2 Wage earnings for employees of a marijuana related business are eligible. |
| 4506-C REQUIREMENTS | <ul style="list-style-type: none"> ▪ Executed 4506-C form from any individual named as a borrower on the loan is required for Full Doc. ▪ This is required for both personal and business tax returns as applicable to borrower's income type being used to qualify. ▪ Alt Doc does not require. ▪ When the most recent tax transcript is not available the following is required: <ul style="list-style-type: none"> - Prior to April 15th <ul style="list-style-type: none"> ◦ Previous 1 year tax return; and ◦ Year-end P&L Statement covering 12 months of the most recent tax year and ◦ YTD P&L Statement - After April 15th <ul style="list-style-type: none"> ◦ Previous 1 year tax return and ◦ Copy of extension from IRS and ◦ Year-end P&L Statement covering 12 months of the most recent tax year ◦ YTD P&L Statement |
| INCOME DOCUMENTATION FULL DOC – WAGE EARNER | <ul style="list-style-type: none"> ▪ Most recent 1-year W2 & paystub covering most recent 30 days of earnings for full time employment. (If using income other than base/salary or employed part time or using second job income – 2 years |

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| | <p>W2 & WVOE required along with most recent paystub covering 30 days of earnings.)</p> <ul style="list-style-type: none"> ▪ Signed 4506–C and transcripts to support income. ▪ Pay stubs must be typed or computer generated and should reflect year-to-date (YTD) earnings. If internet printout, the URL and date should be included. Handwritten pay stubs are acceptable, if supported by bank statements for the most recent 2 months. ▪ W-2s must be typed or computer generated and should reflect a nine-digit employer ID number (EIN). If internet printout, the URL and date must be included. ▪ Documents should provide the borrower’s full name, address, employer name, YTD earnings, and rate of pay. ▪ If pay stubs reflect garnishments (child support, IRS, etc.) or any loan deductions (401(k) exempt), additional information will be required to determine if a monthly payment should be included in the DTI calculation. ▪ For income types that require sufficient remaining assets to establish continuance, those assets cannot be in the form of virtual currency/cryptocurrency. ▪ WVOE <ul style="list-style-type: none"> - Income and employment must be provided by an FNMA approved 3rd party vendor such as The Work Number. FNMA WVOE Form 1005 is not eligible under the standard income documentation. - A FNMA WVOE Form 1005 could be used in conjunction with W2s and paystubs if needed for fluctuating income such as bonus, OT, or commission. - Bonus Income - The borrower must evidence a minimum of 12-month history (e.g. YTD, prior year, prior year + YTD) of bonus income. Borrowers in the same line of work with different employers will be considered on a case-by-case basis. - WVOE verifying probable continuance of bonus income, or if not commented on, a 2-year history will suffice for probability of continuation. - Calculation will be based on the most recent 12 months history. ▪ Commission Income <ul style="list-style-type: none"> - The borrower must evidence a minimum of 12-month history (e.g. YTD, prior year, prior year + YTD) of bonus income. For borrowers in the same line of work with different employers, they will be considered on a case-by-case basis - WVOE or end of the year paystub is required - Paystubs must reflect commission income on YTD earnings - A Letter of Explanation (LOE) from the borrower, expanded history and further support will be required if commission income is declining - Calculation will be based on the most recent 12-month history |

| Program Description | Summary |
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| | <ul style="list-style-type: none"> ▪ Overtime Income <ul style="list-style-type: none"> - Must be verified as historical and average YTD earnings - When reviewing the trend history of OT, it should be verified that the income is consistent over that time frame and will have a high likelihood of continuance - Calculation will be based on the most recent 12 months history average ▪ Shift Differential <ul style="list-style-type: none"> - Must be verified as historical and average YTD earnings - When reviewing the trend history of Shift Differential, it should be verified that the income is consistent over that time frame and will have a high likelihood of continuance - Calculation will be based on the most recent 12 months history ▪ Seasonal Employment/Unemployment <ul style="list-style-type: none"> - The borrower has worked for the same employer for the past 24 months - WVOE required stating a reasonable expectation of returning the next season - If using unemployment compensation for time-off has been consistent for the past 24 months and coincides with the seasonal job - Income to be annualized over a 12-month period for qualifying purposes, unless income is declining - If they are in a union (construction, electrical, plumbing) and are placed on different jobs over a period that is considered acceptable ▪ Military Income <ul style="list-style-type: none"> - Military personnel may be entitled to different types of pay in addition to their base pay. Use the verified monthly amount as documented by WVOE and evidence of receipt. The WVOE must include the likelihood it will continue for the duration of the enlistment. - Flight pay - Hazard pay - Rations - Clothing allowance - Quarters allowance - Proficiency pay |
| <p>INCOME DOCUMENTATION FULL DOC – SELF-EMPLOYED</p> | <ul style="list-style-type: none"> ▪ Applicants must own at least 25% of a business to be considered self-employed. ▪ Applicants must have been successfully self-employed for a minimum of 2 full years; however, a borrower may qualify with less than 2 years but more than 1 year if the borrower can document at least 2 years of documented previous successful employment in the same line of work in which the person is self-employed or related occupation or 1 year of employment and formal education or training in the same line of work. |

| Program Description | Summary |
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| | <ul style="list-style-type: none"> ▪ YTD P&L required covering the most recent quarter can be completed and signed by borrower. ▪ The calculation is based on the most recent year of tax returns and the YTD P&L. ▪ Sole Proprietor <ul style="list-style-type: none"> - Use 1040 federal tax return Schedule C net income/loss, plus non-cash expenses - 2-year history of receipt - Complete 1040 federal tax return with all schedules - Current YTD P&L with bank statements for 3 preceding months ▪ Partnership <ul style="list-style-type: none"> - Use income average from 1040 Federal Tax return and K1's based on borrower's percentage of ownership - 2-year history of receipt - K1's with all schedules for most recent year - Complete 1040 and 1065 federal tax returns with all schedules - Current YTD P&L with bank statements for 3 preceding months ▪ S-Corporation <ul style="list-style-type: none"> - Use income average from 1040 and 1120-S federal tax returns - 2-year history of receipt - K1's with all schedules for most recent year - Complete 1040 and 1120-S federal tax returns with all schedules - Current YTD P&L with bank statements for 3 preceding months ▪ Corporation <ul style="list-style-type: none"> - Use income average from 1040 and 1120 federal tax returns based on borrower's percentage of ownership - 2-year history of receipt - Complete 1040 and 1120 Federal Tax Returns with all schedules - Current YTD P&L with bank statements for 3 preceding months ▪ When using personal or business tax returns for qualifying income, the below requirements must be met: <ul style="list-style-type: none"> - Signed 1040 forms - Proof of tax payment: The taxpayer must provide proof that their taxes have been paid in full. If the taxes have not been fully paid, the taxpayer must provide documentation of an installment plan with the IRS. - Installment plan requirements: If an installment plan is in place, proof that at least 3 payments have been made under the new plan is required. - The DTI must be updated to reflect any payments made under an installment plan. |
| <p>INCOME DOCUMENTATION ALT DOC - BANK STATEMENT ANALYSIS</p> | <ul style="list-style-type: none"> ▪ Self-employed borrowers can use either personal or business bank statement documentation. ▪ Statements used for income must be consecutive and reflect the most recent months available. Page 1 is acceptable only for each month's bank statements if they show beginning balance, deposits, withdrawals, |

| Program Description | Summary |
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| | <p>and ending balance. If the most recent months bank statements have a 50% difference from beginning to ending balance for just the most recent month, all pages will be required.</p> <ul style="list-style-type: none"> ▪ Personal History: Borrowers should be self-employed for at least 2 years; however, a borrower may qualify with less than 2 years but more than one year if the borrower can document at least 2 years of previous successful employment in the same line of work in which the person is self-employed or related occupation or one year of employment and formal education or training in the same line of work. ▪ Businesses History: Business should be established and have been in existence for the past 2 years; however, if a borrower is qualifying with less than 2 years but more than 1 year of self-employment, then the business should be established for the same length of time and borrower must document that have been in the same line of work or had schooling in the profession in the year preceding the business start date. ▪ If all pages on the bank statements are used to qualify income, transfers will be excluded unless it is a wire transfer in from another company for services rendered. ▪ Statements must support stable and generally predictable deposits; large and unusual deposits must be sourced and if they cannot be sourced, they will be excluded. A large deposit is defined as a single deposit that exceeds 50% of that month beginning balance of the bank statement. Large cash deposits are not an acceptable deposit source (will be considered case-by-case depending on the type of business). ▪ If the income exhibits a seasonality of income effect, whereby a 2-year history would be a better representation of the borrower's income, then 24 months of bank statements are required. For example, if the borrower receives most of their income/deposits in a particular quarter or 6-month period as seen in certain industries such as mining, construction, landscaping, etc., then utilization of 24 months of bank statements is required to support the income as reliable. ▪ Non-Sufficient Funds (NSF) and negative beginning or ending account balances will be reviewed over the most recent 60 days and will be subject to underwriter discretion. ▪ Lender will consider other forms of income used in conjunction with the bank statement Program such as W2 income, asset depletion, or other sources of income (per FNMA). ▪ The following items are examples of what is to be excluded as eligible deposits from personal and business bank statements when all pages are provided: <ul style="list-style-type: none"> - Transfers from other bank or asset accounts without inclusion of relevant statements - Extraordinary asset sales not part of normal business activity - Any borrowed funds or grants (e.g., SBA loans, SBA PPP grants or any other similar COVID-19 related loans or grants) |

| Program Description | Summary |
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| | <ul style="list-style-type: none"> - Tax refunds - Gift funds - Rental income deposits |
| <p>ALT DOC - 12 MONTH BANK STATEMENTS PERSONAL</p> | <ul style="list-style-type: none"> ▪ All parties listed on a personal bank account used for income must be included as borrowers on the application unless each deposit is documented as business income with invoice of service. ▪ 12 months personal bank statements (multiple bank accounts may be used). Dated within 90 days of Promissory Note date. ▪ 2 months business bank statements (to support the borrower does maintain separate account(s) (transaction histories are not acceptable). If business bank statements cannot be provided to evidence a separate business account, then refer to the Business and Co- Mingled Personal Bank Statements Section of this guide for further requirements. ▪ 100% of personal bank account deposits. |
| <p>ALT DOC - 12 MONTH BUSINESS AND CO-MINGLED PERSONAL BANK STATEMENTS</p> | <ul style="list-style-type: none"> ▪ A co-mingled bank account is a personal account used by a borrower for both business and personal use. ▪ A separate business account is not required. ▪ 10% Expense factor will be applied ▪ The borrower must be the sole owner of the business. ▪ The borrower must be self-employed for at least 2 years and the application must reflect a minimum of two years employment history. ▪ Business being used to source the income must be in existence for 2 years supported by one of the following: <ul style="list-style-type: none"> - CPA letter, or - Business license, or - Other reasonable evidence of business activity. ▪ FUNDS/DEPOSITS IN A TRUST ARE INELIGIBLE |
| <p>ALT DOC - 12-MONTH BANK STATEMENT BUSINESS</p> | <ul style="list-style-type: none"> ▪ 12 months of business bank statements or from account opening to current for the same account. (If an account has been moved to a different bank and is shown to be one and the same, that will be acceptable). ▪ Co-mingling of multiple accounts to generate a full 12 months is not permitted. ▪ Transaction histories are not acceptable. ▪ The borrower must be at least 25% owner of the business. If multiple owners, then the income used will be based on ownership percentages. ▪ Third-party verification of business existence. ▪ Business bank statements must be consecutive and from the most recent period. ▪ Qualifying income will be determined based on one of the following calculations below: |

| Program Description | Summary |
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| | <ul style="list-style-type: none"> - Percentage of gross deposits as calculated using a fixed expense ratio factor of 25% or - Percentage of gross deposits as calculated using a fixed expense ratio factor as provided by a CPA, Enrolled Agent, CTEC, or chartered tax adviser. The CPA/licensed tax preparer must attest they have audited the business financial statements or reviewed working papers provided by the borrower as well as attest they are not affiliated/associated with the borrower or their business. - The minimum expense ratio permitted is 10% |
| <p>ALT DOC - P&L ONLY</p> | <ul style="list-style-type: none"> ▪ The borrower must be self-employed for two years. ▪ Profit and loss covering the most recent previous 12 months. To be dated with the most recent month within 90 days of close completed and reviewed by a Certified Public Accountant, Enrolled Agent, CTEC, Chartered Tax Adviser or Independent Licensed Accountant. ▪ The CPA/Licensed Tax Preparer must attest that they have audited the business financial statements or reviewed working papers provided by the borrower as well as attest that they are not affiliated or /associated with the borrower's business if they have not done so somewhere else in the loan file. ▪ Proof that the appropriate 3rd party completing the review is duly licensed, or certified (certification or licensing proof is acceptable if verified by professional services directory, government listing, or other reasonable 3rd party (certification proven by other reasonable methods may be allowed at underwriter discretion) ▪ Proof the business has been in operation for 12 months or longer ▪ 3rd party documentation from which the borrower's ownership percentage can be determined ▪ Documents which are not required to list all owners do not meet this requirement ▪ P&L must reasonably reflect the income and expenses of the industry described ▪ P&L statements not meeting the requirements of this section, or which are suspicious in nature, may require additional verification ▪ A verbal verification of employment for the business must be done with the CPA/Licensed Tax Preparer as described above prior to closing. |
| <p>ALT DOC - 1099 (IRS FORM) ONLY</p> | <ul style="list-style-type: none"> ▪ Borrowers who have a 2-year history of receiving 1099 only or have recently converted from W2 to 1099 and have at least 1 year of receiving 1099 in the same line of work may utilize this program. ▪ This program is typically used for individuals earning 100% commission or are considered independent contractors. ▪ Multiple 1099s can be used if verification borrower is still earning or contracting through all companies the 1099s have been provided for. ▪ 1099 for the previous tax year, payable to the borrower not a business. |

| Program Description | Summary |
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| | <ul style="list-style-type: none"> ▪ VOE from the current contract employer covering the most recent 2 years plus YTD earnings, likelihood of continued contractor status and whether the contractor is required to pay for any business-related expenses (non-reimbursed). ▪ If the verification does not reference related expenses, then a Fixed Expense Ratio of 10% may be used OR 3rd party prepared P&L (CPA, EA accountant, or tax preparer) with attestation of expense ratio. ▪ Most recent two months proof of receipt is required in the form of paystubs, checks or bank statements. ▪ 12-month average from the total number of 1099s minus the expense factor from a method chosen from above. ▪ YTD earnings must be documented to support the ongoing receipt of income showing on the 1099s by: <ul style="list-style-type: none"> - Checks or a single check stub with YTD totals if available; or - Bank statements covering YTD - YTD earnings must be within 10% or greater than the prior year's earnings. ▪ If WVOE cannot be obtained for any employers in 2-year history, need LOE regarding extenuating reason it cannot be obtained as well as year end and year to date paystubs from all employers to support income calculation. ▪ Supplemental income such as W2 or SSI may be included with this loan program provided it is not the dominate income type or conflicts with primary income calculation. Supplemental income should be documented in accordance with full doc income requirements. |
| PTIN | <ul style="list-style-type: none"> ▪ Must have an active website identifying name, and address; and ▪ Must be able to verify website (Google, LinkedIn etc.) and identify the business as a tax preparer or similar; or ▪ PTIN working seasonally for tax preparer and/or companies such as HR Block, Turbo tax etc. are acceptable with documentation supporting seasonal employment such as verification they are currently employed or proof they have recently been employed as a tax preparer |
| ALT DOC - ASSET UTILIZATION | <ul style="list-style-type: none"> ▪ Asset Utilization may be used to determine qualifying income both alone and in conjunction with other documentation options. ▪ Gift funds are not permitted when asset utilization is solely used. ▪ Qualified assets may be comprised of stocks, bonds, mutual funds, vested amount of retirement accounts, and bank accounts. If a portion of qualified assets is being used for down payment, closing costs or reserves, those amounts must be excluded from the balance before analyzing a portfolio for income determination. Proof of 3-month seasoning of all assets is required. ▪ A large deposit is a single deposit that exceeds 50% of qualifying gross monthly income for asset utilization. ▪ 100% of checking, savings, and money market accounts. |

| Program Description | Summary |
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| | <ul style="list-style-type: none"> ▪ 100% of the remaining value of stocks & bonds. ▪ 70% of 401(k), Retirement assets (if under 59 ½ years old). ▪ 100% of 401(k), Retirement assets (if over 59 ½ years old). ▪ Business funds must be transferred to the borrower’s personal account. ▪ Monthly Income = Net Qualified Assets / 60 Months |
| OTHER INCOME SOURCES | <ul style="list-style-type: none"> ▪ Follow FNMA |
| RENTAL INCOME | <ul style="list-style-type: none"> ▪ Departing Residence <ul style="list-style-type: none"> - Copy of executed lease and verification of security deposit and first-month’s rent deposited to borrower’s account - May not be leased to a family member - Lease agreement must be for a minimum 12-month term - Qualifying rental income will be gross rents x 75% (25% vacancy factor) ▪ All Properties Except Departing Residence <ul style="list-style-type: none"> - Recent personal tax return at least 1- year and copy of current unexpired, executed lease (if lease is not current, evidence need to be provided showing lease converted to month-to- month) and at least 2 months proof of current rental income being received (i.e., canceled checks and/or deposits). Rental income must be derived solely from the ownership of rental properties as declared on Schedule E. - Rental income from new lease required documentation: Copy of executed lease and verification of security deposit and first-month’s rent deposited to borrower’s account. May not be leased to a family member. Property must have been purchased within the last tax year. A rental schedule is required in the appraisal report. - Rental income from short leases, Airbnb, VRBO, Homestay, or other vacation rentals (i.e., short-term rentals) will be allowed with a 1-year history of receipt as reported on the borrower’s income tax returns for the subject property investment property and refinances only. Evidence that the property is currently being offered for rent in the same manner is required. Market rents cannot be used for short-term rental income. A 1-year history is required and proof of current receipt of rental income being received is required. |
| VVOE | <ul style="list-style-type: none"> ▪ Completed within 10 Business days for Self-Employed borrowers ▪ Completed within 10 Calendar days for Wage Earners ▪ Telephone number for the borrower’s employer must be verified independently via any of the following: telephone book, internet, directory assistance, or by contacting the applicable licensing bureau ▪ For self-employed borrowers, the existence of the business must be independently verified through a disinterested third party <ul style="list-style-type: none"> - CPA, regulatory agency, PTIN as outlined above or applicable licensing bureau - Secretary of State listing reflecting current year registration |

| Program Description | Summary |
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| | <ul style="list-style-type: none"> - Verification of a phone and address listing using the internet |
| PROPERTY SURVEY | <ul style="list-style-type: none"> ▪ Required on New Construction |
| SECOND APPRAISAL | <ul style="list-style-type: none"> ▪ Loan amount ≥ \$2,000,000 ▪ HMPL purchase loan that is a flip ▪ When a second Appraisal is provided, the transactions “Appraised Value” will be the lower of the 2 Appraisals. |
| APPRAISAL TRANSFER | <ul style="list-style-type: none"> ▪ Acceptable ▪ The Appraisal must have been completed by an appraisal management company (AMC) ▪ Lender must receive confirmation of the borrower’s receipt of the Appraisal at least 3 business days prior to closing. ▪ Provide a copy of the appraisal invoice |
| APPRAISAL REVIEW REQUIREMENTS | <ul style="list-style-type: none"> ▪ A Desk Appraisal is required on all loan amounts under \$2,000,000 ▪ The Appraisal Desk Review product can be waived if the loan is submitted to Collateral Underwriter (CU) and receives an FNMA CU score of 2.5 or lower ▪ If the Desk Appraisal reflects a value more than 10% below the appraised value, the value of the Desk Review would be used (maximum 20% below the appraised value) ▪ To dispute the value of the desk review and to request reconsideration of the value if the variance is between 10% to 20% a Field Review can be ordered. |
| MINIMUM SQUARE FOOTAGE | <ul style="list-style-type: none"> ▪ Single family residence: minimum 600 square feet ▪ Condos: minimum 400 square feet ▪ 2-4 units: minimum 400 square feet per individual unit |
| ACREAGE | <ul style="list-style-type: none"> ▪ Properties up to 20-acres |
| ESCROW HOLDBACKS | <ul style="list-style-type: none"> ▪ Escrow holdbacks are not permitted. |
| ACCESSORY DWELLING UNITS (ADU) | <ul style="list-style-type: none"> ▪ The property is defined as a 1-unit property with an ADU ▪ The Appraisal report demonstrates that the improvements are typical for the market through an analysis of at least one comparable property with the same use. ▪ Rental income may be used for the accessory unit subject to the following: <ul style="list-style-type: none"> - Appraisal to reflect zoning compliance is legal - Permit is not required to establish zoning compliance - Purchase: Not eligible to use rental income from ADU - Refinance: The market rent for the accessory unit should be documented on FNMA Form 1007 and the file must include a copy of the current lease agreement with 2 months’ proof of current receipt |

| Program Description | Summary |
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| FLIP TRANSACTIONS | <ul style="list-style-type: none"> ▪ When the subject property is being resold within 180 days of its acquisition by the seller and the sales price has increased more than 10%, the transaction is considered a “flip.” ▪ To determine the 180-day period, the acquisition date (the day the seller became the legal owner of the property) and the purchase date (the day both parties executed the Purchase Agreement) should be used. ▪ Transactions must be an arm’s length, no identity of interest between the buyer, seller or other parties in the sales transaction. ▪ No pattern of previous flipping activity may exist in the last 12 months. Exceptions to ownership transfers may include newly constructed properties, sales by government agencies, properties inherited or acquired through divorce, and sales by the holder of a defaulted loan on a case-by-case. ▪ Property must be marketed openly and fairly, through a multiple listing service, auction, for sale by owner offering (documented) or developer marketing. ▪ No assignments of the contract to another buyer ▪ If subject property is being purchased for more than 5% above the appraised value, a signed letter of acknowledgement from the borrower must be obtained. ▪ Sufficient documentation to validate the actual cost to construct or renovate (e.g., purchase contracts, plans and specifications, receipts, invoices, lien waivers, etc.) must be provided. ▪ On a purchase transaction, a second Appraisal is required if: <ul style="list-style-type: none"> - If the seller acquired the property within the past 90 days and the new purchase price is more than 10% of the seller’s acquisition price: or - If the seller acquired the property within the past 91 to 180 days and the new purchase price is more than 20% of the seller’s acquisition price - The second Appraisal must be obtained prior to the Promissory Note date - A second Appraisal must be provided for the borrower - The cost of the second Appraisal may not be passed along to the borrower ▪ Flip transactions must comply with the HPML appraisal rules in Regulation Z. The full Reg Z revisions can be found at: https://www.consumerfinance.gov/compliance/compliance-resources/mortgage-resources/higher-priced-mortgage-loans-appraisal-rule/ |
| RURAL PROPERTIES | <ul style="list-style-type: none"> ▪ 2 of the 3 comparable properties are more than 5 miles from the subject property ▪ Less than 25% of the surrounding area is developed |
| INELIGIBLE PROPERTY TYPES | <ul style="list-style-type: none"> ▪ Agricultural properties including working farms, ranches, and orchards |

| Program Description | Summary |
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| | <ul style="list-style-type: none"> ▪ Manufactured ▪ Mobile Home ▪ Appraised condition rating of C5 or C6 ▪ Assisted living facilities ▪ Barndominiums ▪ Boarding houses, homes that rent out by the room, or bed/breakfast properties ▪ Co-op/timeshare ▪ Condo cooperative share loans ▪ Dome or geodesic homes ▪ Homes on Indian reservations, Indian Leased Land ▪ Hawaii properties located in lava zones 1 and/or 2 ▪ Houseboats ▪ Log homes ▪ Mixed-Use & Commercial properties ▪ Properties not readily accessible by roads that meet local standards ▪ Properties not suitable for year-round occupancy regardless of location ▪ Properties with zoning violations ▪ Properties used for the cultivation, distribution, manufacture, or sale of marijuana. ▪ Vacant land or land development properties |
| VESTING FORMS | <ul style="list-style-type: none"> ▪ Individuals ▪ Joint tenants ▪ Tenants in common ▪ Inter Vivos Revocable Trust ▪ LLC, Corp, or Partnership (Only Available on Investment properties) |
| POWER OF ATTORNEY | <ul style="list-style-type: none"> ▪ A Limited Power of Attorney (POA) is acceptable when following requirements are met: <ul style="list-style-type: none"> - POA is specific to the transaction - Recorded with the mortgage/deed of trust Contains an expiration date - Used only to execute the final loan documents - Borrower who executed the POA signed the initial 1003 - No interested party to the transaction (such as property seller, broker, loan officer, realtor, etc.) may act as Power of Attorney ▪ Not Permitted on: <ul style="list-style-type: none"> - Loans closing in an entity - Cash out transactions |
| ENTITY REVIEW | <ul style="list-style-type: none"> ▪ CORPORATION (INC.) <ul style="list-style-type: none"> - Filed Certificate/Articles of Incorporation and all amendments (or equivalent) |

| Program Description | Summary |
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| | <ul style="list-style-type: none"> - By-Laws and all amendments - Evidence of good standing (not required for corporations formed within the last 12 months) - EIN/TIN - Borrowing Resolution/Corporate Resolution granting authority of signer to enter loan obligation - Proof of ownership of all owners (e.g. stock ledger, accountant letter, etc.) - Receipt of current year franchise tax payment or clear search ▪ LIMITED LIABILITY PARTNERSHIP (LLP) <ul style="list-style-type: none"> - Filed Partnership Certificate (if a general partnership, filing with the secretary of state (SOS) may not be required) - Partnership Agreement and all amendments - Evidence of good standing (not required for entities formed within the last 12 months) - EIN/TIN - Limited partner consents (where required by partnership agreement) ▪ LIMITED LIABILITY COMPANY (LLC) <ul style="list-style-type: none"> - Entity articles of organization or partnership (or equivalent) - Evidence of good standing (not required for LLCs formed within the last 12 months) - Entity documents authorizing the guarantor to execute loan documents on behalf of the entity (e.g., Operating Agreement, Certificate of Authorization, etc.). If not available, a Borrowing Certificate is required - Entity documents that include a list of members/managers and ownership percentage (e.g., organization structure) - EIN/TIN - Personal Guarantees are required from the authorized signor(s) who are borrowers on the loan along with any individual with 51% or greater ownership in the entity. - The loan application, credit report, income, and assets for the authorized signers who are also borrowers on our loan will be used to determine qualification and pricing. - If the operating agreement does not state an authorized signer, then all entity owners must apply as a borrower and complete a 1003 as an individual applicant and credit qualify. - Personal guaranty from community property states (AK, AZ, CA, ID, LA NM, TX, WA, WI) must be accompanied with a Spousal Consent to Pledge |
| SOLAR PANELS | <ul style="list-style-type: none"> ▪ Properties with solar panels and other energy efficient items financed with a pace loan are not eligible if the pace loan is not paid in full prior to or at closing. ▪ If the solar panels are financed and collateralized – the solar panels are collateral for the separate debt used to purchase the panels, but they are a fixture to the real estate because a UCC fixture filing has been filed |

| Program Description | Summary |
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| | <p>for the panels in the real estate records which appear on the title report, then the following must be done:</p> <ul style="list-style-type: none"> - Obtain and review the credit report, title report, Appraisal, and/or UCC fixture filing, Promissory Note, and related security agreement that reflects the terms of the secured loan - Include the debt obligation in the DTI calculation. - Provided the panels cannot be repossessed for default on the financing terms, appraiser can consider the solar panels in the appraised value of the property. - Include the solar panels in “other debt” secured by the real estate in the CLTV calculation because a UCC fixture filing is of record in the land records. - If a UCC fixture filing is in the land records, it must be subordinated to Lender’s mortgage loan. The UCC lien cannot be terminated and refiled after closing. <ul style="list-style-type: none"> ▪ If the solar panels are financed and collateralized – the solar panels are reported to be collateral for separate non-mortgage debt used to purchase the panels, but do not appear on the title report, then the following must be done: <ul style="list-style-type: none"> - Obtain and review the credit report, title report, Appraisal, and/or UCC fixture filing, Promissory Note, and related security agreement that reflects the terms of the secured loan - Include the debt obligation in the DTI calculation - Appraiser cannot provide contributory value of the solar panels towards the appraised value as they are collateral for another debt - Solar panels are not included in the LTV/CLTV calculation because the security agreement/UCC financing statement treat the panels as personal property not affixed to the home. ▪ If the solar panels are leased or covered by a Power Purchase Agreement (PPA): <ul style="list-style-type: none"> - Obtain and review copies of the lease or power Purchase Agreement <ul style="list-style-type: none"> ○ The monthly lease payment must be included in the DTI calculation (if applicable) unless the lease is structured to: <ul style="list-style-type: none"> • Provide delivery of a specific amount of energy at a fixed payment during a given period, and • Have a production guarantee that compensates the borrower on a prorated basis in the event the solar panels fail to meet the energy output required for in the lease for that period ○ Payments under PPA where the payment is calculated solely based on the energy produced may be excluded from the DTI - The value of the solar panels cannot be included in the appraised value of the property |

| Program Description | Summary |
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| | <ul style="list-style-type: none"> - The value of the solar panels must not be included in the LTV calculation; even if a precautionary UCC filing is recorded because the documented lease or power Purchase Agreement status takes priority - When the only property described in the UCC filing as collateral is the solar equipment covered by the lease or power Purchase Agreement, and not the home or underlying land, such a precautionary - UCC filing is acceptable (and a minor impediment to title), so long as the loan is underwritten in accordance with this topic - The value of the solar panels must not be included in other debt secured by real estate in the CLTV calculation because the documented lease or power Purchase Agreement status takes priority - The property must maintain access to an alternate source of electric power that meets community standards - The lease or power Purchase Agreement must indicate that: <ul style="list-style-type: none"> o Any damage that occurs as a result of installation, malfunction, manufacturing defect, or the removal of the solar panels is the responsibility of the owner of the equipment and the owner must be obligated to repair the damage and return the improvements to their original or prior condition (for example, sound and watertight conditions that are architecturally consistent with the home) o In the event of foreclosure, the lender or assignee has the discretion to: Terminate the lease/agreement and require the third-party owner to remove the equipment |

EXHIBIT A – NON-PERMANENT RESIDENT ALIENS

| VISA | Valid EAD Card | Description |
|--|-----------------------------------|--|
| B1/A3/G5 | C17 | Non-immigrant domestic servant (Visa and Valid EAD Card must be combined) |
| BC-1 | N | Broadcaster in the U.S. employed by the International Broadcasting Bureau of the Broadcasting Board of Governors |
| BC-2,3 | Y | Spouse, child of BC-1 |
| C-5; C-51 | N | Employment creation |
| C-52-53 | C09 | Spouse or child of C-5 or C-51 |
| DV- 1,2,3 | N | Diversity immigrant, spouse, child |
| E-1, 2, or spouse of E-1, 2 (the spouse does not get a different number for this category) | A17 | Treaty/Trade investor or spouse |
| E-11/EB-1 | N | Person with extraordinary ability in the sciences, arts, education, business or athletics |
| E-12 | N | Outstanding professor or researcher |
| E-13 | N | Multinational executive or manager |
| E-14 /15 | C09 | Spouse or child of E11, 12, or 13 |
| E-21 | N | Professional holding advanced degree or alien of exceptional ability |
| E22,23 | C09 | Spouse, child of E-21 |
| E-3 | N | Specialty occupation- Australia |
| E-31 | N | Skilled worker |
| E-32 | N | Professional holding baccalaureate degree |
| E-34,35 | C09 | Spouse or child of E31 or 32 |
| EW-3 | N | Other worker |
| EW-4,4 | C09 | Spouse or child of EW-3 |
| G-1, 2, 3, 4, 5 | N / C04 spouses and children: C04 | Employees of international organizations and NATO; spouses and children |
| H1-B | N | Foreign nationals working in the U.S. in a specialty occupation |
| H-4 | N/A | Spouse or child of H type |
| I- 5, 51 | N | Investor in employment |

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|------------------|-------------------------|--|
| I-52, 53 | C09 | Spouse or child of I-51 |
| IH-3, 4 | C09 | Child adopted or to be adopted by U.S. citizen |
| L, L-1a and L-1b | N | Intracompany transferees |
| N/A | A02 | Lawful temporary resident pursuant to sections 245a or 210 of the INA (temp. agricultural worker) |
| N/A | A03 | Refugee |
| N/A | A05 (or Valid SSN Card) | Asylum granted |
| N/A | A12 | Temporary protected status |
| N/A | A13 | IMMACT Family Unity beneficiary |
| N/A | A14 | LIFE Act Family Unity beneficiary |
| N/A | All | Deferred Enforced departure |
| N/A | A10 | Granted withholding of Deportation or Removal |
| N/A | C12 | Spouse of an E2 commonwealth of the Northern Mariana Islands investor, eligible for employment. In the CNMI only |
| N/A | C14 | Alien granted deferred action |
| N/A | C16 | Registry applicant |
| N/A | C19 | Temporary Protected status |
| N/A | C31 | Principal beneficiary or qualified child of approved VAWA self-petition |
| N/A | C33 | DACA |
| N/A | C10 | Nicaraguan Adjustment & Central American Relief act |
| N/A | C08 | Asylum applicant, status pending |
| N/A | C11 | An alien paroled into the United States in the public interest or temporarily for emergency reasons |
| N-8 OR 9 | A07 | Parent or child of international organization employee granted permanent residence |
| NAT0-1-6 | C07 | NATO members, staffs, and families for temporary stay |
| O | N | Extraordinary ability in science, education, the arts, business or athletics |
| R-1 | N | Religious workers |
| R-5, 51 | N | Investor in pilot program |
| R-52, 53 | C09 | Spouse or child of R-51 |
| SD-1 | N | Religious workers |
| SD-2, 3 | C09 | Spouse or child of SD-1 |

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| SE-1 | N | Employees or former employees of the U.S. gov't abroad |
| SE-2, 3 | C09 | Spouse or child of SE-1 |
| SF-1 | N | Former employees of the Panama Canal Company or Canal Zone Gov't |
| SF-2 | C09 | Spouse or child of SF-1 |
| SG-1 | N | Former employees of the U.S. gov't in the Panama Canal Zone |
| SG-2 | Y | Spouse or child of SG-1 |
| SH-1 | N/A | Certain former employees of the Panama Canal Company or Canal Zone gov't on 4/1/79 |
| SH-2 | C09 | Spouse or child of SH-1 |
| SI | N | Interpreters |
| SJ-1 | N | Foreign medical graduate |
| SJ-2 | C09 | Spouse or child of SJ-1 |
| SK-1 | N | Retired international organization employee |
| SK-2 | C09 | Spouse of SK-1 |
| SK-3 | C09 | Unmarried child of an international organization employee |
| SK-4 | C09 | Surviving spouse of deceased international organization employee |
| SN-1 | N | Retired NATO6 civilian |
| SN-2, 3 | C09 | Spouse of child of NATO6 civilian employee |
| SN-4 | C09 | Surviving spouse of deceased NATO6 civilian employee |
| SQ | N | Iraqi/Afghans who work on behalf of the U.S. government |
| SR 2, 3 | C09 | Spouse or child of SRI |
| SR-1 | N | Religious workers |
| T-1-4 | A16 OR C25 | Victim or spouse or child or parents of victim of human trafficking |
| T-5, 51 | N | Employment creation |
| T-52, 53 | C09 | Spouse or child of T-51 |
| TC NAFTA, TN, TD | N | Canadian or Mexican citizens working in the U.S. |
| U-1-4 | A19 OR A20 | Victim or family member of victim of criminal activity |