EMET DSCR EPIC
(DSCR=> 1.00)

EMET MORTGAGE

PURCHASE & RATE/TERM (DSCR =>1.00)					
Property Type	Max Loan Amount	LTV/CLTV	Min. FICO	Min. DSCR	Min. Reserves
1-4 Units PUD Condo	$1,000,000	80%	~~720~~ **700**	1.00	3 Months
		75%	~~700~~ **680**	1.00	3 Months
		70%	~~680~~ **660**	1.20	3 Months
	~~$1,500,000~~ **$2,000,000**	80%	~~720~~ **700**	1.00	6 months
		75%	~~700~~ **680**	1.00	6 months
		70%	~~680~~ **660**	1.20	6 months
	~~$2,000,000~~ **$3,000,000**	80%	~~720~~ **700**	1.00	9 months
		75%	~~700~~ **680**	1.00	9 months
		70%	~~680~~ **660**	1.20	9 months

- Interest Only: Min FICO 700, Reduce Max LTV by 5%
- Reduce maximum LTV/CLTV by 10% for any property located in an area of declining property values as reported by appraiser.
- Minimum Reserves: Calculated based on PITIA (fully amortizing loans) or ITIA (interest only loans) of the subject property.

CASH-OUT REFINANCE (DSCR =>1.00)					
Property Type	Max Loan Amount	LTV/CLTV	Min. FICO	Min. DSCR	Min. Reserves
1-4 Units PUD Condo	$1,000,000	75%	~~720~~ **700**	~~1.10~~ **1.00**	3 Months
		70%	~~700~~ **680**	~~1.10~~ **1.00**	3 Months
	~~$1,500,000~~ **$2,000,000**	75%	~~720~~ **700**	~~1.10~~ **1.00**	6 months
		70%	~~700~~ **680**	~~1.10~~ **1.00**	6 months
	~~$2,000,000~~ **$2,500,000**	75%	~~720~~ **700**	~~1.10~~ **1.00**	9 months
		70%	~~700~~ **680**	1.10**1.00**	9 months

- Max Cash In-Hand: LTV/CLTV <= 70%: No Limit | LTV/CLTV > 70%: $500,000
- Interest Only: Min FICO 700, Reduce Max LTV by 5%
- Reduce maximum LTV/CLTV by 10% for any property located in an area of declining property values as reported by appraiser.
- Minimum Reserves: Calculated based on PITIA (fully amortizing loans) or ITIA (interest only loans) of the subject property.

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PRODUCTS	▪ 30-Yr Fixed, 30-Yr Fixed I/O
INTEREST ONLY	▪ I/O period 120 months ▪ Amortization term 240 months ▪ Loan term 360 months ▪ Qualifying payment ITIA ▪ Min Credit Score: 700 ▪ Reduce Maximum LTV by 5%
MIN. LOAN AMOUNTS	▪ $100,000
OCCUPANCY	▪ Non-Owner Occupied Investment Property - Signed Occupancy Affidavit required
BORROWER BUSINESS PURPOSE & OCCUPANCY AFFIDAVIT	▪ A Borrower Business Purpose & Occupancy Affidavit is required that includes: - Borrower's and subject property's address - Borrower intends to use the proceeds of the mortgage loan for a business purpose - Borrower does not currently occupy the subject property or plan to occupy the subject property - Subject property is leased or will be leased - Statement must be signed and dated by the borrower
BORROWER ELIGIBILITY	▪ This program is designed for experienced real estate investors that have a minimum of 12 months ownership and management of income-producing residential or commercial real estate within the past 24 months. A letter of explanation is required to detail relevant real estate experience. ▪ Borrowers must have reached the age at which the mortgage note can be enforced in the jurisdiction where the property is located. There is no maximum age limit for a borrower. All borrowers must have a valid social security number. The maximum exposure to the investor for a borrower/guarantor is 10 loans or $5,000,000. ▪ Lender is required to order a third-party fraud report (FraudGuard or similar) to identify any borrower information discrepancies and indications of possible fraudulent activity. The report should include a comparison of all participant names against industry watch and exclusionary lists such as OFAC. For loans vested in an entity, a report is required for the entity and all members of the entity.
ELIGIBLE BORROWERS	▪ U.S. citizens ▪ Permanent resident aliens ▪ Non-Permanent resident aliens ▪ Inter-Vivos Revocable Trusts ▪ U.S. based LLC, Partnerships and Corporations

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NON-PERMANENT RESIDENT ALIENS	▪ Copies of passport and unexpired visa must be included in loan file. Acceptable alternative documentation to verify visa is an I-797 form (Notice of Action) with valid extension dates and an I-94 form (Arrival/Departure Record). If the visa will expire within six months of the note date, it is acceptable to obtain a letter from the employer documenting the borrower's continued employment and visa renewal sponsorship. Borrowers who are residents of countries which participate in the Department of Homeland Security's Visa Waiver Program (VWP) will not be required to provide a visa. Participating countries can be verified through the U.S. Department of State website. ▪ Must have a two (2) year credit history in U.S. and must meet minimum the credit requirements ▪ No funds from outside the U.S are allowed ▪ Not eligible for cash-out refinance transactions
INTER-VIVOS REVOCABLE TRUSTS	▪ Trust must be established by one or more natural persons, individually or jointly ▪ The individual(s) establishing the trust must be the primary beneficiary/beneficiaries ▪ If the trust is established jointly, there may be more than one primary beneficiary as long as the income or assets of at least one of the individuals establishing the trust will be used to qualify for the mortgage ▪ At least one of the trustees must be either the individual establishing the trust, or an institutional trustee that customarily performs the duties of a trustee and is duly authorized to act as a trustee under applicable state law ▪ The mortgage and trust documents must meet agency eligibility criteria including title and title insurance requirements, as well as applicable state laws that regulate the making of loans to intervivos revocable trusts ▪ Title to the mortgaged property may be vested: (1) solely in the trustee(s) of the intervivos revocable trust, or, (2) jointly in the trustee(s) of the intervivos revocable trust and in the name(s) of the individual borrower(s), or, (3) in the trustee(s) of more than one intervivos revocable trust ▪ The title insurance policy (or ownership report, where applicable) must ensure full title protection to the Seller and must state that title to the mortgaged property is vested in the trustee(s) of the intervivos revocable trust. It must not list any exceptions with respect to the trustee(s) holding title to the mortgaged property or to the trust ▪ The trustee(s) must have the power to mortgage the security property for the purpose of securing a loan to the party (or parties) who are the borrower(s) under the mortgage or deed of trust note ▪ Title held in the trust must not diminish the mortgagee's rights as a creditor, including the right to have full title to the security property

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	vested in the mortgagee should foreclosure proceedings have to be initiated to cure a default under the terms of the related mortgage ▪ The mortgage must be underwritten as if the individual establishing the trust (or at least one of the individuals, if there are two or more) were the borrower (or a co- borrower)
U.S. BASED LLC, PARTNERSHIPS AND CORPORATIONS	▪ Ownership of the subject property may vest in an entity, individual members of the entity must act as borrowers ▪ Any business structure is limited to a maximum of four members ▪ Purpose and activities of the business are limited to ownership and management of real estate ▪ Copies of the entities Articles of Organization, Operating Agreements, Tax Identification Number, Certificate of Good Standing and other corporate documents needed to determine ownership percentage and authority to execute documents on behalf of the entity must be provided ▪ One or more members representing at least 51% ownership of the entity must provide a Personal Guarantee. The Guaranty must be executed as an individual at loan closing and dated the same date as the Note or the loan will be ineligible for purchase. Personal guarantees from community property states must be accompanied with a Spousal Consent to Pledge. - Each Guarantor must complete and sign a Loan Application as an individual. The section labelled “Title will be held in what Name(s)” should be completed with the entity name. Each Guarantor is subject to the same underwriting requirements as an individual borrower. - Each Guarantor must sign the applicable federal and state disclosures as an individual. - Each Guarantor must have the authority to execute documents on behalf of the entity and sign the following documents as an authorized signer of the entity. ° Business Purpose and Occupancy Affidavit ° Note, Deed of Trust/Mortgage and all Riders ° Any state and/or federally required settlement statements - Final loan documents may not be signed with a Power of Attorney.
INELIGIBLE BORROWERS	▪ Borrowers with only an ITIN ▪ First Time Home Buyers ▪ Irrevocable trusts ▪ Land Trusts ▪ Foreign Nationals ▪ Borrowers who are a party to a lawsuit ▪ Borrowers with Diplomatic Immunity

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	▪ Guardianship ▪ Life Estates
MULTIPLE FINANCED PROPERTIES	▪ A Borrower/Guarantor may not own more than twenty (20) residential 1-4 unit financed properties including the primary residence, subject property and all additional financed properties. Additional financed properties (properties other than the subject property and primary residence) are limited to properties with mortgages reflected on the credit report or third-party fraud report ▪ Financed properties that are commercial properties or unimproved land can be excluded from the calculation of number of properties financed
PURCHASES	▪ Proceeds from the transaction are used to finance the acquisition of the subject property ▪ LTV/CLTV is calculated using the lesser of the purchase price or the appraised value of the subject property ▪ If Seller has taken title to the subject property ninety days or less prior to the date of sales contract the following requirements apply. - Property seller on the purchase contract is the owner of record - LTV/CLTV will be based on the lesser of the prior sales price, current purchase price or the current appraisal value - Loans that are bank owned or relocation sales are exempt from the above requirements ▪ Personal property may not be included in the purchase agreement/sales contract. Personal property items should be deleted from the sales contract or reasonable value must be documented and the sales price adjusted. Items that are customary to residential real estate transactions such as lighting fixtures, kitchen appliances, window treatments and ceiling fans are not considered personal property for purposes of this section
RATE AND TERM REFINANCE	▪ The mortgage amount may include the: ▪ Principal balance of the existing first lien ▪ Payoff of a purchase second lien ▪ Payoff of a non-purchase second lien seasoned a minimum of 12 months from date of application. The second lien must not evidence draws exceeding $2,000 within the past 12 months from date of application. Withdrawal activity must be documented with a transaction history of the line of credit ▪ Payoff of a co-owner pursuant to a written agreement ▪ Financing of the payment of prepaid items and closing costs ▪ Cash to borrower no greater than $5,000 ▪ Properties listed for sale are ineligible for refinance unless the listing was withdrawn (or expired) prior to the date of closing

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	▪ Principal reduction is permitted up to the lesser of $2,500 or 2% of the new loan
CASH-OUT REFINANCE	▪ Borrower must have held title for a minimum of 6 months from disbursement date ▪ Properties listed for sale are ineligible for refinance unless the listing was withdrawn (or expired) 6 months prior to the date of closing ▪ Texas 50(a)(6) loans are ineligible ▪ Cash-out includes the payoff of a non-purchase second lien that does not meet the requirements in the Rate and Term Refinance section above ▪ Cash-out may be used for reserves ▪ Cash out loan proceeds used for any personal use are not eligible
DELAYED FINANCING REFINANCE	Borrowers who purchased the subject property within the past six (6) months (measured from the date on which the property was purchased to the disbursement date of the new mortgage loan) are eligible for a cash-out refinance if all of the following requirements are met: ▪ The original purchase transaction was an arms-length transaction ▪ The borrower(s) initially purchased the property as one of the following: - A natural person, an eligible inter vivos revocable trust, when the borrower is both the individual establishing the trust and the beneficiary of the trust - An eligible land trust when the borrower is the beneficiary of the land trust or an LLC or partnership in which the borrower(s) have an individual or joint ownership of 100% ▪ 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 time of sale.) ▪ The preliminary title search or report must confirm that there are no existing liens on the subject property ▪ The sources of funds for the purchase transaction are documented (such as bank statements, personal loan documents, or a HELOC on another 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 debt-to-income ratio calculation for the refinance transaction. Funds received as gifts and used to purchase the

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	property may not be reimbursed with proceeds of the new mortgage loan. ▪ 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 current appraised value). ▪ All other cash-out refinance eligibility requirements are met. Cash-out pricing is applicable.
CONTRACT FOR DEED/LAND CONTRACT	▪ Contract for Deed/Land Contracts are ineligible
NON-ARM'S LENGTH TRANSACTIONS	▪ All of the parties to a transaction should be independent of one another. Except as indicated below if a direct relationship exists between or among the parties, the transaction is non-arm's length, and the related loan is not eligible for purchase. The following transactions are eligible provided that such transactions and the related circumstances are properly documented: - Sales or transfers between members of the same family. Transaction may not be due to any adverse circumstances. - Property seller acting as his or her own real estate agent - Borrower/relative acting as borrower real estate agent - Borrower/relative is an employee of the originating lender ▪ For non-arm's length circumstances not specifically addressed above, please contact Underwriting for assistance as other transactions may be eligible on a case-by-case basis
FORECLOSURE BAILOUT	▪ A foreclosure bailout is a refinance or purchase transaction where the true purpose of the loan is to refinance an existing loan to the borrower which is secured by the mortgaged property that is in foreclosure. Such transactions are ineligible for purchase.
CREDIT DOCUMENTS AGE	▪ For all transaction types, credit documents may not be older than 90 days from the Note date. ▪ The Appraisal must be dated within 120 days of the Note date. An Appraisal exceeding 120 days is not eligible and a new appraisal is required.
CREDIT SCORE	▪ The representative credit score for qualification purposes for an individual borrower is the middle score of the three (3) scores reported. If two (2) scores are reported the representative credit score is the lower of the two scores. Credit scores from all three repositories must be requested (Equifax, Experian and TransUnion). ▪ For multiple borrowers the credit score is the lowest of all representative credit scores. ▪ If only one credit score or no credit score is reported borrower is not eligible. A minimum of two credit scores is required.

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	▪ No borrower in a transaction may have frozen credit. If a borrower has frozen credit and unfreezes their credit after the original report was ordered, a new credit report must be obtained to reflect current updated information for evaluation. ▪ Credit rescores are not permitted unless the rescore is correcting erroneous line items or disputed accounts.
MORTGAGE/RENTAL HISTORY	▪ This program requires a 12-month housing history on the subject property, primary residence and all additional financed properties. The housing history requirements for additional financed properties (properties other than the subject property and primary residence) are limited to properties with mortgages reflected on the credit report. All payment histories must reflect 0X30 measured from the credit report date. On the credit report date, the existing mortgage(s) must be current, which means that no more than 45 days have elapsed since the last paid installment date. ▪ Borrowers who have lived in a rent-free situation are eligible if the borrower is an experienced real estate investor with a minimum of 12 months ownership and management of income-producing residential or commercial real estate within the past 24 months. ▪ Mortgage/Rental history must be documented as follows. - A mortgage payment history from an institutional lender, including the month prior to closing, as verified through (i) credit bureau report reference for 12 months or (ii) 12 months canceled checks. - For rental verification a standard VOR completed by a professional management company or 12 months bank statements or canceled checks and a lease agreement to document the term and payment are required. - If a borrower is refinancing a privately held mortgage the following payment verification requirements apply: ◦ The privately held mortgage payments must be verified with either cancelled checks or bank statements (if the payment is automatically withdrawn from the borrower's account). ◦ Evidence must be included in the loan file that the lien being paid off is a current recorded lien against the subject property. - If the housing history reflects a forbearance agreement, the payment history must reflect 0X30 in the most recent 12 months since exiting forbearance. The payment history must be provided by the lender/servicer.
TRADELINE REQUIREMENT	▪ For each borrower, a minimum of 2 trade lines must be evident and must meet the following criteria:

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	- One trade line must be open for 24 months and active within the most recent 6 months, and - One trade line must be rated for 12 months and may be open or closed. ▪ Authorized user accounts and non-traditional credit do not count towards meeting the requirements for tradelines.
BANKRUPTCY, FORECLOSURE, NOTICE OF DEFAULT (NOD), SHORT SALE, DEED-IN-LIEU, LOAN MODIFICATION	▪ At least four (4) years must have elapsed since bankruptcy discharge or dismissal, foreclosure, notice of default (NOD), short sale, deedin-lieu or modification measured from the date of completion to the date of application. ▪ A satisfactory letter of explanation for the event from the borrower is required. ▪ Borrower must show reestablished credit and meet the minimum credit requirement.
CHARGE OFFS, COLLECTIONS	▪ Satisfactory explanation for any delinquent credit from the borrower is required. ▪ Borrower must pay off all delinquent credit that has the potential to impact lien position. ▪ Collection accounts or charged-off accounts do not need to be paid off if the balance of an individual account is less than $1,000 or if there are multiple accounts the total balance of all accounts cannot exceed $2,500.
JUDGMENTS, GARNISHMENTS, LIENS	▪ The borrower is required to pay off prior to or at closing all open judgments, garnishments, and liens, including all tax liens and mechanics' or material men's liens on the mortgaged property. The satisfaction of these liabilities, along with verification of funds sufficient to satisfy these obligations must be documented to the loan file.
PAST-DUE ACCOUNT	▪ Past-due accounts must be brought current prior to or at closing.
EMPLOYMENT/ INCOME	▪ The employment section of the loan application should not be completed.
LONG TERM RENTAL	▪ Gross Income is the lower of the actual monthly rent on the lease agreement and the monthly market rent (Form 1007 or Form 1025) from the subject property appraisal. If the lease agreement reflects higher monthly rent than the appraisal, the lease amount up to 115% of market rent may be used for monthly gross income with two most recent months proof of receipt showing consecutive rental payments. The security deposit does not count as one month proof of receipt. For purchase transactions without an existing lease, the market rent from the appraisal may be used. ▪ An unexpired executed lease is required for all units at the time of closing except for purchase transactions where there is no existing lease

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	or the existing lease is not assigned. The lease must have an initial term of 12 to 36 months. Individual room and boarder leases are not allowed. ▪ An expired lease agreement that has verbiage that states the lease agreement becomes a month-to-month lease once the initial lease/rental term expires is allowed.
SHORT TERM RENTAL	▪ Short term rental income can be used for qualifying on purchase transactions. The monthly gross income is the lower of the projected monthly revenue from AirDNA's Property Earning Potential Report and the monthly market rent (Form 1007 or Form 1025) from the subject property appraisal if short term market rents are used on the 1007/1025. The AirDNA Property Earning Potential Report must meet the following requirements. - Forecast period must cover 12 months and be dated within 90 days of the Note date. - Occupancy rate must be 50%. - Must have 4 comparison properties that are similar in size, room count, availability and occupancy within the same zip code. - Market score must be 60 or greater. - For 2-4 unit properties, a report must be pulled for each individual unit. ▪ Short term rental income can be used for qualifying on refinance transactions when utilizing an on-line service such as Airbnb or VRBO. A minimum 12-month rental history is required, and the monthly gross income is the average monthly rental income for the most recent 12 months based on statements from the on-line service.
DEBT SERVICE COVERAGE RATIO (DSCR)	▪ Debt Service Coverage Ratio is the Monthly Gross Income divided by the PITIA (principal, interest, taxes, insurance, and homeowners' association dues) of the subject property for fully amortizing loans or the ITIA for interest only loans. ▪ The loan file must include documentation detailing the DSCR calculation, such as the 1008, Loan Approval or a DSCR Calculation Worksheet.
FIRST TIME HOME BUYER	▪ Not Allowed
ASSET	▪ The borrower must have sufficient assets to meet the requirements for down payment, pre-paid items, closing costs and reserves. ▪ Funds needed for closing must be verified with copies of the most recent monthly or quarterly statements including all pages or a Verification of Deposit (such as FNMA Form 1006) executed by the financial institution to include the current balance and the average balances for the preceding two months.

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	▪ Large deposits, defined as a single deposit that exceeds five (5) percent of the loan amount, must be sourced. Large deposits that cannot be sourced may be subtracted from asset amount. ▪ Acceptable sources of verified funds include: - Bank deposits - Stocks, stock options, bonds, and mutual funds. Stocks and bonds will be discounted at 70% of value for reserves. - Home Equity Line of Credit (HELOC) - Life Insurance surrender value if used for cash to close must be liquidated. If used for reserves no liquidation is required. - Sale of real property. - Sale of personal property with supporting documentation. - Disbursement from a Trust Fund. - Disbursement from an IRA/401K. - Disaster relief grants. Borrowers may use lump sum grant for down payment. No minimum contribution is required. Grant may not be used for closing costs or reserve requirements. Document that payment received is an actual grant and not a loan. Subordinate lien against the property is ineligible. - Vested Retirement Accounts may be used at 70% value for reserves.
BUSINESS FUNDS	▪ Business funds can be used for down payment and cash reserves if the borrower(s)/guarantor(s) own at least 51% of the business. The ownership percentage must be verified via CPA/Tax Preparer, Operating Agreement or equivalent and all non-borrowing owners must provide a signed and dated letter acknowledging the transaction and confirming the borrower's access to the funds. The balance of the business assets must be multiplied by the ownership percentage to determine the borrower's portion of business assets allowed for the transaction.
GIFT FUNDS	▪ Gift funds are not allowed. ▪ Gifts of equity are not allowed to be used as a source of funds.
RESERVES	▪ All loans require a minimum cash reserve. Reserves are calculated based on the PITIA (fully amortizing loans) or ITIA (interest only loans) of the subject property. Please refer to the Product Matrix. ▪ Reserves must be verified and comprised of liquid assets that borrower can readily access. ▪ Equity lines of credit and gift funds are not acceptable sources to meet the reserve requirement. ▪ Cash-out may be used for reserves
INTERESTED PARTY CONTRIBUTIONS	▪ Interested party contributions include funds contributed by the property seller, builder, developer, real estate agent or any other party with an interest in the real estate transaction. Interested party contributions may

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	only be used for closing costs and prepaid expenses. Interested party contributions exceeding 3% will be deducted from the sales price to determine LTV.
MAX. CASH BACK TO BORROWER	▪ LTV/CLTV <=70%: No Limit ▪ LTV/CLTV >70%: $500,000
ELIGIBLE PROPERTY TYPES	▪ 1-4 units attached and detached. ▪ 1 unit with an accessory dwelling unit (ADU) subject to the following: - The property conforms to all zoning requirements - There is only one ADU on the property, the ADU is substantially smaller than the main dwelling and the ADU is not a manufactured home - The appraisal demonstrates that the property is typical for the market with a least two comparable properties with similar ADUs - No rental income may be used to qualify for a permitted ADU - Unpermitted ADUs are not allowed ▪ Low/mid/high-rise new and established Fannie Mae or Freddie Mac warrantable condominiums. ▪ Planned Unit Development (PUD).
INELIGIBLE PROPERTY TYPES	▪ Manufactured or mobile homes ▪ Co-ops ▪ Factory built housing ▪ Condo hotel units (Condotels) ▪ Log homes ▪ Non-Warrantable Condominiums ▪ Timeshare units ▪ Unique properties ▪ Properties that do not conform to zoning ordinances. ▪ Mixed use properties ▪ Working farms ▪ Hobby farms ▪ Commercial properties ▪ Rural zoned properties ▪ Agriculturally zoned properties (agricultural/residential eligible) ▪ Properties with more than 10 acres ▪ Properties held as leasehold. ▪ Properties, other than condominiums, with less than seven-hundred fifty (750) square feet per unit

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	▪ Condominiums and 2-4 unit properties with less than four hundred (400) square feet per unit ▪ Lot Loans ▪ Properties with deed/resale restrictions ▪ Any property located in lava zones 1 or 2 on the island of Hawaii ▪ Properties located in Puerto Rico, Guam, America Samoa, Northern Mariana Islands and US Virgin Islands
APPRAISAL	▪ All appraisals must be completed on the most current Agency appraisal forms as stipulated in the Seller's Guide and conform to Agency appraisal practices and eligibility requirements. ▪ Appraisals must not be over 120 days old from the date of the Note. If appraisal is over 120 days old a new appraisal needs to be performed. For new construction an appraisal update on form 1004D is required. ▪ Two full appraisals are required for loan amounts >$2,000,000. LTV will be based on the lower of the two values. All inconsistencies between the two appraisals must be addressed and reconciled.
TRANSFERRED APPRAISAL	▪ Not Allowed
DESK REVIEW	▪ Collateral Desktop Analysis (CDA) from Clear Capital Required for each loan with no CU score or a score greater than 2.5. ▪ A copy of the appraisal desk review report should be submitted in the loan file. The review must not be over 120 days old from the date of the Note. ▪ If the desk review produces a value in excess of a 10% negative variance to the appraised value, the loan is not eligible for purchase; provided, the seller has the option to order a Field Review to support the appraised value. If the field review also produces a value in excess of a 10% negative variance to the appraised value, then the loan will remain ineligible for purchase. ▪ All appraisals are reviewed for eligibility as well as value support. However, the use of an appraisal review product does not relieve the seller of its representations and warranties relating to the property and the appraisal including the underwriting thereof.
PROPERTIES LOCATED IN A DISASTER AREA	▪ If the property is in a zone where a Disaster End Date has been declared by FEMA, EMET will order a post disaster inspection prior to loan funding to confirm the property value has not been impacted by the disaster. ▪ If the property is in a zone where a Disaster End Date has not been declared by FEMA, in addition to the above inspection requirement, a date and time stamped area map from a state or county agency or similar, showing the subject property in relation to the disaster area is required to evidence that the property is outside of current known fire boundaries.

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SUBORDINATE FINANCING	▪ Not Allowed
ESCROW WAIVER	▪ Ineligible: Taxes and insurance escrows required for all loans.
TITLE VESTING & OWNERSHIP	▪ Ownership must be fee simple title. ▪ Borrower(s) may hold title as follows: - Individual - Joint Tenants - Limited Liability Companies (LLC), Partnerships and Corporations - Inter-Vivos Revocable Trusts
CHAIN OF TITLE	▪ All transactions require a minimum twelve (12) month chain of title
POWER OF ATTORNEY	▪ Not allowed for Cash-Out
PREPAYMENT PENALTY	▪ Prepayment periods up to 5-Years eligible, see rate sheet. ▪ Six months of interest: the prepayment charge will be equal to six months of interest on the amount of the prepayment that exceeds 20% of the original principal balance. The prepayment penalty is applicable regardless of the reason for the prepayment of principal including prepayments resulting from the sale or refinance of the subject property or curtailments that exceed 20% of the original balance in any 12 month period. ▪ The prepayment penalty can be disclosed within the body of the Note or in a separate rider.
HAZARD INSURANCE	▪ Properties where the insurance coverage on the declaration page does not cover the loan amount must have a cost estimate from the insurance company or agent evidencing the property is insured for its replacement cost. ▪ Hazard insurance must have the same inception date as the date of disbursement on purchase money mortgages. This may be documented with a post-closing Closing Disclosure/Settlement Statement or the correction of the inception date on the hazard policy.
RENT LOSS INSURANCE	▪ Rent loss insurance covering a minimum of 6 months is required for the subject property
SOLAR PANELS	▪ Any item that will include a UCC associated with the property and/or will create an easement on title is ineligible.
INTEREST CREDIT	▪ Loans closed within the first five (5) days of the month may reflect an interest credit to the borrower.
TITLE	▪ Title insurance must meet Agency requirements and be written on the 2006 American Land Title ALTA form providing gap coverage or the ALTA short form. Other state forms may be used in states in which standard ALTA forms of coverage are not used or in which the 2006 ALTA forms have not been adopted. If alternative forms are used, the

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	lender must ensure that those amendments provide the same coverage. The title insurance policy/commitment must be dated within 90 days and insure the exact loan amount. ▪ The title policy should include all applicable endorsements issued by a title insurer qualified to do business in the jurisdiction in which the mortgage insured property is located, including the endorsements for Condominiums, PUDs, share loans and ARM loan types. ▪ The title insurance coverage must include an environmental protection lien endorsement (ALTA 8.1-06 or equivalent state form) ▪ The policy for any mortgages that is an adjustable rate mortgage loan, must include ALTA Endorsement 6-06 ▪ The title insurance policy must insure the mortgagee and its successors and assigns as to the first priority lien of the loan amount at least equal to the outstanding principal balance of the loan ▪ A statement by the title insurance company or closing attorney on such binder or commitment that the priority of the lien of the related Mortgage during the period between the date of the funding of the related Mortgage Loan and the date of the related title policy (which title policy shall be dated the date of recording of the related Mortgage) is insured ▪ Any existing tax or mechanic's liens must be paid in full through escrow ▪ No open permits for renovations or code violations are allowed at closing