

FICO & LTV MATRIX

Advanced Portfolio Silver – Owner-Occupied

Loan Amount	Credit Score	Full Document	
		Purchase Rate & Term	Cash Out
<\$1.0MM	740	85%	75%
	720	85%	75%
	700	80%	70%
	680	80%	70%
	660	80%	70%
	640	75%	65%
	620	75%	65%
	600	70%	65%
\$1.5MM	580	65%	65%
	740	85%	75%
	720	85%	75%
	700	80%	70%
	680	75%	70%
	660	75%	70%
	640	70%	65%
	620	70%	65%
<\$2.0MM	600	65%	NA
	580	NA	NA
	740	80%	70%
	720	80%	70%
	700	75%	70%
	680	75%	65%
	660	70%	65%
	640	65%	NA
<\$2.5MM	620	65%	NA
	600	NA	NA
	580	NA	NA
	740	75%	65%
	720	75%	65%
	700	70%	65%
	680	70%	65%
	660	65%	NA
<\$3.0MM	640	NA	NA
	620	NA	NA
	600	NA	NA
	580	NA	NA
	740	75%	65%
	720	70%	65%
	700	70%	65%
	680	65%	65%
660	65%	NA	
640	NA	NA	
620	NA	NA	
600	NA	NA	
580	NA	NA	

2nd Homes:

- Full Documentation: subject to \$2.5M maximum Loan Amount, 70% maximum LTV, and 60% maximum LTV for Cash-Out

FICO & LTV MATRIX

Advanced Portfolio Silver – Non Owner-Occupied

Loan Amount	Credit Score	Full Document	
		Purchase Rate & Term	Cash Out
<\$1.0MM	740	80%	75%
	720	80%	75%
	700	80%	70%
	680	80%	70%
	660	75%	65%
	640	70%	65%
	620	65%	65%
	600	65%	65%
\$1.5MM	580	NA	NA
	740	80%	75%
	720	80%	75%
	700	80%	70%
	680	75%	70%
	660	75%	65%
	640	70%	65%
	620	65%	65%
<\$2.0MM	600	65%	65%
	580	NA	NA
	740	75%	65%
	720	75%	65%
	700	75%	65%
	680	70%	65%
	660	70%	65%
	640	65%	NA
<\$2.5MM	620	65%	NA
	600	NA	NA
	580	NA	NA
	740	70%	65%
	720	70%	65%
	700	70%	65%
	680	65%	65%
	660	65%	65%
640	NA	NA	
620	NA	NA	
600	NA	NA	
580	NA	NA	

Underwriting Specifications

Document Types Offered	<ul style="list-style-type: none"> • 12-months Tax Returns • 24-months Tax Returns
Mortgage/Housing History Includes all financed properties	<ul style="list-style-type: none"> • 1X30 in the past 12 months up to 85% LTV • 0x60 in the past 12 months up to 80% LTV
Minimum Credit Score	580
Bankruptcy History¹	Chapter 7: Four (4) years from discharge date to Note date
	Chapter 13 and Chapter 11 personal: Four (4) years from discharge date to Note date
Prior Los Mitigation²	Four (4) years prior to Note date
Foreclosure History³	Four (4) years prior to Note date
Footnotes	<p>¹ Consumer Credit Counseling Service (CCCS) is considered the same as Chapter 13 bankruptcy. Bankruptcy dismissal dates are treated the same as discharge dates</p> <p>² Loss Mitigation includes non-foreclosure actions such as Deed-in Lieu, Short Sale, NOD, Short Refinance, Pre-Foreclosure Sale, Loan Extension, Loan Modification, Forbearance and Charge-off</p> <p>³ Refer to Seller Guide for how to evaluate 120 days or longer mortgage delinquencies and whether they will be treated as either a Foreclosure or Loss Mitigation even</p>
Multiple Derogatory Credit Events BK, FC, Loss Mitigation	Not Allowed
Forbearance in the event of COVID-19	<p>A recent forbearance, due to COVID-19, may be eligible based upon the following:</p> <ul style="list-style-type: none"> • Borrower(s) who entered into a forbearance plan but continued to make timely payments and remained employed without income disruption, are eligible without any restrictions. • Borrower(s) who entered a forbearance plan with missed payments. Eligible if a minimum of three (3) timely payments made since the forbearance period expired and the borrower exited forbearance. <ul style="list-style-type: none"> ○ Payments must be documented by canceled checks or bank statements. ○ Any deferred/postponed payments are considered missed payments. ○ If a property under a forbearance plan is sold, each missed payment is counted as a 20-day late to determine program eligibility. ○ Income must have been re-established at the time payments commenced and remained consistent since.
DTI	<ul style="list-style-type: none"> • Max DTI 50%
Adverse Credit	All delinquent credit that will impact title or lien position of the subject property; including delinquent taxes, judgments, charge-off accounts, tax liens and mechanic's liens; must be paid off prior to or at closing
Credit History	<ul style="list-style-type: none"> • Frozen credit, credit reports may not have “frozen credit.” Once credit is unfrozen, a new 3 bureau must be run. • Depth of credit: 3 or more established open and active tradelines, defined as follows: <ul style="list-style-type: none"> ○ All active in last 12 months. ○ Derog trades do not count ○ Auth users do not count.
Tax Payment Plans	<ul style="list-style-type: none"> • Proof of tax payment in full, or • Evidence of tax installment agreement, payment must be included in DTI and 3 months consecutive payments must be documented. (Cannot pay a 3 month lump sum of payments to meet this requirement.). • If Tax Lien is found on title, subordination agreement from IRS must be obtained.

<p>Cash-Out</p>	<p>LTV >= 70% - \$500,000 LTV > 50% - < 70% - \$1,000,000 LTV <= 50% - Unlimited</p> <p>Limits on use of cash-out proceeds to satisfy reserve requirements: Consideration of cash-out proceeds in the context utilization of Asset Depletion or its equivalent: NOT PERMITTED If UPB <= \$1.5mm, cash-out proceeds from a subject property refinance may be considered if LTV <= 75% If UPB > \$1.5mm, cash-out proceeds from a subject property refinance may be considered if LTV <= 60%</p>
<p>Installment Debt</p>	<p>Installment debt is a monthly obligation with fixed payments and terms. Payments on installments must be included in the borrower’s debt-to-income (DTI) ratio.</p> <p>Payments can be excluded if there are 10 or fewer monthly payments remaining to pay the debt in full. If the payment is substantial and exceeds 5% of the borrower’s qualifying income, the overall transaction should be reviewed to ensure the remaining payments will not impact the borrower’s ability to handle the new mortgage payment.</p> <p>Installment debt paid in full or prior to closing can be excluded from the debt-to-income ratio. 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.</p>
<p>Asset Depletion</p>	<p>Assets must be liquid and available with no penalty; additional documentation may be requires to validate the origin of the funds:</p> <ul style="list-style-type: none"> • 100% of Checking, Savings and Money Market Accounts; • 70% of Stocks, Bonds, and Mutual Funds; • 70% of Retirement Assets; Eligible if the borrower is of retirement age (at least 59 ½); • 60% of Retirement Assets; Eligible if the borrower is not of retirement age. <p>Qualifying income based upon Total Assets Eligible for Depletion, less down payment, less out of pocket closing costs, less required reserves, divided by 84.</p>
<p>Rental Income</p>	<p>Rental income may be used for qualifying income subject to the following documentation requirements:</p> <ul style="list-style-type: none"> • Rental income from other properties must be documented with the borrower’s most recent signed federal income tax return that includes Schedule E. Leases are required for properties where rental income is being used to qualify and the property was acquired during or subsequent to the most recent tax filing year or the rental property was out of serviced for an extended period. For commercial properties a copy of the lease or rent roll is required. • Proposed rental income from the comparable rent schedule, reflecting long term rental rates, may be used for qualifying if there is not a current lease or assignment of lease on purchase of an investment property. • Properties with expired leases that have converted to month to month per the terms of the lease will require bank statements for the lesser of 2 months or the time period after the lease expired. • A 25% vacancy factor must be applied to the gross rent used for qualifying. Multiply the gross rent by 75% and subtract the PITIA to arrive at the rental income/loss use for qualifying. • Commercial properties owned by schedule E must be documented with a rent roll and evidence that the primary use and zoning of the property is commercial. • Application of Rental Income: <ul style="list-style-type: none"> ○ Primary Residence <ul style="list-style-type: none"> ▪ The monthly qualifying rental income (as defined above) must be added to the borrower’s total monthly income. (The income is not netted against the PITIA of the property.) ▪ The full amount of the mortgage payment (PITIA) must be included in the borrower’s total monthly obligations when calculating the debt-to-income ratio. ○ Investment Property <ul style="list-style-type: none"> ▪ If the monthly qualifying rental income (as defined above) minus the full PITIA is positive, it must be added to the borrower’s total monthly income. ▪ If the monthly qualifying rental income minus PITIA is negative, the monthly net rental loss must be added to the borrower’s total monthly obligations. ▪ The full PITIA for the rental property is factored into the amount of the net rental income (or loss); therefore, it should not be counted as a monthly obligation. ▪ The full monthly payment for the borrower’s principal residence (full PITIA or monthly rent) must be counted as a monthly obligation.

Reserves

Refinance

- Net proceeds from a cash-out transaction maybe used to meet reserve requirements.
- Reserves requirements are waived for **Rate and Term refinances** when the following factors are present:
 - The transaction results in a reduction to the monthly principal and interest payment of 10% or greater **AND**
 - Housing history is 1x30x12 or better.
 - Waiver not eligible for DTI greater than 50%.
 - For an Interest Only loan, the reduction is based on the amortizing payment used for loan qualification.
- Reserves for a loan with an Interest Only feature are based upon the Interest Only payment amount.
- For Adjustable-Rate Mortgages (ARM), the reserves are based upon the initial PITIA, not the qualifying payment.

Purchase

- Proceeds from a 1031 Exchange cannot be used to meet reserve requirements.
- Gift funds, only eligible on Primary and 2nd homes and under the following circumstances:
 - 80% or less; 1 – 4 unit, all funds can come from gift.
 - Greater than 80%:
 - 1 unit primary – all funds can come from gift.
 - 2–4-unit primary - Borrower must make a 5% minimum borrower contribution from his or her own funds.
- Investment properties require a minimum of 10% of the purchase price come from borrower’s personal contribution.

Purchase	Reserves
LTV ≥ 80%	6-months of PITIA
LTV < 80%	3-months of PITIA

Acceptable sources of reserves:

- Checking/savings
- Stocks, bonds, mutual funds, CD’s, money markets
- Retirement savings account – if they can be withdrawn. (STRS and PERS are ineligible unless borrower is retired or separated from service).
- Cash value of a vested life insurance policy.
- Business funds as long as borrower is 100% owner and cash flow analysis is completed for no negative impact for the business.
 - CPA letter can be used in lieu of cash flow analysis on business funds.

DOCUMENT OVERVIEW		
	Income Documentation	Borrower Income Types
Full Doc	<ul style="list-style-type: none"> Two (2) years of full income documentation and Appendix Q¹ requirements (if applicable) 	Wage Earner and Self-employed
<p>1. Appendix Q sets forth guidance for determining income and debt for the general QM based on a strict 43% DTI ratio set forth in Regulation Z section 1026.43(e)(3). That section is what sets forth the requirements for the general QM and its incorporates Appendix Q</p>		

Appraisal Valuation	
Seller Appraisal Requirements	<p>Purchase:</p> <ul style="list-style-type: none"> 1 Full Appraisal¹ if Combined Loan Amount \leq \$2.0MM 2 Full Appraisals¹ if Combined Loan Amount $>$ \$2.0MM² <p>Refinance:</p> <ul style="list-style-type: none"> 1 Full Appraisal¹ if Combined Loan Amount \leq \$1.5MM 2 Full Appraisals¹ if Combined Loan Amount $>$ \$1.5MM²
Third Party Review Requirements	Collateral Desktop Analysis (CDA)
Clear Capital Escalation	<ul style="list-style-type: none"> If the CDA Returns a value that is \leq 10% of the appraised Value³ or the purchase price, the lower of the Appraised Value or purchase price can be used to establish the LTV/CLTV If the CDA returns a value that is “indeterminate” or $>$10% of the Appraised Value³, a Clear Capital Broker Price Opinion (BPO) and Clear Capital Value Reconciliation of three Reports must be ordered. The reconciled value determined by Clear Capital will be used to determine LTV/CLTV If the Clear Capital CDA returns a value that is greater than the Appraised Value³, the lower of the Appraised Value or purchase price (when applicable) will be used to determine LTV/CLTV
Property Condition	<ul style="list-style-type: none"> Property condition rating of C1 through C4 required on all Single Family, PUDs and Condominiums <ul style="list-style-type: none"> Property condition rating of C4 is permitted with comparable properties with same rating/condition If no similar C4 comparable properties are provided, then a 5% LTV/CLTV reduction is required 2-4 Unit properties must have Condition description of Good or Average. Condition description of Fair is not acceptable.
HOA Certification	Condominiums require HOA Certification Form
<p>1. “Full Appraisal” refers to a Uniform Residential Appraisal Report (URAR). This includes forms FNMA 104 or FHLMC 70</p> <p>2. The CDA will be completed on the lower of the two appraisals</p> <p>3. The “Appraised Value” is the value determined from the original appraisal(s) obtained by the Seller</p>	

Product Offerings			
Product	Amortization Term	Term	I/O Term
15 YR FIXED	180	180	NA
30 YR FIXED	360	360	NA
30 YR FIXED I/O	240	360	120
40 YR FIXED I/O	360	480	120
5YR & 7YR SOFR ARM	360	360	NA
5YR & 7YR SOFR ARM I/O (30 YR)	240	360	120
5YR & 7YR SOFR ARM I/O (40 YR)	360	480	120
Product Specifications			
Conversion Option	None		
Pre-payment Penalty (PPP)	Investment Only ¹⁻⁴		
Borrower Qualification	<p>FIXED: Borrowers qualify at the Note rate based on fully amortizing Principal and Interest payment</p> <p>5YR SOFR: Qualify at the higher of Note rate plus 2% or fully indexed rate</p> <p>5YR SOFR I/O ARM: Will qualify at the fully amortizing (PITI) based on 20-year amortizing term at the higher of the Note Rate plus 2% or fully indexed rate.</p> <p>7YR SOFR: Qualify at the higher of the Note rate or the fully indexed rate</p> <p>7yr SOFR I/O ARM: Will qualify at the fully amortizing (PITI) based on 20-year amortizing term at the higher of the fully indexed rate or note rate.</p>		
Buydown	Buydowns not permissible in any product or program		
Mortgage Insurance	Mortgage Insurance is not required or permitted		
Assumability	ARMs loans are Assumable after the initial fixed rate period under certain conditions described in the Security Instrument		
<ol style="list-style-type: none"> 1. Prepayment penalties not allowed in KS, MD, MI, MN, NM, OH, and RI 2. Prepayment penalties not allowed on loans vested to individuals in IL and NJ 3. Prepayment penalties not allowed on loan amounts less than \$278,204 in PA 4. Only declining prepayment penalty structures allowed in MS 			